

CP15/22 Strengthening accountability in banking: Final rules (including feedback on CP14/31 and CP15/5) and consultation on extending the Certification Regime to wholesale market activities

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In this paper we follow up on the feedback that we provided earlier this year in *Consultation Paper 15/9: Strengthening accountability in banking: a new regulatory framework for individuals – Feedback on FCA CP14/13 / PRA CP14/14 and consultation on additional guidance* and publish final rules.

In Chapter 6 of this paper we are consulting on rules requiring the certification of some individuals involved in wholesale market activities, such as trading. We are asking for comments on this by 7 September 2015. You can send them to us in writing to the address below.

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We make all responses to formal consultation available for public inspection unless the respondent requests otherwise. We do not regard a standard confidentiality statement in an email message as a request for non-disclosure.

Despite this, we may be asked to disclose a confidential response under the Freedom of Information Act 2000. We may consult you if we receive such a request. Any decision we make not to disclose the response is reviewable by the Information Commissioner and the Information Rights Tribunal.

You can download this Policy Statement from our website: www.fca.org.uk. Or contact our order line for paper copies: 0845 608 2372.

Abbreviations used in this document

The Act	Financial Services (Banking Reform) Act 2013
APER	Statements of Principle and Code of Practice for Approved Persons (Handbook)
APR	Approved Persons Regime
CASS	Client Assets Sourcebook (Handbook)
CBA	Cost Benefit Analysis
CEO	Chief Executive Officer
CFO	Chief Financial Officer
CF	Controlled Function
COCON	Code of Conduct sourcebook (Handbook)
CP	Consultation Paper
CR	Certification Regime
CRD	Capital Requirements Directive
DBS	Disclosure and Barring Service
EEA	European Economic Area
FCA	Financial Conduct Authority
FEMR	Fair and Effective Markets Review
FICC	Fixed interest, commodity and currency
FIT	The Fit and Proper Test for Approved Persons (Handbook)
FSMA	Financial Services and Markets Act 2000
IRN	Individual Reference Number
MiFID	Markets in Financial Instruments Directive

MRT	Material Risk Takers
NED	Non-executive Director
PCBS	Parliamentary Commission on Banking Standards
PRA	Prudential Regulation Authority
RDR	Retail Distribution Review
SID	Senior Independent Director
SIF	Significant Influence Function
SMF	Senior Management Function
SMR	Senior Managers Regime
SPS	Statement of Professional Standing
SUP	Supervision manual (Handbook)
SYSC	Senior Management Arrangements, Systems and Controls sourcebook (Handbook)

1. Overview

Introduction

- 1.1** In this paper we, the Financial Conduct Authority (FCA), set out final rules for a new accountability framework for individuals working in banks, building societies and credit unions. As well as making sure that, in future, senior managers can be held accountable for any misconduct that falls within their area of responsibility, our regime aims to hold individuals working at all levels in banks and other relevant firms¹ to appropriate standards of conduct.
- 1.2** In March, we provided feedback in CP15/9² on the responses we had received to our consultation and we set out near-final rules for our Senior Managers Regime (SMR). Following publication of our paper, the Prudential Regulation Authority (PRA) also issued a Policy Statement³ containing some of its final rules on accountability. We and the PRA are now able to provide final rules for the new regime as a whole, in this paper and the PRA's Policy Statement PS16/15⁴, which is being published at the same time.
- 1.3** In designing our new accountability regime, we have sought to understand and respond to feedback. As a result, as well as making our final rules we are also consulting afresh on the extension of the Certification Regime to individuals involved in wholesale market activities, such as trading. We explained our initial thinking in this area in March, in CP15/9, and are now ready to consult on the rules and guidance needed to deliver the change.

Understanding and preparing for the new regime

- 1.4** In publishing our final rules, we are providing a further piece of information needed by firms as they make progress towards the new regime. Preparations will be needed for the different elements of the regime, in particular:
- **The Senior Managers Regime** focuses on individuals who hold key roles or have overall responsibility for whole areas of relevant firms.⁵ Preparations for the new regime will involve allocating and mapping out responsibilities and preparing Statements of Responsibilities for individuals carrying out Senior Management Functions (SMFs). While individuals who fall under this regime will be approved by regulators, firms will also be legally required to ensure

1 UK banks, building societies, credit unions and PRA-designated investment firms

2 CP15/9 *Strengthening accountability in banking: a new regulatory framework for individuals* – Feedback on FCA CP14/13 / PRA CP14/14 and consultation on additional guidance

3 PRA PS3/15 *Strengthening individual accountability in banking and insurance* – responses to CP14/14 and CP26/14

4 PRA PS16/15 *Strengthening individual accountability in banking* – responses to CP14/14, CP28/14 and CP7/15

5 SYSC 4.7.11G (Meaning of overall responsibility) explains that a person having overall responsibility for a function means a person who has: (1) ultimate responsibility (under the governing body) for managing or supervising that function; and (2) primary and direct responsibility for: (a) briefing and reporting to the governing body about that function; and (b) putting matters for decision about that function to the governing body.

that they have procedures in place to assess their fitness and propriety before applying for approval and at least annually afterwards.

- **The Certification Regime** applies to other staff who could pose a risk of significant harm to the firm or any of its customers (for example, staff who give investment advice or administer benchmarks). Firms' preparations will need to include putting in place procedures for assessing for themselves the fitness and propriety of staff, for which they will be accountable to the regulators. These preparations will be important not only when recruiting for roles that come under the Certification Regime but when reassessing each year the fitness and propriety of staff who are subject to the regime.
- **The Conduct Rules** are high level requirements that hold individuals to account. Firms' preparations will need to include ensuring that staff who will be subject to the new rules are aware of the conduct rules and how they apply to them. Individuals subject to either the SMR or the Certification Regime will be subject to Conduct Rules from the commencement of the new regime on 7 March 2016, while firms will have a year after this, until 7 March 2017, to prepare for the wider application of the Conduct Rules to other staff.

Who does this affect?

- 1.5** This paper will be of primary interest to UK banks, building societies, credit unions and PRA-designated investment firms (collectively referred to in this paper as 'relevant firms'⁶). It will also be of interest to incoming branches of overseas relevant firms. The new regime will affect a large number of individuals within these firms.
- 1.6** Our proposals for consultation in Chapter 6, on the extension of the Certification Regime to wholesale market activities, apply to both UK relevant firms and incoming branches of overseas relevant firms⁷.

Is this of interest to consumers?

- 1.7** This paper will primarily be of interest to firms. Consumers may be interested in how individual accountability is being enhanced within relevant firms, or how staff that they interact with will be required to comply with the Conduct Rules. More generally, the changes in this paper may be thought of as part of a broader initiative to try to improve the culture and governance of banks and other relevant firms which should bring significant benefits to consumers.

What does this paper cover?

- 1.8** This paper provides commentary on our final rules on the SMR and Certification Regime for banks and other relevant firms, as consulted on in three separate papers:

⁶ Section 71A of FSMA refers to these firms as 'Relevant Authorised Persons'. Other regulated firms are not affected by the changes.

⁷ The final rules in this area may be made separately for UK relevant firms and incoming branches, as for incoming branches this will depend on the relevant secondary legislation being finalised. We do not anticipate that such a separation would require re-consultation.

- our main consultation from last July, *Strengthening accountability in banking: a new regulatory framework for individuals* (CP14/13), which we included feedback on in both CP15/5⁸ and CP15/9⁹;
- our consultation last December on forms and transitional and consequential aspects of the new regime (CP14/31)¹⁰, on which we are now providing feedback; and
- the guidance we consulted on regarding the roles and responsibilities of non-executive directors (NEDs) (CP15/5)¹¹, on which we are now providing feedback.

1.9 This paper and the feedback that we provided previously in chapters 1 to 4 of CP15/9 and in chapters 1 to 2 of CP15/5 together form our policy statement for the three consultation papers listed above. Together, this paper and the earlier feedback provide all the necessary elements of a policy statement – including summaries of representations to us from people responding to our consultations and our responses to them – and, as a result, we do not repeat in this paper material that we have already set out.

1.10 In this paper, we also seek to offer practical assistance in a number of areas to help firms in their preparations for the new regime. In particular, while our rules on senior management responsibility are largely unchanged in substance since their publication as near-final in March, we have included commentary on the allocation of responsibilities that will be needed in practice, as well as an example of a responsibilities map for a credit union (in Annex 6).

1.11 In confirming our final rules on the Certification Regime and our Conduct Rules for individuals, we have also sought to respond to challenges and questions about the practical steps that firms will need to take to implement the new regime. For example, in response to concerns, we have sought to reassure firms that they can and should adopt a proportionate approach: they need to be satisfied that a person is fit and proper to perform a particular certification function, reflecting the skillset involved. Similarly, we have given thought to concerns about requirements facing firms when it comes to reporting breaches of conduct rules and, as a result, we have changed the frequency of reporting required.

1.12 While the majority of this paper forms our policy statement, Chapter 6 is separate. In it, we are also consulting on amendments to our rules in regard to the certification of individuals involved in wholesale activity, such as trading. As suggested in CP15/9, we are now consulting on amending the regime to ensure that such individuals who could pose significant harm to the firm or its customers are subject to the Certification Regime. Alongside this change, we are also consulting on amendments to remove the territorial limitation for material risk takers in our Certification Regime and Conduct Rules. Our proposals in Chapter 6 apply to both UK relevant firms and incoming branches of overseas relevant firms.

⁸ CP15/5: *Approach to non-executive directors in banking and Solvency II firms & Application of the presumption of responsibility to Senior Managers in banking firms*

⁹ CP15/9 *Strengthening accountability in banking: a new regulatory framework for individuals* – Feedback on FCA CP14/13 / PRA CP14/14 and consultation on additional guidance

¹⁰ CP14/31: *Strengthening accountability in banking: forms, consequential and transitional aspects*

¹¹ CP15/5: *Approach to non-executive directors in banking and Solvency II firms & Application of the presumption of responsibility to Senior Managers in banking firms*. This document includes feedback in relation to relevant firms only – feedback on the proposals for Solvency II firms will be published later.

Other consultations and publications

1.13 There are some other areas of our accountability regime for banks and other relevant firms where we are not yet finalising our Handbook text. The following table sets out those areas where rules and guidance are yet to be made.

Figure 1: Making our accountability regime for UK banks and other relevant firms

Subject area	Consultation	Timetable
Consequential amendments to other parts of the Handbook	Consulted on with the PRA in CP14/31 ¹²	Final Handbook text to be made along with consequential amendments relating to Solvency II firms later this summer
Guidance on the presumption of responsibility	Consulted on in CP15/9 (currently still subject to consultation)	Feedback and final Handbook text scheduled for Autumn 2015
Other guidance relating to enforcement matters ¹³	Consulted on with the PRA in CP14/13 ¹⁴	Feedback and final Handbook text scheduled for Autumn 2015
Senior management responsibility regarding whistleblowing ¹⁵	Consulted on with the PRA in CP15/4 ¹⁶	Feedback and final Handbook text scheduled for later in 2015
Regulatory references: We have decided to delay making our rules and guidance and to consult as necessary on changes to our Handbook text in this area reflecting, in particular, the recommendations of the Fair and Effective Markets Review (FEMR)	We originally consulted on some rules and guidance on regulatory references in CP14/13, which we have not yet made. We will consult as necessary on amendments to strengthen our proposed Handbook text in this area	Expected consultation scheduled for Autumn 2015, with final Handbook text to be in place in time for commencement of the regime in March 2016
Reporting breaches of conduct rules: We will consider whether to publish additional guidance, for use by banks and other relevant firms	We originally consulted on some guidance on reporting of conduct rules breaches in CP14/13, which we have not yet made. We will consider whether we could usefully add to or enhance this guidance	If required, guidance will be made available in time for commencement of the regime in March 2016

1.14 In Chapter 3, we also explain how our new rules on accountability for banks and other relevant firms fit with the expansion of our regulation in relation to benchmarks, which we previously set out our policy on in PS15/6.¹⁷

¹² CP14/31 *Strengthening accountability in banking: forms, consequential and transitional aspects*

¹³ We refer to amendments to our Enforcement Guide and Decision Procedure and Penalties Manual

¹⁴ CP14/13 *Strengthening accountability in banking: a new regulatory framework for individuals*

¹⁵ We consulted on the introduction of a prescribed responsibility in relation to whistleblowing

¹⁶ CP15/4 *Whistleblowing in deposit-takers, PRA-designated investment firms and insurers*

¹⁷ PS15/6 *Bringing additional benchmarks into the regulatory and supervisory regime*

Wider context

- 1.15** The Financial Services (Banking Reform) Act 2013 (the Act) created the legislative framework that underpins our SMR and Certification Regime. This followed on from the publication of recommendations by the Parliamentary Commission on Banking Standards (PCBS)¹⁸, which was appointed to consider and report on professional standards and culture of the UK banking sector in the wake of problems in areas such as benchmark setting, corporate governance, transparency and conflicts of interest.
- 1.16** Our new accountability regime is only one aspect of the changes that are being introduced following on from the PCBS. In particular:
- We have published a Policy Statement on **remuneration** with the PRA.¹⁹ In response to issues raised in the final report of the PCBS, we have made changes to our Remuneration Code in order to improve the alignment between risk and reward in banks' remuneration arrangements.
 - Working with the PRA, we have developed a package of measures to formalise firms' procedures for **whistleblowing** (i.e. the mechanisms that allow employees to raise concerns confidentially, or 'blow the whistle')²⁰ and will issue final rules in this area later in the year.
 - While our SMR and Certification Regime apply to UK relevant firms, we have also issued a number of other papers addressing the subject of accountability in other areas. We consulted in CP15/10²¹ on the regime for **incoming branches** of overseas relevant firms, in anticipation of secondary legislation extending the statutory elements of the regime to incoming branches, and plan to publish feedback and near-final rules this summer.
 - We also consulted on **accountability for Solvency II firms** in CP15/16²² and plan to publish a Policy Statement on this in the coming months.
- 1.17** In its final report, the Fair and Effective Markets Review made proposals for legislative change to enable the extension of the SMR and the Certification Regime to areas of the fixed income, commodity and currency markets. We would consult as appropriate on any extension of the new accountability regime, once the nature of any such legislative change became known.

Summary of feedback and our response

- 1.18** We have already provided feedback on responses received to our consultation in CP15/9. This paper does not repeat that feedback, but does include additional information on our final rules for the SMR, as well as on further changes we have made to our Certification Regime and our Conduct Rules in light of the feedback received. In particular, we explain in more detail the changes we have made to the frequency of reporting required when notifying us of suspected or actual breaches of Conduct Rules.

¹⁸ *Changing banking for good: Report of the Parliamentary Commission on Banking Standards*

¹⁹ PRA PS 12/15 FCA PS 15/16: *Strengthening the alignment of risk and reward: remuneration rules*

²⁰ CP15/4 *Whistleblowing in deposit-takers, PRA-designated investment firms and insurers*

²¹ CP15/10 *Strengthening accountability in banking: UK branches of foreign banks*

²² CP15/16 *Changes to the Approved Persons Regime for Solvency II firms*

- 1.19** We do include feedback on responses received to our consultation paper on forms and transitional and consequential aspects of the new regime (CP14/31)²³ and our consultation on NEDs (CP15/5).²⁴ In response to the former, we have made a number of minor changes to our forms and sought to answer certain practical questions about the introduction and operation of the regime. In response to the latter, we have made some minor amendments on our guidance on the role and responsibilities of NEDs and clarified its application.

Equality and diversity considerations

- 1.20** We have considered the equality and diversity issues that may arise from the proposals in Chapter 6 of this paper. Overall, we do not consider that the proposals raise concerns with regards to equality and diversity issues.
- 1.21** We do not consider that the proposals in this consultation adversely impact any of the groups with protected characteristics i.e. age, disability, gender, pregnancy and maternity, race, religion and belief, sexual orientation and transgender. We 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 we welcome any input to this consultation on such matters.

Cost benefit analysis

- 1.22** In our consultation last July (CP14/13²⁵), we set out a cost benefit analysis (CBA) of the proposed changes to the accountability regime for UK relevant firms. Similarly, we discussed our CBA in our consultation papers on forms and transitional and consequential aspects of the new regime (CP14/31²⁶) and the roles and responsibilities of NEDs (CP15/5²⁷). We have made significant changes to the rules and guidance but not to the policy intention. However, we consider these changes to the rules and guidance do not imply any material change to our analysis, or to the associated compatibility statements that we published, in regard to the material included in all three of the consultation papers, to which this paper relates.
- 1.23** In Chapter 6, we are consulting on the extension of the Certification Regime to individuals involved in wholesale market activities. We include a new CBA for those proposals in Annex 7 and a Compatibility Statement in Annex 8.

Next steps

- 1.24** If your firm is affected by these changes, you will need to ensure that you are ready for their coming into force on 7 March 2016.

²³ CP14/31 *Strengthening accountability in banking: forms, consequential and transitional aspects*

²⁴ CP15/5 *Approach to non-executive directors in banking and Solvency II firms & Application of the presumption of responsibility to Senior Managers in banking firms*

²⁵ CP14/13 *Strengthening accountability in banking: a new regulatory framework for individuals*

²⁶ CP14/31: *Strengthening accountability in banking: forms, consequential and transitional aspects*

²⁷ CP15/5: *Approach to non-executive directors in banking and Solvency II firms & Application of the presumption of responsibility to Senior Managers in banking firms*

- 1.25** In Chapter 5 of this paper, we discuss the arrangements for firms to transition to the new regime and provide feedback on responses received to CP14/31 on our arrangements for grandfathering staff from the current Approved Persons Regime to the new Senior Managers Regime.
- 1.26** During the next two months, we are also seeking feedback on the proposals set out in Chapter 6 and the associated draft Handbook text in Appendix 2 (please see inside the front cover of this paper for the response deadline and details of where to send responses).

Figure 2: High Level 'Road Map' to the new accountability regime

Future publications:

- Consequential amendments to other parts of the FCA Handbook – Summer 2015
- Feedback and near-final rules on incoming branches of overseas firms – Summer 2015
- Consultation Paper on regulatory references – Autumn 2015
- Final guidance on Presumption of Responsibility and other enforcement-related matters – Autumn 2015
- Final rules on the inclusion of wholesale activities in the Certification Regime – in time for commencement of the regime in March 2016
- Final rules on regulatory references – in time for commencement of the regime in March 2016
- Final rules on incoming branches of overseas firms – date dependent on legislation

Other steps towards implementation:

- Electronic grandfathering forms become available for submission – Autumn 2015
- Submission deadline for grandfathering notifications – 8 February 2016
- Commencement date of SMR and Certification Regime – 7 March 2016
- First annual submission notifying breaches of the Conduct Rules required for staff included in the Certification Regime – end October 2016
- Application of Conduct Rules to staff who are not within the SMR or Certification Regime – 7 March 2017
- First annual submission notifying breaches of the Conduct Rules including staff who are not within the SMR or Certification Regime – end October 2017

2 Senior Managers Regime

- 2.1** In March, we published near-final rules for our new Senior Managers Regime, in order to help firms to understand the changes we were making and to begin to prepare for the new rules coming into force. In this chapter, we discuss the practical issues facing firms as they seek to assess their business structures and allocate and record senior management responsibilities, in line with the new regime.
- 2.2** We also explain what minor changes it has been necessary to make to the near-final rules since their publication. In regard to the guidance we consulted on in CP15/5²⁸, on the roles and responsibilities of non-executive directors (NEDs), we describe the feedback that we have received and minor changes that we have made as a result.

Understanding the new regime

- 2.3** Some firms told us, in their responses to our consultation last July²⁹, that they found the rules that we were proposing on the allocation of responsibilities to senior managers confusing. We have already made a number of changes to our Handbook text to try to simplify matters, but we appreciate that further illustration may be helpful. In this section, we describe some of the key tasks involved in the allocation of responsibilities in practice. In particular, we will seek to make clearer how firms will need to comply with both our rules and the PRA's³⁰ in this area.
- 2.4** It is important that firms allocate responsibilities under the new Senior Managers Regime clearly and without gaps. In order to allocate responsibilities appropriately, firms need to make sure that they understand and think carefully about the following concepts: Senior Management Functions, Prescribed Responsibilities and Overall Responsibility.

Senior Management Functions (or SMFs)

- 2.5** Between the FCA's rules and the PRA's rules, 17 Senior Management Functions are specified. Firms will need to ensure that **staff holding these Senior Management Functions are pre-approved by the regulators**. Some of the functions will exist in many larger and smaller firms, such as the function of Chief Executive (SMF1), while others will only be relevant for some firms; for example, the Chairman of the Nomination Committee function (SMF13) will only be used where a firm has a committee that performs this, or a similar, function.

²⁸ CP15/5: *Approach to non-executive directors in banking and Solvency II firms & Application of the presumption of responsibility to Senior Managers in banking firms*

²⁹ As discussed in CP15/9 *Strengthening accountability in banking: a new regulatory framework for individuals* – Feedback on FCA CP14/13 / PRA CP14/14 and consultation on additional guidance

³⁰ PRA PS3/15 *Strengthening individual accountability in banking and insurance – responses to CP14/14 and CP26/14* and PRA PS16/15 *Strengthening individual accountability in banking – responses to CP14/14, CP28/14 and CP7/15*

2.6 A combined list of SMFs, as set out in FCA and PRA rules, can be found in Annex 3. The table is shaded to show which SMFs should be held by approved non-executive directors, rather than executives.

Prescribed Responsibilities

2.7 Between the FCA's and PRA's rules, 30 Prescribed Responsibilities³¹ are specified. These are **responsibilities that must be assigned to the individuals who hold Senior Management Functions**. Some of these responsibilities have been specified by both regulators and others by either FCA or PRA only. Some responsibilities are designed to be assigned to executives, while others are designed to reflect roles performed by approved NEDs. (We have updated our near-final rules in regard to Prescribed Responsibilities, reflecting the detail of the PRA's final rules as appropriate.)

2.8 As with the list of SMFs, not all of the responsibilities will be relevant to all firms. In its Policy Statement, published in March, the PRA made clear that its Prescribed Responsibilities can be divided up into different groups, and these categories can now be extended to cover the FCA's responsibilities too:

- Prescribed responsibilities that apply to **all firms**, so must be allocated – these are responsibilities that relate directly to the new Senior Managers and Certification Regimes (e.g. responsibility for compliance with regulatory requirements about the responsibilities map) as well as the responsibility that we include in our rules in relation to financial crime.
- Prescribed responsibilities that apply to **smaller firms only** – Under the PRA's rules, four broad responsibilities apply to firms that have assets of £250m or less. These cover risk management, systems and controls, financial resources and legal and regulatory obligations.
- Prescribed responsibilities that apply to **larger firms only** – these cover many of the same areas as those applying to smaller firms, but with more detail (e.g. there are specific responsibilities relating to recovery and resolution and to culture).
- Prescribed responsibilities that **only apply to specific types of firms** – for example, if a firm carries out proprietary trading, it will need to allocate responsibility for the firm's proprietary trading activities. These also include the responsibility that we added, in our near-final rules, in relation to our client assets sourcebook (CASS).

2.9 A combined list of Prescribed Responsibilities, as set out in FCA and PRA rules, can be found in Annex 4. The table is shaded to show which SMFs should be allocated to approved NEDs, rather than to executives.

Other individuals with 'Overall Responsibility'

2.10 Those individuals who have overall responsibility for activities, functions or areas of the business need to be pre-approved for Senior Management Functions. In some cases, the senior manager who has overall responsibility for an activity, function or area will already have been identified as performing a specific SMF, but it is extremely important that firms also identify any other individuals who have overall responsibility for an activity, function or area. In our guidance³²,

³¹ This includes one responsibility relating to whistleblowing, on which the PRA has already made final rules. We consulted on the inclusion of the prescribed responsibility 'acting as the firm's whistleblowers' champion' in CP15/4 *Whistleblowing in deposit-takers, PRA-designated investment firms and insurers* (February 2015)

³² See Appendix 1, SYSC 4.7.11G (Meaning of overall responsibility)

we make clear that the person having overall responsibility means the person who has ultimate responsibility, under the governing body, for managing or supervising a function; with direct responsibility for reporting to the governing body, and putting matters for decision to it.

- 2.11** While we have provided an indicative list of a relevant firm's main business activities and functions³³, this is not a complete list of areas of responsibility that firms might need to cover. We expect firms to ensure for themselves that they have complete lists of their activities, areas or functions, reflecting the business that they conduct.
- 2.12** If an individual who has overall responsibility for an activity, function or area is not otherwise included in the list of Senior Management Functions (i.e. he or she does not hold any of functions SMF1 to SMF17), that person will need to be pre-approved for SMF18, our 'Other Overall Responsibility function'. Previously referred to as the 'Significant Responsibility function', we have renamed SMF18 to make clear how the function should be used – i.e. for individuals with overall responsibility for a particular activity, function or area of the business, who do not hold one of the other SMFs. For example, the individual with overall responsibility for information technology or human resources, or for a small or developing business line that does not meet the threshold to require approval as a Head of Key Business Area (SMF6)³⁴, might require approval under SMF18.
- 2.13** As highlighted in CP15/9, the indicative list of main business activities and functions that we have provided to help firms to prepare their responsibilities maps should not be viewed as a complete list of the areas of overall responsibility of a firm. Neither should it be viewed as describing how responsibilities should be allocated amongst senior management. For example, in one firm a single individual might have overall responsibility for 'retail sales', while another firm might organise itself to have separate areas of responsibility for, say, retail lending and retail deposits, meaning that it would make sense to assign overall responsibility for these different areas separately. (It is important that responsibilities are clearly distinguished; in this example, the individuals might have responsibility for sales of retail deposit products and retail loans respectively, and they would need to be clear what was meant by 'retail'.)
- 2.14** The list of main business activities and functions can be used by firms to help prepare management responsibilities maps and to help in the allocation of responsibilities, but it is important for firms to realise that it is not comprehensive. We do not require firms to structure their responsibilities maps or allocate responsibilities according to the split of activities in this list.

Our final rules for senior managers

- 2.15** In late March, PRA published Policy Statement 3/15³⁵, containing some final rules on the SMR. Since then, we have looked in detail at how our and the PRA's rules fit together, particularly in light of the introduction by the PRA of a tailored list of Prescribed Responsibilities for smaller firms (i.e. those with gross total assets of £250 million or less). We have also inserted cross-references to the PRA's rules in our own, so that it is clear how the two sets of rules work together in practice.

³³ See Appendix 1 – SYSC 4.5.16 G The purpose of SYSC 4 Annex 1G (The main business activities and functions of a relevant authorised person)

³⁴ See the part of the PRA's rulebook called 'Allocation of Responsibilities'. SMF6 involves having responsibility, for management of a business area or division of a firm meeting various thresholds, including having gross total assets equal to or in excess of £10 billion.

³⁵ PRA PS3/15 *Strengthening individual accountability in banking and insurance – responses to CP14/14 and CP25/14*

Applying the regime to smaller firms

- 2.16** The PRA previously consulted on a regime that would require credit unions to approve a minimum of only one senior manager, who performs functions akin to those of a Chief Executive Officer (CEO) or Executive Chairman. The senior manager functions that we require – i.e. compliance oversight and money laundering reporting officer – will also apply. But the remaining SMFs set out in our rules will only apply to credit unions if they have other senior manager posts that are subject to the regime (for example, if they were to have executive directors), meaning that in practice they should put forward individuals for approval in line with their size and governance arrangements. In March, the PRA also made clear that other small firms caught by the regime, such as small building societies, will be required as minimum to have a CEO, a Chief Finance Officer (CFO) and a Chairman.³⁶
- 2.17** In addition to this, the PRA set out a tailored list of Prescribed Responsibilities for credit unions and small firms. Under their rules, eight Prescribed Responsibilities need to be allocated to their senior managers by smaller firms: four generic responsibilities that apply to all firms and four high-level responsibilities introduced specifically for smaller firms. (In practice, all eight responsibilities could be allocated between a very small number of Senior Managers in some credit unions and other small firms.) Other prescribed responsibilities may be relevant depending on the business conducted by the small firm.
- 2.18** In order to ensure that our rules work appropriately for smaller firms, in light of the PRA's new approach, we have sought to ensure in our final rules that smaller firms do not have to allocate extra responsibilities unnecessarily:
- In addition to the eight Prescribed Responsibilities applied to smaller firms under the PRA's rules, they will have to allocate only one further Prescribed Responsibility under our rules. All firms have to allocate a responsibility in regard to financial crime (and we will confirm, when making our final rules on whistleblowing, whether or not small firms need to allocate this responsibility).
 - We have now made clear that no other Prescribed Responsibilities will apply to credit unions and small firms, as defined in the PRA's rules (i.e. those with gross total assets of £250 million or less), unless required as a result of the business conducted by the firm (for example FCA's prescribed responsibility for a firm's compliance with CASS would also need to be allocated where a firm is subject to CASS).
- 2.19** In practice, we had never expected many of the other Prescribed Responsibilities to apply to small firms. For example, those prescribed responsibilities relating to internal audit, risk and remuneration would not have been relevant to credit unions, as they only apply to firms in accordance with the Capital Requirements Directive or our 'common platform'³⁷ rules. We have made minor adjustments to our rules both to make this clear and to ensure that other responsibilities (e.g. in relation to the induction, training and professional development of senior management and members of the firm's governing body) do not apply to credit unions and smaller firms.
- 2.20** The following table provides a summary of those prescribed responsibilities applying automatically to smaller firms, which may help them to understand which responsibilities they will need to allocate to their Senior Managers.

³⁶ This reflects the CRD IV and MiFID requirements to have at least two individuals who 'effectively direct the business of a firm' and the CRD IV restrictions on combining the roles of Chairman and CEO.

³⁷ In our Handbook we have sought to create a common platform of organisational and systems and controls requirements, for firms such as banks, building societies and designated investment firms (see <https://fshandbook.info/FS/html/handbook/Glossary/C> for a definition of a 'common platform firm')

Figure 3: PRA and FCA prescribed responsibilities applying automatically to smaller firms (numbering as shown in PRA PS3/15)

	No.	Responsibilities applying#
Responsibilities applied to all firms by PRA and FCA	1	Responsibility for the firm's performance of its obligations under the senior management regime
	2	Responsibility for the firm's performance of its obligations under the employee certification regime
	3	Responsibility for compliance with the requirements of the regulatory system about the management responsibilities map
Responsibilities applied to all firms by PRA	4	Responsibility for the allocation of all prescribed responsibilities
Responsibilities applied to all firms by FCA³⁸	–	Overall responsibility for the firm's policies and procedures for countering the risk that the firm might be used to further financial crime
Responsibilities applied to smaller firms only by PRA	5	Responsibility for the implementation and management of the firm's risk management policies and procedures
	6	Responsibility for managing the systems and controls of the firm
	7	Responsibility for managing the firm's financial resources
	8	Responsibility for ensuring the governing body is informed of its legal and regulatory obligations

#Other responsibilities may also apply to specific types of firms (e.g. one of the PRA's responsibilities applies if the firm carries out proprietary trading).

- 2.21** As is the case for all firms, in addition to allocating the required and relevant prescribed responsibilities, small firms must ensure that at all times, one or more of its approved senior managers has overall responsibility for each of the activities, business areas and management functions of the firm.
- 2.22** In order to assist smaller firms in understanding the requirements of the new regime, we have also included examples of draft responsibilities maps in Annex 6, such as might be created and submitted by smaller firms. The Annex includes two example maps, one each for a small credit union and a large credit union. Our aim is to engage these firms about what a responsibilities map might look like for them, including considering the level of detail that is expected and how this will vary by the size, complexity and nature of the firm. In terms of the detail, we anticipate that most credit unions' responsibility maps could lie somewhere between the draft small credit union example map and the draft large credit union example map that we include, but we are keen to engage with credit unions on this.
- 2.23** More generally, it is important to recognise that different firms vary and these differences in structure and responsibility should be reflected in their responsibilities maps. It is important to note that the drafts we have included in Annex 6 are only illustrative examples and firms must follow the relevant rules and guidance set out in the Handbook.

³⁸ Additional responsibility consulted on 'Acting as the firm's whistleblowers' champion' – see CP15/4 *Whistleblowing in deposit-takers, PRA-designated investment firms and insurers* (February 2015)

Sharing responsibilities between individuals

- 2.24** In our near-final Handbook text, we included some guidance in relation to sharing of responsibilities. In it, we explained that whilst it is possible for prescribed responsibilities to be allocated to more than one Senior Manager, we expect that a firm would not normally split an FCA prescribed responsibility between several senior managers, with each only having responsibility for part, or for them to be allocated to two or more senior managers jointly. We explained that sharing may be justified in some limited circumstances – if this is done as part of a job share or where departing and incoming senior managers work together temporarily as part of a handover. Subsequently, the PRA has made clear that where a firm allocates a PRA Prescribed Responsibility to more than one Senior Manager each of those individuals will, in principle, be deemed wholly responsible for it. PRA Prescribed Responsibilities can therefore be shared but not split among two or more Senior Managers.³⁹
- 2.25** Having given further consideration to our guidance, we are now seeking to provide further clarity about our expectations of firms where responsibilities generally are to be divided or shared. While we remain of the view that responsibilities should generally be performed by, or allocated to, one individual, we accept that there will be limited circumstances where sharing or dividing a responsibility may be appropriate, providing the firm can confirm that no gaps in the allocation of responsibilities arise as a result. In addition to the examples described previously, we want to make clear that where a particular area of a firm is co-headed by two individuals, splitting or sharing a function or responsibility may be justified.⁴⁰
- 2.26** However, we would stress that firms will need to think carefully about the responsibilities of each individual in any such situation and make sure that these are appropriately reflected in Statements of Responsibilities and responsibilities maps.
- 2.27** In particular:
- **Where responsibilities are jointly shared**, it follows that we would generally expect to see identical sections of the Statements of Responsibilities for each senior manager sharing the responsibility. If a firm was to contravene a relevant requirement in an area where a responsibility is shared in this way we, like the PRA, would consider all SMF managers sharing the responsibility to be jointly responsible.
 - **If two individuals hold the same responsibility in relation to different aspects of a firm's business** (for example, the firm's European business and North American business) this would need to be clearly set out in their Statements of Responsibilities and the firm's responsibilities map. The firm's map would also need to show that there were no gaps as a result of the arrangement. We would hold each individual responsible for the aspects of the responsibility assigned to them, but if it was unclear who was responsible all SMF managers with the relevant responsibility would be considered jointly responsible.
- 2.28** We have adjusted our guidance to make these points clear⁴¹ (and we have clarified that firms must explain in their responsibilities maps why a responsibility is being allocated jointly, where this is the case). It is important to remember that many of our Prescribed Responsibilities form a subset of the PRA's. Our amended guidance aligns us fully with the PRA's position in relation to the sharing of the whole of a prescribed responsibility by two or more individuals – while

³⁹ In March 2015, PRA PS3/15 made clear that in the case of a breach each senior manager would have to explain how a shared Prescribed Responsibility was discharged in practice, when trying to demonstrate that he or she took reasonable steps to avoid the breach.

⁴⁰ Appendix 1 – SYSC 4.7.25-4.7.28

⁴¹ Appendix 1 – SUP 10C.11.31-10C.11.33

our new guidance on dividing responsibilities between individuals may be of use to firms where they consider it appropriate and justified to divide a responsibility prescribed by the FCA only.

Assigning overall responsibility for an area

- 2.29** It is important for firms to think through what overall responsibilities – for the activities, functions and area of their business – their Senior Managers have. In some cases, responsibilities may be obvious – for example, if an individual is assigned the Head of Key Business Area function (SMF6), he or she is likely to have overall responsibility for the business area in question (and will not require approval for the ‘Other Overall Responsibility’ function in addition to this). In other cases, it may depend upon the particular way that the firm is organised.
- 2.30** We made clear in our near-final Handbook text that a firm does not have to assign overall responsibility additionally for those areas where Prescribed Responsibilities exist and are assigned to senior managers. For the avoidance of any confusion, we have now also made clear in our Handbook text⁴² that overall responsibility does not have to be assigned for responsibilities required or allocated as part of various senior management functions. For example, there would be no need to record that an individual has overall responsibility for Internal Audit if a firm has a senior manager approved for the Head of Internal Audit function (SMF5). We have also made clear that overall responsibility provisions do not apply to non-executive directors.
- 2.31** We have also clarified one aspect of our approach to territoriality in the final SMR rules for UK firms. The SMR has no territorial limitation, therefore under the overall responsibility rules firms must allocate responsibility to a Senior Manager for all activities, business areas and management functions of the whole firm, including those carried out from a branch overseas. This includes all transactions which take place, either in part or in full, overseas. This aligns with the rules consulted on for incoming branches of overseas firms which also note that the branch must allocate responsibility for all transactions, including where there is remote booking into the UK branch from overseas; for example transactions that are remote-booked into the UK firm.
- 2.32** In order to ensure that they fulfil the requirements of the SMR appropriately, firms need to keep in mind that, in line with the Act, the new regime applies to legal entities individually, rather than to a banking group as a whole. So, when considering which individual has overall responsibility for a particular area or function, firms will need to ensure that they **identify the individual who is genuinely accountable in regard to the entity in question**, regardless of whether or not he or she is a director or employee of that particular entity. (If the person is not a director or employee, it will be necessary for some other arrangement to exist between the entity and the individual.)
- 2.33** As we discussed in CP14/13, there may also be situations where an individual based outside a relevant firm is performing an SMF directly on behalf of the firm – and in those situations, the individual will require approval by the FCA or PRA for the relevant Senior Management Function. An individual not directly employed by a relevant firm but whose influence over it meets the relevant test must be specifically approved as a Group Entity Senior Manager (SMF7). For example, an individual who is a Group Entity Senior Manager may have responsibility for Information Technology across multiple group companies, including some which are subject to the new accountability regime. Such individuals may be based overseas; however being physically located outside the UK does not mean they cannot perform an SMF. Indeed, a UK firm with one or more overseas branches may have senior managers based overseas who are responsible for managing the overseas establishments. Whether they should be approved as an SMF will depend on the role they are undertaking in respect of the UK firm.

⁴² Appendix 1 – SYSC 4.7.8

2.34 We would reiterate the importance, in such cases, of making sure that a firm's Statements of Responsibilities clarify the nature of the individual's responsibilities in relation to the relevant firm and any areas of it that they oversee. In considering whether an individual requires approval for the Group Entity Senior Manager function, firms will need to think carefully about how responsibilities are allocated so they can ensure that the governing body of the relevant firm itself is, and will remain, effective.

2.35 In our recent consultation on incoming branches of foreign banks⁴³, we also discussed the issue of territoriality in respect of the SMR for branches. These firms may also have senior managers based overseas, who are approved for the Group Entity Senior Manager function or other functions, if there is not an individual with responsibility for a particular area in the UK branch. That consultation has now closed and we will be publishing feedback later this summer.

Responsibility for client assets

2.36 In our near-final Handbook text, we included a Prescribed Responsibility relating to the firm's duties under our client assets sourcebook (CASS), which we described as 'Overall responsibility for the firm's policies and procedures for compliance with CASS'. For the avoidance of any confusion, we have now amended this to 'Overall responsibility for the firm's compliance with CASS'. This puts it beyond doubt that all elements of CASS compliance would fall under the remit of the individual allocated this Prescribed Responsibility.

Other changes to our near-final rules

2.37 We have made a number of changes to the rules that we previously published as near-final, including changes to bring our rules in line with the final rules already made by the PRA. We have described many of these changes throughout this chapter, but we will also draw to your attention here some of the more minor changes that are not covered in detail elsewhere.

2.38 We have reorganised a number of the rules and sought to improve their readability. We also made some amendments to the guidance in the table of main business areas, chiefly to reflect changes in other areas, and added or removed certain examples as appropriate.

2.39 We have amended our rules to make clear that where a person provides temporary cover for a SMF or certified person, without seeking approval or becoming certified – as allowed by our rules for up to 12 weeks and four weeks respectively – they are automatically subject to the conduct rules during that period. We have also updated our guidance on seniority, including extending it to cover Prescribed Responsibilities explicitly.

Guidance on the roles and responsibilities of NEDs

2.40 In February, we and the PRA published feedback in CP15/5⁴⁴ confirming that the only NEDs that would require pre-approval as senior managers by the PRA or FCA would be the Chairman, Senior Independent Director and the Chairs of the Risk, Audit, Remuneration and Nomination Committees: other NEDs would not be included in the regime. (In line with this decision, the previous Non-Executive Director function, SMF15, has been removed from all relevant Handbook text and forms.)

2.41 The PRA has also issued rules in respect of notification requirements for non-approved, or 'notified' NEDs (which we previously referred to as 'standard' NEDs). Both approved and

⁴³ CP15/10 *Strengthening accountability in banking: UK branches of foreign banks*

⁴⁴ CP15/5: *Approach to non-executive directors in banking and Solvency II firms & Application of the presumption of responsibility to Senior Managers in banking firms* (February 2015)

notified NEDs will continue to be subject to the statutory and fiduciary duties of directors under Company Law. The PRA has also reiterated, in its Policy Statement published at the same time as this paper, that the Board as a whole must oversee ongoing compliance with its Threshold Conditions and other high level rules. Individuals that will be performing notified NED roles from commencement of the new regime do not need to be grandfathered and their approval will lapse at commencement.

2.42 We also consulted in CP15/5 on proposed guidance on the role and responsibilities of NEDs. This consultation has now closed and we have reviewed the feedback received. This response and the final Handbook text in this area, which is included in Appendix 1⁴⁵, are in relation to the guidance for banks and other relevant firms only. Our policy statement and final rules on accountability for Solvency II firms, which will be published separately later this year, will include our response and final Handbook text on NEDs in these firms.

2.43 Respondents were generally supportive of the proposed guidance on the role and responsibilities of NEDs and found that the guidance provided helpful clarity around our expectations in this regard. In particular, respondents appreciated the acknowledgement of the differences between NEDs and executives. Some respondents requested clarity on the application of the guidance, and one response suggested that we should set out our expectations for all NEDs, given our role in approving NEDs and supervising all approved NEDs. A number of respondents provided detailed drafting comments on the guidance, and requested that the PRA and FCA guidance on the role of a Chair be more closely aligned.

Our response

Looking at the role of a NED as a committee chair: We have amended our guidance on the role of a NED in relation to providing oversight of executive decisions, as respondents felt the original text did not accurately reflect the role of a chair in this area. We have also included an additional point in relation to the role of the Chair of the Nomination Committee in safeguarding the independence of the committee, which is consistent with the prescribed responsibilities for PRA-designated committee chairs. Similar and additional amendments have also been made to the relevant PRA guidance⁴⁶, meaning that guidance from both regulators on the role of a NED as chair is appropriately aligned.

We have not made further amendments to this aspect of the guidance, as requested by some respondents, as we consider these would not have been consistent with the Corporate Governance Code. Our final guidance is consistent with Company Law and does not go beyond what is required under it.

Applying our guidance more widely: As consulted on, the guidance applied only to individuals performing the Chair of the Nomination Committee function. However, the guidance on the role of a NED as Chair of the Nomination Committee related generally to their role as a committee chair, and to their general role as a NED, and is therefore relevant to any chair role. As the FCA has the power of consent for PRA-designated NED approvals, and can take action against all approved NEDs, we consider that it is appropriate for us to set out our expectations in this area for all approved NEDs. We have therefore

⁴⁵ Appendix 1 – See in particular COCON 1 Annex 1

⁴⁶ See the section on 'Responsibilities and potential accountability of NEDs in scope of the SMR' in PRA Supervisory Statement 28/15: *Strengthening individual accountability in banking*

expanded the scope of the guidance on the role of a NED as committee chair in our final Handbook text to apply to all approved NEDs, whether or not they are performing a PRA or FCA-designated Senior Management Function. Similarly, we have extended the guidance on the general role of a NED to apply to all approved NEDs (but, as discussed previously, our regime will not apply to other NEDs – now known as ‘notified’ NEDs).

The Code of Conduct applies to all activities undertaken by a senior manager. Therefore we have amended the guidance in our final Handbook text to clarify that it applies not only in relation to a NED’s role as chair of a designated committee (including the role of chair of the board) and their role as a general NED, but also to any other committee chair role not specified by the regulators. We have therefore applied the guidance on the role of a NED as chair to other (non-approved) chair roles, subject to the specific responsibilities of the committee in question.

Approach to responsibilities: Our guidance on our expectations regarding a NED’s statement of responsibilities⁴⁷, including that these are to be less extensive than those of executive senior managers, has been retained in line with consultation feedback.

In the final rules we have clarified our approach to the allocation of Prescribed Responsibilities to approved NEDs. Our final Handbook text sets out that we would only expect firms to allocate those Prescribed Responsibilities that are non-executive in nature to an approved NED; namely those which relate to the designated committee chair SMF roles or to the induction, training and professional development of the management body.

We have also updated our the rules that we previously published as near-final to clarify that we do not expect that firms will allocate any overall responsibilities to NEDs; therefore, we would not expect that a NED would ever perform the overall responsibility function. Firms should, however, include any other aspects of an approved NED’s role (other than their general NED duties), such as chairing a committee for which approval is not required, in their statement of responsibilities.

Finally, we have clarified in our Handbook text that the Certification Regime and Conduct Rules do not apply to notified NEDs, as explained in CP15/5.

Allocating responsibilities in practice

2.44

A firm will need to identify the activities it conducts that are caught by the new Senior Managers Regime and then allocate responsibilities, in accordance with both PRA and FCA rules. For a smaller firm, this may be quite a different task to that for a larger firm, but some of the same basic elements will be involved:

- a. Identify those individuals that hold core **Senior Management Functions** 1 to 17 (e.g. chief executive) – see Annex 3 for the list of SMFs.

⁴⁷ Appendix 1 – SUP 10.C.11.34-10C.11.35

- b. Allocate the **Prescribed Responsibilities** that are relevant to the firm's activities to individual Senior Managers identified in 1 – see Annex 4 for the list of Prescribed Responsibilities.
- c. Identify the **overall responsibilities** of senior individuals for any other activities, functions or business areas of the firm – if there are any not already assigned as SMF1 to 17, they will require approval for SMF18.

2.45 In some cases, firms may also need to identify other responsibilities allocated, in addition to those described above. For example, there could be responsibilities that are outside the normal course of business such as those linked to high profile projects or initiatives.

2.46 Firms will need to record the allocation of responsibilities on individual Statements of Responsibilities and provide a summary in the firm's responsibilities map. We have amended our rules on Statements of Responsibilities to make clear that we expect firms to combine all their Statements of Responsibilities in a single document, which they update.

2.47 The text below imagines in more detail how these stages might look, particularly for a larger banking group, which may have multiple different entities that will be subject to the new regime.

Figure 4: Allocating senior management responsibilities in practice

1. Identify all entities in the group that are caught by the regime.⁴⁸

- For groups, you will also need to consider whether there are any interlinked governance arrangements between the different entities (e.g. an individual in one entity is responsible for the activities of another).

2. Consider what activities, business areas or functions are performed by each entity and which Prescribed Responsibilities will be relevant to them.

- For example, does the entity hold client money? Is it a ring-fenced body?
- Consider if any particular business area is significant enough to require someone to be approved as head of key business area (if it has gross total assets of £10 billion and accounts for more than 20% of the firm's or group's gross revenue⁴⁹).

3. For each entity, identify those individuals that hold Senior Management Functions 1 to 17 (e.g. chief executive, executive director, head of key business area).

4. From this list, allocate the relevant Prescribed Responsibilities to at least one SMF (except, if you wish, the responsibility in relation to CASS, which can be allocated to another senior manager, who will be approved to SMF18).

- Bear in mind that some Prescribed Responsibilities should be allocated to executives, while others need to be allocated to non-executive directors (as shown in Annex 4).

5. In addition, for each entity, identify any individuals that have overall responsibility for any other activities, functions or business areas (referring if helpful to the list of main business areas for guidance, but bearing in mind that it may not cover all the firm's activities or split of activities in practice).

⁴⁸ See Appendix 1 for our definition of a 'relevant authorised person'

⁴⁹ See the part of the PRA's rulebook called 'Allocation of Responsibilities' for the relevant criteria.

- If any individual has overall responsibility in this way, and has not already been assigned to SMF1 to 17, they will require approval to perform SMF18 (as will the senior manager allocated the Prescribed Responsibility in relation to CASS, if they are not carrying out any other Senior Management Function).

- 6. Record the allocation of responsibilities** on individual Statements of Responsibilities and a summary of these in the responsibilities maps (including the responsibilities assigned to each SMF and any other information that is relevant to the controlled function they perform).

Examples of how a firm might approach allocation of responsibilities

2.48 When allocating responsibilities in practice, firms should make sure that they are comfortable that they understand who will have responsibility for all of the different functions and activities that the firm conducts. In practice, this will involve not only identifying the individuals who will hold SMFs and be assigned Prescribed Responsibilities, but also considering what other activities or areas of the firm exist, which may be the responsibility of individuals who report directly to the Board but are not members of the Board or the firm's wider governing body.

2.49 In Figure 5, we highlight two examples:

- Mr Bravo is the Chief Finance Officer and holds SMF2. In this example, he is allocated two prescribed responsibilities: responsibility for managing the allocation and maintenance of the firm's capital, funding and liquidity; and responsibility for the firm's treasury management functions.
- In contrast, the firm identifies Information Technology as an area where the individual with overall control – Mr Tango – does not perform any of the functions SMF1 to 17, so it assigns him SMF18.

2.50 Figure 5 (and Figure 6, which follows) are not examples of responsibilities maps, but illustrate the thought process that could be involved in assessing a firm's allocation of responsibilities. Once the allocation is made, it will need to be reflected in individual statements of responsibilities and responsibilities maps. (It is not our intention that the following examples be viewed as a format that firms need to use.)

Figure 5: Example of allocating senior management responsibilities in practice

Senior Management Functions (PRA and FCA) – Example of a larger firm (Shaded to show SMFs involving NEDs)	Extract from list of Prescribed Responsibilities (PRA and FCA)	Some examples of a firm’s activities, functions or business areas
Chief Executive function (SMF1)	...Ms Alpha	Responsibility for the firm’s performance of its obligations under the senior management regime
Chief Finance function (SMF2)	...Mr Bravo	
Executive Director Function (SMF3)	...Ms Charlie	
	...Mr Delta	Human Resources
Chief Risk function (SMF4)	...Ms Echo	Responsibility for the firm’s performance of its obligations under the employee certification regime
Head of Internal Audit function (SMF5)	...Mr Foxtrot	
Head of Key Business Area function (SMF6)	...Ms Golf ...Mr Hotel ...Ms India	Retail lending
Group Entity Senior Manager function (SMF7)	...Mr Juliet	Retail investments
Credit Union Senior Manager function (SMF8)	N/A	Responsibility for monitoring the effective implementation of policies and procedures for the induction, training and professional development of all persons performing designated senior management functions on behalf of the firm other than members of the governing body
Chairman function (SMF9)	...Ms Kilo	Payment services
Chairman of Risk Committee function (SMF10)	...Mr Lima	
Chairman of Audit Committee function (SMF11)	...Ms Mike	Mortgage advice
Chairman of Remuneration Committee function (SMF12)	...Mr November	
Chair of the nomination committee function (SMF13)	...Ms Oscar	Corporate lending
Senior Independent Director function (SMF14)	...Mr Papa	Responsibility for overseeing the adoption of the firm’s culture in the day-to-day management of the firm
Compliance oversight function (SMF16)	...Ms Quebec	Corporate advice
Money laundering reporting function (SMF17)	...Mr Romeo	Responsibility for managing the allocation and maintenance of the firm’s capital, funding and liquidity
Other overall responsibility function (SMF18)	...Ms Sierra ...Mr Tango	Responsibility for the firm’s treasury management functions
		Responsibility for the production and integrity of the firm’s financial information and its regulatory reporting under the regulatory system
		Information Technology

(NB. there is no function numbered SMF15)

2.51

In Figure 6, we show some other examples, this time involving the Head of Key Business Area function, SMF6:

- Ms Golf is the Director of Mortgages, with a brief that focuses on sales – and the firm identifies her as having overall responsibility for both retail lending and mortgage advice. As she has responsibility for an area that the firm identifies as significant enough to be a Key Business Area, she is approved for SMF6.
- Ms India is an Executive Director and responsible for corporate lending. Initially, the firm might think that Ms India will need to be approved as SMF3 – but as it identifies corporate lending as significant enough to be a Key Business Area, she is instead approved for SMF6.

Figure 6: Example of allocating senior management responsibilities in practice

Senior Management Functions (PRA and FCA) – Example of a larger firm (Shaded to show SMFs involving NEDs)		Extract from list of Prescribed Responsibilities (PRA and FCA)	Some examples of a firm’s activities, functions or business areas
Chief Executive function (SMF1)	...Ms Alpha	Responsibility for the firm’s performance of its obligations under the senior management regime	
Chief Finance function (SMF2)	...Mr Bravo		
Executive Director Function (SMF3)	...Ms Charlie	Responsibility for the firm’s performance of its obligations under the certification regime	Human Resources
	...Mr Delta [...Ms India]		
Chief Risk function (SMF4)	...Ms Echo	Responsibility for compliance with the requirements of the regulatory system about the management responsibilities map	Retail lending
Head of Internal Audit function (SMF5)	...Mr Foxtrot		
Head of Key Business Area function (SMF6)	...Ms Golf ...Mr Hotel ...Ms India		
Group Entity Senior Manager function (SMF7)	...Mr Juliet	Responsibility for the allocation of all prescribed responsibilities	Retail investments
Credit Union Senior Manager function (SMF8)	N/A	Responsibility for monitoring effective implementation of policies and procedures for the induction, training and professional development of all persons performing designated senior management functions on behalf of the firm other than members of the governing body	Payment services
Chairman function (SMF9)	...Ms Kilo		
Chairman of Risk Committee function (SMF10)	...Mr Lima	Responsibility for overseeing the adoption of the firm’s culture in the day-to-day management of the firm	Mortgage advice
Chairman of Audit Committee function (SMF11)	...Ms Mike		
Chairman of Remuneration Committee function (SMF12)	...Mr November	Responsibility for managing the allocation and maintenance of the firm’s capital, funding and liquidity	Corporate lending
Chair of the nomination committee function (SMF13)	...Ms Oscar		
Senior Independent Director function (SMF14)	...Mr Papa	Responsibility for the firm’s treasury management functions	Corporate advice
Compliance oversight function (SMF16)	...Ms Quebec	Responsibility for the production and integrity of the firm’s financial information and its regulatory reporting under the regulatory system	Information Technology
Money laundering reporting function (SMF17)	...Mr Romeo		
Other overall responsibility function (SMF18)	...Ms Sierra ...Mr Tango		

(NB. there is no function numbered SMF15)

Regulatory reporting and other operational matters

2.52 In CP14/31⁵⁰ we consulted, amongst other matters, on forms that would need to be submitted by firms under the new regime. In regard to the SMR, the forms will be used to submit information such as the firm’s allocation of responsibilities and its statements of responsibilities. In this section we will describe feedback received to the consultation, as it relates to the SMR, and our response.

2.53 In addition to addressing the issues specifically consulted on, some of the respondents to CP14/31 reiterated or expanded on points made in their submissions to our consultation in July. Where we have already addressed such concerns, we will not generally duplicate our feedback in this paper. In some cases, though, respondents touched upon subjects that we did decide that it would

⁵⁰ CP14/31: Strengthening accountability in banking: forms, consequential and transitional aspects

be helpful to elaborate on in this chapter, particularly relating to the allocation and sharing of responsibilities (see the earlier sub-section, 'Sharing responsibilities between individuals').

2.54 In this section, we will limit ourselves to discussing issues that are both new and specific to the matters we consulted on in CP14/31. Responses relating to the Certification Regime, our Conduct Rules and the associated transitional arrangements (including grandfathering) are covered in other chapters of this paper as appropriate.

Feedback relating to forms and regulatory reporting arrangements

2.55 Most respondents broadly agreed with our proposed approach to forms, but some commented on their lack of flexibility and the reliance they placed on procedure and box-ticking – in particular, such comments were made about the draft statement of responsibilities template.

2.56 Some respondents suggested the need for a more explicit mechanism for individuals to sign-off the content of their statements of responsibilities. The expectation that this document should be self-contained and the suggested (but not mandatory) 300 word limit per responsibility were also seen as problematic, especially when considered together. Several respondents noted their desire for the template to embed free text sections so that useful details not elsewhere considered could be included. There was a call for a separate template for NED roles. Two respondents also questioned the appropriateness of a footnote stating that all the existing legal and regulatory obligations marked by an asterisk should be considered as automatically included.

2.57 In line with responses to our July consultation, there were also further requests for guidance on what would amount to a significant change, prompting the re-submission of a statement of responsibilities.

2.58 Other comments focused on proposals to require handover material to be submitted with Forms A and E. There were concerns that this supplementary information could become a risk mitigation tool, instead of a bona fide source of useful and actionable information.

Our response:

Required flexibility in reporting Statements of Responsibilities: We have retained a single Statement of Responsibilities template for use from commencement of the new regime, and introduced a slightly modified version of the template to be used prior to commencement for grandfathering purposes. The latter is discussed more specifically in the section on grandfathering in Chapter 5. We have simplified the template and made it available to submit electronically. We have retained our approach to the inclusion of existing legal and regulatory obligations in the Statement of Responsibilities; we will consider these as automatically included, where they exist for certain roles and functions.

The Statement of Responsibilities (other than the version that firms will submit prior to commencement as part of the grandfathering arrangements) will always be submitted to regulators as an annex to another form (Form A, Form E, Form I or Form J) and the declarations made for these forms will cover all the information provided with them, including the contents of the Statements of Responsibility. We have also modified the declarations to these forms to be clearer about this.

We remain of the view that it is important that the Statement of Responsibilities remains a self-contained document which does not cross refer or include links to other documents. This will help to ensure that only relevant information is included in these documents, and that the documents are practical and useable. We have retained our 300 indicative word limit to describe each responsibility in free text. We consider that this should be sufficient to provide succinct and clear information for each responsibility. However, firms will have the opportunity to provide supplementary relevant information as part of the Statement of Responsibilities where this is necessary to record a person's responsibilities accurately.

Revising a Statement of Responsibilities: In CP15/9, we discussed the sorts of changes that could potentially prompt the need for a firm to submit a revised Statement of Responsibilities. We gave examples such as re-allocation or removal of one of the Prescribed Responsibilities or a change in the way a responsibility has been shared among more than one person. Following on from this, and in line with feedback, we have now added guidance on the subject to our Handbook text.⁵¹

Submission of handover material (with Forms A and E): In CP15/9, we discussed our approach to handover material, clarifying that we are not mandating the use of handover certificates and accepting that it will not always be practical to make predecessors prepare such material. In response to the feedback we received on forms, we have amended our application forms (and associated SYSC guidance) to say that a firm should include in the application a summary of any handover material available.

Other changes to Forms A and D: In CP14/31, we consulted on changes to various forms, including Form A (Application to perform senior management functions (relevant firms only)) and Form D (Notification: Changes to personal information/application details and conduct breaches/disciplinary action related to conduct). For consistency, we have amended the consultation draft of Form D so that the final version follows more closely the wording of the existing Form D.

Some respondents to the consultation raised issues in relation to some questions in Forms A and D. As a result, we and the PRA have decided to review some of the questions in the forms. Pending that review, we have amended the drafts of Form A (for relevant firms only) and Form D as consulted on in CP14/31 and PRA CP28/14 to omit certain questions regarding criminal investigations and charges. Depending on the outcome of the review, we may consider whether to reinsert those or similar questions or make other changes to forms (including existing forms) having consulted where necessary.

⁵¹ Appendix 1 – SUP 10C.11.6

3

Fitness & Propriety and the Certification Regime

- 3.1** In March, we published feedback on responses received in regard to our Certification Regime and described changes that we planned to make to the rules on which we consulted. In particular, we announced plans to consult on expanding the coverage of the Certification Regime for individuals involved in wholesale activity, such as trading, regardless of whether or not they are in customer-facing roles or qualify as material risk takers. Our consultation proposals for this expansion are in Chapter 6.
- 3.2** In this chapter, we address the Certification Regime more generally, as we publish final rules and guidance in this area. We explain what further, minor changes we have made both in regard to the Certification Regime itself and in relation to firms' obligations in assessing fitness and propriety. While the obligations relating to fitness and propriety are not limited to the Certification Regime, firms have tended to focus on them in this area because, unlike for Senior Managers, there will be no regulatory pre-approval of individuals.
- 3.3** We also announce our plans to consult on some other changes to our Handbook text on regulatory references in the coming months.

Regulatory references

- 3.4** Since publishing feedback in March, we have also been heavily involved in the work of the Fair and Effective Markets Review (FEMR), which has now published a final report.⁵² The review focused on raising standards in fixed income, currency and commodity (FICC) markets. Central to its recommendations is the potential for expansion of the SMR and Certification Regime to these markets. However, some aspects of the review are relevant to the regime we are about to put in place for relevant firms. Having considered feedback provided to the review and the recommendations of the final report, we plan to consult on changes to our rules and guidance on regulatory references.
- 3.5** A key aspect of the Certification Regime is the importance it places on firms assessing for themselves the fitness and propriety of staff who carry out 'significant harm' functions⁵³, both at the point of recruitment and on an ongoing basis. In CP15/9, we acknowledged the strength of feeling expressed by respondents to our consultation about the loss of reassurance currently provided by regulatory pre-approval of individuals. For the new regime to work effectively, we believe it is vital that firms can and do embrace their obligations, particularly when it comes to providing employee references for staff who apply for jobs involving senior management or certification functions at other firms.

⁵² Fair and Effective Markets Review – *Final Report*, June <http://www.bankofengland.co.uk/markets/Pages/fmreview.aspx>

⁵³ i.e. staff who could pose a risk of significant harm to the firm or any of its customers (for example, investment advisers, brokers or staff that administer benchmarks)

- 3.6** When we consulted on the introduction of the new accountability regime, we explained that this would involve firms seeking to appoint someone to either a senior management or a certification function having to request a reference from all previous employers covering the past five years employment. Where they are requested from another relevant firm, we explained that these references would need to disclose any facts that led a previous employer to conclude that the candidate breached a Conduct Rule and a description of the basis and outcome of disciplinary action taken in relation to any such breach.
- 3.7** The FEMR received a significant volume of feedback from respondents suggesting additions to the content and changes to the format of the disclosures required through regulatory references.⁵⁴ We and the PRA have committed to consider all of this feedback, including the creation of a mandatory template for the provision of references. This consultation will need to consider the legal framework governing the provision of information relating to individuals, notably the Data Protection Act and the Human Rights Act. However, we and the PRA are committed to supporting industry in their drive to raise standards and ensure that individuals take responsibility for their own conduct. Regulatory references are an important tool in this effort and we will ensure that any revised requirements, including where applicable a template, are in place ahead of the commencement of the regime in March 2016.

Benchmarks

- 3.8** In March, we set out our policy in regard to benchmarks in PS15/6⁵⁵, explaining our framework for regulating and supervising seven additional benchmarks being brought into regulatory scope. For firms that will be subject to our new accountability regime, individuals who currently require FCA approval for either CF40: benchmark submission function or the CF50: benchmark administration function will, in future, fall under the Certification Regime (unless they require approval for a senior management function for another reason). As a result, when the new regime commences, approvals granted previously in relation to benchmarks will fall away.

Amendments to our rules and guidance

- 3.9** We have already announced our intention to make certain minor amendments to our rules in CP15/9, particularly our decision to extend to four weeks the period for which a role can be covered by someone who is not certified, in exceptional circumstances (provided that a qualification is not required to perform the role). We now turn to issues that remain outstanding, in relation to either our rules on certification or on fitness and propriety.

Fitness and propriety: criminal records checks

- 3.10** As explained in CP15/9, our final rules reflect the fact that the responsibility for the assessment of fitness and propriety rests with firms. However, we do not require firms to arrange or conduct criminal records checks for staff other than those that are subject to the Senior Managers Regime. In particular, in assessing fitness and propriety of individuals who are applying for roles that come under the Certification Regime, our rules do not require criminal records checks to be carried out. Firms may, of course, still choose to employ such checks for some staff who are not applying for positions under the Senior Managers Regime, where they are legally allowed

⁵⁴ Box 13 'Respondents' views on information for possible inclusion in a regulatory reference', Fair and Effective Markets Review – Final Report, June 2015

⁵⁵ PS15/6 *Bringing additional benchmarks into the regulatory and supervisory regime*

to do so. This does not diminish the responsibility on firms to ensure the fitness and propriety of their staff.

- 3.11** In relation to candidates for senior management functions, we are aware that some firms have expressed concern that they will not necessarily be able to access criminal records data themselves. The requirement is for a firm to obtain the fullest information that it is lawfully able to obtain about the candidate under Part V of the Police Act 1997 and related subordinated legislation of the UK or any part of the UK before making the application. This will involve applying to one of the available disclosure services (i.e. Disclosure and Barring Service, Disclosure Scotland or AccessNI, as appropriate). Some firms may use an umbrella body to access these services, rather than apply directly.

Scope of the Certification Regime: NEDs

- 3.12** We have now added Handbook text to make clear that a function performed by a NED in their capacity as a NED will not be a Certification Function⁵⁶, as explained in CP15/5 on NEDs.

Scope of the Certification Regime: significant harm functions

- 3.13** The Certification Regime applies to staff who are employed in positions where they could pose a risk of significant harm to the firm or any of its customers ('significant harm functions'). Our rules describe the roles that are subject to the Certification Regime⁵⁷; we do **not** expect firms to assess, independently of this, whether or not any other staff outside the scope of certification functions set out in our rules could be in a position to pose significant harm.

Scope of the Certification Regime: material risk takers

- 3.14** We received feedback that our rules setting out which material risk takers are caught under the scope of the certification regime were ambiguous and that it was not clear how and if there was a direct overlap with material risk takers as defined under the Capital Requirements Regulations.

- 3.15** We have adjusted our rules to make it clear that when we say 'material risk takers' are subject to the Certification Regime, we only mean those members of staff who are subject to the Remuneration Code (SYSC 19D). This is not a change to our policy approach, but simply a clarification of our intention. In practice, we do not consider this change to have any impact on the number of material risk takers who are subject to the certification regime.

- 3.16** We have removed the draft text that suggested firms should seek to identify anyone in addition to this who might impact the risk profile of the firm and be performing a significant harm function.

Regulatory reporting and other operational matters

- 3.17** In CP14/31⁵⁸ we consulted on forms that would need to be submitted by firms under the new regime and other operational issues. In regard to the Certification Regime, we received feedback on a range of issues, including the potential interaction between the Certification Regime and the rules made following on from the Retail Distribution Review (RDR) and the practical arrangements involved in the provision of regulatory references.

⁵⁶ Appendix 1 – SYSC 5.2.26R

⁵⁷ Appendix 1 – SYSC 5.2.30R

⁵⁸ CP14/31: *Strengthening accountability in banking: forms, consequential and transitional aspects*

3.18 Feedback relating to retail investment advisers

We received feedback expressing concern about the implications of the Certification Regime for the administration of and compliance with certain requirements of that were introduced following the RDR. More generally, concern was expressed about the potential for the proposals to create a two-tiered regime for financial advisers, between those that are subject to the new Certification Regime (because they are employed by banks and other relevant firms) and those who remain subject to our Approved Persons Regime (because they work for other firms such as financial advisers).

Our response:

We have acknowledged the potential for regulatory inconsistency between advisers operating within the new regime and those who are employed by firms outside of its scope. As noted previously, we will consider whether it is appropriate to make any wider changes to the Approved Persons Regime once the new accountability regime is in place for banks and other relevant firms.

We do not believe that there is any conflict between the new Certification Regime and the rule put in place following the RDR. It is also important to recognise, though, that firms will in future have greater responsibility in relation to Retail Investment Advisers, who will no longer be subject to FCA pre-approval. Firms will need to be fully equipped to identify their Retail Investment Advisers, ensure that they are fit and proper and qualified to the minimum standards introduced by the RDR, and that they have appropriate Statements of Professional Standing (SPSs).

The importance of SPSs, which were introduced by the RDR and are issued by Accredited and Professional Bodies, remains unchanged. We recognise, though, that there is an operational issue to be resolved, owing to the fact that SPSs currently make use of individual reference numbers (IRNs) under the Approved Persons Regime. Working with the affected bodies, we will seek to announce a solution to this operational problem in the coming months.

3.19 Feedback on the provision of references and other operational matters

We received feedback focusing on both the fit and proper test and on firms' concerns surrounding the provision of regulatory references. In particular:

- it was suggested that an employee's threshold for fitness and propriety should be commensurate with his or her level of seniority, corresponding with the layered requirements of the SMR, Certification Regime and Conduct Rules;
- some respondents raised concerns as to the practicality of obtaining regulatory references from firms outside the perimeter of the accountability regime; and
- some respondents asked for clarity on mechanisms available to affected employees for appealing against decisions.

Our response:

We have considered carefully the feedback received in regard to regulatory references and will be issuing further guidance on our expectations of firms in this area in time for firms to prepare for commencement, alongside our final rules on the subject. We will take account of feedback to CP14/31, along with issues raised through other channels – including in response to the FEMR. For example, we will consider whether there is more we can do to make clear what is expected of firms when providing or requesting references in relation to roles outside of the perimeter of the new accountability regime.

In the meantime, it may be helpful to dispel certain concerns raised by respondents, particularly in regard to the idea that fitness and propriety should be assessed relative to an individual's role, or seniority. We think that this idea is already inherent in both the Certification Regime and our requirements on Fitness and Propriety more generally. For example, in our guidance on the Certification Regime (which refers back to Section 64F of the Act) we highlight that a firm may issue a certificate to a person only if satisfied that the person is fit and proper to perform the function to which the certificate relates.⁵⁹ There is no suggestion in our rules that firms should adopt the same criteria for fitness and propriety regardless of the particular role for which an individual is being assessed – we would expect firms to act in a proportionate manner.

⁵⁹ See Appendix 1, SYSC 5.2.6G

4 Conduct Rules

- 4.1** In March, we published feedback on responses received in regard to the Conduct Rules and confirmed the scope of their application. We remain of the view that applying the Conduct Rules broadly will improve accountability and awareness of conduct issues throughout firms. However, we also noted the concerns that had been raised, in response to CP14/13, about ensuring the new rules could be implemented proportionately.
- 4.2** In this chapter, we describe our revised approach to reporting of suspected or known breaches of the Conduct Rules, focusing on the frequency of reporting. We also note that we are continuing to consider whether to issue further guidance in the future on the requirement to report conduct breaches. However, in reading this chapter, it is important to bear in mind that the Act requires notification of both suspected and known breaches of the Conduct Rules – and our guidance cannot change the nature of this obligation.

Applying the Conduct Rules

- 4.3** Our Conduct Rules are high level, reflecting the core standards expected of staff who work in banks and other relevant firms. They focus on the concepts of acting with integrity; skill, care and diligence; and regard to the interest of customers – as well as on being open and cooperative with regulators; and observing proper standards of market conduct.
- 4.4** These new Conduct Rules will apply, from commencement of the new regime, to persons in the combined scope of the SMR and the Certification Regime. As we confirm in the following chapter, on the transition to the new regime, firms will have a further year to prepare for the application of the Conduct Rules more widely to other staff. (Firms can find details of those roles which will not be subject to our Code of Conduct sourcebook at all, such as receptionists and switchboard operators, in Appendix 1⁶⁰.)

Reporting suspected and actual breaches

- 4.5** As discussed in CP15/9, we are conscious of the burden that will fall to firms to report both suspected and actual breaches of the Conduct Rules. We have given thought to the need to ensure that this burden is not disproportionate.

⁶⁰ See Appendix 1, COCON 1.1.2R(2)

Frequency of reporting

4.6 In a change to the requirements consulted on, our final rules allow firms to report suspected and actual breaches on an annual basis in many cases, rather than quarterly. Reporting will be required as follows:

- Actual or suspected breaches of the Conduct Rules by Senior Managers under the SMR must be submitted by a firm within seven business days of the firm becoming aware of the actual or suspected breach.⁶¹
- Actual or suspected breaches of the Conduct Rules by any other staff who are subject to them will now be required annually.⁶² In addition to reducing the burden on firms, in terms of the need to submit reports, this will also mean that firms will be able to assess, in many more cases, whether or not a suspicion is founded before reporting it. This is because we would not expect firms to report suspicions that have already been investigated and proven to not be founded – only suspicions that are either proven or that remain open at the time of reporting will need to be included.
- Our existing obligations on all regulated firms to notify the regulators of matters of which we would reasonably expect notice⁶³ and, specifically, to report a significant breach of a rule immediately on becoming aware of it⁶⁴ remain. These obligations are separate from the rules being introduced as part of the SMR and Certification Regime. They will apply in relation to breaches of Conduct Rules (by any staff who are subject to them) in the same way as breaches of any other of our Principles or rules.

4.7 The annual notification described in the second bullet point above should be made using Form H⁶⁵, and reports are required to cover the annual period to 1 October, for submission by the end of October. Nil returns are not required. The method of submission remains unchanged i.e. the return should be submitted in accordance with our existing rules and guidance in this area.⁶⁶

Assessing whether a Conduct Rule breach has occurred

4.8 In future, we will consider whether we can issue further guidance that may be of use as firms seek to comply with their obligation to report a suspected or known breach. The PRA has already amended its text to put beyond doubt that it expects reporting of a breach by a senior manager within seven business days of the point at which the firm determined that the relevant requirement applied⁶⁷ (not the point at which the breach occurred).

4.9 In the meantime, we have made some amendments to our guidance. In particular, we have amended it to make clear that, in determining whether a senior manager's conduct complies with the rule on disclosure to information to regulators (SC4⁶⁸), we will take into account whether it would be reasonable for the individual to assume that the information would be of material significance to us.⁶⁹

⁶¹ Appendix 1 – See SUP 10C Annex 1G

⁶² Appendix 1 – See SUP 15.11.13R

⁶³ Principle 11 requires a firm to deal with its regulators in an open and cooperative way and to disclose to the appropriate regulator appropriately anything relating to the firm of which the appropriate regulator would reasonably expect notice

⁶⁴ Appendix 1 – SUP 15.3.11 (Breaches of rules and other requirements in or under the Act or the CCA)

⁶⁵ Appendix 1 – SUP 15 Annex 7R

⁶⁶ See our existing Handbook – SUP 15.7 (Form and method of notification) <http://fshandbook.info/FS/html/FCA/SUP/15/7>

⁶⁷ See the Notifications Part of the PRA's rulebook – 11.7 Conduct Rules: Notifications

⁶⁸ SC4: You must disclose appropriately any information of which the FCA or PRA would reasonably expect notice (See Appendix 1, COCON 2.2.4R)

⁶⁹ Appendix 1 COCON 4.2.27G

Scope of the Conduct Rules: NEDs

- 4.10** We have now added Handbook text to make clear that notified NEDs are not subject to the Conduct Rules⁷⁰, as explained in CP15/5 on NEDs.

Regulatory reporting and other operational matters

- 4.11** In CP14/31⁷¹ we consulted on forms that would need to be submitted by firms under the new regime and other operational issues. In regard to the reporting of breaches of conduct rules, we received a number of responses.

Feedback relating to reporting arrangements for conduct rule breaches

- 4.12** Some respondents felt that the requirement to submit more than one form for the notification of conduct rules breaches would be inefficient and present operational challenges and costs. Others expressed the desire of having a distinct and separate form for breach notifications. There were also requests for clarification on the required timing of notifications, when there is a material change to the information provided, and the use that the regulator intends to make of the information on suspected breaches. Based on current employment practices, concern was also expressed as to the ability of affected employees to respond before a suspected or actual breach is recorded against them.
- 4.13** We also received comments on the requirement to include an individual's National Insurance Number and passport details, in light of potential cross-border data protection issues. Concerns were also raised, as they had been before in response to CP14/13, on the expected volume of notifications of breaches, as well as the framework for expunging personal details after suspected rules breaches have proven groundless.

Our response:

Notification of conduct rule breaches for senior managers (Forms C and D): We have not made changes to Forms C and D, which will be used for submitting notifications of conduct rule breaches, apart from changes to bring Form D in line with the current version of our form. Notifications will need to be submitted using the appropriate form depending on the circumstances involved. For example, a firm will be required to submit a Form C where the notification relates to the withdrawal of an approval (avoiding the need for two separate notifications, one for the conduct rule breach and the other for the withdrawal of approval, in this situation), and Form D will be required when the notification is about a senior manager that remains approved and in post. This approach is designed to reduce the amount of duplication that might otherwise arise.

Notification of conduct rule breaches for code staff other than senior managers (Form H): We have made some changes to Form H in order to make it clearer what information is required. It continues to ask for personal information, as this is important in order to reduce the risk of notifications being recorded against the wrong person. However, we have amended Form H to request an Individual Reference Number (where one already exists), name and date of birth, with either the person's national insurance number or passport number/

⁷⁰ Appendix 1 COCON 1.1.2R(1)(f)

⁷¹ CP14/31: *Strengthening accountability in banking: forms, consequential and transitional aspects*

national identification number (as available). We currently hold much of this information in relation to approved individuals, and the same security and data storage methods will be applied. Although we have moved to annual reporting for this group, notifications concerning material risk takers who are not also senior managers will need to be included, regardless of any separate previous notification the firm may have made directly to the PRA on a Form L.

5

Transition to the new regime

- 5.1** In this chapter, we discuss both arrangements for grandfathering individuals who are currently approved as Significant Influence Function (SIF) holders into the new Senior Managers Regime and, more generally, other aspects of firms' preparations for the new regime.

Grandfathering SIF holders into the new Senior Managers Regime

- 5.2** In CP14/13 and CP14/31 we consulted on arrangements for grandfathering, as well as other operational issues. Since then, HM Treasury has published a Commencement Order⁷² and a Transitional Order⁷³ which also impact on the timing and transitional arrangements for the new regime.

- 5.3** The key features of the transitional arrangements proposed were:

- An individual who has been approved under the current Approved Persons Regime and who is moving to an equivalent function under the new regime would not need to apply for a fresh approval for the relevant Senior Management Function, provided that a notification is submitted to the appropriate regulator, accompanied by a firm responsibilities map, and a Statement of Responsibilities for each individual who is grandfathering to the new regime. The requirements of the new regime, including Conduct Rules, will apply to these individuals from Commencement on 7 March 2016. Firms will have to submit their grandfathering notifications for these individuals by 8 February 2016.
- Individuals who will perform significant harm functions as defined by the regulators (and which therefore fall within the Certification Regime) must be identified by firms by Commencement of the new regime, at which point they will become subject to the Conduct Rules. Firms will, however, have one year from Commencement in which to issue certificates of fitness and propriety to these individuals. This timetable is designed to accommodate all firms' annual appraisal cycles.
- All other individuals who will be subject to the Conduct Rules will become so one year after Commencement.

Feedback received and our responses

- 5.4** Firms have generally supported the proposals at a high level, but there has been some feedback on the detailed aspects of the process. We summarise the main elements of the feedback and our response below.

⁷² The Financial Services (Banking Reform) Act 2013 (Commencement No. 9) Order 2015

⁷³ The Financial Services (Banking Reform) Act 2013 (Transitional and Savings Provisions) Order 2015

- 5.5** Limits on grandfathering: Firms were concerned that individuals might not be able to grandfather to the new regime if they took on new Prescribed Responsibilities or overall responsibility for a new area or function.

Our response:

Individuals holding SIFs will only need a fresh approval if they are taking on a new role that requires a senior management function that is not equivalent to any SIF that they are already approved to perform. So, for instance, someone who is currently approved to perform the CF1 Executive Director function would be able to take on responsibility for investment management, even if that was not part of their existing role. But they would not be able to take on the SMF16 compliance oversight function without a new approval, as our rules do not say that it is equivalent to the CF1 function that the individual is currently approved for.

In addition, the SMF18 'other overall responsibility' function only applies if an individual holds no other SMF. So, if an individual is grandfathering to any SMF and will also pick up a responsibility that equates to an SMF18 'other overall responsibility', the SMF18 function will not apply and therefore no additional approval is required. Although firms will not have to apply for a new approval for individuals who take on new responsibilities without taking on SMFs, they will be required to set out all their responsibilities on the individual's statement of responsibilities.

We have also amended our rules to clarify that the overlap rule does not apply at grandfathering. The key practical effect of this is that, in their post Commencement annual assessments of the grandfathered individuals' fitness and propriety, firms will be required to consider this in relation to both the PRA and FCA SMF performed. In these circumstances, firms will not have to apply for a new approval for the FCA SMF, but they will need to include the function in the grandfathering notification for the individual concerned. So, for example, if an individual will be performing the PRA SMF2 Chief Finance function, and will also be performing an FCA SMF3 Executive Director Function, they will need to grandfather into both functions.

- 5.6** Intra-group arrangements: Firms enquired whether SIF holders could grandfather over to the new regime in a different entity in the same group.

Our response:

This will not be possible. The regime works on a legal entity basis – an individual can only grandfather over to an SMF that is equivalent to a SIF function that they hold in the same firm. This is set out in the HM Treasury transitional statutory instrument.

- 5.7** Connect: Firms asked whether it would be possible to submit form K through the Connect system.

Our response:

Form K will be available in electronic form from the autumn. In advance of that, firms will be able to use a paper form, although we would expect most grandfathering applications to be submitted once the electronic forms are available.

- 5.8** Obligations when grandfathering: Firms have asked whether they will be expected to assess individual's fitness and propriety at the point of grandfathering them over to the new regime.

Our response:

Firms are already required to inform the regulators at any point if they believe that an approved person is no longer fit and proper to carry out the function they are approved for, so we will not require a separate fitness and propriety check as part of the grandfathering process.

- 5.9** Agreeing Statements of Responsibilities: Firms have expressed concern that the grandfathering procedure proposed in CP14/31 did not accommodate a process for obtaining individuals' agreement to their Statements of Responsibilities that will be submitted to the regulators in advance of commencement.

Our response:

We agree that this needs to be addressed and have amended the Statement of Responsibilities forms for grandfathering individuals to enable the individual to sign it. On other occasions when Statements of Responsibilities must be submitted, the relevant individual will sign a declaration on the accompanying form establishing that they accept the responsibilities as documented (see the section in Chapter 2, 'Feedback relating to forms and regulatory reporting arrangements', where we discuss 'Required flexibility in reporting Statements of Responsibilities').

- 5.10** Individuals who are not grandfathered: Firms asked why we proposed to require them to give a reason why any individuals who are currently approved to perform a SIF would not be grandfathered.

Our response:

This was intended as a check to ensure that firms had considered all individuals who could potentially grandfather into the new regime and where they were intending not to grandfather them. On reflection, we agree that this is disproportionate, and have removed this requirement. Where a firm has concluded that an individual is no longer fit and proper to carry out their function, and will therefore cease to perform that function, the firm should inform us in the usual way using Form C.

Preparing for the new regime

The Senior Managers Regime

- 5.11** By 8 February 2016 all firms must submit a grandfathering notification that informs the regulators of how the firm proposes that existing SIFs and SIF applicants will grandfather into the new regime. SIF holders can only grandfather into a new SMF role if they hold an equivalent SIF. The tables below show which existing SIFs are equivalent to the new SMFs.

Figure 7: Current SIFs and their equivalent SMFs in the new regime

Column 1	Column 2	Column 3
Current controlled function	New PRA-designated senior management function	New FCA-designated senior management function
<i>All firms apart from credit unions</i>		
The following PRA controlled functions: Director function (CF1) Partner function (CF4) Director of unincorporated association function (CF5)	The following PRA-designated senior management functions: Chief Finance function (SMF2) Chief Risk function (SMF4) Head of Internal Audit (SMF5) Head of Key Business Area (SMF6) Group Entity Senior Manager (SMF7)	Executive director function (SMF3)
The PRA's non-executive director controlled function (CF2)	Group Entity Senior Manager (SMF7) Chairman (SMF9) Chair of the Risk Committee (SMF10) Chair of the Audit Committee (SMF11) Chair of the Remuneration Committee (SMF12) Senior independent director (SMF14)	Chair of the nominations committee function (SMF13)
The PRA's Chief executive controlled function (CF3)	Chief executive (SMF1)	
The PRA's Systems and Controls controlled function (CF28)	Chief finance function (SMF2) Chief Risk function (SMF4) Head of Internal Audit (SMF5)	
The significant management function (CF29)	Head of Key Business Area (SMF6) Group Entity Senior Manager (SMF7)	Other overall responsibility function (SMF18)
<i>All firms to which the function in the first column applies</i>		
Compliance oversight function (CF10)	None	Compliance oversight function (SMF16)
CASS operational oversight function (CF 10A)	None	Other overall responsibility function (SMF18)
Money laundering reporting function (CF11)	None	Money laundering reporting function (SMF17)
<i>Credit unions</i>		
The PRA's director controlled function (CF1)	Credit Union Senior Manager (SMF8)	Executive director function (SMF3)
The PRA's non-executive director controlled function (CF2)	Credit Union Senior Manager (SMF8)	Chair of the nominations committee function (SMF13)
The PRA's Chief executive controlled function (CF3)	Credit Union Senior Manager (SMF8)	None

5.12 You should note that not all individuals who perform functions in the first column should necessarily grandfather over to an equivalent SMF function in column two or column 3: to become part of the Senior Managers Regime, the function they perform must also fall within the definition of the new Senior Management Function. For example, we would not expect all CF29 'Significant management function' holders to grandfather over to the new regime.

5.13 As noted in Chapter 2, individuals who will be performing 'notified' NED roles from the commencement of the new regime do not need to be grandfathered; if they are currently approved for the same role, their approval will lapse at commencement.

Statements of Responsibilities at grandfathering

5.14 All grandfathering notifications must be accompanied by Statements of Responsibilities for each individual who is grandfathering over to be a senior manager in the new regime, whether they hold an existing SIF, or are an outstanding SIF applicant.⁷⁴ Each Statement of Responsibilities should be signed by the individual whose responsibilities it describes. Figure 7, above sets out which functions are applicable to which firms.

5.15 Any significant changes to a Statement of Responsibilities in advance of Commencement should be reported to the regulator via an updated grandfathering notification accompanied by a new Statement of Responsibilities for the individual in question.⁷⁵

Firm's Management Responsibilities Map at grandfathering

5.16 Firms must also attach a Management Responsibilities Map when submitting their grandfathering notifications. Any significant changes to the proposed allocation of responsibilities contained in it in advance of Commencement should be notified to the regulator via an updated grandfathering notification. Many such changes will also trigger a change to one or more individuals' Statements of Responsibilities. In this scenario, new versions of these should also be submitted with the updated grandfathering notification.

Managing recruitment during the transitional period

5.17 Feedback to our December CP highlighted that the grandfathering process may be difficult if applications for SIF functions were submitted on the day before Commencement date.

5.18 We recognise this, and to minimise such difficulties, we will make the new long Form A, short Form A and Form E available from 1 January 2016, in paper form. We would encourage firms to use these in advance of commencement if they are aware of any SMF post that will need to be filled at Commencement, where the individual they wish to fill it is not currently performing an equivalent SIF function that would allow them to grandfather to the relevant SMF role. These applications will need to meet the requirements of the new regime- e.g. they must be accompanied by a Statement of Responsibilities for the applicant, and the firm must complete a criminal records check for the applicant. Applications made on these forms should not be included in the firm's grandfathering notification, but details of their responsibilities should be included in the firm Management Responsibilities Map.

5.19 Firms should note that applications for the new SMFs can only formally be decided by us at Commencement. The FCA will endeavour to ensure that applications received from 1 January are assessed and an indication of whether they will be approved given to the firm prior to Commencement. If firms have senior posts that need to be filled in advance of Commencement they should continue to apply for existing SIF functions. We would encourage firms to apply

⁷⁴ Grandfathering notifications should not include individuals for whom the firm has submitted applications for approval to perform the new SMF functions.

⁷⁵ After Commencement, any changes should be alerted to the relevant regulator via the appropriate Form (either Form A, Form E, Form I or Form J)

for these as early as possible, as if a firm has any applications for SIFs under the existing regime outstanding at the time it wishes to submit its grandfathering notification, it must enclose details of any such applications in the notification.⁷⁶

Process for submitting and updating a grandfathering notification

5.20 All firms except credit unions are required to submit their grandfathering notifications via the Connect system, which will be available to firms in early autumn. Should firms wish to submit their notifications earlier, they will be able to do so through the submission of a paper form.

5.21 Credit unions are able to submit their notification either through Connect or on a paper form, regardless of when they do so. However, we would encourage them to use the Connect system, as its functionality limits the potential for human error, making the form easier to complete correctly.

5.22 Paper notifications should be sent to the PRA only, whether submitted by a credit union or any other type of firm.

5.23 In our December CP, we proposed that firms would only be able to update their original notification by way of a paper form. However, the functionality will now be available for these submissions to come through Connect, and we are requiring this in our rules.

The Certification Regime

5.24 As noted earlier, individuals who will fall within the Certification Regime⁷⁷ must be identified and trained in the Conduct Rules by Commencement, when they will become subject to the Conduct Rules. The requirement for firms to notify the regulators of confirmed or suspected breaches by such individuals comes into effect at the same time.

5.25 Firms must issue a certificate of fitness and propriety to all such individuals by 7 March 2017. Firms have been given a year from Commencement to do this in order to accommodate all annual appraisal cycles, as we expect the regular annual fitness and propriety assessments required for certified persons to become part of this existing process.

5.26 However, in advance of this date, we would expect firms to take a common sense approach to monitoring and considering the fitness and propriety of people in Certification Regime functions. For instance, for new recruits into a certified role, we would expect firms to make an initial assessment of fitness and at the point of recruitment, rather than wait until the deadline where they may have to conclude that such an individual is not fit and proper to perform a role that falls within the regime and must therefore be dismissed, or moved into another role.

5.27 In addition, firms are reminded that rules relating to the competence of all staff, and training and competence requirements apply during this transitional period.

The wider application of Conduct Rules

5.28 The extension of the application of the Conduct Rules to individuals who are not subject to either the Senior Managers or Certification Regimes will occur on 7 March 2017. Firms must ensure that all such individuals are trained in the Conduct Rules and how they relate to their role in advance of this date.

5.29 The requirement for firms to notify the regulators of breaches or suspected breaches of the Conduct Rules by such individuals also comes into force at this time.

⁷⁶ These are known as 'in-flight' applications.

⁷⁷ Appendix 1 – SYSC 5.2.30R

How to find out more**5.30**

It is the responsibility of firms to ensure that they have met the standards of the regime by the relevant deadlines: for example, we expect the firm Management Responsibilities Maps and Statements of Responsibilities submitted with grandfathering notifications to meet the standards set out in SYSC 4.5 and SUP10C. We will not be checking all such documentation in advance of Commencement, and firms should not take silence on our part as our agreement that these requirements have been met. Following Commencement we may engage with firms further to ensure that Management Responsibilities Maps and Statements of Responsibility are of an acceptable standard.

5.31

However, we understand that firms may have some queries as they prepare for the regime. Firms with an allocated supervisor should direct their queries to them. Other firms should call the FCA contact centre on 0300 500 0597 (or contact us through one of the other methods described at <http://www.fca.org.uk/site-info/contact>).

6

Consultation on extending the Certification Regime to wholesale market activities

- 6.1** This chapter contains consultation proposals for the extension of the Certification Regime to individuals involved in wholesale market activities. As noted in CP15/9, we have become aware that the proposals for the Certification Regime consulted on in July 2014 resulted in an inconsistent approach to individuals involved in wholesale activities, including trading. Therefore, this chapter contains proposals intended to ensure all individuals involved in wholesale activity that can pose a risk of 'significant harm' to the firm or its customers are captured within the regime.

Which individuals are currently caught by the regime?

- 6.2** The Certification Regime already includes the following categories of significant harm function which may apply to individuals involved in wholesale activities:
- Individuals performing the Significant Management function.
 - Proprietary traders.
 - Material Risk Takers.
 - Managers of Certified Persons.
- 6.3** The regime also captures individuals in customer-facing roles that are subject to qualification requirements. Therefore, more junior wholesale staff and individuals currently approved under CF30⁷⁸ but not subject to a qualification requirement would not necessarily be captured.
- 6.4** This anomaly was highlighted in responses to CP14/13, and we consider that many of these individuals could pose a risk of 'significant harm' to the firm or its customers.

Extending the significant harm functions

- 6.5** We propose to add two new categories of significant harm function to our Certification Regime. As with the existing significant harm functions, these two new categories will apply to individuals that are based in the UK or are dealing with UK clients.

⁷⁸ As defined in SUP 10A.10.7R <https://fshandbook.info/FS/html/FCA/SUP/10A/10>

Individuals dealing with clients

6.6 The first new category will be based on the relevant elements of the current CF30 function not already captured in the Certification Regime, and should therefore capture individuals of a similar seniority to those currently performing the CF30 function. The current CF30 function generally covers advice and investment activity; advice is currently captured in the Certification Regime under functions requiring qualifications, therefore the new category of significant harm will cover:

- Advising on investments other than a non-investment insurance contract and performing other functions related to this, such as dealing and arranging.
- Dealing, as principal or agent, and arranging (bringing about) deals in investments.
- Acting in the capacity of an investment manager and functions connected with this.
- Acting as a bidder's representative.

6.7 This function will be expanded from the current CF30 – where certain elements are limited to dealing with customers – to apply to any individual dealing with clients, where 'clients' will include retail clients but also professional clients and eligible counterparties. 'Dealing with' clients broadly means having contact with clients. Therefore, through capturing those individuals effecting transactions with clients, this function will capture the activity where the investment risk to the firm and client crystallises.

6.8 For this purpose 'clients' will also include corporate finance and venture capital contacts, and any person with whom the firm conducts or intends to conduct business, as such contacts could also pose a risk of significant harm to the firm or any of its customers. We propose to also reflect this meaning of 'client' in the scope of the wider Certification Regime and Conduct Rules⁷⁹ for UK firms and non-EEA branches⁸⁰, which are limited to individuals that are based in the UK or dealing with a UK client.

Algorithmic trading

6.9 As the above extension is based on some interaction or contact with clients, this would not generally capture algorithmic trading. Given the extensive use of algorithms in the UK market, we propose to add a further category of significant harm function to capture this activity within the Certification Regime. It is important that the individuals responsible for the deployment of trading algorithms are fit and proper, for example to ensure that the algorithms are adequately tested through comprehensive testing to assess their potential behaviour, in particular to ensure they are resilient, do not contribute to disorderly markets or breach market abuse or trading venue rules. This new category of significant harm will capture individuals with responsibility for:

- Approving the deployment of a trading algorithm or a material part of one.
- Approving the deployment of a material amendment to a trading algorithm or a material part of one, or the combination of trading algorithms.

⁷⁹ There is no limitation on the Conduct Rules for senior managers, therefore this is only relevant to certified persons and other conduct rules staff.

⁸⁰ For EEA branches the Certification Regime and Conduct Rules apply only to certified persons and other conduct rules staff based in the UK. For all conduct rules staff the Conduct Rules apply to the extent they are compatible with the relevant single market directives.

- Monitoring or deciding whether or not the use or deployment of a trading algorithm is or remains compliant with the firm's obligations.

6.10 The second bullet above means that, where a material amendment or combination takes place, this is considered to be a new deployment of the algorithm(s) for this purpose and is therefore captured within the algorithmic trading significant harm function.

6.11 This function will include individuals responsible for all algorithms that are in production and operationally capable of trading, regardless of whether they are actually engaging in trades at any given point, provided that the algorithm is capable of trading.

6.12 The Certification Regime is limited in the Act to regulated activities, therefore both of the proposed new functions will apply only in relation to regulated products. Both the new functions will apply to UK relevant firms and incoming EEA and non-EEA branches of overseas relevant firms.

Q1: Do you agree with the new proposed category of significant harm for individuals dealing with clients?

Q2: Do you agree with the new proposed category of significant harm for algorithmic trading?

Scope of the regime for Material Risk Takers

6.13 As part of the development of the above proposals, we have considered our approach to wholesale activity under the Certification Regime more generally and in particular have considered a potential inconsistency between our and the PRA's Certification Regimes in relation to Material Risk Takers (MRTs).

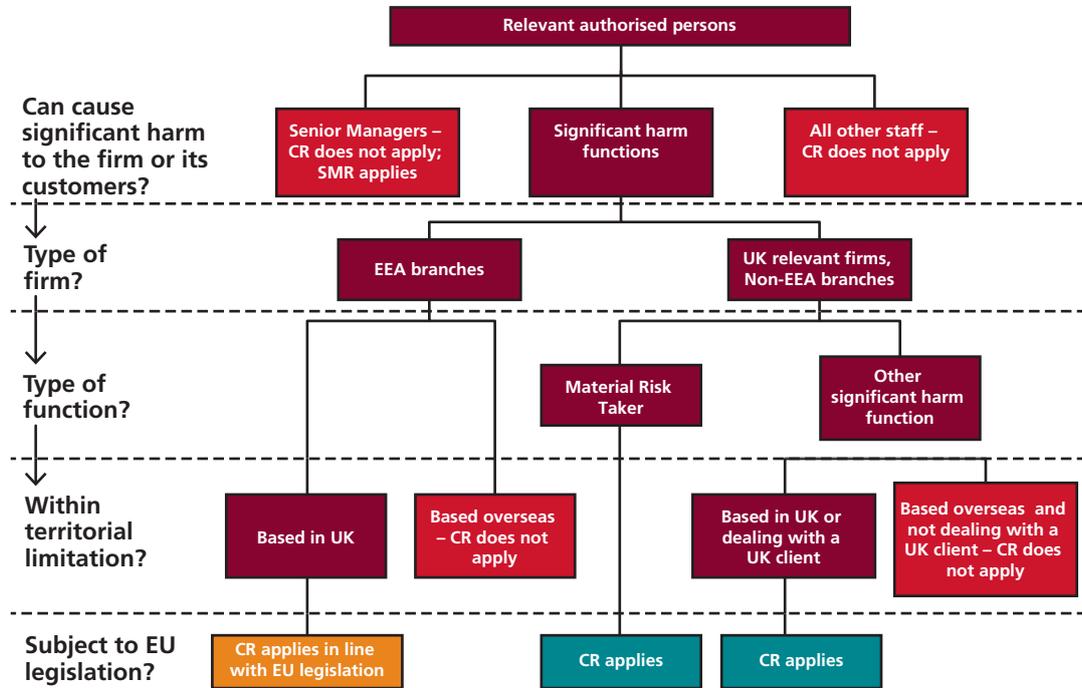
6.14 The PRA Certification Regime is narrower than our regime and includes only MRTs. This is because the population of individuals that can cause significant harm to the firm is narrower than the population that can cause significant harm to the firm's customers. Our Certification Regime, which also includes MRTs, is currently limited to individuals that are based in the UK or dealing with UK clients ('the territorial limitation'). The territorial limitation also exists in our Conduct Rules for all relevant staff apart from Senior Managers. Therefore there may be MRTs based overseas that are captured by the PRA regime only.

6.15 The territorial limitation in our Certification Regime is intended to prevent individuals from being captured that do not have a substantial link to the UK business or customers. Currently the territorial limitation excludes individuals who remote book into relevant firms where there is not a UK client. We have considered this further, given the risks these individuals could pose to the firm and the wider market. We propose to remove the territorial limitation in our Certification Regime for MRTs only, which will also be consistent with the scope of the PRA's Certification Regime.

6.16 We also propose to remove the territorial limitation in the Conduct Rules for MRTs only. This will mean that where there is a breach of a conduct rule relevant to our objectives by an MRT, for example in relation to market conduct, we will be able to take action.

6.17 Below we provide an illustration of how the Certification Regime applies for all types of relevant firm, including incoming branches of overseas relevant firms.

Figure 8: Application of Certification Regime



Q3: Do you agree with the proposal to align the scope of the FCA’s Certification Regime for Material Risk Takers with the PRA’s?

Q4: Do you agree with the proposal to align the scope of the FCA’s Conduct Rules for Material Risk Takers with the PRA’s?

Annex 1

List of non-confidential respondents to CP14/31

We received 17 responses to the CP and those respondents that did not request confidentiality are listed below.

ABCUL

BBA and AFME

Building Societies Association

CII

CLLS

HSBC

ILCU

Joint ACE Credit Union Services and UK Credit Unions Ltd

LBG

Nationwide

Newington Credit Union

Santander

Scotwest Credit Union

Standard Chartered

VirginMoney

Annex 2

List of non-confidential respondents to CP15/5

We received 41 responses to the CP and those respondents that did not request confidentiality are listed below.

ACE Credit Union Services

Association of British Credit Unions Ltd

Association of British Insurers

Association of Financial Mutuals

Association for Financial Markets in Europe

Association of Foreign Banks

Aviva PLC

AXA UK

British Bankers' Association

Building Societies Association

DAC Beachcroft LLP

Direct Line Group

Financial Services Consumer Panel

Friends Life Group Ltd

HSBC Holdings PLC

ICAEW

Institute and Faculty of Actuaries

Institute of Directors

International Underwriting Association

Investment & Life Assurance Group

Investment Association
Irish League of Credit Unions
Liverpool Victoria
Lloyds Banking Group PLC
Lloyd's of London
Lloyd's Market Association
Mr Jim Gollan
Mr Peter Bloxham
Mr Tom Riddell
National Credit Union Forum
Nationwide Building Society
Newington Credit Union Ltd
Nottingham Building Society
Phoenix Group
Royal Bank of Scotland PLC
Santander UK PLC
Standard Chartered Bank
UKCreditUnions Ltd
Virgin Money
YBS Group

Annex 3

Combined list of FCA and PRA Senior Management Functions

SMF	Description	FCA function	PRA function
SMF1	Chief Executive function		✓
SMF2	Chief Finance function		✓
SMF3	Executive Director function	✓	
SMF4	Chief Risk function		✓
SMF5	Head of Internal Audit function		✓
SMF6	Head of Key Business Area function		✓
SMF7	Group Entity Senior Manager function		✓
SMF8	Credit Union SMF (small Credit Unions only)		✓
SMF9	Chairman function		✓
SMF10	Chair of the Risk Committee function		✓
SMF11	Chair of the Audit Committee function		✓
SMF12	Chair of the Remuneration Committee function		✓
SMF13	Chair of the Nominations Committee function	✓	
SMF14	Senior Independent Director function		✓
SMF16	Compliance Oversight function	✓	
SMF17	Money Laundering Reporting function	✓	
SMF18	Other Overall Responsibility function	✓	

Shading indicates SMFs to be held by approved NEDs, rather than executives

Annex 4

Combined list of FCA and PRA Prescribed Responsibilities

Description of prescribed senior management responsibility (as set out in SYSC, where prescribed by the FCA)		FCA-prescribed?	PRA-prescribed?
Applying to all firms			
a	Responsibility for the firm's performance of its obligations under the senior management regime	SYSC 4.7.7R(1)	4.1(1)
b	Responsibility for the firm's performance of its obligations under the employee certification regime	SYSC 4.7.7R(2)	4.1(2)
c	Responsibility for compliance with the requirements of the regulatory system about the management responsibilities map	SYSC 4.7.7R(3)	4.1(3)
d	Overall responsibility for the firm's policies and procedures for countering the risk that the firm might be used to further financial crime	SYSC 4.7.7R(4)	–
e	Responsibility for the allocation of all prescribed responsibilities in accordance with 3.1	–	4.1(20)
Applying to larger firms			
f	Responsibility for: (a) leading the development of; and (b) monitoring the effective implementation of; policies and procedures for the induction, training and professional development of all members of the firm's governing body.	SYSC 4.7.7R(5)	4.1(13)
g	Responsibility for monitoring the effective implementation of policies and procedures for the induction, training and professional development of all persons performing designated senior management functions on behalf of the firm other than members of the governing body.	SYSC 4.7.7R(6)	4.1(5)
h	Responsibility for overseeing the adoption of the firm's culture in the day-to-day management of the firm.	–	4.1(6)
i	Responsibility for leading the development of the firm's culture by the governing body as a whole.	–	4.1(14)
j	Responsibility for: (a) safeguarding the independence of; and (b) oversight of the performance of; the internal audit function, in accordance with SYSC 6.2 (Internal Audit)	SYSC 4.7.7R(7)	4.1(15)
k	Responsibility for: (a) safeguarding the independence of; and (b) oversight of the performance of; the compliance function in accordance with SYSC 6.1(Compliance).	SYSC 4.7.7R(8)	4.1(16)
l	Responsibility for: (a) safeguarding the independence of; and (b) oversight of the performance of; the risk function, in accordance with SYSC 7.1.21R and SYSC 7.1.22R (Risk control).	SYSC 4.7.7R(9)	4.1(17)
m	Responsibility for overseeing the development of, and implementation of, the firm's remuneration policies and practices in accordance with SYSC 19D (Remuneration Code)	SYSC 4.7.7R(10)	4.1(18)

Description of prescribed senior management responsibility (as set out in SYSC, where prescribed by the FCA)		FCA-prescribed?	PRA-prescribed?
n	Responsibility for the independence, autonomy and effectiveness of the firm's policies and procedures on whistleblowing, including the procedures for protection of staff who raise concerns from detrimental treatment	–	4.1(19)
o	Management of the allocation and maintenance of capital, funding and liquidity	–	4.1(7)
p	The firm's treasury management functions	–	4.1(8)
q	The production and integrity of the firm's financial information and its regulatory reporting in respect of its regulated activities	–	4.1(9)
r	The firm's recovery plan and resolution pack and overseeing the internal processes regarding their governance	–	4.1(10)
s	Responsibility for managing the firm's internal stress-tests and ensuring the accuracy and timeliness of information provided to the PRA and other regulatory bodies for the purposes of stress-testing;	–	4.1(11)
t	Responsibility for the development and maintenance of the firm's business model by the governing body;	–	4.1(12)
u	Responsibility for the firm's performance of its obligations under Fitness and Propriety in respect of its notified non-executive directors	–	4.1(4)
Applying in specified circumstances			
v	If the firm carries out proprietary trading, responsibility for the firm's proprietary trading activities;	–	4.2(1)
w	If the firm does not have an individual performing the Chief Risk function, overseeing and demonstrating that the risk management policies and procedures which the firm has adopted in accordance with SYSC 7.1.2 R to SYSC 7.1.5 R satisfy the requirements of those rules and are consistently effective in accordance with SYSC 4.1.1R.		4.2(2)
x	If the firm outsources its internal audit function taking reasonable steps to ensure that every person involved in the performance of the service 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		4.2(3)
y	If the firm is a ring-fenced body, responsibility for ensuring that those aspects of the firm's affairs for which a person is responsible for managing are in compliance with the ring-fencing requirements.		4.2(4)
z	Overall responsibility for the firm's compliance with CASS	SYSC 4.7.7R(11)	–
Applying to small firms ⁸¹ only			
aa	Responsibility for implementing and management of the firm's risk management policies and procedures		5.2(3)
bb	Responsibility for managing the systems and controls of the firm	–	5.2(4)
cc	Responsibility for managing the firm's financial resources.	–	5.2(5)
dd	Responsibility for ensuring the governing body is informed of its legal and regulatory obligations	–	5.2(6)

Shading indicates SMFs to be held by approved NEDs, rather than executives

81 Small firms are firms with gross total assets of £250 million or less (determined on the basis of the annual average amount calculated across a rolling period of 5 years (calculated by reference to the firm's annual accounting date)).

Annex 5

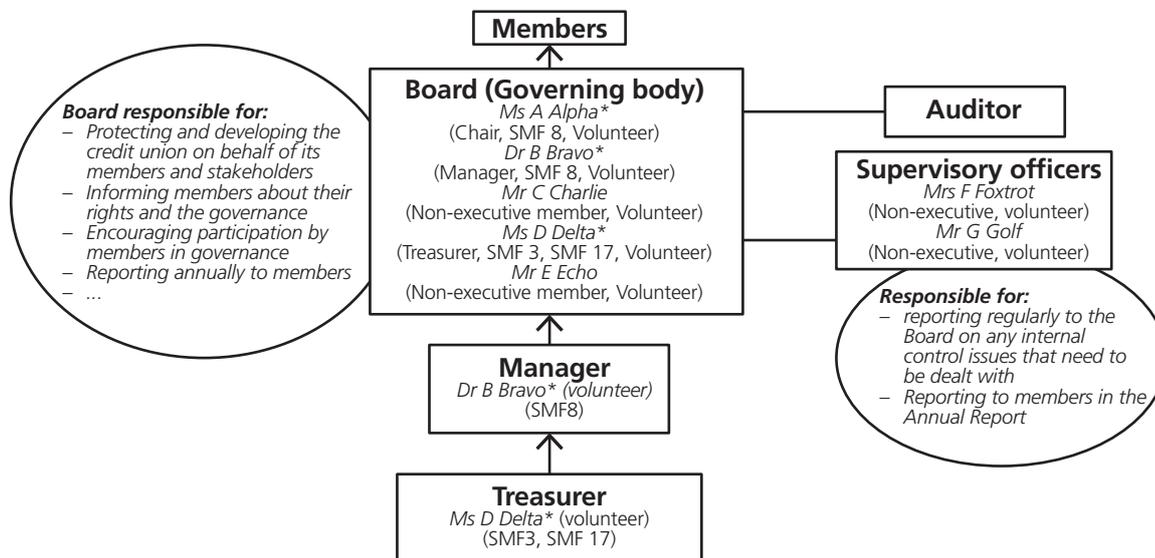
Summary list of FCA and PRA Certification Functions

Function	FCA rule reference
(1) CASS oversight	SYSC 5.2.32R
(2) Benchmark submission and administration	SYSC 5.2.33R
(3) Proprietary trader	SYSC 5.2.34R
(4) Significant management	SYSC 5.2.35R
(5) Functions requiring qualifications	SYSC 5.2.39R
(6) Managers of certification employees	SYSC 5.2.41R
(7) Material risk takers	SYSC 5.2.42R

Annex 6

Example responsibilities map

1. Small credit union – organisation chart



Please show

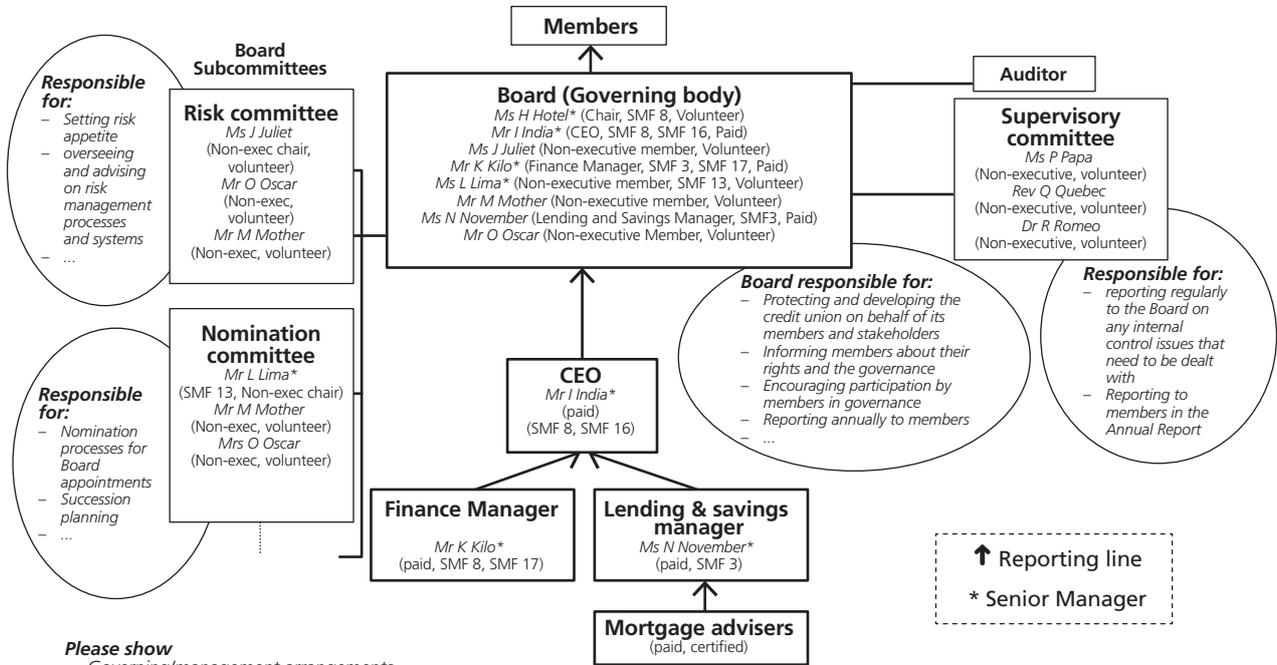
- Governing/management arrangements
- Reporting lines and employment status
- Members of the governing/management body and, where approved, the SMFs they hold
- Although not included in this example, if there is a person on the map who is not approved and not acting as a non-executive director, show whether or not they are certified.

↑ Reporting line * Senior Manager

1. Management responsibility allocation – small credit union

	Position	Chair	Manager	Treasurer	
	Name	Mr A Alpha	Dr B Bravo	Ms D Delta	
	Senior Management Functions			Executive Director (SMF3)	
	Responsibility	Credit Union Senior Manager (SMF8)	Credit Union Senior Manager (SMF8)	Money Laundering reporting (SMF 17)	If responsibility shared explain how and why it is shared
PRA & FCA	firm's performance of its obligations under the senior management regime	X			
PRA & FCA	firm's performance of its obligations under the certification regime		(NB – no certified persons)		
PRA & FCA	firm's compliance with the requirements of the regulatory system about the management responsibilities map		X		
PRA	allocation of all prescribed responsibilities	X			
FCA	the firm's policies and procedures for countering the risk that the firm might be used to further financial crime			X	
PRA	implementation and management of the firm's risk management policies and procedures		X		
PRA	managing the systems and controls of the firm		X		
PRA	managing the firm's financial resources			X	
PRA	ensuring the governing body is informed of its legal and regulatory obligations	X			
Other	Other responsibilities should also be listed, for example, responsibility for training of volunteers.				

2. Large credit union – organisation chart



Please show

- Governing/management arrangements
- Reporting lines and employment status
- Members of the governing/management body and, where approved, the SMFs they hold
- Although not included in this example, if there is a person on the map who is not approved and not acting as a non-executive director, show whether they are certified or not.

		Chair	CEO	Finance Manager	Chair of nominations committee	Lending and savings manager	
Position							
Name		Ms H Hotel	Mr I India	Mr Kilo	Mr L Lima	Ms N November	
Senior Management Functions			Credit Union Senior Manager (SMF8)	Credit Union Senior Manager (SMF8)			
Responsibility		Credit Union Senior Manager (SMF8)	Compliance Oversight (SMF 16)	Money Laundering reporting (SMF 17)	Chair of Nominations Committee (SMF 13)	Executive Director (SMF3)	If responsibility shared explain how and why it is shared
PRA & FCA	firm's performance of its obligations under the senior management regime	X					
PRA & FCA	firm's performance of its obligations under the certification regime		X				
PRA & FCA	compliance with the requirements of the regulatory system about the management responsibilities map		X				
PRA	allocation of all prescribed responsibilities		X		X		Details required
FCA	the firm's policies and procedures for countering the risk that the firm might be used to further financial crime			X			
PRA	implementation and management of the firm's risk management policies and procedures		X				
PRA	managing the systems and controls of the firm		X				
PRA	managing the firm's financial resources			X			
PRA	ensuring the governing body is informed of its legal and regulatory obligations	X	X				Details required
Other	Other responsibilities should also be listed, for example, ensuring mortgage advisers carry out training to suitable standard.					X	

Annex 7

Cost Benefit Analysis

1. We are required to carry out and publish a cost benefit analysis (CBA) when proposing draft rules (sections 138I and 128J FSMA refer). We consider that the CBA set out below meets the FSMA CBA requirements.
2. Since issuing our consultation in July, we have become aware that the proposals we consulted on result in a potentially inconsistent approach to individuals involved in wholesale activities, including trading.
3. We propose to extend the Certification Regime and the Conduct Rules to ensure that individuals operating in both retail and wholesale businesses whose roles is part of a function that involves a risk of significant harm are included in a consistent way. This CBA sets out our analysis of the costs and benefits of these proposals.
4. We propose to add two categories of significant harm function to the Certification Regime (listed in SYSC 5.2 of the FCA Handbook) that would include:
 - Individuals dealing with clients, which will include individuals currently performing the Customer Dealing Function (CF30) who are not already captured in the Certification Regime.
 - Algorithmic trading.
5. We also propose to remove the limitation that Material Risk Takers must be 'based in the UK or dealing with UK clients' in relation to the Certification Regime and Conduct Rules.
6. The CBA for this CP has been informed by the FCA's CBA in the July 2014 CP⁸² and accompanying analysis by Europe Economics.
7. Overall, we consider that the proposed changes to the Certification Regime and the Conduct Rules are appropriate, proportionate and meets its statutory obligations.

Compliance costs

Significant harm functions

8. This aspect of the CBA estimates the costs to UK banks and investment firms and incoming branches only. Building societies and credit unions have not been included given they do not typically undertake these activities and the legal restrictions on trading for credit unions. The FCA has estimated a range for the compliance costs, both one-off and ongoing, to reflect the estimated costs for large and small firms, where 'large' is defined as per the original Europe Economics report.⁸³

⁸² FCA, CP14/13: *Strengthening accountability in banking: a new regulatory framework for individuals*, July 2014. See <http://www.fca.org.uk/your-fca/documents/consultation-papers/cp14-13>.

⁸³ Large firms have at least £1 billion annual income.

- 9.** The compliance costs of these proposals have been estimated using numbers of staff in relevant business units in a sample of firms, to identify the potential increase in the number of individuals captured by Certification. Europe Economics' average unit cost estimates for the Certification Regime were then applied to this population.
- 10.** However, the cost estimates are likely to overstate the actual costs because:

 - Only a proportion of individuals in relevant business units will be captured as performing the relevant significant harm function in practice; and
 - Some of these individuals are likely to already be captured under existing FCA specified significant harm functions (such as proprietary traders or material risk takers), therefore it is plausible that there could be a material amount of double counting in the proposals compared the costs originally estimated by Europe economics.
- 11.** The proposed change will impact certain of the cost categories identified in the Europe Economics report for the Certification Regime. The relevant cost categories are: identifying certified persons, developing guidance and migrating people/ functions to the new regime; staff training; and annually assessing fitness and propriety.
- 12.** Other cost categories for the Certification Regime (for both one-off and ongoing costs) identified by Europe Economics were largely invariant to precise numbers of staff, or were expected to be accommodated within existing processes. Accordingly, it has been assumed that the proposals would have no impact on these cost categories.
- 13.** The amendments to the three remaining cost categories are listed below:

 - a.** Certification Regime (one-off costs): Europe Economics noted that the expected costs to banks and investment firms of implementing the Certification Regime included migration costs of updating IT systems, developing guidance and policy documents and to a more limited extent, engaging with individuals in the certified persons roles. These set up costs are largely fixed and are therefore not likely to increase directly in line with the number of additional individuals in Certification, and there is not a great deal of variation across large and small firms in the sample. We have included a conservative estimate of the costs in line with the estimated number of impacted individuals in small and large banks and foreign branches, although this therefore represents an upper bound and the costs are expected to be lower in practice.
 - b.** Fitness and Propriety (one-off costs): Europe Economics stated that these costs included additional IT systems and some staff training. Apart from the costs involved in staff training, the costs involved in setting up new systems are also expected to be largely fixed. As above, we have included a conservative estimate of the costs in line with the estimated number of impacted individuals in small and large banks and foreign branches, although this therefore represents an upper bound and the costs are expected to be lower in practice.
 - c.** Fitness and Propriety (ongoing costs): Europe Economics stated that the requirement for continuous checks of fitness and propriety for certified persons is likely to have a moderate cost impact on firms. While all firms in the sample already have a system of annual appraisal in place, many (particularly large firms) felt that a more formal procedure would need to be added to this to incorporate a formal declaration of fitness and propriety from staff, and sign off from designated managers. Smaller firms were more likely to adapt their existing processes. We have included an estimate of the costs involved in line with the estimated number of impacted individuals in small and large banks and foreign branches.

14. These costs were then applied to the population of UK banks and incoming branches. The total number of firms in each population shown in the table below is consistent with the data from our July CP and the February 2015 CP on foreign branches.⁸⁴

	Large firms	Small firms	Total
UK banks	15	145	160
Incoming branches	5	169	174 ⁸⁵

15. The estimate of compliance costs of these proposals is shown in the tables below, which show the estimated costs for small to large firms, and the total industry costs.

	Incoming branches	UK firms	Total
One-off costs per firm* (£000)	23.7 – 104.6	7.3 – 104.6	30.9 – 209.2
Ongoing costs per firm* (per annum) (£000)	7.3 – 33.5	2.2 – 33.5	9.5 – 67
Total industry cost (£million)	5.92	3.45	9.4

*small – large

Material Risk Takers (MRTs)

16. These proposals apply only to individuals in UK banks, UK building societies and incoming non-EEA branches. The Certification Regime and Conduct Rules (except for Senior Managers) for EEA branches are limited to individuals that are based in the UK.
17. The PRA Certification Regime and Conduct Rules applies to MRTs with no territorial limitation. MRTs are therefore already captured by the PRA Certification Regime regardless of where they are based, and so many of the individuals impacted will already be in scope of the PRA regime. Therefore we have assumed the proposals will not involve any additional costs to firms' in respect of the Certification Regime.
18. In the final rules for UK firms we have amended our definition of an MRT to more closely align it to the Remuneration Code definition. The PRA are proposing to include a definition of an MRT with this same scope in their Certification Regime.
19. The majority of the Conduct Rules will also therefore already apply to all MRTs. However, we apply two additional Conduct Rules which are directly linked to our objectives. Therefore the effect of the proposals are that the two FCA-only Conduct Rules will be applied to MRTs that are not based in the UK or dealing with a UK client.
20. The proposed change will impact the cost category relating to the ongoing reporting of conduct rule breaches identified in the Europe Economics report, and in particular the incremental cost of applying two additional conduct rules to these individuals. Other cost categories for the Conduct Rules would be invariant to the proposed changes and would therefore not be impacted by these proposals.

⁸⁴ FCA, CP15/10: *Strengthening accountability in banking: UK branches of foreign banks*. See <http://www.fca.org.uk/your-fca/documents/consultation-papers/cp15-10>.

⁸⁵ As discussed in CP15/10, FCA data indicates that there are 174 incoming branches (excluding insurance firms) which have at least one approved person. The remaining 273 incoming branches have none and are unlikely to be active. Using the 174 firms may overestimate the costs of the proposals as some of these incoming branches may choose not to transition to the new regime as outlined in the July CP.

- 21.** The compliance costs of these proposals were estimated using the estimated number of MRTs in small and large banks, building societies and incoming branches, and Europe Economics' average unit cost estimates for reporting of Conduct Rule breaches from the July CP. It was not possible to estimate the exact proportion of MRTs the proposals will impact – those that are not based in the UK or dealing with UK clients – and therefore the exact number of individuals that will become subject to the two FCA-only conduct rules. The number of impacted individuals will vary by firm and the number is likely to be higher for firms that have overseas operations or are an incoming branch. However, the FCA expects the proposals will impact a small proportion of MRTs overall and has therefore included a conservative estimate of the costs involved. We have estimated a range of costs which assume the proposals will impact 10-25% of the MRT population. We would be interested in respondents' views on this assumption as part of this consultation.
- 22.** We have estimated the cost of reporting conduct rule breaches for two extra conduct rules across this population. As can be seen from our guidance on examples of the Conduct Rules in COCON, there is some overlap between the types of conduct that would be considered a breach of an FCA-only rule and a joint PRA/FCA rule. Therefore it is unlikely that an individual would breach an FCA Conduct Rule in isolation. Due to this, and the conservative estimate of the population of impacted individuals, the cost estimates are likely to overstate the real impact on relevant firms.
- 23.** These costs were then applied to the population of UK banks, incoming branches and building societies. The total number of firms in each population shown in the table below is consistent with the data from our July 2014 CP for UK firms and the February 2015 CP on foreign branches.⁸⁶

	Large firms	Small firms	Total
UK banks	15	145	160
UK building societies	6	39	45
Incoming branches	5	169	174 ⁸⁷

- 24.** The estimate of compliance costs of the proposals for MRTs is shown in the tables below, which includes the costs for both 10% and 25% of MRTs impacted. Given the limited number of individuals impacted by the proposals, the incremental costs per firm were minimal; therefore we have presented the total costs per sector across small and large firms.

⁸⁶ FCA, CP15/10: *Strengthening accountability in banking: UK branches of foreign banks*

⁸⁷ As discussed in CP15/10, FCA data indicates that there are 174 incoming branches (excluding insurance firms) which have at least one approved person. The remaining 273 incoming branches have none and are unlikely to be active. Using the 174 firms may overestimate the costs of the proposals as some of these incoming branches may choose not to transition to the new regime as outlined in the July CP.

£000	Incoming branches	UK banks	UK building societies	Total
Lower range – assuming proposals impact 10% of MRTs				
One-off costs*	0.5 – 62.7	0.5 – 188.1	0 – 2.2	1 – 253
Ongoing costs*	0.9 – 8.4	0.8 – 25.2	0 – 157.1	1.7 – 191.7
Total industry cost	72.6	214.6	159.2	446.4
Upper range: assuming proposals impact 25% of MRTs				
One-off costs*	1.5 – 156.8	1.2 – 470.3	0 – 5.4	2.7 – 632.5
Ongoing costs*	2.3 – 21	2 – 63	0 – 392.6	4.3 – 476.6
Total industry cost	182	536	398	1,116

*small – large

25. The total combined estimate of compliance costs of the proposals for both the new significant harm functions and MRTs (using the upper limit of 25%) is shown in the table below.

£million	Incoming branches	UK banks	UK building societies	Total
Total costs	6.1	4	0.4	10.5

FCA Costs

26. The proposals contained in this consultation will impact our existing authorisations, supervision and enforcement processes and systems. But, 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

27. 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 practicable to do so given the high degree of complexity and uncertainty surrounding the nature of such impacts.
28. Regarding qualitative impacts, the potential indirect costs of behavioural change identified for the overall Accountability regime by Europe Economics in the July CP would also apply, to a lesser extent, to these proposals. These include: a possible increase in operational inefficiencies brought about by (for example) increased monitoring and internal control procedures.

Impact on competition

29. The proposals relate to fitness and propriety requirements and the standards of conduct applied to certain individuals in firms and are therefore not expected to have an impact on Competition.
30. The new significant harm functions apply to both UK firms and incoming branches; as incoming branches undertake typically wholesale activities in the UK they are expected to pose similar risks. The proposals apply proportionately in line with the extent to which firms undertake wholesale market activities. The proposals are not expected to adversely impact credit unions as they do not undertake the type of wholesale activities involved and individuals in these firms would generally not meet the definition of an MRT.

31. The proposals will apply differently for incoming EEA branches – the new significant harm functions will be limited to individuals based in the UK and firms will not need to assess individuals' competence as part of their fitness and propriety assessments, and the changes for MRTs do not apply. This is in line with the scope of the UK's responsibilities under the relevant single market directives. Therefore, we consider that the proposals maintain an appropriate level playing field across both UK firms and incoming branches.

Benefits

32. The proposals should enable us to capture individuals involved in wholesale activities in our individual accountability regime more consistently. Capturing functions that involve a risk of significant harm consistently in terms of retail and wholesale activities in the Certification Regime, and applying the full set of FCA Conduct Rules to all MRTs, will help enable us to address both our consumer protection and market integrity objectives.
33. The Europe Economics analysis for UK firms in our July CP also provided illustrative indirect benefits in the form of reduced misconduct from £0.04 billion to £0.6 billion per year.⁸⁸ These proposals would require firms to enhance internal controls and monitoring in relation to the fitness and propriety of more staff working in wholesale markets. The FCA Conduct Rules also provide clear incentives for individuals to maintain appropriate standards of behaviour in their dealings with customers and their activities in the UK market. The proposals should therefore increase the likelihood that misconduct, in particular in relation to market conduct, is identified and acted upon by the firm for a larger population of individuals than previously consulted on in July 2014.

Q5: Do you have any comments on the cost benefit analysis?

⁸⁸ 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.

Annex 8

Compatibility Statement

Compatibility with the FCA's general duties

34. This Annex sets out how the proposals set out in Chapter 6 of this document are compatible with our general duties and principles. We are required, by section 138I of FSMA, to explain why making the proposed rules is compatible with our strategic objective, advances our operational objectives, and has regard to the regulatory principles in section 3B of FSMA.
35. 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.
36. 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

37. The proposals are compatible with our strategic objective of ensuring that the relevant markets function well. They will help ensure that individuals involved in wholesale market activities are captured in our individual accountability regime more consistently. This should, over time, result in improved oversight of these individuals in firms and enhance standards of behaviour, particularly in relation to market conduct.
38. In preparing the proposals, 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

39. The proposals will affect our existing supervision and enforcement processes and systems through a potential increase in reported Conduct Rule breaches. 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.
40. These proposals ensure that all individuals who would previously have been subject to the regulatory approval process are now subject to Certification, and therefore will continue to be subject to fitness and propriety requirements. Including these individuals in Certification places the responsibility on firms to assess the fitness and propriety of these individuals, allowing the regulatory to continue to focus on the key decision makers in the Senior Managers Regime.

- The principle that a burden or restriction should be proportionate to the benefits**
41. The proposals are intended to result in beneficial changes in behaviour through ensuring more individuals in roles that are part of a function that involves a risk of significant harm to a firm or its customers are subject to fitness and propriety checks and increasing the likelihood that misconduct, in particular in relation to market conduct, is identified and acted upon by firms.
42. Firms are likely to incur both direct and indirect compliance costs, but our cost benefit analysis shows that these are limited, 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**
43. As outlined in the compatibility statement of the July 2014 consultation paper on individual accountability in UK banks⁸⁹, 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).⁹⁰ Our proposals 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 relevant firms, which will contribute the advancement of this objective.
- The general principle that consumers should take responsibility for their decisions**
44. The proposals we have made concern requirements applying to the staff within relevant firms. These are not matters over which consumers can have any influence. The proposals, which are more directly relevant to wholesale customers, apply equally to firms undertaking wholesale market activities in both the UK relevant firms and incoming branches, so that consumers can have confidence that the requirements will apply to whatever firm they chose to deal with.
- The responsibilities of senior management**
45. The proposals aim to ensure that more individuals in roles that are part of a function that involves a risk of significant harm are captured within Certification. The wider accountability regime includes a requirement for a Senior Manager to have responsibility for the firm's performance of its obligations under the Certification Regime. The proposals should therefore enhance senior management accountability in terms of ensuring all staff in Certification roles are fit and proper.
- The desirability of exercising our functions in a way that recognises differences in the nature and objectives of businesses carried on by different persons**
46. We believe our proposals do not undermine this principle. The proposals apply to both UK banks and incoming branches – many incoming branches undertake predominantly wholesale activity and therefore can pose similar risks to the UK market and customers. The proposals are expected to apply only in part to building societies, and not at all to credit unions, which reflects that these firms typically undertake less or none of the type of activity being addressed. Therefore we consider that our proposals apply proportionately in relation to the nature and objectives of businesses carried on by different types of relevant firm.
- The desirability of publishing information relating to persons on whom requirements are imposed by or under FSMA**
47. 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

⁸⁹ FCA CP14/13: *Strengthening accountability in banking: a new regulatory framework for individuals*

⁹⁰ House of Lords, House of Commons, *Changing banking for good, Report of the Parliamentary Commission on Banking Standards*, 12 June 2013, p. 82, para. 1

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

- 48.** The proposals will require firms to enhance their internal controls and monitoring in relation to the fitness and propriety of more staff working in wholesale markets. The FCA Conduct Rules also provide clear incentives for individuals to maintain appropriate standards of behaviour in their dealings with customers and their activities in the UK market. The proposals should therefore increase the likelihood that misconduct, in particular in relation to market conduct, is identified and acted upon by the firm for a larger population of individuals than previously consulted on in the July 2014 CP.

Promoting competition

- 49.** 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. The proposals relate to the fitness and propriety requirements and standards of conduct applied to certain individuals in firms, and are therefore not expected to have an impact on competition. As set out above, the proposals apply proportionately in line with the extent of wholesale market activity undertaken by different types of firms.
- 50.** The proposals will apply differently for incoming EEA branches – the new significant harm functions will be limited to individuals based in the UK and firms will not need to assess individuals' competence as part of their fitness and propriety assessments, and the changes for MRTs do not apply. This is in line with the scope of the UK's responsibilities under the relevant single market directives. Therefore, we consider that the proposals maintain an appropriate level playing field across both UK firms and incoming branches.

Mutuals

- 51.** The proposals will not apply to credit unions, therefore we consider that mutuals are not expected to be affected by the proposals in this CP.

Annex 9

List of questions on extension of the Certification Regime to wholesale market activities

- Q1:** Do you agree with the new proposed category of significant harm for individuals dealing with clients?
- Q2:** Do you agree with the new proposed category of significant harm for algorithmic trading?
- Q3:** Do you agree with the proposal to align the scope of the FCA's Certification Regime for Material Risk Takers with the PRA's?
- Q4:** Do you agree with the proposal to align the scope of the FCA's Conduct Rules for Material Risk Takers with the PRA's?
- Q5:** Do you have any comments on the cost benefit analysis?

Appendix 1

Final Handbook text (legal instrument)

INDIVIDUAL ACCOUNTABILITY 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 61 (Determination of applications);
 - (5) section 62A (Changes to responsibilities of senior managers);
 - (6) section 63ZA (Variation of senior manager’s approval at request of relevant authorised person);
 - (7) section 63ZD (Statement of policy relating to conditional approval and variation);
 - (8) section 63C (Statement of policy);
 - (9) section 63E (Certification of employees by relevant authorised persons);
 - (10) section 63F (Issuing of certificates);
 - (11) section 64A (Rules of conduct);
 - (12) section 64C (Requirements for relevant authorised persons to notify regulator of disciplinary action);
 - (13) section 69 (Statement of policy);
 - (14) section 137A (The FCA’s general rules);
 - (15) section 137T (General supplementary powers);
 - (16) section 139A (Power of the FCA to give guidance);
 - (17) section 395 (The FCA’s and PRA’s procedures); and
 - (18) articles 2, 5, 6, 7, 8, 13, 15, 17, 19 and 20 of the Financial Services (Banking Reform) Act 2013 (Transitional and Savings Provisions) Order (SI 2015/492).
- B. The rule-making powers listed above are specified for the purpose of section 138G(2) (Rule-making instruments) of the Act.

Commencement

- C. This instrument comes into force as follows:

Annex	Date comes into force
Part 1 of Annex B	13 July 2015
Part 1 of Annex E	13 July 2015
Part 2 of Annex A	7 March 2017
Part 3 of Annex B	7 March 2017
Part 2 of Annex D	7 March 2017
The remainder of this instrument	7 March 2016

Making the Code of Conduct sourcebook (COCON)

- D. The Financial Conduct Authority makes the rules and gives the guidance in Annex A to this instrument.

Amendments to the FCA Handbook

- E. The modules of the FCA's Handbook of rules and guidance listed in column (1) below are amended in accordance with the Annexes to this instrument listed in column (2) below:

(1)	(2)
Glossary of definitions	Annex B
Senior Management Arrangements, Systems and Controls sourcebook (SYSC)	Annex C
The Fit and Proper test for Approved Persons (FIT)	Annex D
Supervision manual (SUP)	Annex E

Notes

- F. In Annex E to this instrument, the "notes" (indicated by "**Note:**") are included for the convenience of readers but do not form part of the legislative text.

Citation

- G. This instrument may be cited as the Individual Accountability Instrument 2015.
- H. The sourcebook referred to in paragraph D above may be cited as the Code of Conduct sourcebook, or COCON.

By order of the Board of the Financial Conduct Authority
2 July 2015

Annex A

Making of the Code of Conduct sourcebook (COCON)

Insert the following new sourcebook after the Senior Management Arrangements, Systems and Controls sourcebook (SYSC) in the block of the Handbook titled 'High Level Standards'. The text is not underlined.

Part 1: Comes into force on 7 March 2016.

1 Application and purpose

1.1 Application

1.1.1 G Under section 64A of the *Act*, the *FCA* may make *rules* about the conduct of *approved persons* and *persons* who are *employees* of *relevant authorised persons*.

To whom does it apply?

- 1.1.2 R (1) *COCON* applies to:
- (a) an *SMF manager*;
 - (b) an *employee* (“P”) of a *relevant authorised person* who:
 - (i) performs the function of an *SMF manager*;
 - (ii) is not an *approved person* to perform the function in question; and
 - (iii) is required to be an *approved person* at the time P performs that function; and
 - (c) an *employee* of a *relevant authorised person* who would be an *SMF manager* but for *SUP* 10C.3.13R (The 12-week rule);
 - (d) a *certification employee* employed by a *relevant authorised person*, even if the *certification employee* has not been notified that *COCON* applies to them or notified of the *rules* that apply to them; and
 - (e) an *employee* of a *relevant authorised person* who would be a *certification employee* but for *SYSC* 5.2.27R(1) (Scope: emergency appointments).
- (2) [Not used]
- 1.1.3 R *Rules* 1 to 5 in *COCON* 2.1 apply to all *conduct rules staff*.

- 1.1.4 R *Rules SC1 to SC4 in COCON 2.2 apply to all senior conduct rules staff members.*
- 1.1.5 G (1) *The guidance in COCON 2.3 applies to relevant authorised persons.*
- (2) *The persons in COCON 1.1.2R(1)(a) and (b) are referred to as senior conduct rules staff members.*
- (3) *SYSC 5.2.26R provides that a function performed by a non-executive director of a firm acting as such is not an FCA-specified significant-harm function for that firm.*

To what conduct does it apply?

- 1.1.6 R *For a person (P) who is an approved person, COCON applies to the conduct of P in relation to the performance by P of functions relating to the carrying on of activities (whether or not regulated activities) by the firm on whose application approval was given to P.*

[Note: sections 64A(4) and (5)(a) of the Act (Rules of conduct)]

- 1.1.7 R *For a person (P) subject to COCON who is not an approved person, COCON applies to the conduct of P in relation to the performance by P of functions relating to the carrying on of activities (whether or not regulated activities) by P's employer.*

[Note: sections 64A(4) and (5)(b) of the Act (Rules of conduct)]

- 1.1.8 G (1) *Both COCON 1.1.6R and COCON 1.1.7R may apply to the same individual performing several roles.*
- (2) *For example, say that an individual (A) is an approved person for firm X and is employed by firm Y in a role that does not involve a controlled function. Firm Y is a relevant authorised person.*
- (3) *COCON 1.1.6R applies to A's role with firm X and COCON 1.1.7R applies to A's role with firm Y.*

Where does it apply?

- 1.1.9 R *COCON applies to the conduct of a senior conduct rules staff member wherever it is performed.*
- 1.1.10 R *COCON only applies to the conduct of persons other than senior conduct rules staff members if that conduct:*
- (1) *is performed from an establishment maintained by that person's employer in the United Kingdom; or*
- (2) *involves dealing with a client in the United Kingdom from an establishment overseas.*

- 1.1.11 G The *FCA* interprets the phrase ‘dealing with’ in *COCON* 1.1.10R as including having contact with *customers* and extending beyond ‘dealing’ as used in the phrase ‘dealing in investments’. ‘Dealing in’ is used in Schedule 2 to the *Act* to describe, in general terms, the *regulated activities* which are specified in Part II of the *Regulated Activities Order*.
- 1.1.12 G 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*.
- Purpose
- 1.1.13 G The purpose of *COCON* is to set out *rules for conduct rules staff* and to provide *guidance to relevant authorised persons* about the *conduct rules*.
- 1.1.14 G *COCON* 1 Annex 1 has *guidance* on the role and responsibilities of *non-executive directors of relevant authorised persons*.

1 Annex 1G Guidance on the role and responsibilities of NEDs for relevant authorised persons

1	Introduction
1.1	This annex applies to <i>non-executive directors</i> (NEDs) who are performing a <i>designated senior management function</i> . It only applies where the individual performing that function is also a NED.
1.2	This annex covers the role of a NED in performing the roles in (1) to (4), below:
	(1) the role of chairman of the board of <i>directors</i> ;
	(2) the role of chairman of the nomination committee;
	(3) the role of chairman of any other committee (irrespective of whether performing that role is itself a <i>designated senior management function</i>);
	(4) the general NED role.
1.3	The <i>FCA's</i> view of the role of a NED is consistent with the duties of directors included in <i>UK</i> company law and the description of the role of a NED in the <i>UK Corporate Governance Code</i> .
2	The general role of a NED
2.1	The role of a NED performing the general NED role is to:
	(1) provide effective oversight and challenge; and
	(2) help develop proposals on strategy.

2.2	To deliver this, their responsibilities include:	
	(1)	attending and contributing to board and committee meetings and discussions;
	(2)	taking part in collective board and committee decisions, including voting and providing input and challenge; and
	(3)	ensuring they are sufficiently and appropriately informed of the relevant matters prior to taking part in board or committee discussions and decisions.
2.3	Other key roles of a NED include:	
	(1)	scrutinising the performance of management in meeting agreed goals and objectives;
	(2)	monitoring the reporting of performance;
	(3)	satisfying themselves on the integrity of financial information;
	(4)	satisfying themselves that financial controls and systems of risk management are robust and defensible;
	(5)	scrutinising the design and implementation of the remuneration policy;
	(6)	providing objective views on resources, appointments and standards of conduct; and
	(7)	being involved in succession planning.
3	Role of a NED as chair of the board or a committee	
3.1	Subject to any specific governance arrangements, <i>rules</i> or requirements applicable to the board or particular committees, a NED's responsibility as chairman of the board or a committee includes:	
	(1)	ensuring that the board or committee meets with sufficient frequency;
	(2)	fostering an open, inclusive discussion which challenges executives, where appropriate;
	(3)	ensuring that the board or committee devotes sufficient time and attention to the matters within its remit;
	(4)	helping to ensure that the board or committee and its members have the information necessary to its and their tasks;
	(5)	reporting to the main board on the committee's activities; and
	(6)	facilitating the running of the board or committee to assist it in providing independent oversight of executive decisions;

	(7)	in relation to the nomination committee, safeguarding the independence and overseeing the performance of the nomination committee.
3.2		The chair of the nomination committee should take reasonable steps to ensure that the nomination committee complies with:
	(1)	the requirements in SYSC 4.3A about the nomination committee (if that part of SYSC applies to the <i>firm</i>); and
	(2)	any specific and relevant requirements relating to the committee or to the matters within the committee's responsibilities.
3.3		SYSC 4.3A.8R and SYSC 4.3A.9R deal with the nomination committee for <i>relevant authorised persons</i> .
4		General approach to the role of a NED
4.1		The <i>FCA</i> recognises that NEDs individually do not manage a <i>firm's</i> business in the same way as executive <i>directors</i> . Therefore, the responsibilities for which NEDs are accountable are likely to be more limited.
4.2		A NED is neither required nor expected to assume executive responsibilities.
4.3		Although NEDs who are subject to the senior management regime for <i>SMF managers</i> have individual duties under that regime, the <i>FCA</i> views the regime and its application as consistent with the principle of collective decision-making.
4.4		The standard of care, skill and diligence that the <i>FCA</i> would expect from a NED is the care, skill and diligence that would be exercised by a reasonably diligent person with:
	(1)	the general knowledge, skill and experience that may reasonably be expected of a person carrying out the functions carried out by the NED in relation to the <i>firm</i> , taking into account the standards in the <i>Handbook</i> (especially <i>COCON</i> and <i>DEPP</i>); and
	(2)	the general knowledge, skill and experience that the NED has.

2 Conduct rules

2.1 Individual conduct rules

2.1.1 R *Rule 1: You must act with integrity.*

2.1.2 R *Rule 2: You must act with due skill, care and diligence.*

2.1.3 R *Rule 3: You must be open and cooperative with the FCA, the PRA and other regulators.*

2.1.4 R *Rule 4: You must pay due regard to the interests of customers and treat them fairly.*

2.1.5 R *Rule 5: You must observe proper standards of market conduct.*

2.2 Senior manager conduct rules

2.2.1 R SC1: You must take reasonable steps to ensure that the business of the *firm* for which you are responsible is controlled effectively.

2.2.2 R SC2: 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*.

2.2.3 R SC3: 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.

2.2.4 R SC4: You must disclose appropriately any information of which the *FCA* or *PRA* would reasonably expect notice.

2.3 Firms: training and breaches

2.3.1 G Under section 64B of the *Act*, a *relevant authorised person* must:

- (1) ensure that all *persons* subject to the *rules* in *COCON* are notified of the *rules* that apply to them; and
- (2) take all reasonable steps to ensure that those *persons* understand how the *rules* in *COCON* apply to them.

2.3.2 G (1) The steps that a *relevant authorised person* must take to secure that its *conduct rules staff* understand how the *rules* in *COCON* apply to them include the provision of suitable training.

- (2) Suitable training should always ensure that those who are subject to the *rules* in *COCON* have an awareness and broad understanding of all of the *rules* in *COCON*, and that they also have a deeper understanding of the practical application of the specific *rules* which are relevant to their work.

(3) For example:

- (a) for individuals who trade in the markets, *rule 5* in *COCON* 2.1.5R may apply in various circumstances arising in the individual's day-to-day activities and additional training may be appropriate to ensure that the individual knows how that *rule* applies to those activities in those various

circumstances; or

- (b) for individuals who deal directly with *customers*, *rule 4* in *COCON 2.1.4R* may apply in various circumstances which makes additional training appropriate for such individuals.

- 2.3.3 G Section 64B(5) of the *Act* requires a *relevant authorised person* to notify the *FCA* if it knows, or suspects, that any member of its *conduct rules staff* has failed to comply with any of the *rules* in *COCON*. Further *rules* and *guidance* on notifications to the *FCA* by a *relevant authorised person* can be found in *SUP 15.11* (Notification of *COCON* breaches and disciplinary action).

3.1 General factors for assessing compliance

- 3.1.1 G Where descriptions of conduct are provided in this chapter which exemplify breaches of the *rules* in *COCON*, they are not intended to be an exhaustive list of the kind of conduct that may contravene the relevant *rule*.
- 3.1.2 G In assessing compliance with, or a breach of, a *rule* in *COCON*, the *FCA* will have regard to the context in which a course of conduct was undertaken, including:
 - (1) the precise circumstances of the individual case;
 - (2) the characteristics of the particular function performed by the individual in question; and
 - (3) the behaviour expected in that function.
- 3.1.3 G Without prejudice to section 66A of the *Act*, a *person* will only be in breach of any of the *rules* in *COCON* where they are personally culpable. Personal culpability arises where:
 - (1) a *person's* conduct was deliberate; or
 - (2) the *person's* standard of conduct was below that which would be reasonable in all the circumstances.
- 3.1.4 G In determining whether or not the particular conduct of a *person* complies with the *rules* in *COCON*, factors the *FCA* would expect to take into account include:
 - (1) whether that conduct relates to activities that are subject to other provisions of the *Handbook*;
 - (2) whether that conduct is consistent with the requirements and standards of the *regulatory system* relevant to the *person's firm*.
- 3.1.5 G In determining whether or not the conduct of a *senior conduct rules staff*

member complies with *rules* SC1 to SC4 in *COCON*, factors the *FCA* would expect to take into account include:

- (1) whether they exercised reasonable care when considering the information available to them;
- (2) whether they reached a reasonable conclusion upon which to act;
- (3) the nature, scale and complexity of the *firm's* business;
- (4) their role and responsibility as determined by reference to the relevant *statement of responsibility*;
- (5) the knowledge they had, or should have had, of regulatory concerns, if any, relating to their role and responsibilities.

- 3.1.6 G In assessing whether a *senior conduct rules staff member* may have breached a *rule* in *COCON*, the nature, scale and complexity of the business and the role and responsibility of the individual undertaking the activity in question within the *firm* will be relevant in assessing whether that *person's* conduct was reasonable. For example, the smaller and less complex the business, the less detailed and extensive the systems of control need to be.
- 3.1.7 G *UK domestic firms* listed on the *London Stock Exchange* are subject to the *UK Corporate Governance Code*, whose internal control provisions are explained in the publication entitled 'Internal Control: Revised Guidance for Directors on the Combined Code (October 2005)' issued by the Financial Reporting Council. Therefore, *firms* in this category will be subject to that code, as well as to the *rules* in *COCON*. In forming an opinion as to whether a *senior conduct rules staff member* has complied with the *rules* in *COCON*, the *FCA* will give due credit if they followed corresponding provisions in the *UK Corporate Governance Code* and related guidance.

4.1 Specific guidance on individual conduct rules

Rule 1: You must act with integrity

- 4.1.1 G The following is a non-exhaustive list of examples of conduct that would be in breach of *rule* 1.
- (1) Misleading (or attempting to mislead) by act or omission:
 - (a) a *client*; or
 - (b) the *firm* for whom the *person* works (or its auditors); or
 - (c) the *FCA* or;

- (d) the *PRA*.
- (2) Falsifying *documents*.
- (3) Misleading a *client* about:
 - (a) the risks of an *investment*;
 - (b) the charges or surrender penalties of products;
 - (c) the likely performance of products by providing inappropriate projections of future returns.
- (4) Misleading a *client* by informing the *client* that products, require only a single payment when that is not the case.
- (5) Mismarking the value of *investments* or trading positions.
- (6) Procuring the unjustified alteration of prices on illiquid or *off-exchange* contracts, or both.
- (7) Misleading others within the *firm* about the credit-worthiness of a borrower.
- (8) Providing false or inaccurate documentation or information, including details of training, qualifications, past employment record or experience.
- (9) Providing false or inaccurate information to:
 - (a) the *firm* (or to the *firm's* auditors); or
 - (b) the *FCA* or the *PRA*.
- (10) Destroying, or causing the destruction of, *documents* (including falsified documentation), or tapes or their contents, relevant to misleading (or attempting to mislead) a *client*, the *firm* for whom the *person* works, or the *FCA* or the *PRA*.
- (11) Failing to disclose dealings where disclosure is required by the *firm's* personal account *dealing rules*.
- (12) Misleading others in the *firm* about the nature of risks being accepted.
- (13) Recommending an *investment* to a *customer*, or carrying out a discretionary *transaction* for a *customer* where the *person* knows that they are unable to justify its suitability for that *customer*.
- (14) Failing to inform, without reasonable cause:
 - (a) a *customer*; or

- (b) the *firm* for whom the *person* works (or its auditors); or
- (c) the *FCA*; or
- (d) the *PRA*.

of the fact that their understanding of a material issue is incorrect, despite being aware of their misunderstanding, including, but not limited to, deliberately failing to:

- (i) disclose the existence of falsified documents; and
- (ii) rectify mismarked positions immediately.

- (15) Preparing inaccurate or inappropriate records or returns, including, but not limited to preparing:
 - (a) performance reports for transmission to *customers* which are inaccurate or inappropriate (for example, by relying on past performance without appropriate warnings);
 - (b) inaccurate training records or inaccurate details of qualifications, past employment record or experience; and
 - (c) inaccurate trading confirmations, contract notes or other records of *transactions* or holdings of *securities* for a *customer*, whether or not the *customer* is aware of these inaccuracies or has requested such records.
- (16) Misusing the assets or confidential information of a *client* or of their *firm* including, but not limited to, deliberately:
 - (a) front running *client* orders;
 - (b) carrying out unjustified trading on *client* accounts to generate a benefit (whether direct or indirect) to the *person* (that is, churning);
 - (c) misappropriating a *client's* assets, including wrongly transferring to personal accounts cash or *securities* belonging to *clients*;
 - (d) wrongly using one *client's* funds to settle margin calls or to cover trading losses on another *client's* account or on *firm* accounts;
 - (e) using a *client's* funds for purposes other than those for which they were provided;
 - (f) retaining a *client's* funds wrongly; and

- (g) pledging the assets of a *client* as security or margin in circumstances where the *firm* is not permitted to do so.
- (17) Designing *transactions* to disguise breaches of requirements and standards of the *regulatory system*.
- (18) Not paying due regard to the interests of a *customer*.
- (19) Acts, omissions or business practices that could be reasonably expected to cause *customer* detriment.

Rule 2: You must act with due skill, care and diligence

4.1.2 G Due skill, care and diligence are required, especially where activities might affect *customers* or the integrity of the financial system.

4.1.3 G The following is a non-exhaustive list of examples of conduct by any *conduct rules staff* that would be in breach of *rule 2*.

(1) Failing to inform:

- (a) a *customer*; or
- (b) their *firm* (or its auditors);

of material information in circumstances where the member of *conduct rules staff* was aware, or ought to have been aware, of such information, and of the fact that they should provide it, including the following:

- (i) failing to explain the risks of an *investment* to a *customer*;
 - (ii) failing to disclose to a *customer* details of the charges or surrender penalties of *investment* products;
 - (iii) mismarking trading positions;
 - (iv) providing inaccurate or inadequate information to a *firm* or its auditors;
 - (v) failing to disclose dealings where disclosure is required by the *firm's* personal account *dealing rules*.
- (2) Recommending an *investment* to a *customer*, or carrying out a discretionary *transaction* for a *customer*, where they do not have reasonable grounds to believe that it is suitable for that *customer*.
- (3) Undertaking, recommending or providing advice on *transactions* without a reasonable understanding of the risk exposure of the

transaction to a *customer*, including recommending *transactions* in *investments* to a *customer* without a reasonable understanding of the liability (either potential or actual) of that *transaction*.

- (4) Undertaking *transactions* without a reasonable understanding of the risk exposure of the *transaction* to the *firm*, including trading on the *firm's* own account without a reasonable understanding of the liability (either potential or actual) of the *transaction*.
- (5) Failing to provide adequate control over a *client's* assets, including:
 - (a) failing to segregate a *client's* assets; and
 - (b) failing to process a *client's* payments in a timely manner.
- (6) Continuing to perform a function having failed to meet the standards of knowledge and skill in the *Training and Competence sourcebook (TC)* for that function.

Acting with due skill, etc as a manager

- 4.1.4 G It is important for a manager to understand the business for which they are responsible. A manager is unlikely to be an expert in all aspects of a complex financial services business. However, they should understand and inform themselves about the business sufficiently to understand the risks of its trading, credit or other business activities.
- 4.1.5 G It is important for a manager to understand the risks of expanding the business into new areas and, before approving the expansion, they should investigate and satisfy themselves, on reasonable grounds, about the risks, if any, to the business.
- 4.1.6 G Where unusually profitable business is undertaken, or where the profits are particularly volatile or the business involves funding requirements on the *firm* beyond those reasonably anticipated, a manager should require explanations from those who report to them. Where those explanations are implausible or unsatisfactory, they should take steps to test the veracity of those explanations.
- 4.1.7 G Where a manager is not an expert in a business area, they should consider whether they (or those with whom they work) have the necessary expertise to provide an adequate explanation of issues within that business area. If not, they should seek an independent opinion from elsewhere, within or outside the *firm*.
- 4.1.8 G The following is a non-exhaustive list of examples of conduct by a manager that would be in breach of *rule 2*.
 - (1) Failing to take reasonable steps to ensure that the business of the *firm* for which the manager has responsibility:

- (a) is controlled effectively;
 - (b) complies with the relevant requirements and standards of the *regulatory system* applicable to that area of the business; and
 - (c) is conducted in such a way to ensure that any delegation of responsibilities is to an appropriate person and is overseen effectively.
- (2) Failing to take reasonable steps to adequately inform themselves about the affairs of the business for which they are responsible, including:
- (a) permitting *transactions* without a sufficient understanding of the risks involved;
 - (b) permitting expansion of the business without reasonably assessing the potential risks of that expansion;
 - (c) inadequately monitoring highly profitable *transactions* or business practices, or unusual *transactions* or business practices;
 - (d) accepting implausible or unsatisfactory explanations from subordinates without testing the veracity of those explanations; and
 - (e) failing to obtain independent, expert opinion where appropriate.
- (3) Failing to take reasonable steps to maintain an appropriate level of understanding about an issue or part of the business that the manager has delegated to an individual or individuals (whether in-house or outside contractors).

Rule 3: You must be open and cooperative with the *FCA*, the *PRA* and other regulators

- 4.1.9 G For the purpose of *rule 3* in *COCON* 2.1.3R, regulators other than the *FCA* and the *PRA* are those which have recognised jurisdiction in relation to activities to which *COCON* applies and have a power to call for information from the *firm* or from individuals performing certain functions in connection with those *regulated activities*. This may include an exchange or an *overseas regulator*.
- 4.1.10 G There is no duty on a *person* to report information directly to the regulator concerned unless they are one of the *persons* responsible within the *firm* for reporting matters to the regulator concerned. However, if a *person* takes steps to influence the decision not to report to the regulator concerned or acts in a way that is intended to obstruct the reporting of the information to

the regulator concerned, then the *appropriate regulator* will, in respect of that information, view them as being one of those within the *firm* who has taken on responsibility for deciding whether to report that matter to the regulator concerned.

- 4.1.11 G The following is a non-exhaustive list of examples of conduct that would be in breach of *rule 3*.
- (1) Failing to report promptly in accordance with their *firm's* internal procedures (or, if none exist, direct to the regulator concerned), information in response to questions from the *FCA*, the *PRA*, or both the *PRA* and the *FCA*.
 - (2) Failing without good reason to:
 - (a) inform a regulator of information of which the *approved person* was aware in response to questions from that regulator;
 - (b) attend an interview or answer questions put by a regulator, despite a request or demand having been made; and
 - (c) supply a regulator with appropriate *documents* or information when requested or required to do so and within the time limits attaching to that request or requirement.

- 4.1.12 G For the purposes of *COCON* 4.1.11G(2), good reasons could include, where applicable, a right to preserve legal professional privilege, a right to avoid self-incrimination, complying with an order of a court or complying with an obligation imposed by law or by a regulator.

Rule 4: You must pay due regard to the interests of *customers* and treat them fairly.

- 4.1.13 G *Rule 4* in *COCON* 2.1.4R applies to all *conduct rules staff*, regardless of whether that *person* has direct contact or dealings with *customers* of the *firm*. *Persons* subject to the *rules* in *COCON* should consider how their actions (or their failure to act) can affect the interests of *customers* or result in *customers* being treated unfairly.

- 4.1.14 G The following is a non-exhaustive list of examples of conduct that would be in breach of *rule 4*.
- (1) Failing to inform a *customer* of material information in circumstances where they were aware, or ought to have been aware, of such information and of the fact that they should provide it, including the following:
 - (a) failing to explain the risks of an *investment* to a *customer*;
 - (b) failing to disclose to a *customer* details of the charges or

surrender penalties of *investment* products; and

- (c) providing inaccurate or inadequate information to a *customer* about a product or service.
- (2) Recommending an *investment* to a *customer*, or carrying out a discretionary *transaction* for a *customer*, where they do not have reasonable grounds to believe that it is suitable for that *customer*.
- (3) Undertaking, recommending or providing advice on *transactions* without a reasonable understanding of the risk exposure of the *transaction* to a *customer*, including recommending *transactions* in *investments* to a *customer* without a reasonable understanding of the liability (either potential or actual) of that *transaction*.
- (4) Failing to provide adequate control over a *client's* assets, including:
 - (a) failing to segregate a *client's* assets; and
 - (b) failing to process a *client's* payments in a timely manner.
- (5) Providing a *customer* with a product which is different to the one applied for by that *customer*, unless the *customer* understands the differences and understands the product they have purchased.
- (6) Failing to acknowledge, or seek to resolve, mistakes in dealing with *customers*.
- (7) Failing to provide terms and conditions to which a product or service is subject in a way which is clear and easy for the *customer* to understand.

Rule 5: You must observe proper standards of market conduct.

- 4.1.15 G A general consideration about whether or not a *person's* conduct complies with the relevant requirements and standards of the market, is whether they, or the *firm*, complies with the *Code of Market Conduct (MAR 1)* or relevant market codes and exchange rules. Compliance with the *Code of Market Conduct (MAR 1)* or relevant market codes and exchange rules will tend to show compliance with *rule 5* in *COCON 2.1.5R*.
- 4.1.16 G Manipulating or attempting to manipulate a benchmark or a market, such as a foreign exchange market, or a benchmark is an example of failing to observe proper standards of market conduct.

4.2 Specific guidance on senior manager conduct rules

SC1: You must take reasonable steps to ensure that the business of the firm for which you are responsible is controlled effectively.

- 4.2.1 G An *SMF manager's* role and responsibilities are set out in the *statement of responsibilities*.
- 4.2.2 G Strategy and plans will often dictate the risk which the business is prepared to take on and high-level controls will dictate how the business is to be run. If the strategy of the business is to enter high-risk areas, then the degree of control and strength of monitoring reasonably required within the business will be high. In organising the business for which they are responsible, *senior conduct rules staff members* should bear this in mind.
- 4.2.3 G To comply with the obligations of *rule SC1* in *COCON 2.2.1R*, *senior conduct rules staff members* may find it helpful to review whether each area of the business for which they are responsible has been clearly assigned to a particular individual or individuals.
- 4.2.4 G The organisation of the business and the responsibilities of those within it should be clearly defined. Reporting lines should be clear to staff. Where staff have dual reporting lines there is a greater need to ensure that the responsibility and accountability of each individual line manager is clearly set out and understood.
- 4.2.5 G Where members of staff have particular levels of authorisation, these should be clearly set out and communicated to staff. It may be appropriate for each member of staff to have a job description of which they are aware.
- 4.2.6 G *Senior conduct rules staff members* should take reasonable steps to satisfy themselves, on reasonable grounds, that each area of the business for which they are responsible has appropriate policies and procedures for reviewing the competence, knowledge, skills and performance of each individual member of staff.
- 4.2.7 G If an individual's performance is unsatisfactory, the relevant *senior conduct rules staff member* should review carefully whether to allow that individual to continue in their position. In particular:
- (1) If the *senior conduct rules staff member* is aware of concerns relating to the compliance with requirements and standards of the *regulatory system* (or internal controls) of the individual concerned, or of staff reporting to that individual, the *senior conduct rules staff member* should take care not to give undue weight to the financial performance of the individual or group concerned when considering whether any action should be taken.
 - (2) An adequate investigation of the concerns should be undertaken (including, where appropriate, adherence to internal controls). The *senior conduct rules staff member* should be satisfied, on reasonable grounds, that the investigation is appropriate, the results are accurate and that the concerns do not pose an unacceptable risk to compliance with the requirements and standards of the

regulatory system.

- 4.2.8 G As part of organising the business, a *senior conduct rules staff member* should ensure that there is an orderly transition when another *senior conduct rules staff member* under their oversight or responsibility ceases to perform that function and someone else takes up that function. It would be appropriate for the individual vacating such a position to prepare a comprehensive set of handover notes for their successor. Those notes should, at a minimum, specify any matter that is ongoing which the successor would reasonably expect to be aware of to:
- (1) perform their function effectively;
 - (2) ensure compliance with the requirements and standards of the *regulatory system*; and
 - (3) ensure that the individual with overall responsibility for that part of the business of the *firm* maintains effective control.
- 4.2.9 G In organising the business, a *senior conduct rules staff member* should pay attention to any temporary vacancies which exist. They should take reasonable steps to ensure that suitable cover for responsibilities is arranged. This could include taking on temporary staff or external consultants. The *senior conduct rules staff member* should assess the risk to compliance with the requirements and standards of the *regulatory system* as a result of the vacancy, and the higher the risk the greater the steps they should take to fill the vacancy. It may be appropriate to limit or suspend the activity if adequate cover for responsibilities cannot be arranged. To the extent that those vacancies are for *controlled functions*, they may only be filled by *persons* approved for that function.
- 4.2.10 G The following is a non-exhaustive list of examples of conduct that would be in breach of *rule SC1*.
- (1) Failing to take reasonable steps to apportion responsibilities for all areas of the business under the *approved person's* control.
 - (2) Failing to take reasonable steps to apportion responsibilities clearly among those to whom responsibilities have been delegated, which includes establishing confusing or uncertain:
 - (a) reporting lines; or
 - (b) authorisation levels; or
 - (c) job descriptions and responsibilities.
 - (3) In the case of a manager who is responsible for dealing with the apportionment of responsibilities, failing to take reasonable care to maintain a clear and appropriate apportionment of responsibilities including:

- (a) failing to review regularly the responsibilities which have been apportioned; and
 - (b) failing to act where that review shows that those responsibilities have not been clearly apportioned.
- (4) Failing to take reasonable steps to ensure that suitable individuals are responsible for those aspects of the business under the control of *senior conduct rules staff member*, including the following:
- (a) failing to review the competence, knowledge, skills and performance of staff to assess their suitability to fulfil their duties, despite evidence that their performance is unacceptable;
 - (b) giving undue weight to financial performance when considering the suitability or continuing suitability of an individual for a particular role; and
 - (c) allowing managerial vacancies which put compliance with the requirements and standards of the *regulatory system* at risk to remain, without arranging suitable cover for the responsibilities.

SC2: 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*.

- 4.2.11 G *A senior conduct rules staff member* must take reasonable steps to ensure their *firm's* compliance with the relevant requirements and standards of the *regulatory system* and to ensure that all staff are aware of the need for compliance.
- 4.2.12 G *Senior conduct rules staff members* do not themselves need to put in place the systems of control for the business, unless it is within their role and responsibilities. However, they should take reasonable steps to ensure that the business for which they are responsible has operating procedures and systems with well-defined steps for complying with the detail of relevant requirements and standards of the *regulatory system* and for ensuring that the business is run prudently. The nature and extent of the systems of control that are required will depend upon the relevant requirements and standards of the *regulatory system*, and the nature, scale and complexity of the business.
- 4.2.13 G Where a *senior conduct rules staff member* becomes aware of actual or suspected problems that involve possible breaches of relevant requirements and standards of the *regulatory system* within their area of responsibility, they should take reasonable steps to ensure that they are dealt with in a timely and appropriate manner. This may involve an adequate investigation to find out whether any systems or procedures have failed and why. They may need to obtain expert opinion on the adequacy

and efficacy of the systems and procedures.

- 4.2.14 G If an issue raises questions of law or interpretation, *senior conduct rules staff members* may need to take legal advice. If appropriate legal expertise is not available in-house, they may need to consider appointing an appropriate external adviser.
- 4.2.15 G Where independent reviews of systems and procedures have been undertaken and result in recommendations for improvement, the *senior conduct rules staff member* responsible for that business area should ensure that, unless there are good reasons not to, any reasonable recommendations are implemented in a timely manner. What is reasonable will depend on the nature of the issue to be addressed and the cost of the improvement. It will be reasonable for a *senior conduct rules staff member* to carry out a cost benefit analysis when assessing whether the recommendations are reasonable.
- 4.2.16 G The following is a non-exhaustive list of examples of conduct that would be in breach of *rule SC2*.
- (1) Failing to take reasonable steps to implement (either personally or through a compliance department or other departments) adequate and appropriate systems of control to comply with the relevant requirements and standards of the *regulatory system* for the activities of the *firm*.
 - (2) Failing to take reasonable steps to monitor (either personally or through a compliance department or other departments) compliance with the relevant requirements and standards of the *regulatory system* for the activities of the *firm* in question.
 - (3) Failing to take reasonable steps to inform themselves adequately about the reason why significant breaches (suspected or actual) of the relevant requirements and standards of the *regulatory system* for the activities of the *firm* may have arisen (taking account of the systems and procedures in place). This would include failing to investigate whether systems or procedures may have failed and failing to obtain expert opinion on the adequacy of the systems and procedures where appropriate.
 - (4) Failing to take reasonable steps to ensure that procedures and systems of control are reviewed and, if appropriate, improved, following the identification of significant breaches (suspected or actual) of the relevant requirements and standards of the *regulatory system* relating to the activities of the *firm*, including:
 - (a) unreasonably failing to implement recommendations for improvements in systems and procedures; and
 - (b) unreasonably failing to implement recommendations for improvements to systems and procedures in a timely

manner.

- (5) For a manager with responsibility for overseeing the establishment and maintenance of appropriate systems and controls or the apportionment of responsibilities, any failure to take reasonable care to ensure that those obligations are discharged effectively.
- (6) For a *proprietary trader*, failing to maintain and comply with appropriate systems and controls in relation to that activity.
- (7) For a *money laundering reporting officer*, failing to discharge the responsibilities imposed on them by the *firm* for oversight of its compliance with the *FCA's rules* on systems and controls against *money laundering*.
- (8) For a *senior conduct rules staff member* who is responsible for the compliance function, failing to ensure that:
 - (a) the compliance function has the necessary authority, resources, expertise and access to all relevant information; or
 - (b) a compliance officer is appointed and is responsible for the compliance function and for any reporting as to compliance; or
 - (c) the *persons* involved in the compliance functions are not involved in the performance of services or activities they monitor; or
 - (d) the method of determining the remuneration of the *persons* involved in the compliance function does not compromise their objectivity; or
 - (e) the method of determining the remuneration complies, where applicable, with the *Remuneration Code*.

SC3: 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

- 4.2.17 G An *SMF manager* may delegate the investigation, resolution or management of an issue or authority for dealing with a part of the business to individuals who report to them or to others.
- 4.2.18 G A *senior conduct rules staff member* should have reasonable grounds for believing that the delegate has the competence, knowledge, skill and time to deal with the issue. For instance, if the compliance department only has sufficient resources to deal with day-to-day issues, it would be unreasonable to delegate to it the resolution of a complex or unusual issue without ensuring it had sufficient capacity to deal with the matter

adequately.

- 4.2.19 G The *FCA* recognises that a *senior conduct rules staff member* will have to exercise their own judgement in deciding how issues are dealt with and sometimes that judgement will, with the benefit of hindsight, be shown to have been wrong. The *senior conduct rules staff member* will not be in breach of *rule SC3* in *COCON 2.2.3R* unless they fail to exercise due and reasonable consideration before they delegate the resolution of an issue or authority for dealing with a part of the business and fail to reach a reasonable conclusion. If they are in doubt about how to deal with an issue or the seriousness of a particular compliance problem then, although they cannot delegate to the *FCA* the responsibility for dealing with the problem or issue, they can speak to the *FCA* to discuss his approach.
- 4.2.20 G *Senior conduct rules staff members* will not always manage the business on a day-to-day basis themselves. The extent to which they do so will depend on a number of factors, including the nature, scale and complexity of the business and their position within it. The larger and more complex the business, the greater the need for clear and effective delegation and reporting lines, which may involve documenting the scope of that delegation and the reporting lines in writing. The *FCA* will look to the *senior conduct rules staff member* to take reasonable steps to ensure that systems are in place to ensure that issues are being addressed at the appropriate level. When issues come to their attention, they should deal with them in an appropriate way.
- 4.2.21 G Delegating the authority for dealing with an issue or a part of the business to an individual or individuals (whether in-house or outside contractors) without reasonable grounds for believing that the delegate has the necessary capacity, competence, knowledge, seniority or skill to deal with the issue or to take authority for dealing with part of the business indicates a failure to comply with *rule SC3* in *COCON 2.2.3R*.
- 4.2.22 G Although a *senior conduct rules staff member* may delegate the resolution of an issue, or authority for dealing with a part of the business, they cannot delegate responsibility for it. It is that *person's* responsibility to ensure that they receive reports on progress and question those reports where appropriate. For instance, if progress appears to be slow or if the issue is not being resolved satisfactorily, the *senior conduct rules staff member* may need to challenge the explanations they receive and, if necessary, take action personally to resolve the problem. This may include increasing the resource applied to it, reassigning the resolution internally or obtaining external advice or assistance. Where an issue raises significant concerns, *senior conduct rules staff members* should act clearly and decisively. If appropriate, this may be by suspending members of staff or relieving them of all or part of their responsibilities.
- 4.2.23 G The following is a non-exhaustive list of examples of conduct that would be in breach of *rule SC3*.

- (1) Failing to take reasonable steps to maintain an appropriate level of understanding about an issue or part of the business that the *senior conduct rules staff member* has delegated to an *individual(s)* (whether in-house or outside contractors) including:
 - (a) disregarding an issue or part of the business once it has been delegated;
 - (b) failing to require adequate reports once the resolution of an issue or management of part of the business has been delegated; and
 - (c) accepting implausible or unsatisfactory explanations from delegates without testing their accuracy.
- (2) Failing to supervise and monitor adequately the individual(s) (whether in-house or outside contractors) to whom responsibility for dealing with an issue or authority for dealing with a part of the business has been delegated including any failure to:
 - (a) take personal action where progress is unreasonably slow, or where implausible or unsatisfactory explanations are provided; or
 - (b) review the performance of an outside contractor in connection with the delegated issue or business.

4.2.24 G In determining whether or not the conduct of a *senior conduct rules staff member* complies with *rule SC3* in *COCON 2.2.3R*, the factors which the *FCA* would expect to take into account include:

- (1) the competence, knowledge or seniority of the delegate; and
- (2) the past performance and record of the delegate.

SC4: You must disclose appropriately any information of which the *FCA* or *PRA* would reasonably expect notice

4.2.25 G For the purpose of *rule SC4* in *COCON 2.2.4R*, regulators in addition to the *FCA* and the *PRA* are those which have recognised jurisdiction in relation to activities to which *COCON* applies and have a power to call for information from the relevant *person* in connection with their function or the business for which they are responsible. This may include an exchange or an *overseas regulator*.

4.2.26 G *SC4* applies to *senior conduct rules staff members* in addition to *rule 3* in *COCON 2.1.3R*. Although, the *rules* have some overlap, they are different. *Rule 3* normally relates to responses from individuals to requests from the regulator, whereas *rule SC4* imposes a duty on a *senior conduct rules staff member* to disclose appropriately any information of which the *appropriate regulator* would reasonably expect, including making a

disclosure in the absence of any request or enquiry from the *appropriate regulator*. An *SMF manager* is likely to have access to greater amounts of information of potential regulatory importance and to have the expertise to recognise when this may be something of which the *appropriate regulator* would reasonably expect notice.

- 4.2.27 G Where a *senior conduct rules staff member* is responsible within the *firm* (individually or with other *senior conduct rules staff members*) for reporting matters to the regulator, failing promptly to inform the regulator concerned of information of which they are aware and which it would be reasonable to assume would be of material significance to the regulator concerned, whether in response to questions or otherwise, constitutes a breach of *rule SC4* in *COCON 2.2.4R*.
- 4.2.28 G If a *senior conduct rules staff member* comes across a piece of information that is something in relation to which they think the *FCA* or *PRA* could reasonably expect notice, they should determine whether that information falls within the scope of their responsibilities (for an *SMF manager*, by virtue of that *person's statement of responsibilities*). If it does, then they should ensure that, if it is otherwise appropriate to do so, it is disclosed to the *appropriate regulator*. If it does not fall within the scope of their responsibilities then, in the absence of any reason to the contrary, they might reasonably assume that its disclosure to the *appropriate regulator* was being dealt with by the *senior conduct rules staff member* with responsibility for dealing with information of that nature. If a *senior conduct rules staff member* was not sure that the matter was being dealt with by another *senior conduct rules staff member*, or if they were not sure whether this was in their area or not, the *FCA* would expect them to make enquiries to inform themselves, rather than disregard the matter.
- 4.2.29 G In determining whether or not a *person's* conduct complies with *rule SC4* in *COCON 2.2.4R*, the factors which the *FCA* would expect to take into account include:
- (1) whether it would be reasonable for the individual to assume that the information would be of material significance to the regulator concerned;
 - (2) whether the information related to the individual themselves or to their *firm*; and
 - (3) whether any decision not to report the matter was taken after reasonable enquiry and analysis of the situation.

Sch 1 Record-keeping requirements

- Sch 1.1 G There are no record keeping requirements in *COCON*.

Sch 2 Notification requirements

- Sch 2.1 G The aim of the guidance in the following table is to give the reader a quick overall view of the relevant requirements for notification and reporting.
- Sch 2.2 G It is not a complete statement of those requirements and should not be relied on as if it were.

Handbook reference	Matter to be notified	Contents of notification	Trigger event	Time allowed
<i>COCON</i> 2.2.4R	Any information of which the <i>FCA</i> or <i>PRA</i> would reasonably expect notice.	Appropriate disclosure	Any information of which the <i>FCA</i> or <i>PRA</i> would reasonably expect notice.	Appropriate

Sch 3 Fees and required payments

- Sch 3.1 G There are no requirements for fees or other payments in *COCON*.

Sch 4 Powers exercised

- Sch 4.1 G Section 64A (Rules of conduct)
Section 139A (Power of the *FCA* to give guidance)

Sch 5 Rights of action for damages

- Sch 5.1 G There is no right of action under section 138D of the *Act* (Actions for damages) for breach of the *rules* in *COCON*.

Sch 6 Rules that can be waived

- Sch 6.1 G Section 138A (Modification or waiver of rules) does not apply to *COCON*.

Part 2: Comes into force on 7 March 2017.

Amend the following text as shown.

1 Application and purpose

...

To whom does it apply?

1.1.2 R (1) *COCON* applies to:

...

...

- (d) ~~a certification employee employed by a relevant authorised person, even if the certification employee has not been notified that *C-CON* applies to them or of the rules that apply in relation to them; and~~
 - (e) ~~an employee of a relevant authorised person who would be a certification employee but for SYSC 5.2.27R(1) (Scope: emergency appointments); and -~~
 - (f) ~~any other employee of a relevant authorised person, except:~~
 - (i) ~~a non-executive director other than a senior conduct rules staff member; and~~
 - (ii) ~~an employee whose role is listed under *COCON* 1.1.2R(2).~~
- (2) ~~{Not used} *COCON* does not apply to an employee of a relevant authorised person who only performs functions falling within the scope of the following roles:~~
- (a) ~~receptionists;~~
 - (b) ~~switchboard operators;~~
 - (c) ~~post room staff;~~
 - (d) ~~reprographics/print room staff;~~
 - (e) ~~property/facilities management;~~
 - (f) ~~events management;~~
 - (g) ~~security guards;~~
 - (h) ~~invoice processing;~~
 - (i) ~~audio visual technicians;~~

- (j) vending machine staff;
- (k) medical staff;
- (l) archive records management;
- (m) drivers;
- (n) corporate social responsibility staff;
- (o) data controllers or processors under the Data Protection Act 1998;
- (p) cleaners;
- (q) catering staff;
- (r) personal assistant or secretary;
- (s) information technology support (ie, helpdesk); and
- (t) human resources administrators /processors.

...

Annex B

Amendments to the Glossary of definitions

In this Annex, underlining indicates new text and striking through indicates deleted text, unless otherwise stated.

Part 1: Comes into force on 13 July 2015

Insert the following new definition in the appropriate alphabetical position. The text is not underlined.

<i>relevant authorised person</i>	<p>has the meaning in section 71A of the <i>Act</i> ('relevant authorised person') which, in summary, is an institution that meets the following conditions:</p> <ul style="list-style-type: none"> (a) it is incorporated in, or formed under the law of any part of, the <i>United Kingdom</i>; (b) it does not have <i>permission</i> for <i>effecting contracts of insurance</i> or <i>carrying out contracts of insurance</i>; and (c) it meets one of the following conditions: <ul style="list-style-type: none"> (1) its <i>Part 4A permission</i> includes <i>accepting deposits</i>; or (2) it meets all the following conditions: <ul style="list-style-type: none"> (A) the institution is an <i>investment firm</i>; and (B) its <i>Part 4A permission</i> covers <i>dealing in investments as principal</i>; and (C) when carried on by it, that activity is a <i>PRA-regulated activity</i>.
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Part 2: Comes into force on 7 March 2016

Insert the following new definitions in the appropriate alphabetical position. The text is not underlined.

<i>certification employee</i>	<p>(as described in more detail in section 63E(1) of the <i>Act</i> (Certification of employees by relevant authorised person)) an employee (as defined) of a <i>relevant authorised person</i> who performs a <i>significant-harm function</i> under an arrangement entered into by the <i>relevant authorised person</i> in relation to the carrying on by the <i>relevant authorised person</i> of a <i>regulated activity</i>, even though the obligation of the <i>relevant authorised person</i> to issue a</p>
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certificate under section 63F of the *Act* has not yet come into force.

A *person* is not a *certification employee* of a *firm* if the *firm* would not have to issue a certificate to them under section 63E(7) of the *Act* (fitness is the responsibility of another authority under the *Single Market Directives* or the *auction regulation*).

<i>chair of the nomination committee function</i>	<i>FCA controlled function</i> SMF13 in Part 1 of the table in <i>SUP</i> 10C.4.3R (Table of FCA controlled functions for relevant authorised persons), described more fully in <i>SUP</i> 10C.5.2R.
<i>COCON</i>	the Code of Conduct for Staff sourcebook, part of the Handbook in High Level Standards.
<i>conduct rules staff</i>	any <i>persons</i> who are subject to <i>COCON</i> , as set out in <i>COCON</i> 1 (Application).
<i>designated senior management function</i>	a <i>controlled function</i> that has been designated by the <i>FCA</i> or the <i>PRA</i> as a <i>senior management function</i> under section 59 of the <i>Act</i> (Approval for particular arrangements).
<i>employer</i>	(for the purposes of <i>SUP</i> 15.11 (Notification of conduct rule breaches and disciplinary action), <i>SYSC</i> 5.3 (References and accurate information) and <i>COCON</i> , and as defined in more detail in section 64A of the <i>Act</i> (Rules of conduct)), the <i>person</i> described as the “employer” in paragraph (4) of the <i>Glossary</i> definition of <i>employee</i> .
<i>FCA-approved SMF manager</i>	an <i>SMF manager</i> whose approval to perform a <i>designated senior management function</i> is from the <i>FCA</i> .
<i>FCA-designated senior management function</i>	an <i>FCA controlled function</i> that is a <i>designated senior management function</i> .
<i>FCA-prescribed senior management responsibilities</i>	the responsibilities in <i>SYSC</i> 4.7.7R (Table: FCA-prescribed senior management responsibilities).
<i>FCA-specified significant-harm function</i>	a <i>specified significant-harm function</i> that has been specified under section 63E of the <i>Act</i> (Certification of employees by relevant authorised persons) by the <i>FCA</i> (see <i>SYSC</i> 5.2.30R (Table: FCA-specified significant-harm functions)).
<i>management responsibilities map</i>	the document describing the management arrangements of a <i>relevant authorised person</i> required by <i>SYSC</i> 4.5.4R.
<i>other conduct rules staff</i>	a <i>person</i> who: <ul style="list-style-type: none"> (a) meets the requirement in <i>COCON</i> 1.1.2R(1)(b) (<i>employee</i> of a <i>relevant authorised person</i> who performs the function of an <i>SMF manager</i>);

	(b) meets the requirement in <i>COCON</i> 1.1.2R(1)(c) (<i>employee of a relevant authorised person who would be an SMF manager but for SUP 10C.3.13R (The 12-week rule)</i>); or
	(c) meets the requirement in <i>COCON</i> 1.1.2R(1)(e) (<i>employee of a relevant authorised person who would be a certification employee but for SYSC 5.2.27R(1) (Scope: emergency appointments)</i>).
<i>other overall responsibility function</i>	<i>FCA controlled function SMF18</i> in Part 1 of the table in <i>SUP 10C.4.3R (Table of FCA controlled functions for relevant authorised persons)</i> , described more fully in <i>SUP 10C.7.1R</i> .
<i>PRA-designated senior management function</i>	a <i>PRA controlled function</i> that is a <i>designated senior management function</i> .
<i>PRA-prescribed senior management responsibilities</i>	one of the functions described as: <ul style="list-style-type: none"> (a) a ‘prescribed responsibility’ in Chapter 4; or (b) a ‘small firm prescribed responsibility’ in Chapter 5; of the part of the <i>PRA’s</i> rulebook called Allocation of Responsibilities.
<i>relevant senior management application</i>	has the meaning in section 61(1)(b) of the <i>Act</i> (Determination of applications) which, in summary, is an application for approval to perform a <i>designated senior management function</i> in relation to the carrying on of a <i>regulated activity</i> by a <i>relevant authorised person</i> .
<i>senior conduct rules staff member</i>	(in <i>COCON</i>) a <i>person</i> who is: <ul style="list-style-type: none"> (a) an <i>SMF manager</i>; or (b) an <i>employee</i> of a <i>relevant authorised person</i> who performs the function of an <i>SMF manager</i> as specified in <i>COCON</i> 1.1.2R(1)(b).
<i>senior management function</i>	a function defined in section 59ZA of the <i>Act</i> (Senior management functions) which means, in summary (in relation to the carrying on of a <i>regulated activity</i> by an <i>authorised person</i>), any function if: <ul style="list-style-type: none"> (a) the function will require the <i>person</i> performing it to be responsible for managing one or more aspects of the <i>firm’s</i> affairs, so far as relating to the activity; and (b) those aspects involve, or might involve, a risk of serious consequences: <ul style="list-style-type: none"> (i) for the <i>firm</i>; or

(ii) for business or other interests in the *United Kingdom*.

significant-harm function

a function defined in section 63E(5) of the *Act* (Certification of employees by relevant authorised persons) which is, in summary (in relation to the carrying on of a *regulated activity* by a *relevant authorised person*), a function that meets the following conditions:

- (a) it requires the *person* performing it to be involved in one or more aspects of the *relevant authorised person's* affairs, so far as relating to the activity; and
- (b) those aspects involve, or might involve, a risk of significant harm to the *relevant authorised person* or to anyone who is using, or who is or may be contemplating using, any of the services provided by the *relevant authorised person*.

SMF manager

(in relation to a *relevant authorised person*) a *person* who has approval under section 59 of the *Act* (Approval for particular arrangements) to perform a *designated senior management function* in relation to the carrying on by that *relevant authorised person* of a *regulated activity*.

specified significant-harm function

a *significant-harm function* that has been specified by the *FCA* or the *PRA* further to section 63E(2) of the *Act* (Certification of employees by relevant authorised persons).

staff being assessed under FIT

(in *FIT* and in relation to a *relevant authorised person*) an *FCA-approved SMF manager* or a candidate for an *FCA-designated senior management function* whose fitness is being assessed by the *FCA* or the *relevant authorised person*.

statement of responsibilities

a statement provided under section 60(2A) of the *Act* (Applications for approval), including:

- (a) a statement revised under section 62A of the *Act* (Changes in responsibilities of senior managers); and
- (b) a statement required under articles 2 or 11 of the Financial Services (Banking Reform) Act 2013 (Transitional and Savings Provisions) Order 2015 (SI 2015/492) (including one revised under that Order).

Amend the following definitions as shown.

compliance oversight function

(in the *FCA Handbook*):

- (1) (for relevant authorised persons) FCA controlled function SMF16 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.6.1R; and

- (2) (for other firms) FCA controlled function CF10 in Parts 1 and 2 of the table of FCA controlled functions, described more fully in SUP 10A.7.8R.

controlled function

a function, relating to the carrying on of a *regulated activity* by a *firm*, which is specified by:

- (a) either the FCA in:
- (i) (for relevant authorised persons) the tables in SUP 10C.4.3R (Table of FCA controlled functions for relevant authorised persons); or
 - (ii) (for other firms) ~~in the table of FCA controlled functions~~ or the PRA ~~(in the table of PRA controlled functions)~~; ; or
- (b) the PRA in:
- (i) (for relevant authorised persons) the part of the PRA’s rulebook titled ‘Senior Management Functions’, which specifies controlled functions);
 - (ii) (for other firms) the table of PRA controlled functions; or

under section 59 of the *Act* (Approval for particular arrangements).

director

- (1) ...
- (c) (in SYSC, MIPRU 2 (Insurance mediation activity: responsibility, knowledge, ability and good repute), and SUP 10 10A (FCA Approved persons) and SUP 10C (FCA senior management regime for approved persons in relevant authorised persons) a partnership;

...

employee

- (1) (for all purposes except those in (2), (3) and (4)):
- ...
- (2) ...
- (3) (for the purposes of SYSC 5.2 (Certification regime) and the definition of *certification employee*) has the meaning in section 63E(9) of the Act (Certification of employees by relevant authorised persons) which, in summary, says an employee of a person (“A”) includes a reference to a person who:

- (a) personally provides, or is under an obligation personally to provide, services to A under an arrangement made between A and the *person* providing the services or another *person*, and
 - (b) is subject to (or to the right of) supervision, direction or control by A as to the manner in which those services are provided.
- (4) (for the purposes of SUP 15.11 (Notification of conduct rule breaches and disciplinary action), SYSC 5.3 (References and accurate information) and COCON) has the meaning in section 64A(6) of the Act (Rules of conduct) which, in summary, says an employee of a *person* (the ‘employer’) includes a reference to a *person* who:
- (a) personally provides, or is under an obligation personally to provide, services to the employer under an arrangement made between the employer and the *person* providing the services or another person; and
 - (b) is subject to (or to the right of) supervision, direction or control by the employer as to the manner in which those services are provided.

However, where a *Handbook* provision in (4) refers to *certification employees*, (3) still applies to the definition of *certification employee*.

FCA controlled function

a *controlled function* which is specified by the *FCA* under section 59 of the *Act* (Approval for particular arrangements) in:

- (a) (for *relevant authorised persons*) the tables in SUP 10C.4.3R (Table of FCA controlled functions for relevant authorised persons); or
- (b) (for other *firms*) the table of FCA controlled functions.

FCA governing functions

any of the following FCA controlled functions:

- (a) (for *relevant authorised persons*) FCA controlled functions SMF3 and SMF13 in Part 1 of the table in SUP 10C.4.3R (Table of FCA controlled functions for relevant authorised persons);
- (b) (for other *firms*) FCA controlled functions 1 to 6 in Part 1 of the table of FCA controlled functions.

FCA required functions

any of the following FCA controlled functions:

- (a) (for *relevant authorised persons*) FCA controlled functions

SMF16 and SMF17 in Part 1 of the table in SUP 10C.4.3R (Table of FCA controlled functions for relevant authorised persons); and

- (b) (for other firms) FCA controlled functions 8 to 11 in Part 1 or Part 2 of the table of FCA controlled functions.

money laundering reporting function

(in the *FCA Handbook*);

- (1) (for 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
- (2) (for other firms) FCA controlled function CF11 in Parts 1 and 2 of the table of FCA controlled functions, described more fully in SUP 10A.7.10R.

PRA controlled function

a *controlled function* which is specified by the *PRA* under section 59 of the Act (Approval for particular arrangements) in:

- (1) (for relevant authorised persons) the part of the PRA's rulebook titled 'Senior Management Functions'.
- (2) (for other firms) the table of PRA controlled functions.

Part 3: Comes into force on 7 March 2017.

Amend the following definitions as shown.

certification employee (as described in more detail in section 63E(1) of the Act (Certification of employees by relevant authorised person)) an employee (as defined) of a *relevant authorised person* who performs a *significant harm function* under an arrangement entered into by the *relevant authorised person* in relation to the carrying on by the *relevant authorised person* of on a *regulated activity*, even though the obligation of the *relevant authorised person* to issue a ~~has a valid certificate under section 63F of the Act~~ has a valid certificate issued by that *relevant authorised person*.

~~A person is not a *certification employee* of a *firm* if the *firm* would not have to issue a certificate to them under section 63E(7) of the Act (fitness is the responsibility of another authority under the *Single Market Directives* or the *auction regulation*).~~

FIT

the part of the *Handbook* in High Level Standards which has the title the Fit and Proper test for Approved Persons and Specified significant-harm functions.

*other conduct rules
staff*

a person who:

- (a) ...
- (b) comes within *COCON* 1.1.2R(1)(c) (*employee* of a *relevant authorised person* who would be an *SMF manager* but for *SUP* 10C.3.13R (The 12-week rule));
or
- (c) comes within *COCON* 1.1.2R(1)(e) (*employee* of a *relevant authorised person* who would be a *certification employee* but for *SYSC* 5.2.27R(1) (Scope: emergency appointments)); or
- (d) comes within *COCON* 1.1.2R(1)(f).

*staff being assessed
under FIT*

(in *FIT* and in relation to a *relevant authorised person*):

- (a) any of the following, ~~an FCA-approved SMF manager or a candidate for an FCA-designated senior management function~~ whose fitness is being assessed by the *FCA* or the *relevant authorised person*:
 - (i) an *FCA-approved SMF manager*; or
 - (ii) a *candidate for an FCA-designated senior management function*; or
- (b) a person whose fitness to perform an *FCA-specified significant harm function* is being assessed by the *relevant authorised person* under section 63F of the Act (Issuing of certificates), whether or not that person is already a *certification employee* in relation to that *FCA-specified significant harm function*.

Annex C
Amendments to the Senior Management Arrangements, Systems and Controls sourcebook (SYSC)

In this Annex, underlining indicates new text and striking through indicates deleted text, unless otherwise stated.

1 Annex Detailed application of SYSC

1

...

Part 2	Application of the common platform requirements (SYSC 4 to 10)	
...		
2.13C	G	...
2.13D	R	<u>SYSC 4.5 (Management responsibilities maps for relevant authorised persons), SYSC 4.7 (Senior management responsibilities for relevant authorised persons: allocation of responsibilities), SYSC 4.9 (Handover procedures and material), SYSC 5.2 (Certification regime) and SYSC 5.3 (References and accurate information) also:</u>
		(1) <u>Apply to the carrying on of <i>unregulated activities</i>; and</u>
		(2) <u>Take into account any activity of other members of a <i>group</i> of which the <i>firm</i> is a member.</u>
...		
2.15	R	The <i>common platform requirements</i> , except the <i>common platform record-keeping requirements</i> , apply to a <i>firm</i> in relation to activities carried on by it from an establishment in the <i>United Kingdom</i> . <u>However, SYSC 4.5 (Management responsibilities maps for relevant authorised persons), SYSC 4.7 (Senior management responsibilities for relevant authorised persons: allocation of responsibilities), SYSC 4.9 (Handover procedures and material), SYSC 5.2 (Certification regime) and SYSC 5.3 (References and accurate information) apply in accordance with the <i>rules</i> in those sections.</u>
...		
2.18	R	The <i>common platform organisational requirements</i> , except the <i>common platform requirements on financial crime</i> , also apply in a <i>prudential context</i> to a <i>UK domestic firm</i> and to an <i>overseas firm</i> (other than an <i>incoming EEA firm</i> or an <i>incoming Treaty firm</i>) with respect to activities wherever they are carried on. <u>However, SYSC 4.5 (Management responsibilities maps for relevant authorised persons), SYSC 4.7 (Senior management responsibilities for relevant authorised persons: allocation of responsibilities), SYSC 4.9</u>

		(Handover procedures and material), SYSC 5.2 (Certification regime) and SYSC 5.3 (References and accurate information) apply in accordance with the <i>rules</i> in those sections.
...		

...

Provision	COLUMN A	COLUMN A+	COLUMN A++	COLUMN B
SYSC 4	Application to a common platform firm other than to a UCITS investment firm	Application to a UCITS management company	Application to a full-scope UK AIFM of an authorised AIF	Application to all other firms apart from insurers, managing agents, the Society, and full-scope UK aifms of unauthorised aifs
..				
<u>SYSC 4.5</u>	<u>Whole section applies to relevant authorised persons only</u>	<u>Not applicable</u>	<u>Not applicable</u>	<u>Whole section applies to relevant authorised persons only</u>
<u>SYSC 4.7</u>	<u>Whole section applies to relevant authorised persons only</u>	<u>Not applicable</u>	<u>Not applicable</u>	<u>Whole section applies to relevant authorised persons only</u>
<u>SYSC 4.9</u>	<u>Whole section applies to relevant authorised persons only</u>	<u>Not applicable</u>	<u>Not applicable</u>	<u>Whole section applies to relevant authorised persons only</u>

Provision	COLUMN A	COLUMN A+	COLUMN A++	COLUMN B
SYSC 5	Application to a common platform firm other than to a UCITS investment	Application to a UCITS management company	Application to a full-scope UK AIFM of an authorised AIF	Application to all other firms apart from insurers, managing agents, the Society, and full-scope UK aifms of

	firm			unauthorised aifs
...				
<u>SYSC 5.2</u>	<u>Whole section applies to relevant authorised persons only. All rules apply as rules and not as guidance.</u>	<u>Not applicable</u>	<u>Not applicable</u>	<u>Whole section applies to relevant authorised persons only. All rules apply as rules and not as guidance.</u>
<u>SYSC 5.3</u>	<u>Whole section applies to relevant authorised persons only. All rules apply as rules and not as guidance.</u>	<u>Not applicable</u>	<u>Not applicable</u>	<u>Whole section applies to relevant authorised persons only. All rules apply as rules and not as guidance.</u>

...

Insert SYSC 4.5, SYSC 4.7 and SYSC 4.9 as new sections in the appropriate chronological place. All the text is new and is not underlined.

4.5 Management responsibilities maps for relevant authorised persons

Application

- 4.5.1 R This section applies to *relevant authorised persons*.
- 4.5.2 R There is no territorial limitation on the application of this section.
- 4.5.3 R This section is not limited to *regulated activities* or other specific types of activities.

General rule

- 4.5.4 R A *firm* must, at all times, have a comprehensive and up-to-date document (the *management responsibilities map*) that describes its management and governance arrangements, 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 4.5.7R.)

- 4.5.5 R The *firm's management responsibilities map* must show clearly how any responsibilities covered by a *firm's management responsibilities map* are shared or divided between different *persons*.
- 4.5.6 G (1) One purpose of the *management responsibilities map* is to help the *firm* and the *FCA* satisfy themselves that the *firm* has a clear organisational structure (as required by SYSC).
- (2) It also helps the *FCA* to identify who it needs to speak to about particular issues and who is accountable if something goes wrong.

Specific requirements

- 4.5.7 R A *management responsibilities map* must include:
- (1) (a) the names of all the *firm's*:
- (i) *approved persons* (including *PRA approved persons*);
 - (ii) members of its *governing body* and (if different) *management body* who are not *approved persons*;
 - (iii) *senior management*; and
 - (iv) *senior personnel*; and
- (b) details of the responsibilities which they hold;
- (2) all responsibilities described in any current *statement of responsibilities*;
- (3) details of the management and governance arrangements relating to:
- (a) the *FCA-prescribed senior management responsibilities*; and
 - (b) the *PRA-prescribed senior management responsibilities*;
- including the identity of the *persons* to whom those functions are allocated;
- (4) the reasons why (if it has done any of these things) the *firm*:
- (a) allocates responsibility for an *FCA-prescribed senior management responsibility* to more than one *person* jointly; or
 - (b) divides responsibility for an *FCA-prescribed senior management responsibility* between different *persons*;
- (5) details about the functions allocated under SYSC 4.7.8R (Allocation of overall responsibility for a *firm's* activities, business areas and

management functions), including:

- (a) what those activities, business areas and management functions are;
 - (b) the management and governance arrangements relating to them;
 - (c) details about whether and how they are shared or divided up;
 - (d) the reasons why (if it has done this) the *firm* allocates responsibility for any such function to more than one *person* jointly; and
 - (e) the identity of the *persons* to whom those functions are allocated;
- (6) matters reserved to the *governing body* (including the terms of reference of its committees) and, if different, the *management body*;
- (7) details of how the *firm's* management and governance arrangements fit together with:
- (a) its *group*; and
 - (b) any other *person* in (8);
- (8) details of the extent to which the *firm's* management and governance arrangements are provided by, or shared with, other members of its *group* or others;
- (9) details of the reporting lines and the lines of responsibility (if any) between the *firm* and those who carry out functions in relation to them and:
- (a) other members of its *group* or other third parties;
 - (b) *persons* acting as employees or officers of, or otherwise acting for, anyone in (a); or
 - (c) committees or other bodies of anyone in (a);
- (10) reasonable information about the *persons* described or identified in the *management responsibilities map*, including:
- (a) whether they are *employees* of the *firm* and, if not, by whom they are employed;
 - (b) if they are *certification employees* of the *firm*; and
 - (c) the responsibilities they have in relation to other *group* members or any other *person* in (8); and

- (11) details of how (1) to (10) fit together and fit into the *firm's* management and governance arrangements as a whole.

4.5.8 R SYSC 4.5.7R(1) does not require the *firm* to include the names of *approved persons* under SUP 10A.1.16BR (Appointed representatives).

Guidance about what should be in a management responsibilities map

- 4.5.9 G (1) The *management responsibilities map* should be consistent with the *statements of responsibilities*.
- (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 *firm*.
- 4.5.10 G The *management responsibilities map* should include functions that are:
- (1) included in a *PRA controlled function* under SUP 10C.9 (Minimising overlap with the PRA approved persons regime); or
- (2) excluded from the *other overall responsibility function* under SUP 10C.7.1R(2) (Exclusion for *approved person* with approval to perform other *designated senior management functions*).
- 4.5.11 G A *firm's management responsibilities map* should demonstrate that there are no gaps in the allocation of responsibilities among its management.
- 4.5.12 G (1) This provision gives *guidance* on specific aspects of SYSC 4.5.5R and SYSC 4.5.7R.
- (2) A *firm* need only include summary details of the *persons* in SYSC 4.5.7R(1).
- (3) A *firm's SMF managers* and members of its *governing body* may overlap with its *senior management* and *senior personnel*. If so, the *firm* does not have to give the same details twice.
- (4) A *firm* should include details of individuals in addition to those in SYSC 4.5.7R(1), (3) and (5) if they are needed to make the *management responsibilities map* clear. For example, it may be necessary to include these details if the same individual has responsibilities in a number of different areas of the *firm*.
- (5) A *firm* should only include summary details about *statements of responsibilities* under SYSC 4.5.7R(2). There is no need to duplicate the *statements of responsibilities*. The main aim of including material about *statements of responsibilities* in the *management responsibilities map* is to show how the material:

- (a) fits into the *firm's* overall governance structure; and
 - (b) for each *statement of responsibilities*, fits with the others.
- (6) The *executive director function* and the *other overall responsibility function* are defined generally and generically and can be performed by several people. Therefore, there is no need to explain why several people perform one of the functions.
- (7) A *management responsibilities map* should include a checklist confirming that all *FCA-prescribed senior management responsibilities* have been allocated or, if some have not been allocated, the reason why.
- (8) If:
- (a) any *designated senior management function* is performed by;
or
 - (b) any *FCA-prescribed senior management responsibility* is allocated to;
- more than one *person*, a *firm's management responsibilities map* should give details of how the performance or discharge of the responsibilities is to be carried out by those *persons*.
- (9) The material in *SUP 10C.11.31G* and *SUP 10C.11.32G* (recording sharing and splitting of responsibilities in *statements of responsibilities*) also applies to a *management responsibilities map*.

Small firms

- 4.5.13 G (1) The *FCA* expects that the *management responsibilities map* of a small and non-complex *firm* is likely to be simple and short. It may be no more than a single sheet of paper.
- (2) A *firm* is likely to be small and non-complex for these purposes if:
- (a) it is:
 - (i) a small CRR firm as defined in the part of the *PRA's* rulebook called "Allocation of responsibilities"; or
 - (ii) a *credit union* that meets the size requirements for small CRR firms under the *PRA's* requirements in (a)(i);
 - (b) it conducts a limited number of simple business lines; and
 - (c) it does not rely on group governance arrangements.

Single document

- 4.5.14 R A *management responsibilities map* must be a single document.
- 4.5.15 G (1) The requirement for a *management responsibilities map* to be a single document does not mean that it has to be a single sheet of paper or must be capable of being reproduced as one.
- (2) A *management responsibilities map* may be made up of a folder with several files or items in it.
- (3) However, a *firm* that creates a *management responsibilities map* in this way should ensure that its approach is compatible with it being a single document. In particular:
- (a) there should be a single item that identifies every item making up the *management responsibilities map* and shows where each item can be found;
- (b) for example, this could be a contents list of the items making up the *management responsibilities map* with electronic links to each of them;
- (c) the *management responsibilities map* should be complete by itself and should not refer to documents not forming part of it;
- (d) every item in the *management responsibilities map* should only contain material about the matters required by this section;
- (e) for example, if there is relevant material in the *firm's* report and accounts, the folder should only contain the relevant parts or a link to those parts.
- (4) The folder and its contents should be easily identifiable as the *firm's management responsibilities map*.
- (5) Although a *management responsibilities map* can be large and complex, SYSC 4.5.13G explains that, for small non-complex *firms*, it may be small and simple.

Purpose of SYSC 4 Annex 1G (The main business activities and functions of a relevant authorised person)

- 4.5.16 G (1) This provision explains the purpose of SYSC 4 Annex 1G.
- (2) A *firm* may use it as a checklist to see whether its *management responsibilities map* covers all its business activities.
- (3) A *firm* may wish to prepare its *management responsibilities map* using the same split of activities.

- (4) If a *firm* uses SYSC 4 Annex 1G to help it prepare its *management responsibilities map*, it should bear in mind that it is not comprehensive (see SYSC 4.5.20G).
- (5) As mentioned in SYSC 4.7.37G, a *firm* may also use it as a checklist when allocating responsibilities under SYSC 4.7.8R (Allocation of overall responsibility for a firm's activities, business areas and management functions).

4.5.17 G There is no direct link between SYSC 4 Annex 1G and the senior management regime for *relevant authorised persons*.

Contents of SYSC 4 Annex 1G (The main business activities and functions of a relevant authorised person)

4.5.18 G SYSC 4 Annex 1G sets out the main business activities and functions that the *FCA* thinks are likely to be relevant to most *firms*, although the *FCA* does not require *firms* to organise themselves in this way.

4.5.19 G Most or all of these activities and functions will normally apply to a complex *firm*. Many of them may not apply to a non-complex *firm*.

4.5.20 G (1) SYSC 4 Annex 1G is not comprehensive. While it is intended to cover most front-line business activities of a *relevant authorised person*, it does not cover all internal oversight and monitoring functions.

(2) For example, it does not cover compliance or internal audit or the *firm's governing body* or its committees.

Records

4.5.21 G A *firm* should consider past versions of its *management responsibilities map* as an important part of its records and as an important resource for the *FCA* in supervising the *firm*.

4.5.22 G Past versions of a *firm's management responsibilities map* form part of its records under SYSC 9.1 (General rules on record-keeping).

4.6 [not used]

4.7 Senior management responsibilities for relevant authorised persons: allocation of responsibilities

Application

- 4.7.1 R This section applies to *relevant authorised persons*.
- 4.7.2 R There is no territorial limitation on the application of this section.
- 4.7.3 R This section is not limited to *regulated activities* or other specific types of activities.

Purpose of this section

- 4.7.4 G The purpose of this section is to ensure, together with the equivalent *PRA* requirements, that an *SMF manager* is responsible and accountable for every area of a *firm's* activities.

Allocation of FCA-prescribed senior management responsibilities

- 4.7.5 R (1) A *firm* must allocate each of the *FCA-prescribed senior management responsibilities* in Part 1 of the table in SYSC 4.7.7R to one or more *SMF managers* of the *firm*.
- (2) Except as described in (3), a *firm* must allocate each of the *FCA-prescribed senior management responsibilities* in Part 2 of the table in SYSC 4.7.7R to one or more *SMF managers* of the *firm*.
- (3) Paragraph (2) does not apply to:
- (a) a *firm* that is a small CRR firm as defined in the part of the *PRA's* rulebook called "Allocation of responsibilities"; or
- (b) a *credit union*.
- (4) If an *FCA-prescribed senior management responsibility* in Part 3 of the table in SYSC 4.7.7R applies to a *firm* as described in column (2) of that Part, the *firm* must allocate that *FCA-prescribed senior management responsibility* to one or more *SMF managers* of the *firm*.
- (5) A *firm* may not allocate an *FCA-prescribed senior management responsibility* to an *SMF manager* who is only approved to perform the *other overall responsibility function* for that *firm*, subject to (6).
- (6) A *firm* may allocate the *FCA-prescribed senior management responsibility* in row (11) of the table in SYSC 4.7.7R (functions in relation to CASS) to an *SMF manager* who is only approved to perform the *other overall responsibility function*.
- (7) A *firm* must make the allocations of *FCA-prescribed senior management responsibilities* in this rule in such a way that it is clear who has which of those responsibilities.
- 4.7.6 R The *FCA-prescribed senior management responsibilities* are set out in the table in SYSC 4.7.7R.

4.7.7 R Table: FCA-prescribed senior management responsibilities

FCA-prescribed senior management responsibility	Explanation	Equivalent PRA-prescribed senior management responsibility
Part One (applies to all firms)		
(1) Responsibility for the <i>firm's</i> performance of its obligations under the senior management regime	<p>The senior management regime means the requirements of the <i>regulatory system</i> applying to <i>relevant authorised persons</i> insofar as they relate to <i>SMF managers</i> performing <i>designated senior management functions</i>, including <i>SUP 10C</i> (FCA senior management regime for approved persons in relevant authorised persons).</p> <p>This responsibility includes:</p> <ul style="list-style-type: none"> (1) compliance with conditions and time limits on approval; (2) compliance with the requirements about the <i>statements of responsibilities</i> (but not the allocation of responsibilities recorded in them); and (3) compliance by the <i>firm</i> with its obligations under section 60A of the <i>Act</i> (Vetting of candidates by relevant authorised persons). 	<i>PRA-prescribed senior management responsibility</i> 4.1(1)
(2) Responsibility for the <i>firm's</i> performance of its obligations under the employee certification regime	The employee certification regime means the requirements of sections 63E and 63F of the <i>Act</i> (Certification of employees) and all other requirements of the <i>regulatory system</i> about the matters dealt with in those sections, including <i>SYSC 5.2</i>	<i>PRA-prescribed senior management responsibility</i> 4.1(2)

	(Certification Regime) and the corresponding <i>PRA</i> requirements.	
(3) Responsibility for compliance with the requirements of the <i>regulatory system</i> about the <i>management responsibilities map</i>	This responsibility does not include allocating responsibilities recorded in it	<i>PRA-prescribed senior management responsibility</i> 4.1(3)
(4) Overall responsibility for the <i>firm's</i> policies and procedures for countering the risk that the <i>firm</i> might be used to further <i>financial crime</i>	<p>(A) This includes the function in SYSC 6.3.8R (<i>firm</i> must allocate to a <i>director</i> or <i>senior manager</i> overall responsibility within the <i>firm</i> for the establishment and maintenance of effective anti-money laundering systems and controls), if that <i>rule</i> applies to the <i>firm</i>.</p> <p>(B) The <i>firm</i> may allocate this <i>FCA-prescribed senior management responsibility</i> to the <i>MLRO</i> but does not have to.</p> <p>(C) If the <i>firm</i> does not allocate this <i>FCA-prescribed senior management responsibility</i> to the <i>MLRO</i>, this <i>FCA-prescribed senior management responsibility</i> includes responsibility for supervision of the <i>MLRO</i>.</p>	None
Part Two (applies to all firms except for small CRR firms and credit unions)		
(5) Responsibility for: (a) leading the development of; and (b) monitoring the effective implementation of; policies and procedures for the induction, training and professional development of all members of the <i>firm's</i> governing body.		<i>PRA-prescribed senior management responsibility</i> 4.1(13)

<p>(6) Responsibility for monitoring the effective implementation of policies and procedures for the induction, training and professional development of all persons performing <i>designated senior management functions</i> on behalf of the <i>firm</i> other than members of the <i>governing body</i>.</p>		<p><i>PRA-prescribed senior management responsibility</i> 4.1(5)</p>
<p>(7) Responsibility for: (a) safeguarding the independence of; and (b) oversight of the performance of; the internal audit function, in accordance with SYSC 6.2 (Internal Audit)</p>	<p>This responsibility includes responsibility for: (a) safeguarding the independence of; and (b) oversight of the performance of; a person approved to perform the <i>PRA's</i> Head of Internal Audit <i>designated senior management function</i> for the <i>firm</i>.</p>	<p><i>PRA-prescribed senior management responsibility</i> 4.1(15)</p>
<p>(8) Responsibility for: (a) safeguarding the independence of; and (b) oversight of the performance of; the compliance function in accordance with SYSC 6.1(Compliance).</p>	<p>This responsibility includes responsibility for: (a) safeguarding the independence of; and (b) oversight of the performance of; the person performing the <i>compliance oversight function</i> for the <i>firm</i>.</p>	<p><i>PRA-prescribed senior management responsibility</i> 4.1(16)</p>
<p>(9) Responsibility for: (a) safeguarding the independence of; and (b) oversight of the performance of; the risk function, in accordance with SYSC 7.1.21R and SYSC 7.1.22R (Risk control).</p>	<p>This responsibility includes responsibility for: (a) safeguarding the independence of; and (b) oversight of the performance of; a person approved to perform the <i>PRA's</i> Chief Risk <i>designated senior management</i></p>	<p><i>PRA-prescribed senior management responsibility</i> 4.1(17)</p>

	<i>function for the firm.</i>	
(10) Responsibility for overseeing the development of and implementation of the <i>firm's</i> remuneration policies and practices in accordance with SYSC 19D (Remuneration Code)		<i>PRA-prescribed senior management responsibility 4.1(18)</i>
Part Three (applies in specified circumstances)		
(11) Overall responsibility for the <i>firm's</i> compliance with CASS	<p>(A) This responsibility only applies to a <i>firm</i> to which CASS applies.</p> <p>(B) A <i>firm</i> may include in this <i>FCA-prescribed senior management responsibility</i> whichever of the following functions apply to the <i>firm</i>:</p> <p>(a) CASS 1A.3.1R (certain CASS compliance functions for a <i>CASS small firm</i>);</p> <p>(b) CASS 1A.3.1AR (certain CASS compliance functions for a <i>CASS medium firm</i> or a <i>CASS large firm</i>);</p> <p>(c) CASS 11.3.1R (certain CASS compliance functions for certain <i>CASS small debt management firms</i>); or</p> <p>(d) CASS 11.3.4R (certain CASS compliance functions for a <i>CASS large debt management firm</i>);</p> <p>but it does not have to.</p> <p>(C) If the <i>firm</i> does not include the functions in (B) in this <i>FCA-prescribed senior management responsibility</i>, this <i>FCA-prescribed senior management responsibility</i> includes responsibility for supervision of the person performing the functions in (B) that apply to the <i>firm</i>.</p>	None

Allocation of overall responsibility for a firm's activities, business areas and management functions

- 4.7.8 R (1) A *firm* must ensure that, at all times, one or more of its *SMF managers* have overall responsibility for each of the activities, business areas and management functions of the *firm*.
- (2) This *rule* does not require a *firm* to ensure that *SMF managers* have overall responsibility for any activity, business area or management function that is:
- (a) included in an *FCA-prescribed senior management responsibility*;
 - (b) included in an *PRA-prescribed senior management responsibility*; or
 - (c) managed (as part of the *PRA-designated senior management function* concerned) by any of the *firm's SMF managers* approved to perform any of the following *PRA-designated senior management functions* for the *firm*:
 - (i) the Chief Finance function;
 - (ii) the Chief Risk function;
 - (iii) the Head of Internal Audit function;
 - (iv) the Head of Key Business Area function; or
 - (v) the Group Entity Senior Manager function.
- (3) A *firm* must make the allocations of responsibilities in this *rule* in such a way that it is clear who has which of those responsibilities.
- 4.7.9 G The purpose of SYSC 4.7.8R (Allocation of overall responsibility for a firm's activities, business areas and management functions) is to avoid gaps. It is to make sure that an *SMF manager* has responsibility for every part of a *firm's* activities, business areas and management functions not otherwise covered by other parts of this section or by the equivalent *PRA* requirements.
- 4.7.10 G As explained in SYSC 4.7.18G, SYSC 4.7.8R (Allocation of overall responsibility for a firm's activities, business areas and management functions) does not apply to non-executive functions.

Meaning of overall responsibility

- 4.7.11 G When SYSC 4.7 refers to a *person* having overall responsibility for a function, it means a *person* who has:
- (1) ultimate responsibility (under the *governing body*) for managing or

- supervising that function; and
- (2) primary and direct responsibility for:
- (a) briefing and reporting to the *governing body* about that function; and
 - (b) putting matters for decision about that function to the *governing body*.
- 4.7.12 G Having overall responsibility for a matter does not mean having ultimate authority over it. The ultimate decision-making body of a *firm* is its *governing body*, acting collectively.
- 4.7.13 G (1) A *person* with overall responsibility for a matter will either be a member of the *governing body* or will report directly to the *governing body* for that matter.
- (2) For example, a *firm* appoints A to be head of sales. A is not on the *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 overall responsibility for sales.
- 4.7.14 G (1) A *person* who reports to another, or is subject to oversight by another, may still have overall responsibility for a function.
- (2) For example, a head of compliance may report direct to the *governing body* but be subject to performance appraisal by the chief executive. In this example, the head of compliance will still have overall responsibility for compliance.
- (3) If a *person* (A):
- (a) reports directly to the *firm's governing body* about a particular matter; but
 - (b) is not a member of the *governing body*; and
 - (c) reports to a member of the *governing body* (B) about that matter;
- B has overall responsibility for that matter.
- (4) If:
- (a) a *person* (A) reports directly to the *firm'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 *firm's governing body* about that matter;

B has overall responsibility for that matter.

- (5) A member of the *governing body* who reports to the chief executive may still have overall responsibility for a function.

- (6) If:

- (a) a *person* (A) reports directly to the *firm's governing body* about a particular matter; and

- (b) A's function is subject to oversight by a *non-executive director* (B) or by a committee of the *firm's governing body* chaired by B;

A (not B) has overall responsibility for that matter.

- 4.7.15 G When this section refers to a *person* having overall responsibility for a function, it does not mean that that *person* has day-to-day management control of that function.
- 4.7.16 G In general, the *FCA* expects that a *person* to whom overall responsibility for an area of a *firm* is allocated under *SYSC 4.7.8R* will be the most senior employee or officer responsible for managing that area.
- 4.7.17 G (1) *SYSC 4.7.8R* (Allocation of overall responsibility for a firm's activities, business areas and management functions) does not mean that the *firm* has to allocate overall responsibility for the running of the *governing body* itself.
 - (2) This is because *SYSC 4.7.8R* is about assigning responsibility subject to the overall control of the *governing body* (see *SYSC 4.7.12G*).
 - (3) This means that a *person* does not have overall responsibility for a function under *SYSC 4.7.8R* just by being a member of a *firm's governing body*.
- 4.7.18 G (1) A *person* who just provides oversight of a function does not have overall responsibility for that function under *SYSC 4.7.8R* (Allocation of overall responsibility for a firm's activities, business areas and management functions).
 - (2) Paragraph (1) and *SYSC 4.7.17G* mean that a *non-executive director* acting as such does not have overall responsibility for a function under *SYSC 4.7.8R* or perform the *other overall responsibility function*.
 - (3) Paragraph (1) and *SYSC 4.7.17G* mean that a *non-executive director*:
 - (a) providing oversight of a function; or

(b) being responsible for the independence of a function;

does not have overall responsibility for that function under SYSC 4.7.8R or perform the *other overall responsibility function*.

Who functions should be allocated to

- 4.7.19 G The *FCA* expects a *firm* to allocate all the functions in SYSC 4.7.5R (Allocation of *FCA*-prescribed senior management responsibilities) and SYSC 4.7.8R (Allocation of overall responsibility for a *firm*'s activities, business areas and management functions) to an individual and not to a legal *person*.
- 4.7.20 G The *FCA* would not consider it unusual if a *person* who has overall responsibility for a particular function was not a member of the *governing body*. For example, in some *firms*, the head of compliance reports directly to the *governing body* even though the head compliance is not a member of the *governing body*.
- 4.7.21 G (1) A *person* may have overall responsibility for a matter without being a member of the *firm's governing body*, which means that (ignoring (2)) a relatively junior *person* could have overall responsibility for an activity of a *firm*.
- (2) However, the *FCA* expects that anyone who has overall responsibility for a matter:
- (a) will be sufficiently senior and credible; and
- (b) will have sufficient resources and authority;
- to be able to exercise his management and oversight responsibilities effectively.
- 4.7.22 G SYSC 4.7.21G(2) also applies to someone who has responsibility for an *FCA*-prescribed senior management responsibility.
- 4.7.23 G (1) It will be common for a small non-complex *firm* to divide overall responsibility for its activities between members of its *governing body* and not to assign overall responsibility for any activity to someone who is not a member.
- (2) However, when deciding how to divide up overall responsibility for its activities, a *firm* should avoid assigning such a wide range of responsibilities to a particular *person* so that the *person* is not able to carry out those responsibilities effectively.
- (3) Therefore, in a large or complex *firm*, the *FCA* expects overall responsibility for some functions to be assigned to *persons* in the layer of management below the *governing body*. Anyone in that layer having overall responsibility for an activity will be performing a *designated senior management function*.

- 4.7.24 G (1) The *FCA* expects that normally a *firm* will allocate the *FCA-prescribed senior management responsibility* in rows (5), (7), (8), (9) and (10) of the table in *SYSC 4.7.7R* to an *SMF manager* who is a *non-executive director* of the *firm*.
- (2) The *FCA* expects that normally a *firm* will allocate:
- (a) the other *FCA-prescribed senior management responsibilities*; and
 - (b) functions under *SYSC 4.7.8R* (Allocation of overall responsibility for a *firm's* activities, business areas and management functions);
- to an *SMF manager* who performs executive functions for the *firm*.
- (3) In general, the *FCA* expects that a *person* who has responsibility for an *FCA-prescribed senior management responsibility* in (2) will be the most senior employee or officer responsible for managing that area.
- (4) Paragraphs (1) to (3) do not apply to a small non-complex *firm* to the extent that they deal with those *FCA-prescribed senior management responsibilities* that, under the table in *SYSC 4.7.7R*, do not apply to small *firms*.
- (5) The *FCA* accepts that it may not be practical for a small non-complex *firm* (see *SYSC 4.5.13G*) to comply with the parts of (1), (2) and (3) that would otherwise apply to it.

Dividing and sharing management functions between different people

- 4.7.25 G (1) The *FCA* expects that a *firm* will not normally split an *FCA-prescribed senior management responsibility* between several *SMF managers*, with each only having responsibility for part.
- (2) The *FCA* expects that a *firm* will not normally allocate responsibility for:
- (a) an *FCA-prescribed senior management responsibility*; or
 - (b) a function under *SYSC 4.7.8R* (Allocation of overall responsibility for a *firm's* activities, business areas and management functions);
- to two or more *SMF managers* jointly.
- 4.7.26 G (1) Although the norm should be for a *firm* to have a single individual performing each *FCA-prescribed senior management responsibility* or function allocated under *SYSC 4.7.8R* (Allocation of overall responsibility for a *firm's* activities, business areas and management

functions), there may be circumstances in which responsibilities can be divided or shared (see (2)).

- (2) A *firm* should only divide or share a responsibility where this is appropriate and can be justified.
- (3) For example, it would be justified to share a function or responsibility if that is done:
 - (a) as part of a job share; or
 - (b) where departing and incoming senior managers work together temporarily as part of a handover.
- (4) A *firm* may have co-heads of a department or business unit if this can be justified under (1) to (3).

4.7.27 G (1) The *FCA* expects a *firm* to divide and allocate responsibilities under:

- (a) *SYSC 4.7.5R* (Allocation of FCA-prescribed senior management responsibilities); and
- (b) *SYSC 4.7.8R* (Allocation of overall responsibility for a firm's activities, business areas and management functions);

between its *SMF managers* so that responsibilities are grouped together appropriately.

- (2) The *firm* should make the judgement:
 - (a) in (1); and
 - (b) about whether and how responsibilities and functions should be shared;
 under:
 - (c) *SYSC 4.1.1R* (robust governance arrangements); and
 - (d) any other applicable *Handbook* requirements, including *SYSC 4.7.25G* and *SYSC 4.7.26G*.
- (3) The *firm* should take into account the way it is organised, the business it carries out and the need not to allocate too many responsibilities to one individual (see *SYSC 4.7.23G*).
- (4) The *FCA* expects a *firm* to allocate *FCA-prescribed senior management responsibilities* and responsibilities allocated under *SYSC 4.7.8R* (Allocation of overall responsibility for a firm's activities, business areas and management functions) to the *SMF managers* they are most closely linked to.

- 4.7.28 G *SUP* 10C.11.31G to *SUP* 10C.11.33G (Statements of responsibilities) contains material about:
- (1) how to prepare *statements of responsibilities* where a responsibility or function is shared or divided between several *SMF managers*; and
 - (2) dividing and sharing responsibilities.
- 4.7.29 G (1) A *firm* may allocate more than one *FCA-prescribed senior management responsibility* to the same *SMF manager*.
- (2) This is subject to:
- (a) *SYSC* 4.7.23G (should not give too many responsibilities to one person); and
 - (b) *SYSC* 4.7.27G (what responsibilities should be grouped together).

Allocation of responsibilities and territorial scope.

- 4.7.30 G (1) As explained in *SYSC* 4.7.2R, there is no territorial limitation to the application of this section.
- (2) This means that a *firm* should allocate:
- (a) the *FCA-prescribed senior management responsibilities*; and
 - (b) overall responsibilities under *SYSC* 4.7.8R;
- so that they cover activities, transactions, business areas and management functions that are located or take place wholly or partly outside, as well as ones in, the *United Kingdom*.

Group management arrangements and outsourcing

- 4.7.31 G (1) *SYSC* 4.7.8R (Allocation of overall responsibility for a firm's activities, business areas and management functions) requires overall responsibility for various aspects of a *firm's* affairs to be allocated to an *SMF manager*.
- (2) This requirement does not prevent a *firm* from relying on an employee of a company in the same group to perform the function.
- (3) A *firm* has two main choices about how to fit such arrangements into the senior management regime for *relevant authorised persons*.
- (a) The group employee is appointed by the *firm's governing body* to perform the function. This means that the *firm* will have entered into an arrangement with that *person*. As explained in *SUP* 10C.3.9G, an arrangement with the *firm* is one of the factors that makes the senior management regime for *relevant*

authorised persons apply. The result is that the group official will be performing a *controlled function* and will need to be approved as an *SMF manager*.

- (b) The *firm* appoints someone (A) to oversee what the group employee does (so far as it concerns the *firm*) and to take overall responsibility for the function. A will need to be approved as an *SMF manager*.
- 4.7.32 G (1) SYSC 4.7.8R (Allocation of overall responsibility for a firm's activities, business areas and management functions) does not cover responsibility for an aspect of a *firm's* affairs managed by an individual approved to perform the Group Entity Senior Manager *PRA-designated senior management function*.
- (2) Where a responsibility is held by someone approved to perform the Group Entity Senior Manager *PRA-designated senior management function* for the *firm*, there is no need to apply the arrangements in SYSC 4.7.31G.
- (3) (a) The *statement of responsibilities* for the individual performing the Group Entity Senior Manager *PRA-designated senior management function*; and
- (b) the *firm's management responsibilities map*;
- should clearly show what responsibilities are held by that individual.
- 4.7.33 G A *firm* may rely on an employee of a company in the same group to perform an *FCA-prescribed senior management responsibility*. However, SYSC 4.7.5R (Allocation of FCA-prescribed senior management responsibilities) also requires this to be arranged in such a way that the *person* performing the responsibility is approved as an *SMF manager* of the *firm*.
- 4.7.34 G SYSC 4.7.31G and SYSC 4.7.33G also apply to a *firm* that outsources functions to a third party and is relying on an individual from the outsourced services provider to carry out the functions in those paragraphs.

Link between the senior management regime and this section

- 4.7.35 G (1) A *firm* should allocate between its *SMF managers* responsibility for every area of its activities.
- (2) This is required by a mixture of:
- (a) SYSC 4.7.5R (Allocation of FCA-prescribed senior management responsibilities);
- (b) SYSC 4.7.8R (Allocation of overall responsibility for a firm's activities, business areas and management functions);

- (c) the requirements for *FCA-designated senior management functions*; and
 - (d) the corresponding *PRA* requirements.
- 4.7.36 G (1) Having overall responsibility for an activity under SYSC 4.7.8R requires approval as an *SMF manager*. This is because a *person* who has overall responsibility for an activity will be:
- (a) performing the *other overall responsibility function*; or
 - (b) approved to perform another *designated senior management function*.
- (2) The *other overall responsibility function* applies because this is the effect of SUP 10C.7.1R (definition of *other overall responsibility function*).
- (3) SUP 10C.7.1R says that the *other overall responsibility 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

- 4.7.37 G (1) The purpose of SYSC 4 Annex 1G (The main business activities and functions of a relevant authorised person) is to help a *firm* to prepare its *management responsibilities map* (see SYSC 4.5.16G).
- (2) There is no direct link between SYSC 4 Annex 1G and this section.
- (3) However, a *firm* may find SYSC 4 Annex 1G useful as a checklist to help it make sure that it has not failed to allocate overall responsibility under SYSC 4.7.8R for a particular activity of the *firm*.
- (4) If a *firm* uses SYSC 4 Annex 1G to help it check whether it has allocated overall responsibility as described in (3), it should bear in mind that it is not comprehensive (see SYSC 4.5.20G).
- 4.7.38 G SYSC 4.7.26G (a *firm* should normally allocate responsibility for particular areas to a single *SMF manager*) does not mean that the *FCA* expects there to be a separate *person* with overall responsibility for each individual business area in SYSC 4 Annex 1G (The main business activities and functions of a relevant authorised person).

4.8 [not used]

4.9 Handover procedures and material

Application

- 4.9.1 R This section applies to *relevant authorised persons*.
- 4.9.2 R There is no territorial limitation on the application of this section.
- 4.9.3 R This section is not limited to *regulated activities* or other specific types of activities.

Rules about handover material

- 4.9.4 R A *firm* must take all reasonable steps to ensure that:
- (1) a *person* who is becoming an *SMF manager*;
 - (2) an *SMF manager*:
 - (a) taking on a new job or new responsibilities; or
 - (b) whose responsibilities or job are being changed; and
 - (3) anyone who has management or supervisory responsibilities for the *SMF manager* in (1) or (2);

has, when the *SMF manager* starts to perform his new or revised responsibilities or job, all information and material that a *person* in (1) to (3) could reasonably expect to have to perform those responsibilities or that job effectively and in accordance with the requirements of the *regulatory system*.

- 4.9.5 R (1) A *firm* must have a policy about how it complies with SYSC 4.9.4R, including the systems and controls it uses.
- (2) A *firm* must make and maintain adequate records of the steps taken to comply with SYSC 4.9.4R.
- 4.9.6 G The information and material in SYSC 4.9.4R that should be made available includes details:
- (1) about unresolved or possible breaches of the requirements of the *regulatory system*; and
 - (2) of any unresolved concerns expressed by the *FCA*, the *PRA* or another *regulatory body*.
- 4.9.7 G (1) The main purpose of SYSC 4.9.4R is to help the *SMF manager* with his new or revised responsibilities or job and to help the managers of *SMF managers*.
- (2) It should be a practical and helpful document and not just a record.
- (3) The material should include an assessment of what issues should be prioritised.

- (4) It should include judgement and opinion, not just facts and figures.

Handover arrangements and certificates

- 4.9.8 G (1) Where the responsibilities or job in SYSC 4.9.4R are being taken over from another *person*, the *firm* should have arrangements for an orderly transition.
- (2) As part of these arrangements, the *firm* should take reasonable steps to ensure that the predecessor contributes to the information and material in SYSC 4.9.4R all that would be reasonable to expect the predecessor to know and consider relevant, including the predecessor's opinions.
- (3) One way of doing this could be for the predecessor to prepare a handover certificate.
- (4) However, the *FCA* accepts that there will be cases in which it will be impractical to ask the predecessor to prepare a handover certificate.

Application of this section to other parts of a firm's management

- 4.9.9 G A *firm* should consider whether to apply the procedures in this section to other parts of its management.

4 Annex 1G The main business activities and functions of a relevant authorised person

Business areas and management functions	Explanation
(1) Payment services	This means: (1) <i>payment services</i> ; (2) issuing and administering other means of payment (for example, cheques and bankers' drafts); (3) issuing <i>electronic money</i> ; and (4) current accounts.
(2) Settlement	This means clearing and settlement of any transactions described in rows (3) and (6) to (9) of this annex, in relation to the assets covered

	<p>by (9).</p> <p>It also includes clearing and settlement of any transactions described in row (10).</p>
(3) Investment management	<p>This has the same meaning as <i>managing investments</i> with the following adjustments:</p> <p>(a) it covers all types of assets; and</p> <p>(b) the exclusions in the <i>Regulated Activities Order</i> do not apply.</p> <p>It also covers fund management.</p>
(4) Financial or investment advice	<p>This includes <i>advising on investments</i>.</p>
(5) Mortgage advice	<p>This has the same meaning as <i>advising on regulated mortgage contracts</i> but is expanded to cover land anywhere in the world and to cover security of any kind over land.</p>
(6) Corporate investments	<p>This means acquiring, holding, managing and disposing a <i>firm's</i> investments made for its own account.</p>
(7) Wholesale sales	<p>This means the <i>selling</i> of any <i>investment</i> to a <i>person</i> other than a <i>retail customer</i>.</p> <p>It does not include the activities in (1).</p>
(8) Retail sales	<p>This means the <i>selling</i> of any <i>investment</i> to a <i>retail customer</i>.</p> <p>It includes savings accounts. It does not include the activities in (1).</p>
(9) Trading for clients	<p>This means <i>dealing in investments as agent</i> and <i>execution of orders on behalf of clients</i> but the list of products includes money market instruments and foreign exchange.</p>
(10) Market making	<p>This has the same meaning as it does in <i>MIFID</i> (see the definition of market maker in article 4.1(8)).</p>
(11) <i>Investment research</i>	
(12) Origination/syndication and underwriting	<p>Origination and syndication include:</p> <p>(1) entering into or acquiring (directly or indirectly) any commitment or <i>investment</i> with</p>

	<p>a view to transferring some or all of it to others, or with a view to others investing in the same transaction;</p> <p>(2) sub-participation; and</p> <p>(3) any transaction described in the <i>Glossary</i> definition of <i>originator</i>.</p> <p>Underwriting includes underwriting that is not on a firm commitment basis.</p> <p>A commitment or <i>investment</i> includes an economic interest in some or all of it.</p> <p>This activity also includes the provision of services relating to such transactions.</p>
(13) Retail lending decisions	<p>Deciding whether, and on what terms, to lend to <i>retail customers</i>.</p> <p>Lending includes granting credit, leasing and hire (including finance leasing).</p>
(14) Wholesale lending decisions	<p>Deciding whether, and on what terms, to lend to <i>persons</i> who are not <i>retail customers</i>.</p> <p>Lending includes granting credit, leasing and hire (including finance leasing).</p>
(15) Design and manufacturing of products intended for wholesale customers	<p>Wholesale customers mean <i>persons</i> who are not <i>retail customers</i></p>
(16) Design and manufacture of products intended for <i>retail customers</i>	
(17) Production and distribution of marketing materials and communications	<p>This includes <i>financial promotions</i></p>
(18) Customer service	<p>This means dealing with <i>clients</i> after the point of sale, including queries and fulfilment of <i>client</i> requests</p>
(19) Customer complaints handling	<p>This includes the <i>firm's</i> compliance with <i>DISP</i>.</p> <p>It also includes:</p>

	<p>(1) any similar procedures relating to activities that do not come under the jurisdiction of the <i>Financial Ombudsman Service</i>;</p> <p>(2) activities that take place outside the <i>UK</i>; and</p> <p>(3) activities that are not subject to any ombudsman service.</p>
<p>(20) Collection and recovering amounts owed to a <i>firm</i> by its customers</p> <p>Dealing with customers in arrears</p>	<p>‘Customer’ means any <i>person</i> falling into any of the definitions of <i>client</i> in the <i>Glossary</i> so far as they apply to the <i>FCA’s Handbook</i>. The definition is extended to cover all services provided by the <i>firm</i> and not just those that are provided in the course of carrying on a <i>regulated activity</i> or an <i>ancillary service</i>.</p>
(21) Middle office	This means risk management and controls in relation to, and accounting for, transactions in <i>securities</i> or <i>derivatives</i>
(22) The <i>firm’s</i> information technology	
(23) Business continuity planning	This means the functions described in <i>SYSC</i> 4.1.6R and <i>SYSC</i> 4.1.7R
(24) Human resources	This includes recruitment, training and competence and performance monitoring
(25) Incentive schemes for the <i>firm’s</i> staff	This is not limited to schemes based on sales.
(26) <i>Providing information in relation to a specified benchmark</i>	
(27) <i>Administering a specified benchmark</i>	
<p>Note (1): The purpose of this annex is explained in <i>SYSC</i> 4.5 (Management responsibilities maps for relevant authorised persons) and <i>SYSC</i> 4.7.37G.</p>	
<p>Note (2): A <i>firm</i> does not have to use the split of activities in this annex for the purposes in Note (1). If a <i>firm</i> does decide to use it, it may adapt it to suit its management arrangements better.</p> <p>For example, a <i>firm</i> may find the split of activities into <i>retail</i> and wholesale activities unsuitable. If so, the <i>firm</i> might:</p> <p>(a) treat <i>retail</i> and wholesale activities together; or</p>	

(b) use its own definition of retail and wholesale activities.

Insert the following new section after SYSC 5.1. The text is not underlined.

5.2 Certification regime

Application

- 5.2.1 R This section applies to a *relevant authorised person*.
- 5.2.2 G This section is also relevant to *employees of relevant authorised persons* performing functions specified as *FCA-specified significant-harm functions*.

Purpose

- 5.2.3 G (1) This section is about the *FCA's* certification regime.
- (2) Under this regime, a *firm* should ensure that its employees only perform an *FCA-specified significant-harm function* if they have a certificate issued by that *firm* to perform that function.
- (3) The purpose of this section is to specify '*FCA-specified significant-harm functions*' and to give *guidance* on the *FCA's* certification regime.

General requirements

- 5.2.4 G Under section 63E(1) of the *Act*, a *firm* must take reasonable care to ensure that no *employee* of the *firm* performs an *FCA-specified significant-harm function* under an arrangement entered into by the *firm* in relation to the carrying on by that *firm* of a *regulated activity*, unless the *employee* has a valid certificate issued by that *firm* to perform the function to which certificate relates.
- 5.2.5 G (1) The requirement in SYSC 5.2.4G comes into force on 7 March 2017.
- (2) SYSC TP 5 explains how the certification regime applies before then.

Fitness to act

- 5.2.6 G Under section 63F of the *Act*, a *firm* may issue a certificate to a *person* only if the *firm* is satisfied that the *person* is a fit and proper *person* to perform the *FCA-specified significant-harm function* to which the certificate relates.
- 5.2.7 G Under section 63F of the *Act*, in assessing if a *person* is fit and proper to perform an *FCA-specified significant-harm function*, a *firm* must have regard, in particular, to whether that *person*:
- (1) has obtained a qualification;
- (2) has undergone, or is undergoing, training;

(3) possesses a level of competence; or

(4) has the personal characteristics,

required by general *rules* made by the *FCA*.

- 5.2.8 G *FIT* 1.3 provides guidance to *firms* about the criteria that the *FCA* would expect the *firm* to consider in assessing if a *person* is fit and proper to perform an *FCA-specified significant-harm function*.
- 5.2.9 G *SYSC* 5.3 (References and accurate information) deals with obtaining references from a previous *employer* when a *firm* is planning to appoint someone to perform a *specified significant-harm function* as part of its assessment of whether that *person* is fit and proper.
- 5.2.10 G (1) A *person* seconded from a contractor may fall into the certification regime. The material in *SYSC* 5.2.21G is relevant to when this is the case.
- (2) In deciding if a *person* seconded from a contractor is fit and proper, the *firm* may take into account information and references from the contractor.
- (2) In deciding how much reliance to put on the contractor, the *firm* should take into account:
- (a) the familiarity of the contractor with the obligations of *firms* under *SYSC* 5.2, the corresponding *PRA* requirements and the requirements of the *Act* described in this section;
- (b) whether any reference directly addresses the criteria in *FIT*; and
- (c) the degree to which the *firm* believes it can rely on the contractor's judgement about the secondee's fitness and properness and the grounds for that belief.

Issuing and renewing certificates

- 5.2.11 G Under section 63F of the *Act*, a certificate issued by a *firm* to a *person* must:
- (1) state that the *firm* is satisfied that the *person* is fit and proper to perform the function to which the certificate relates; and
- (2) set out the aspects of the affairs of the *firm* in which the *person* will be involved in performing the function.
- 5.2.12 G A certificate is valid for a period of 12 months, beginning with the day on which it is issued.
- 5.2.13 G Under section 63F of the *Act*, if, after having considered if a *person* is fit and proper to perform an *FCA-specified significant-harm function*, a *firm* decides not to issue a certificate to that *person*, the *firm* must give the *person* a notice in

writing stating:

- (1) what steps (if any) the *firm* proposes to take in relation to the *person* as a result of the decision; and
- (2) the reasons for proposing to take those steps.

5.2.14 G If, after having considered whether a *person* is fit and proper to perform an *FCA-specified significant-harm function*, a *firm* decides not to issue a certificate to that *person*, it should consider if the circumstances warrant making a notification to the *FCA* for a breach of the *rules* in *COCON* pursuant to section 64B(5) of the *Act*.

5.2.15 G Under section 63F of the *Act*, a *firm* must maintain a record of every *employee* who has a valid certificate issued by it.

- 5.2.16 G
- (1) The *FCA's* approach to specifying *FCA-specified significant-harm functions* has the effect that several elements of a *person's* job may involve an *FCA-specified significant-harm function* or that a *person* may perform several *FCA-specified significant-harm functions* as part of the same job.
 - (2) However, this does not mean that the *FCA* expects a *firm* to issue multiple certificates to each *certification employee*. Rather, in a certificate, a *firm* may describe the *employee's* functions that involve an *FCA-specified significant-harm function* in broad terms, and without listing all the activities that the function may involve.
 - (3) A *firm* should assess whether the *employee* is fit and proper to perform all aspects of the *employee's* functions that involve an *FCA-specified significant-harm function* as described by a certificate.

5.2.17 G (1) In cases where a *certification employee's* role changes to involve a new function involving an *FCA-specified significant-harm function* part way through the twelve-month period for which their certificate is valid, and that new function may have different requirements relating to:

- (a) personal characteristics;
- (b) the level of competence, knowledge and experience;
- (c) qualifications; or
- (d) training;

the *FCA* would expect the *firm* to assess whether the *employee* is fit and proper to perform that new function before they start it.

- (2) A *firm* should not wait until the point of annual reassessment to determine whether the *employee* is fit and proper for the new function.
- (3) Paragraphs (1) and (2) also apply if a *certification employee's* role

changes to involve a new *FCA-specified significant-harm function* part way through the twelve-month period. A *firm* may not need to issue a new certificate if:

- (a) the conditions in paragraph (1) are met; and
- (b) the certificate is drafted broadly enough to cover the new *FCA-specified significant-harm function*.

Scope: general requirements

- 5.2.18 R In accordance with section 63E of the *Act* (Certification of employees by relevant authorised persons), a function is an *FCA-specified significant-harm function* only if, in relation to the carrying on of a *regulated activity* by a *firm*, that function:
- (1) is not a *controlled function* in relation to the carrying on of that *regulated activity* by that *firm*; and
 - (2) will require the *person* performing it to be involved in one or more aspects of the *firm's* affairs, so far as relating to that *regulated activity*.
- 5.2.19 R A function is an *FCA-specified significant-harm function* for a *firm* only to the extent:
- (1) it is performed by a *person* from an establishment of the *firm* (or its *appointed representative*) in the *United Kingdom*; or
 - (2) the *person* performing that function is dealing with a *client* of the *firm* in the *United Kingdom* from an establishment of the *firm* (or its *appointed representative*) overseas.
- 5.2.20 G The *FCA* interprets the phrase ‘dealing with’ in SYSC 5.2.19R as including having contact with *clients* and extending beyond ‘dealing’ as used in the phrase ‘dealing in investments’. ‘Dealing in’ is used in Schedule 2 to the *Act* to describe in general terms the *regulated activities* which are specified in Part II of the *Regulated Activities Order*.
- 5.2.21 G
- (1) The certification regime only applies to an *employee*.
 - (2) This definition includes a *person* who:
 - (a) personally provides, or is under an obligation personally to provide, services to the *firm* in question under an arrangement made between the *firm* and the *person* providing the services or another *person*; and
 - (b) is subject to (or to the right of) supervision, direction or control by the *firm* as to the manner in which those services are provided.
- 5.2.22 G
- (1) A *person* who works for an *appointed representative* of a *firm* may fall into the certification regime. In practice, however, they may not meet the

conditions for the certification regime to apply.

- (2) One condition for the certification regime to apply to a *person* is that the *person* performs a *specified significant-harm function* under an arrangement entered into by the *firm* (see SYSC 5.2.4G). However, unlike the equivalent parts of the *Act* for the *approved persons* regime, the *Act* does not say that the certification regime applies if the function is performed under an arrangement entered into by the employee with a contractor of the *firm* instead of the *firm*.
- (3) The certification regime only applies if the *person* concerned is an *employee*. This is defined in SYSC 5.2.21G. In many cases, a *person* working for an *appointed representative* will not fall into this definition as they may not:
 - (a) provide services to the *firm*; or
 - (b) be subject to (or to the right of) supervision, direction or control by the *firm*.
- (4) If none of these limitations on the scope of the certification regime apply, a *person* working for an *appointed representative* will be subject to the certification regime, as long as the other conditions in this section are met.

5.2.23 G A *specified significant-harm function* does not cease to be an *FCA-specified significant-harm function* if the *PRA* also specifies that function as a *specified significant-harm function*.

Scope: exclusions

5.2.24 G Under section 63E(7) of the *Act*, SYSC 5.2 does not apply to an arrangement which allows an *employee* to perform a function if the question of whether the *employee* is fit and proper to perform the function is reserved under any of the *Single Market Directives* or the *auction regulation* to an authority in a country or territory outside the *United Kingdom*.

5.2.25 R This section does not apply to a function performed by a *person* acting as:

- (1) an insolvency practitioner under section 388 of the Insolvency Act 1986;
- (2) a nominee in relation to a voluntary arrangement under Part I (Company Voluntary Arrangements) of the Insolvency Act 1986;
- (3) an insolvency practitioner under article 3 of the Insolvency (Northern Ireland) Order 1989; or
- (4) a nominee in relation to a voluntary arrangement under Part II (Company Voluntary Arrangements) of the Insolvency (Northern Ireland) Order 1989.

5.2.26 R A function performed by a *non-executive director* of a *firm* acting as such is not

an *FCA-specified significant-harm function* for that *firm*.

Scope: emergency appointments

- 5.2.27 R (1) If:
- (a) a *firm* appoints an individual to perform a function which, but for this *rule*, would be an *FCA-specified significant-harm function*;
 - (b) the appointment is to provide cover for a *certification employee* whose absence is reasonably unforeseen; and
 - (c) the appointment is for less than four weeks;
- then the performance by that individual of such function does not constitute an *FCA-specified significant-harm function*.
- (2) This *rule* does not apply to *FCA-specified significant-harm function* (5) (functions requiring qualifications).
- 5.2.28 G *SYSC 5.2.27R* does not apply to *FCA-specified significant-harm function* (5) (functions requiring qualifications). Where there is an unforeseen absence of an *employee* performing a function for which there is a qualification requirement:
- (1) the *firm* should take reasonable care to ensure that no *employee* of that *firm* performs that function without a valid certificate; and
 - (2) the certificate should be issued before the *person* starts to perform the function.

Scope: FCA-specified significant-harm functions

- 5.2.29 R In accordance with section 63E(3) of the *Act*, the functions in the table in *SYSC 5.2.30R* are *FCA-specified significant-harm functions*.
- 5.2.30 R Table: FCA-specified significant-harm functions

Function	Where defined
(1) CASS oversight	<i>SYSC 5.2.32R</i>
(2) Benchmark submission and administration	<i>SYSC 5.2.33R</i>
(3) Proprietary trader	<i>SYSC 5.2.34R</i>
(4) Significant management	<i>SYSC 5.2.35R</i>
(5) Functions requiring qualifications	<i>SYSC 5.2.39R</i>

(6) Managers of certification employees	SYSC 5.2.41R
(7) Material risk takers	SYSC 5.2.42R

- 5.2.31 G (1) If a function falls into more than one of the *FCA-specified significant-harm functions* in the table in SYSC 5.2.30R, all of those *FCA-specified significant-harm functions* apply to it.
- (2) For example, if a *person's* job involves both *FCA-specified significant-harm function* (5) (functions requiring qualifications) and (7) (material risk takers), the emergency appointments *rule* (SYSC 5.2.27R) does not apply to that job.

CASS oversight function

- 5.2.32 R (1) Each of the following is an *FCA-specified significant-harm function*:
- (a) in relation to a *CASS medium firm* and a *CASS large firm* (other than a *CASS large debt management firm*), the function of acting in the capacity of a *person* who is allocated the function in CASS 1A.3.1AR (oversight of operational effectiveness);
- (b) in relation to a *CASS large debt management firm*, the function of acting in the capacity of a *person* who is allocated the function in CASS 11.3.4R (oversight of operational effectiveness).
- (2) A function in (1) is not an *FCA-specified significant-harm function* for that *firm* if it is performed by an *SMF manager* of that *firm*.

Benchmark submission and administration function

- 5.2.33 R Each of the following is an *FCA-specified significant-harm function*:
- (1) acting in the capacity of a *person* who is allocated the function in MAR 8.2.3R(1) (benchmark manager); and
- (2) acting in the capacity of a *person* who is allocated the function in MAR 8.3.5R(1) (benchmark administration manager).

Proprietary trader function

- 5.2.34 R The function of acting as a *proprietary trader* whose activity involves, or might involve, a risk of significant harm to the *firm* or any of its *customers* is an *FCA-specified significant-harm function*.

Significant management function

- 5.2.35 R The function of acting as a *senior manager*, with significant responsibility for a significant business unit is an *FCA-specified significant-harm function*.

- 5.2.36 G A *senior manager* carrying on the significant management *FCA-specified significant-harm function* under SYSC 5.2.35R could, for example, be:
- (1) the head of a unit carrying on the activities of:
 - (a) retail banking;
 - (b) personal lending;
 - (c) corporate lending;
 - (d) salvage or loan recovery; or
 - (e) *proprietary trading*; or
 - (2) a member of a committee (that is, a *person* who, together with others, has authority to commit the *firm*) making decisions in these functions.
- 5.2.37 G For the purposes of the definition of the significant management *FCA-specified significant-harm function*, the following additional factors about the *firm* should be considered:
- (1) the size and significance of the *firm's* business in the *United Kingdom* – for example, a *firm* carrying on *designated investment business* may have a large number of *certification employees* (for example, in excess of 100 individuals);
 - (2) the number of *regulated activities* carried on, or proposed to be carried on, by the *firm* and (if relevant) other members of the *group*;
 - (3) its *group* structure (if it is a member of a *group*);
 - (4) its management structure (for example, matrix management); and
 - (5) the size and significance of its international operations, if any.
- 5.2.38 G When considering whether a business unit is significant for the purposes of SYSC 5.2.35R, the *firm* should take into account all relevant factors in the light of the *firm's* current circumstances and its plans for the future, including:
- (1) the risk profile of the unit;
 - (2) its use or commitment of the *firm's* capital;
 - (3) its contribution to the profit and loss account;
 - (4) the number of *employees*, *certification employees* or *SMF managers* in the unit;
 - (5) the number of *customers* of the unit; and
 - (6) any other factor which makes the unit significant to the conduct of the

firm's affairs so far as relating to the *regulated activity*.

Functions requiring qualifications

- 5.2.39 R Each function involving an activity for which there is a qualification requirement as specified in TC App 1.1.1R (Activities and Products/Sectors to which TC applies) is an *FCA-specified significant-harm function*.
- 5.2.40 G SYSC 5.2.39R (Functions requiring qualifications) does not apply to a *firm* where TC does not apply.

Managers of certification employees

- 5.2.41 R (1) The function of managing or supervising a *certification employee*, directly or indirectly, is an *FCA-specified significant-harm function*.
- (2) A function in (1) is not an *FCA-specified significant-harm function* for that *firm* if it is performed by an *SMF manager* of that *firm*.

Material risk takers

- 5.2.42 R Each function performed by a member of a *firm's dual-regulated firms Remuneration Code staff* (including any *person* who meets any of the criteria set out in articles 3 to 5 of Commission delegated regulation (EU) No 604/2014 (criteria to identify categories of staff whose professional activities have a material impact on an institution's risk profile)) is an *FCA-specified significant-harm function*.
- 5.2.43 G SYSC 5.2.42R (Material risk takers) does not apply to a *firm* to which the *dual-regulated firms Remuneration Code* does not apply.

Amend the following as shown.

6 Compliance, internal audit, financial crime

6.1 Compliance

...

- 6.1.4-C G (1) This guidance is relevant to a relevant authorised person required to appoint a compliance officer under SYSC 6.1.4R.
- (2) Taking account of the nature, scale and complexity of its activities, the firm should have appropriate procedures to ensure that the removal or any other disciplinary sanctioning of the compliance officer does not undermine the independence of the compliance function.
- (3) In the FCA's view, it will be appropriate, in many cases, for the removal or any other disciplinary sanctioning of the compliance officer to require the approval of a majority of the management

body, including at least a majority of its members who do not perform any executive function in the firm.

...

6.2 Internal audit

...

6.2.1B G (1) This guidance is relevant to a relevant authorised person required to establish and maintain an internal audit function under SYSC 6.2.1R.

(2) Taking account of the nature, scale and complexity of its activities, the firm should have appropriate procedures to ensure that the removal or any other disciplinary sanctioning of the head of the internal audit function does not undermine the independence of the internal audit function.

(3) In the FCA's view, it will be appropriate, in many cases, for the removal or any other disciplinary sanctioning of the head of the internal audit function to require the approval of a majority of the management body, including at least a majority of its members who do not perform any executive function in the firm.

6.2.2 G (1) The term 'internal audit function' in SYSC 6.2.1R (and SYSC 4.1.11G) refers to the generally understood concept of internal audit within a firm, that is, the function of assessing adherence to and the effectiveness of internal systems and controls, procedures and policies. ~~The internal audit function is not a controlled function itself, but is part of the systems and controls function (CF28).~~

(2) For a firm that is not a relevant authorised person, the internal audit function is not a controlled function itself, but is part of the systems and controls function or the PRA's systems and controls controlled function (CF28).

(3) For a relevant authorised person, the internal audit function is a PRA controlled function (SMF5).

6.3 Financial crime

...

6.3.8 R (1) A firm must allocate to a director or senior manager (who may also be the money laundering reporting officer) overall responsibility within the firm for the establishment and maintenance of effective anti-money laundering systems and controls.

- (2) A firm may not allocate overall responsibility under (1) to a person who is approved to perform the other overall responsibility function.

...

7 Risk control

7.1 Risk control

...

7.1.8 G ...

- (2) The term ‘risk management function in SYSC 7.1.6R and SYSC 7.1.17R refers to the generally understood concept of risk assessment within a *firm*, that is the function of setting and controlling risk exposure. ~~The risk management function is not a controlled function itself, but is part of the systems and controls controlled function (CF28).~~
- (3) For a firm that is not a relevant authorised person, the risk management function is not a controlled function itself, but is part of the systems and controls function or the PRA’s systems and controls controlled function (CF28).
- (4) For a relevant authorised person, the risk management function is a PRA controlled function (SMF4).

...

- 7.1.23 G (1) This guidance is relevant to a relevant authorised person that has appointed a head of the risk management function.
- (2) Taking account of the nature, scale and complexity of its activities, the firm should have appropriate procedures to ensure that the removal or any other disciplinary sanctioning of the head of the risk management function does not undermine the independence of the risk management function.
- (3) It will be appropriate, in many cases, for the procedures in (2) to include that any approval for the removal of the head of the risk management function requires the approval of a majority of the management body, including at least a majority of its members who do not perform any executive function in the firm.
- (4) It will also be appropriate, in many cases, for any other disciplinary sanctioning of the head of the risk management function to require the approval of a majority of the management body, including at least a majority of its members who do not perform any executive

function in the firm.

...

21 Risk control: additional guidance

21.1 Risk control: guidance on governance arrangements

...

21.1.2 G ...

(2) *Firms* will need to seek the *appropriate regulator's* approval for a Chief Risk Officer to perform;

(a) (for a relevant authorised person) the PRA's Chief Risk Function controlled function; or

(b) (for any other firm) the systems and controls function (see SUP 40 10A (FCA approved persons)) or the PRA's systems and controls controlled function.

...

21.1.4A G (1) This guidance is relevant to a relevant authorised person that has appointed a chief risk officer.

(2) Taking account of the nature, scale and complexity of its activities, the firm should have appropriate procedures to ensure that the removal or any other disciplinary sanctioning of the chief risk officer does not undermine the independence of the chief risk officer.

(3) It will be appropriate, in many cases, for the procedures in (2) to include that any approval for the removal of the chief risk officer requires the approval of a majority of the governing body, including at least a majority of its members who do not perform any executive function in the firm.

(4) Similarly, it will also be appropriate, in many cases, for any other disciplinary sanctioning of the chief risk officer to require the approval of a majority of the governing body, including at least a majority of its members who do not perform any executive function in the firm.

After SYSC TP 4 insert the following new section. The text is not underlined.

TP 5 Financial Services (Banking Reform) Act 2013: Certification

	Purpose of SYSC TP 5		
5.1.1	G	SYSC TP 5 explains how the certification regime described in SYSC 5.2 applies during the transitional period between 7 March 2016 and 7 March 2017.	
	Application		
5.2.1	G	SYSC TP 5 applies to <i>relevant authorised persons</i> .	
	The transitional period		
5.3.1	G	The obligation in section 63E(1) of the <i>Act</i> for a <i>relevant authorised person</i> to take reasonable care to ensure that no <i>employee</i> of the <i>firm</i> performs an <i>FCA specified significant-harm function</i> , unless the <i>firm</i> has issued the <i>employee</i> with a valid certificate, does not apply until the end of the transitional period.	
5.3.2	G	However, other parts of the <i>Handbook</i> and the <i>Act</i> about <i>certification employees</i> apply in the transitional period.	
5.3.3	G	The table in SYSC TP 5.3.4G explains how the requirements of the <i>Handbook</i> and the <i>Act</i> about <i>certification employees</i> apply in the transitional period.	
5.3.4	G	Table: How the certification regime applies in the transitional period	
	Provision in the Act or the Handbook	What that provision is about	How it applies in the transitional period
	Definition of <i>certification employee</i>		During the transitional period, the <i>Glossary</i> definition of <i>certification employee</i> covers everyone who would need a certificate to perform their job if the obligation to issue certificates was in force
	SYSC 5.2.4G to SYSC 5.2.17G	<i>Guidance</i> about issuing certificates and fitness	Does not apply
	SYSC 5.2.18R to SYSC 5.2.43G	Definition of who falls into the certification regime	Applies for the purpose of those parts of the <i>Handbook</i> and the <i>Act</i> that are in force as described in this table.
	The parts of SYSC 4.5 dealing with the	SYSC 4.5 says that the <i>management</i>	Applies to everyone who would need a certificate

<i>management responsibilities map</i>	<i>responsibilities map</i> should say if <i>persons</i> described or identified in the <i>management responsibilities map</i> are <i>certification employees</i>	to perform their job if the obligation to issue certificates was in force.
<i>COCON</i>		Applies to everyone who would need a certificate to perform their job if the obligation to issue certificates was in force. This applies even if they have not been notified that: (a) <i>COCON</i> applies to them; or (b) of the <i>rules</i> that apply to them. Applies to those who would have been excluded from the certification regime by <i>SYSC 5.2.27R</i> (Scope: emergency appointments).
Section 64B of the <i>Act</i>	<i>Firm</i> should ensure that all <i>persons</i> subject to <i>COCON</i> are notified <i>Firm</i> should take reasonable steps to ensure that those <i>persons</i> understand how <i>COCON</i> applies to them.	Applies to everyone who would need a certificate to perform their job if the obligation to issue certificates was in force.
Section 64B of the <i>Act</i> and <i>SUP 15.11</i>	Notifying a breach of <i>COCON</i> to the <i>FCA</i>	Applies to everyone who would need a certificate to perform their job if the obligation to issue certificates was in force.
Section 64C of the <i>Act</i> and <i>SUP 15.11</i>	Notifying the <i>FCA</i> of disciplinary action	Applies to everyone who would need a certificate to perform their job if the obligation to issue certificates was in force.

Annex D

Amendments to the Fit and Proper test for Approved Persons (FIT)

In this Annex, underlining indicates new text and striking through indicates deleted text.

Part 1: Comes into force on 7 March 2016

The Fit and Proper test for Approved Persons

1 General

1.1 Application and purpose

1.1.1 G FIT applies to:

- (1) a *firm* (including a relevant authorised person);
- (2) an applicant for *Part 4A permission*;
- (3) ~~an~~ *EEA firm*, a *Treaty firm* or a *UCITS qualifier* that wishes to establish a *branch* into the *United Kingdom* using *EEA rights*, *Treaty rights* or *UCITS directive rights* (see *SUP 10A.1.10G* ~~and~~ *SUP 10B.1.10G* and *SUP 10A.1.11R* ~~and~~ *SUP 10B.1.11R*), or apply for a *top-up permission* (see *SUP 10A.1.13R* ~~SUP 10B.1.12R~~);
- (4) an *approved person*; and
- (5) a *candidate*.

1.1.2 G The purpose of *FIT* is to set out and describe the criteria that: ~~the appropriate regulator will consider when assessing the fitness and propriety of a candidate for a controlled function (see generally SUP 10A and SUP 10B on approved persons). The criteria are also relevant in assessing the continuing fitness and propriety of approved persons.~~

- (1) a relevant authorised person should consider when:
 - (a) assessing the fitness and propriety of a candidate whom the firm is proposing to put forward for approval as an FCA-approved SMF manager;
 - (b) assessing the continuing fitness and propriety of a person approved to perform the function of an FCA-approved SMF manager, including for formulating an opinion about whether there are any grounds on which the regulator could withdraw the approval given to that individual to perform that function under section 63(2A) of the Act; and

(2) the FCA will consider when assessing the fitness and propriety of a candidate for a controlled function, including a designated senior management function (see generally SUP 10A and SUP 10C on approved persons), and may consider when assessing the continuing fitness and propriety of approved persons.

1.1.3 G The table in FIT 1.1.4G summarises the situations to which FIT applies.

1.1.4 G Table: Situations to which FIT applies

<u>What FIT applies to</u>	<u>Does it apply to relevant authorised persons?</u>	<u>Does it apply to firms that are not relevant authorised persons?</u>	<u>Comment</u>
<u>(1) A firm assessing the fitness and propriety of a candidate whom the firm is proposing to put forward for approval</u>	<u>Yes</u>	<u>No</u>	<u>However, the answer to Question 11 in SUP 10A Annex 1 (Frequently asked questions) says that the FCA's approval process is not a substitute for the checks that a firm should be carrying out on its prospective recruits. FIT may be a useful guide to matters that a firm that is not a relevant authorised person should take into account.</u>
<u>(2) A firm assessing the continuing fitness and propriety of an approved person</u>	<u>Yes</u>	<u>No</u>	<u>However, a firm should employ personnel with the skills, knowledge and expertise necessary for the discharge of the responsibilities allocated to them (SYSC 5.1). FIT may be a useful</u>

			<u>guide to matters which a <i>firm</i> should take into account if it is not a <i>relevant authorised person</i>.</u>
<u>(3) The <i>FCA</i> assessing the fitness and propriety of a <i>candidate</i> for approval as an <i>approved person</i></u>	<u>Yes</u>	<u>Yes</u>	
<u>(4) The <i>FCA</i> assessing the continuing fitness and propriety of an <i>approved person</i></u>	<u>Yes</u>	<u>Yes</u>	

1.2 Introduction

- 1.2.-1 G Under section 60A(1) of the *Act*, before a *relevant authorised person* may make an application for the *FCA*'s approval of a *designated senior management function*, the *FCA* must be satisfied that the *person* for whom the application is made is a fit and proper *person* to perform that function.
- 1.2.1 G Under section 61(1) of the *Act* (Determination of applications), the ~~*appropriate regulator*~~ *FCA* may grant an application for approval made under section 60 (Applications for approval) only if it is satisfied that the *candidate* is fit and proper to perform the *controlled function* to which the application relates.
- 1.2.1A G [Not used]
- 1.2.1B G Under section 60A of the *Act*, in assessing whether a *person* is a fit and proper person to perform an *FCA designated senior management function*, a *relevant authorised person* must have particular regard to whether that *person*:
- (1) has obtained a qualification; or
 - (2) has undergone, or is undergoing, training; or
 - (3) possesses a level of competence; or
 - (4) has the personal characteristics;
- required by general *rules* made by the *FCA*.
- 1.2.1C G The key general *rules* relating to the criteria listed in *FIT* 1.2.1B include:
- (1) in the case of very senior *employees*, *SYSC* 4.2 (*persons* who effectively direct the business) and *SYSC* 4.3A.3R (*management body*);

- (2) for employees of firms generally, SYSC 5.1.1R (the *competent employees rule*); and
- (3) in relation to retail activities, TC 2.1.12R (employees' competence).

...

1.2.4 G The *Act* does not prescribe the matters which the ~~appropriate regulator~~ FCA should take into account when determining fitness and propriety. However, section 61(2) states that the ~~appropriate regulator~~ FCA may have regard (among other things) to whether the *candidate* or *approved person*; ~~is competent to carry out a controlled function.~~

- (1) has obtained a qualification; or
 - (2) has undergone, or is undergoing, training; or
 - (3) possesses a level of competence; or
 - (4) has the personal characteristics;
- required by general rules made by the FCA.

...

1.3 Assessing fitness and propriety

1.3.1 G The ~~appropriate regulator~~ FCA will have regard to a number of factors when assessing the fitness and propriety of a *person* to perform a particular *controlled function*, as more particularly described in *FIT 2* (Main assessment criteria). ~~The most important considerations will be the person's:~~

- (1) ~~honesty, integrity and reputation;~~
- (2) ~~competence and capability; and~~
- (3) ~~financial soundness.~~

1.3.1A G The FCA would expect firms that are required to assess the fitness and propriety of staff being assessed under FIT to have regard to substantially the same factors as those outlined in FIT 2.

1.3.1B G In the FCA's view, the most important considerations will be the person's:

- (1) honesty, integrity and reputation;
- (2) competence and capability; and
- (3) financial soundness.

1.3.2 G In assessing fitness and propriety, the ~~appropriate regulator~~ FCA will also take account of the activities of the *firm* for which the *controlled function* is

or is to be performed, the *permission* held by that *firm* and the markets within which it operates.

- 1.3.2A G A relevant authorised person assessing the fitness and propriety of staff being assessed under FIT should consider:
- (1) the nature, scale and complexity of its business, the nature and range of financial services and activities undertaken in the course of that business; and
 - (2) whether the candidate or person has the knowledge, skills and experience to perform the specific role that the candidate or person is intended to perform.
- 1.3.2B G A relevant authorised person is reminded that, in assessing a candidate for a position within the management body of the firm, SYSC 4.3A.3R(3) requires the firm to ensure that the management body, as a collective, possesses adequate knowledge, skills and experience to understand the firm's activities.
- 1.3.3 G The criteria listed in FIT 2.1 to FIT 2.3 are guidance and will be applied in general terms when the ~~appropriate regulator~~ FCA is determining a person's fitness and propriety. It would be impossible to produce a definitive list of all the matters which would be relevant to a particular determination. A relevant authorised person assessing the fitness and propriety of staff being assessed under FIT should be guided by substantially the same criteria in FIT 2.1 to FIT 2.3 (to the extent applicable to the firm), recognising that this is not intended to be a definitive list of matters to be considered.
- 1.3.4 G If a matter comes to the ~~appropriate regulator's~~ FCA's attention which suggests that the person might not be fit and proper, the ~~appropriate regulator~~ FCA will take into account how relevant and how important it is. In the same way, if a matter comes to the attention of a relevant authorised person which suggests that any staff being assessed under FIT might not be fit and proper, the firm should take into account how relevant and how important that matter is.
- 1.3.4A G A relevant authorised person assessing the continuing fitness and propriety of an approved person is required to notify the FCA under section 63(2A) of the Act if it forms the opinion that there are grounds on which the FCA could withdraw its approval (see SUP 10C.14.24R). In discharging its obligation to notify the FCA, a relevant authorised person should take into account how relevant and how important the matter is that comes to its attention which suggests an approved person might not be fit and proper before determining that a notification should be made.
- 1.3.4B G A relevant authorised person assessing the continuing fitness and propriety of staff being assessed under FIT should assess the role that the individual is actually performing at the time the assessment is done. For this purpose, the assessor(s) should be provided with an up-to-date job description for that

individual in advance of the assessment.

- 1.3.5 G During the application process for a *controlled function*, the ~~appropriate regulator~~ *FCA* may discuss the assessment of the *candidate's* fitness and propriety informally with the *firm* making the application and may retain any notes of those discussions.

2 Main assessment criteria

2.1 Honesty, integrity and reputation

- 2.1.1 G In determining a *person's* honesty, integrity and reputation, the ~~appropriate regulator~~ *FCA* will have regard to all relevant matters including, but not limited to, those set out in *FIT 2.1.3G* which may have arisen either in the *United Kingdom* or elsewhere. The ~~appropriate regulator~~ *FCA* should be informed of these matters (see *SUP 10A.14.1R* and ~~*SUP 10B.12.18*~~ *10C14.18R*), but will consider the circumstances only where relevant to the requirements and standards of the *regulatory system*. For example, under *FIT 2.1.3G(1)*, conviction for a criminal offence will not automatically mean an application will be rejected. The ~~appropriate regulator~~ *FCA* treats each candidate's application on a case-by-case basis, taking into account the seriousness of, and circumstances surrounding, the offence, the explanation offered by the convicted *person*, the relevance of the offence to the proposed role, the passage of time since the offence was committed and evidence of the individual's rehabilitation.

- 2.1.1A G A relevant authorised person determining the honesty, integrity and reputation of staff being assessed under FIT, should consider all relevant matters, including those set out in FIT 2.1.3G, which may have arisen either in the United Kingdom or elsewhere. Firms should inform themselves of relevant matters, including checking for convictions for criminal offences (where possible) and contacting previous employers who have employed that candidate or person. If any staff being assessed under FIT has a conviction for a criminal offence, the firm should consider the seriousness of and circumstances surrounding the offence, the explanation offered by that person, the relevance of the offence to the proposed role, the passage of time since the offence was committed and evidence of the individual's rehabilitation.

- 2.1.2 G In considering the matters in *FIT 2.1.1G*, the ~~appropriate regulator~~ *FCA* will look at whether the *person's* reputation might have an adverse impact upon the *firm* for which the *controlled function* is or is to be performed and at the *person's* responsibilities.

- 2.1.2A G In considering the reputation of staff being assessed under FIT 2.1.1AG a relevant authorised person should have regard to whether that person's reputation might have an adverse impact upon the firm for which the function is to be performed and the person's responsibilities.

2.1.3 G The matters referred to in *FIT* 2.1.1G to which the ~~appropriate regulator~~ *FCA* will have regard, and to which a relevant authorised person should also have regard, include, but are not limited to:

...

2.2 Competence and capability

2.2.1 G In determining a *person's* competence and capability, the *FCA* will have regard to all relevant matters including but not limited to:

- (1) whether the *person* satisfies the relevant *FCA* training and competence requirements in relation to the *controlled function* the *person* performs or is intended to perform;
- (2) whether the *person* has demonstrated by experience and training that ~~the person is~~ they are suitable, or will be suitable if approved to perform the *controlled function*;
- (3) whether the *person* has adequate time to perform the *controlled function* and meet the responsibilities associated with that function.

2.2.1A G In determining a *person's* competence and capability to perform an *FCA designated senior management function*, a *relevant authorised person* should have regard to all relevant matters including but not limited to:

- (1) whether the *person* satisfies any applicable training and competence requirements (in relation to the *function* that the *person* performs or is intended to perform);
- (2) whether the *person* has demonstrated by experience and training that they are suitable to perform the *function* they are intended to perform;
- (3) whether the *person* has adequate time to perform the *function* in question and meet the responsibilities associated with that function.

2.2.2 G A *person* may have been convicted of, or dismissed or suspended from employment for, drug or alcohol abuses or other abusive acts. This will be considered by the *FCA* only in relation to a *person's* continuing ability to perform the particular *controlled function* for which the *person* is or is to be employed.

2.2.2A G The *FCA* would expect a *relevant authorised person* determining the competence and capability of *staff being assessed under FIT* to consider convictions, dismissals and suspensions from employment for drug or alcohol abuses or other abusive acts only in relation to a *person's* continuing ability to perform the particular *FCA designated senior management function* for which the *person* is, or is to be, employed.

2.3 Financial soundness

- 2.3.1 G In determining a *person's* financial soundness, the ~~appropriate regulator~~ FCA will have regard, and a *relevant authorised person* should also have regard, to any factors including, but not limited to:
- ...
- 2.3.2 G The ~~appropriate regulator~~ FCA will not normally require the a *candidate* to supply a statement of assets or liabilities. The fact that a *person* may be of limited financial means will not, in itself, affect his their suitability to perform a *controlled function*. The FCA would expect a relevant authorised person to take a similar view in assessing whether staff being assessed under FIT, are fit and proper.

Part 2 Comes into force on 7 March 2017

The Fit and Proper test for Approved Persons and specified significant-harm functions

1 General

1.1 Application and purpose

- 1.1.1 G FIT applies to:
- ...
- (4) an *approved person*; ~~and~~
- (5) a *candidate*;
- (6) a certification employee performing an FCA specified significant-harm function; and
- (7) a person whom a firm is proposing to certify to perform an FCA specified significant-harm function.
- 1.1.2 G The purpose of *FIT* is to set out and describe the criteria that:
- (1) a *relevant authorised person* should consider when:
- ...
- (b) assessing the continuing fitness and propriety of a *person* approved to perform the function of an *FCA-approved SMF manager*, including for formulating an opinion about whether

there are any grounds on which the regulator could withdraw the approval given to that individual to perform that function under section 63(2A) of the *Act*; and

- (c) assessing the fitness and propriety of a *person* whom the *firm* is proposing to certify to perform an *FCA specified significant-harm function*; and
- (d) assessing the continuing fitness and propriety of a *person* whom the *firm* has certified to perform an *FCA specified significant-harm function*; and

...

...

1.1.4 G Table: Situations to which *FIT* applies

What FIT applies to	Does it apply to <i>relevant authorised persons</i> ?	Does it apply to <i>firms</i> that are not <i>relevant authorised persons</i> ?	Comment
...			
<u>(5) A <i>firm</i> assessing the fitness and propriety of a <i>person</i> whom a <i>firm</i> is proposing to certify to perform an <i>FCA specified significant-harm function</i></u>	<u>Yes</u>	<u>No</u>	<u>See the comment on row (2)</u>
<u>(6) A <i>firm</i> assessing the continuing fitness and propriety of a <i>person</i> whom a <i>firm</i> has certified to perform an <i>FCA specified significant-harm function</i></u>	<u>Yes</u>	<u>No</u>	<u>See the comment on row (2)</u>

...

1.2.1A G ~~{Not used}~~ Under section 63F of the *Act*, a *relevant authorised person* may issue a certificate to a *person* to perform a *specified significant-harm function* only if it is satisfied that the *person* is a fit and proper *person* to perform that function.

- 1.2.1B G Under ~~section~~ sections 60A and 63F of the *Act*, in assessing whether a *person* is a fit and proper person to perform an *FCA designated senior management function* or an *FCA specified significant-harm function*, a *relevant authorised person* must have particular regard to whether that person:

...

...

2.2 Competence and capability

...

- 2.2.1A G In determining a *person's* competence and capability to perform an *FCA designated senior management function* or an *FCA-specified significant-harm function*, a *relevant authorised person* should have regard to all relevant matters including but not limited to:

...

...

- 2.2.2A G The *FCA* would expect a *relevant authorised person* determining the competence and capability of *staff being assessed under FIT* to consider convictions, dismissals and suspensions from employment for drug or alcohol abuses or other abusive acts only in relation to a *person's* continuing ability to perform the particular *FCA designated senior management function* or an *FCA-specified significant-harm function* for which the *person* is, or is to be, employed.

Annex E
Amendments to the Supervision manual (SUP)

In this Annex, underlining indicates new text and striking through indicates deleted text, unless otherwise stated.

Part 1: Comes into force on 13 July 2015

After SUP TP 5 insert the following new section. The text is all new and is not underlined.

TP 6 Financial Services (Banking Reform) Act 2013: Approved persons

	Purpose and application	
6.1.1	G	<i>SUP</i> TP 6 has transitional and grandfathering provisions relating to the changes to the <i>approved persons</i> regime made by Part 4 of the Financial Services (Banking Reform) Act 2013.
6.1.2	R	<i>SUP</i> TP 6 applies to <i>relevant authorised persons</i> .
6.1.3	G	<i>SUP</i> TP 6.10 has a glossary of terms used in <i>SUP</i> TP 6 which are not defined in the <i>Glossary</i> .
	Grandfathering of approved persons: mapping of old functions onto new	
6.2.1	R	A <i>firm</i> must not include any of the following <i>approved persons</i> in a grandfathering notice:
	(1)	an <i>approved person</i> whose approval is under <i>SUP</i> 10A.1.15R or <i>SUP</i> 10A.1.16R (appointed representatives) for that <i>firm</i> ;
	(2)	an <i>approved person</i> whose approval is to perform an <i>FCA controlled function</i> not listed in column one of the table in <i>SUP</i> TP 6.2.7R for that <i>firm</i> ; or
	(3)	an <i>approved person</i> if the <i>firm</i> has concluded that they will not be performing their potential new designated senior management function for the <i>firm</i> on the commencement date.
	[Note: article 2(2) of the Transitionals and Grandfathering Order]	
6.2.2	G	(1) The approval of anyone approved under one of the <i>rules</i> in <i>SUP</i> TP 6.2.1R(1) is not affected by <i>SUP</i> TP 6 and continues in force as before.
	(2)	A function in <i>SUP</i> TP 6.2.1R(2) ceases to be an <i>FCA controlled function</i> on the commencement date.

		(3)	An example of <i>SUP</i> TP 6.2.1R(3) is an <i>approved person</i> who plans to resign before the commencement date.
		(4)	If plans change, and the <i>approved person</i> in (3) plans to carry on performing the function, the <i>firm</i> should update the grandfathering notice.
		(5)	The electronic version of the notification form will include <i>approved persons</i> in <i>SUP</i> TP 6.2.1R(3). However, that does not mean that the <i>firm</i> has included them in its notification. The names are supplied by the system to help the <i>firm</i> reconcile its records with the regulators' records and to help the <i>firm</i> check whether it has missed out someone it wants to include.
		(6)	If:
		(a)	<i>SUP</i> TP 6.2.1R applies to some of an <i>approved person's</i> approvals or potential new designated senior management functions; but
		(b)	it does not apply to others; and
		(c)	as a result, some of the <i>approved person's</i> existing functions are potentially grandfathered and some are not;
			then the notification should:
		(d)	include the <i>approved person</i> ; but
		(e)	exclude the approvals and potential new designated senior management functions in <i>SUP</i> TP 6.2.1R.
6.2.3	R	(1)	Each FCA-designated senior management function listed in column three of the table in <i>SUP</i> TP 6.2.7R is specified as equivalent to the pre-commencement controlled function in the first column of the same row of that table.
		(2)	Each PRA-designated senior management function listed in column two of the table in <i>SUP</i> TP 6.2.7R is specified as equivalent to any <i>FCA</i> pre-commencement controlled function in the first column of the same row of that table.
		(3)	Paragraph (2) is subject to the PRA Transitional Rules.
			[Note: article 17 of the Transitionals and Grandfathering Order]
6.2.4	R	If:	
		(1)	the result of <i>SUP</i> TP 6.2.3R (together with the PRA Transitional Rules and the Transitionals and Grandfathering Order) would be that an <i>approved person</i> is deemed to be approved to perform the other

<i>function</i> (CF2)	Chairman (SMF9) Chair of the Risk Committee (SMF10) Chair of the Audit Committee (SMF11) Chair of the Remuneration Committee (SMF12) Senior independent director (SMF14)	(SMF13)
The <i>significant management function</i> (CF29)	Head of Key Business Area (SMF6) Group Entity Senior Manager (SMF7)	Other overall responsibility function (SMF18)
All <i>firms</i> to which the function in the first column applies		
<i>Compliance oversight function</i> (CF10)	None	Compliance oversight function (SMF16)
<i>CASS operational oversight function</i> (CF 10A)	None	Other overall responsibility function (SMF18)
<i>Money laundering reporting function</i> (CF11)	None	Money laundering reporting function (SMF17)
<i>Credit unions</i>		
The <i>PRA's director controlled function</i> (CF1)	Credit Union Senior Manager (SMF8)	Executive director function (SMF3)
The <i>PRA's non-executive director controlled function</i> (CF2)	Credit Union Senior Manager (SMF8)	Chair of the nominations committee function (SMF13)
<p>Note (1): All references to designated senior management functions in columns Two and Three are to FCA-designated senior management functions and PRA-designated senior management functions brought into force by the FCA's Individual Accountability Instrument 2015 and the PRA Transitional Rules.</p> <p>Note (2): This table does not apply to an approval under <i>SUP</i> 10A.1.15R or <i>SUP</i> 10A.1.16R (appointed representatives).</p>		

6.2.8	G	(1)	A <i>firm</i> should not make a grandfathering notification for an application for approval for a <i>controlled function</i> for which there is
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			to add a new <i>candidate</i>			
			(6) Any other amendment to grandfathering notification in (4)	Article 14	<i>SUP</i> 10C.15.11R	<i>SUP</i> 10C.15.11R or <i>SUP</i> TP 6.3.6D
<p>Notes:</p> <p>(1) <i>SUP</i> 10C.15.11R does not apply if the electronic system referred to in that <i>rule</i> has not been made available yet by the <i>FCA</i> and the <i>PRA</i> – <i>SUP</i> TP 6.3.6D applies instead.</p> <p>(2): A reference to <i>SUP</i> 10C is to the chapter of <i>SUP</i> as inserted by the <i>FCA</i>'s Individual Accountability Instrument 2015.</p>						
6.3.4	D	(1)	A <i>firm</i> making a notification under <i>SUP</i> TP 6.3.1D in accordance with <i>SUP</i> 10C.15.11R must use the version of the notification form made available on the electronic system referred to in <i>SUP</i> 10C.15.11R, based on the version in <i>SUP</i> TP 6.11.1D.			
		(2)	A <i>firm</i> making a notification under <i>SUP</i> TP 6.3.1D in accordance with <i>SUP</i> TP 6.3.6D must use the notification form in <i>SUP</i> TP 6.11.1D.			
6.3.5	D	A notification under row (1) (first grandfathering notification for <i>approved persons</i>) and row (4) (first grandfathering notification for <i>candidates</i>) of the table in <i>SUP</i> TP 6.3.3D should be made at the same time and on the same notification form.				
6.3.6	D	(1)	A <i>firm</i> making a notification under this paragraph (<i>SUP</i> TP 6.3.6D) must:			
			(a)	send it to the <i>PRA</i> ;		
			(b)	not use the electronic system referred to in <i>SUP</i> 10C.15.11R; and		
			(c)	subject to (b), submit it in the way required by chapter 7 of the part of the <i>PRA</i> 's Rulebook called "Notifications".		
		(2)	Paragraph (1) also applies when <i>SUP</i> 10C.15.11R(2) (unavailability of electronic submission) applies.			
6.3.7	G	(1)	If a <i>firm</i> notifies an application for approval and that application is refused before the commencement date, the <i>firm</i> should update the notification under row (6) of the table in <i>SUP</i> TP 6.3.3D.			
		(2)	There is no need to update if the application is granted.			
6.3.8	G	If a <i>firm</i> gives a grandfathering notification for an <i>approved person</i> and that				

		<i>approved person</i> leaves the <i>firm</i> or gives up performing some of their <i>controlled functions</i> , the <i>firm</i> should notify the appropriate regulator using Form C as well as under <i>SUP</i> TP 6.	
Grandfathering of approved persons: statements of responsibilities			
6.4.1	D	A notification under the table in <i>SUP</i> TP 6.3.3D must be accompanied by a statement of responsibilities for each <i>approved person</i> or <i>candidate</i> covered by the notification.	
Grandfathering of approved persons: management responsibilities maps			
6.5.1	D	A notification under rows (1) and (4) of the table in <i>SUP</i> TP 6.3.3D (first grandfathering notification for <i>approved persons</i> and <i>candidates</i>) must be accompanied by a management responsibilities map.	
6.5.2	G	(1)	If there has been a change relating to any information in a management responsibilities map, the <i>firm</i> should submit a revised version.
		(2)	This is the effect of articles 6 and 14 of the Transitionals and Grandfathering Order.
Statements of responsibilities and responsibilities maps: general requirements			
6.6.1	D	The statements of responsibilities and the management responsibilities map covered by <i>SUP</i> TP 6 must be prepared as of the commencement date.	
6.6.2	D	(1)	A statement of responsibilities must comply with the requirements of <i>SUP</i> 10C.11 (Statements of responsibilities).
		(2)	However the version in <i>SUP</i> TP 6.11.1D applies instead of the version in <i>SUP</i> 10C Annex 5D.
6.6.3	G	A <i>firm</i> should not assume that the <i>FCA</i> has reviewed statements of responsibilities and the management responsibilities map for completeness, quality or accuracy. It is the <i>firm's</i> responsibility to ensure that they have been prepared in accordance with the <i>FCA's rules</i> and the <i>Act</i> .	
Criminal record checks for approved persons			
6.7.1	R	<i>SUP</i> 10C.10.16R (Criminal record checks) applies to any application for approval continued in effect by the Transitionals and Grandfathering Order after the commencement date.	
6.7.2	G	Except for <i>SUP</i> TP 6.7.1R, <i>SUP</i> 10C.10.16R (Criminal record checks) does not apply to any application for approval made before the commencement date.	
6.7.3	G	<i>SUP</i> 10C.10.16R (Criminal record checks) will apply to any application for approval made under <i>SUP</i> TP 6.8.1D.	

	Applications of approved persons to take effect from the commencement date		
6.8.1	D	(1)	A <i>firm</i> may apply for the <i>FCA's</i> approval under section 59 of the <i>Act</i> (Approval for particular arrangements) for the performance of an FCA-designated senior management function which comes into force on the commencement date.
		(2)	Any application must be made between 1 January 2016 and the day before the commencement date.
		(3)	Any such application is made on the basis that it is treated as being made on the commencement date.
		(4)	The application must be made using the version of Form A or Form E applicable from the commencement date and (subject to (5)) in accordance with the other requirements to be in effect on that date.
		(5)	The application must be made in the way set out in <i>SUP</i> 15.7.4R to <i>SUP</i> 15.7.9G (Form and method of notification).
6.8.2	G	The Transitionals and Grandfathering Order will not apply to an application under <i>SUP</i> TP 6.8.1D.	
6.8.3	G	A <i>firm</i> does not have to make an application under <i>SUP</i> TP 6.8.1D. It can make an application before the commencement date under the <i>rules</i> and directions in force at the time of the application. The Transitionals and Grandfathering Order will apply to such applications.	
	Application of ongoing requirements to documents submitted as part of grandfathering		
6.9.1	R	(1)	The requirements of the <i>Handbook</i> apply to approvals that are continued in force by the Transitionals and Grandfathering Order, as they do to approvals granted after the commencement date.
		(2)	The requirements of the <i>Handbook</i> apply to an application for approval that is grandfathered under the Transitionals and Grandfathering Order and has not been finally determined before the commencement date, as they do to applications made after the commencement date.
		(3)	This paragraph is subject to the other provisions of <i>SUP</i> TP 6.
6.9.2	D	<i>SUP</i> TP 6.9.1R applies to directions in <i>SUP</i> 10C in the same way as it does to the other requirements of that chapter.	
6.9.3	G	The table in <i>SUP</i> TP 6.9.4G gives examples of how various provisions of <i>SUP</i> 10C and other parts of the <i>Handbook</i> apply in the light of:	
		(1)	the Transitionals and Grandfathering Order; and

		(2)	<i>SUP</i> TP 6.9.1R and <i>SUP</i> TP 6.9.2D.
6.9.4	G	Table: Examples of how ongoing requirements apply to grandfathered approvals	
Requirement in SUP 10C	Summary of the requirement in column (1)	How SUP 10C applies	
Revised statements of responsibilities			
<i>SUP</i> 10C.11.7D	Submission of revised statement of responsibilities	<p>Article 8 of the Transitionals and Grandfathering Order says that the requirements in the <i>Act</i> about revised statements of responsibilities apply to approvals continued under the Order.</p> <p>Article 15 of the Order says the same about statements of responsibilities submitted as part of a notice about applications for approvals that are to be grandfathered under the Order.</p> <p>The <i>SUP</i> 10C requirements about revised statement of responsibilities apply.</p>	
Varying an approval			
<i>SUP</i> 10C.11.10D	Statements of responsibilities	<p>Article 7 of the Transitionals and Grandfathering Order says that the requirements in the <i>Act</i> about variation of approvals at the request of the <i>firm</i> apply to approvals continued under the Order.</p> <p>The power of the <i>FCA</i> to vary an approval on its initiative applies to approvals continued under the Order.</p> <p>The parts of <i>SUP</i> 10C that deal with variation of approvals apply, including the requirements for applications by the <i>firm</i> to vary approvals.</p>	
<i>SUP</i> 10C.13	Other material about variations		
Single statement of responsibilities document			
<i>SUP</i> 10C.11.13D	One statement of responsibilities document for each SMF manager for each <i>firm</i>	<p>Applies to statements of responsibilities for approvals grandfathered under the Transitionals and Grandfathering Order</p> <p>Applies to statements of</p>	

		responsibilities covering approvals continued in force by the Transitionals and Grandfathering Order
Complete set of statements of responsibilities		
<i>SUP</i> 10C.11.20R	Complete set of current statements of responsibilities	Takes into account statements of responsibilities submitted under the Transitionals and Grandfathering Order
Ceasing to carry on functions		
<i>SUP</i> 10C.11.12R	Statements of responsibilities to be included in notification	Applies to ceasing to carry on a function continued in force by the Transitionals and Grandfathering Order
<i>SUP</i> 10C.14.5R	Notification of ceasing to perform the function	
<i>SUP</i> 10C.14.7R	Qualified Form C	
Form D		
<i>SUP</i> 10C.14.13R	Changes to details	Applies to notification relating to fitness of an FCA-approved SMF manager whose approval is continued in force by the Transitionals and Grandfathering Order. The Form D requirements also apply to a <i>candidate</i> whose application is continued in force by the Order. Before the commencement date, the existing requirements of <i>SUP</i> 10A apply to changes in a <i>candidate's</i> fitness.
<i>SUP</i> 10C.14.15R	Changes to arrangements	
<i>SUP</i> 10C.14.18R	Fitness	
Notifications under the Act		
<i>SUP</i> 10C.14.22R	Notifications under the <i>Act</i>	Applies to notification about an FCA-approved SMF manager whose approval is continued in force by the Transitionals and Grandfathering Order
PRA		
<i>SUP</i> 10C.14.28R	PRA-approved SMF manager	Applies to notification about an SMF manager whose approval is continued in force by the Transitionals and Grandfathering Order

General		
Requirements referring to a <i>current approved person approval</i> (whether from the <i>FCA</i> or the <i>PRA</i>)		Includes an approval that is continued in force by the <i>Transitionals</i> and <i>Grandfathering Order</i>
Requirements referring to a <i>current approved person approval</i> held within the last six months		Applies to an approval that ceased to have effect under the <i>Transitionals</i> and <i>Grandfathering Order</i> within the last six months. Applies to an approval given up within the last six months even though the <i>controlled function</i> ceases to exist after the commencement date
6.10.1	Terms used in <i>SUP TP 6</i>	
6.10.1	R	The terms in the first column of the table in <i>SUP TP 6.10.2R</i> have the meaning in the corresponding row of column 2.
6.10.2	R	Table: glossary of bespoke terms used in <i>SUP TP 6</i>
	commencement date	(in accordance with the <i>Financial Services (Banking Reform) Act 2013 (Commencement No. 9) Order 2015 (SI 2015/490)</i>) 7 March 2016
	designated senior management function	has the meaning in the new <i>Glossary</i>
	FCA-approved SMF manager	has the meaning in the new <i>Glossary</i>
	grandfathering notice	a notice described in the table in <i>SUP TP 6.3.3D</i> (including any revised notice)
	management responsibilities map	has the meaning in the new <i>Glossary</i>
	potential grandfathered function	(in relation to an <i>approved person</i> and <i>firm</i> at a particular date) a pre-commencement controlled function:
		(1) for which that <i>person</i> has approval for the <i>firm</i> ;
		(2) for which there is an equivalent designated senior management function for the purposes

		of the Transitionals and Grandfathering Order; and
	(3)	that therefore, potentially qualifies for grandfathering under the Transitionals and Grandfathering Order (together with <i>SUP</i> TP 6.2 and the PRA Transitional Rules) for that <i>firm</i> , as long as the other conditions in the Transitionals and Grandfathering Order are met
potential new designated senior management function		(in relation to an <i>approved person</i> and <i>firm</i>) the new designated senior management function that is deemed to apply after the commencement date under the Transitionals and Grandfathering Order and is referred to in paragraph (2) of the definition of potential grandfathered function
PRA-approved SMF manager		has the meaning in the new <i>Glossary</i>
PRA-designated senior management function		has the meaning in the new <i>Glossary</i>
PRA Transitional Rules		The part of the <i>PRA</i> Rulebook called Senior Managers Regime – Transitionals
pre-commencement controlled function		(as at any time before the commencement date) an <i>FCA controlled function</i> or a <i>PRA controlled function</i> in force at that time
SMF manager		has the meaning in the new <i>Glossary</i>
statement of responsibilities		has the meaning in the new <i>Glossary</i>
<i>SUP</i> 10C (and any reference to a particular provision of <i>SUP</i> 10C)		chapter 10C of <i>SUP</i> as inserted by the <i>FCA</i> 's Individual Accountability Instrument 2015
Transitionals and Grandfathering Order		the Financial Services (Banking Reform) Act 2013 (Transitional and Savings Provisions) Order 2015 (SI 2015/492)
Note: A reference in column 2 to the meaning in the new <i>Glossary</i> is to the meaning in the <i>Glossary</i> as inserted by the <i>FCA</i> 's Individual Accountability Instrument 2015.		

6.11.1 D Form K: Grandfathering notification



BANK OF ENGLAND
PRUDENTIAL REGULATION
AUTHORITY



Application number
(for FCA/PRA use only)

Grandfathering Notification Form (Form K)

FCA Handbook Reference: SUP TP6 Annex 1.

PRA Rulebook Reference: Senior Managers Regime – Transitional Provisions

Date: 13 July 2015

Name of *firm*

Firm Reference Number (FRN)

Financial Conduct Authority
25 The North Colonnade
Canary Wharf
London E14 5HS
United Kingdom
Telephone +44 (0) 300 500 0597
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
Email PRA-ApprovedPersons@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

Contact Details**Section 1**

Contact for this notification

Title	
First Name	
Surname	
Job Title	
Business address	
Post code	
Phone number (including STD code)	
Email address	
Mobile No	
Fax No.	

Grandfathering Notification **Section 2**

2.01 Provide details of each approved person who will perform a senior management function following the commencement date in accordance with the HM Treasury Financial Services (Banking Reform) Act 2013 (Transitional and Savings Provisions) Order, section SUP TP 6 of the FCA Handbook, and the Senior Managers Regime- Transitional Provisions Part of the PRA Rulebook, and provide details of which senior management functions are to be carried out by each such approved person. **If this is an update to a previous grandfathering notification please complete section 3.**

IRN	Name of individual
Controlled Function	Proposed Senior Management Function(s)

IRN	Name of individual
Controlled Function	Proposed Senior Management Function(s)

IRN	Name of individual
Controlled Function	Proposed Senior Management Function(s)

2.02 If you have submitted any applications for approval of individuals to perform one or more significant influence functions that are currently subject to determination by the FCA and/or PRA, and any of these individuals will perform a senior management function following commencement date in accordance with the HM Treasury Financial Services (Banking Reform) Act 2013 (Transitional and Savings Provisions) Order, section SUP TP 6 of the FCA Handbook, and the Senior Managers Regime – Transitional Provisions Part of the PRA Rulebook, provide details below of which senior management functions are to be carried out by each such approved person.

IRN [or application ref]	Name of individual
Controlled Function applied for	Proposed Senior Management Function(s)

IRN [or application ref]	Name of individual
Controlled Function applied for	Proposed Senior Management Function(s)

IRN [or application ref]	Name of individual
Controlled Function applied for	Proposed Senior Management Function(s)

2.03 If there are one or more individuals currently approved to perform significant influence function CF2 who will remain at the firm in the capacity of a non-executive director following commencement date, and such individuals are not listed above in section 2.01, please list them below.

IRN	Name of individual

2.04 If you have submitted any applications for approval of individuals to significant influence function CF2 under the approved persons regime that are currently subject to determination by the FCA and/or PRA, who will remain at the firm in the capacity of a non-executive director following commencement date, and such individuals are not listed above in section 2.02, please list them below.

IRN	Name of individual

Update Notification **Section 3**

3.00 If you need to update or correct a previous grandfathering notification, please provide details of these amendments below.

IRN	Name of individual
Controlled Function	Proposed Senior Management Function(s)
Details of change and reasons for such change.	

IRN	Name of individual
Controlled Function	Proposed Senior Management Function(s)
Details of change and reasons for such change.	

Statements of Responsibilities and Management Responsibilities Map Section 4

4.00 Please attach a Statement of Responsibilities for each individual identified in this form as being grandfathered to perform one or more senior management functions.
Please also attach the Firm's Management Responsibilities Map

4.01 How many additional sheets are being submitted?

Declarations and signatures

Section 5

Declaration

In this declaration, the *firm* making the notification in relation to each individual is referred to as the “**applicant**”. The applicant must ensure that it has the authority of each individual in relation to whom it is making a notification for grandfathering to a *senior management function* to cause the information contained in this Form relating to such individual to be submitted, and that it has made each such individual aware of his/her prospective regulatory responsibilities as set out in the *FCA’s Code of Conduct (COCON)* and/or the *PRA Conduct Rules* (as applicable).

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).

The applicant 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.

For the purpose of complying with the Data Protection Act 1998, the personal data 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.

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 person signing on behalf of the applicant confirms that:

- he or she has read this declaration in full;
- he or she has confirmed that the information supplied is accurate and complete to the best of his/her knowledge, and that each Statement of Responsibility submitted with this form accurately reflects the aspects of the affairs of the applicant which it is intended that the relevant individual will be responsible for managing in performing his/her proposed senior management functions.

Name of the *applicant*

Name of *person* signing on behalf of the *applicant*

Position

Signature

Date



BANK OF ENGLAND
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AUTHORITY



Statement of responsibilities to be included with Form K

Application number or IRN
(for FCA/PRA use only)

Senior Management Regime: Statement of Responsibilities at grandfathering

This form applies to UK relevant authorised persons. It does not apply to incoming EEA relevant authorised persons, third country relevant authorised persons, or appointed representatives of any relevant authorised person.

A statement provided under the Financial Services (Banking Reform) Act 2013 (Transitional and Savings Provisions) Order.

This form **must** be submitted as an attachment to a Form K grandfathering notification form.

FCA Handbook Reference: *SUP TP6*

PRA Rulebook Reference: Senior Managers Regime - Transitional Provisions

Date 13 July 2015

Name of *individual*[†]
(to be completed by *firm*)

Name of *firm*[†]
(as entered in 2.01)

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>

Prudential Regulation Authority
20 Moorgate
London
EC2R 6DA
United Kingdom
Telephone +44 (0) 203 461 7000
Email PRA-ApprovedPersons@bankofengland.co.uk
Website www.bankofengland.co.uk/PRA

[†] 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

Application to perform controlled functions under the approved persons regime
Version June 2015

Personal identifications details **Section 1**

1.01	Individual Reference Number (IRN) †	
1.02	Title (e.g. Mr, Mrs, Ms, etc) †	
1.03	Surname†	
1.04	ALL forenames†	
1.05	Date of birth†	
1.06	National Insurance number†	

Firm identification details **Section 2**

2.01	Name of <i>firm</i>	
2.02	<i>Firm</i> Reference Number (FRN)	
2.03 a	Who should the <i>FCA/PRA</i> contact at the <i>firm</i> in relation to this <i>statement of responsibilities</i> ?	
b	Position	
c	Telephone	
d	Fax	
e	E-mail	



I have supplied further information related to this page in Section 4 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
 Application to perform controlled functions under the approved persons regime
 Version June 2015

Senior Management Functions

Section 3

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*.

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 descriptions of each responsibility which avoid unnecessary detail. Firms have the opportunity to provide details of each responsibility allocated to an individual using the free text boxes in this form, however, the *PRA* and *FCA* would not usually expect the description of each responsibility to exceed 300 words.

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 management function on behalf of more than one firm within a group, one *statement of responsibilities* is required for each firm. Any supplementary information may be provided in section 4 (or if submitting electronically, in a **single** attachment). A statement of responsibilities must not cross refer to other documents, attachments or links.

(SUP10C.11)

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 prescribed 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, and management functions 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 Management 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*, i.e. since the granting of the application, there has been a significant change in the aspects of the firm's affairs which the individual is responsible for managing in performing the function (for example, a change in allocation of responsibilities within the firm, or the senior manager is applying for a new or additional senior management 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.

SMF	Description	Tick SMF applied for or held	Effective Date
SMF1	Chief Executive function		
SMF2	Chief Finance function		

SMF	Description	Tick SMF applied for or held	Effective Date
SMF3	Executive Director		
SMF4	Chief Risk function		
SMF5	Head of Internal Audit		
SMF6	Head of Key Business Area		
SMF7	Group Entity Senior Manager		
SMF8	Credit Union SMF (small Credit Unions only)		
SMF9	Chairman		
SMF10	Chair of the Risk Committee		
SMF11	Chair of the Audit Committee		
SMF12	Chair of the Remuneration Committee		
SMF13	Chair of the Nominations Committee		
SMF14	Senior Independent Director		
SMF16	Compliance Oversight		
SMF17	Money Laundering Reporting		
SMF18	Other Overall Responsibility function		

This *statement of responsibilities* is considered to automatically include the existing legal and regulatory obligations where they exist for these roles and functions. 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 Prescribed Responsibilities

This section deals with those responsibilities to be allocated to one or more senior managers. 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 SUP 10C.11/PRA: Allocation of Responsibilities)

3.2.1 Please indicate below which of the responsibilities listed are/will be allocated to this individual, if any.

Note: the form includes references to provisions in the FCA Handbook which are also set out in the PRA Rulebook, sometimes in slightly different wording. Where this is the case, the underlying provisions should be interpreted as equivalent in substance unless indicated otherwise. Any differences are purely presentational.

If the individual has not been allocated a prescribed responsibility, please go to section 3.3.

Ref	Prescribed Responsibility (Applicable to all firms)	Does this prescribed responsibility apply?	Is this prescribed responsibility shared?
a	Responsibility for the <i>firm's</i> performance of its obligations under the senior management regime	Yes / No	Yes / No
b	Responsibility for the firm's performance of its obligations under the employee certification regime	Yes / No	Yes / No
c	Responsibility for compliance with the requirements of the regulatory system about the management responsibilities map	Yes / No	Yes / No
d	Overall responsibility for the firm's policies and procedures for countering the risk that the firm might be used to further financial crime	Yes / No	Yes / No
e	Responsibility for the allocation of all prescribed responsibilities	Yes / No	Yes / No

Ref	Prescribed Responsibility (Applicable to all firms except small firms)	Does this prescribed responsibility apply?	Is this prescribed responsibility shared?
f	Responsibility for: (a) leading the development of; and (b) monitoring the effective implementation of; policies and procedures for the induction, training and professional development of all members of the <i>firm's governing body</i> .	Yes / No	Yes / No
g	Responsibility for monitoring the effective implementation of policies and procedures for the induction, training and professional development of all persons performing <i>designated senior management functions</i> on behalf of the <i>firm</i> other than members of the <i>governing body</i> .	Yes / No	Yes / No
h	Responsibility for overseeing the adoption of the <i>firm's</i> culture in the day-to-day management of the <i>firm</i> .	Yes / No	Yes / No
i	Responsibility for leading the development of the firm's culture by the governing body as a whole.	Yes / No	Yes / No

Ref	Prescribed Responsibility (Applicable to all firms except small firms)	Does this prescribed responsibility apply?	Is this prescribed responsibility shared?
j	Responsibility for: (a) safeguarding the independence of; and (b) oversight of the performance of: the internal audit function in accordance with SYSC 6.2 (Internal Audit)	Yes / No	Yes / No
k	Responsibility for: (a) safeguarding the independence of; and (b) oversight of the performance of; the compliance function in accordance with SYSC 6.1(Compliance)	Yes / No	Yes / No
l	Responsibility for: (a) safeguarding the independence of; and (b) oversight of the performance of; the risk function in accordance with SYSC 7.1.21R and SYSC7.1.22R (Risk control)	Yes / No	Yes / No
m	Responsibility for overseeing the development of, and implementation of the firm's remuneration policies and practices in accordance with SYSC 19D (Remuneration Code)	Yes / No	Yes / No
n	Responsibility for the independence, autonomy and effectiveness of the firm's policies and procedures on whistleblowing, including the procedures for protection of staff who raise concerns from detrimental treatment	Yes / No	Yes / No
o	Management of the allocation and maintenance of capital, funding and liquidity	Yes / No	Yes / No
p	The firm's treasury management functions	Yes / No	Yes / No
q	The production and integrity of the firm's financial information and its regulatory reporting in respect of its regulated activities	Yes / No	Yes / No
r	The firm's recovery plan and resolution pack and overseeing the internal processes regarding their governance	Yes / No	Yes / No
s	Responsibility for managing the firm's internal stress-tests and ensuring the accuracy and timeliness of information provided to the PRA and other regulatory bodies for the purposes of stress-testing;	Yes / No	Yes / No

Ref	Prescribed Responsibility (Applicable to all firms except small firms)	Does this prescribed responsibility apply?	Is this prescribed responsibility shared?
t	Responsibility for the development and maintenance of the firm's business model by the governing body;	Yes / No	Yes / No
u	Responsibility for the firm's performance of its obligations under <i>Fitness and Propriety</i> (in the PRA Rulebook) in respect of its notified non-executive directors	Yes / No	Yes / No

Ref	Prescribed Responsibility (Applicable to specific types of firm)	Does this prescribed responsibility apply?	Is this prescribed responsibility shared?
v	If the firm carries out proprietary trading, responsibility for the firm's proprietary trading activities;	Yes / No	Yes / No
w	If the firm does not have an individual performing the Chief Risk function, overseeing and demonstrating that the risk management policies and procedures which the firm has adopted in accordance with SYSC 7.1.2 R to SYSC 7.1.5 R satisfy the requirements of those rules and are consistently effective in accordance with SYSC 4.1.1R.	Yes / No	Yes / No
x	If the firm outsources its internal audit function taking reasonable steps to ensure that every person involved in the performance of the service 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	Yes / No	Yes / No
y	If the firm is a ring-fenced body, responsibility for ensuring that those aspects of the firm's affairs for which a person is responsible for managing are in compliance with the ring-fencing requirements.	Yes / No	Yes / No
z	Overall responsibility for the firm's compliance with CASS	Yes / No	Yes / No

Ref	Prescribed Responsibility (Applicable to small firms only ²)	Does this prescribed responsibility apply?	Is this prescribed responsibility shared?
aa	Responsibility for implementing and management of the firm's risk management policies and procedures	Yes / No	Yes / No
bb	Responsibility for managing the systems and controls of the firm	Yes / No	Yes / No
cc	Responsibility for managing the firm's financial resources.	Yes / No	Yes / No
dd	Responsibility for ensuring the governing body is informed of its legal and regulatory obligations	Yes / No	Yes / No

² Small firms are firms with gross total assets of £250 million or less (determined on the basis of the annual average amount calculated across a rolling period of 5 years (calculated by reference to the firm's annual accounting date)).

3.2.2 If necessary, please provide additional information about each prescribed responsibility, including:

- A breakdown of the different components and tasks which the responsibility encompasses; and
- If applicable, details of any sharing arrangements including, if known, the name(s), IRN(s) and/or job title(s) of the individual(s) you are sharing this prescribed responsibility with. The responsibility should be recorded in the same way in the statements of responsibilities for each individual.

Additional information must be relevant, succinct and not dilute or undermine the prescribed responsibility.

Ref	Prescribed Responsibility	Further Relevant Details



I have supplied further information related to this page in Section 4

YES

NO

3.3 Overall Responsibility

This section deals with having overall responsibility for any of the business areas, activities, or management functions of the firm.

By overall responsibility we mean the ultimate responsibility (under the governing body) for managing or supervising that function, and primary and direct responsibility for briefing and reporting to the governing body about that function and putting matters for decision about that function to the governing body of the firm.

(SYSC 4.7)

- 3.3.1 If the individual has overall responsibility for any or part of the business areas, activities, or management functions of a firm, please provide details of each 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 of any sharing arrangements including, if known, the name(s), IRN(s) and/or job title(s) of the individual(s) you are sharing this responsibility with. The responsibility should be recorded in the same way in the statements of responsibilities for each individual.
- If the individual does not have overall responsibility for a business area, activity or management function of the firm, please go to section 3.4

A *firm* may wish to refer to SYSC 4 Annex 1G (replicated in Annex A of this form) to help it make sure it has not failed to allocate overall responsibility for a particular activity of the firm. Please note that the *FCA* does not require firms to organise themselves by the functions in SYSC 4 Annex 1G, and that the Annex is not comprehensive. It is important that a firm does not fail to allocate overall responsibility for business areas, activities and management functions, in line with SYSC 4.7.8R.

Please provide a title for this overall responsibility	Please provide further details of this overall responsibility.	Is this overall responsibility shared? If 'Yes' please provide ,the name(s), IRN(s) and/or job title(s) of the individual(s) you are sharing this responsibility with (where known)
		Yes / No



I have supplied further information related to this page in Section 4

YES

NO

3.4 Other Responsibilities

3.4.1 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. For example, responsibilities outside the normal course of business such as those linked to high profile projects or initiatives.

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 of any sharing arrangements including, if known, the name(s), IRN(s) and/or job title(s) of the individual(s) you are sharing this responsibility with. The responsibility should be recorded in the same way in the statements of responsibilities for each individual.

Please provide a title for this other responsibility	Please provide further details of this other responsibility	Is this other responsibility shared? If 'Yes' please provide ,the name(s), IRN(s) and/or job title(s) of the individual(s) you are sharing this responsibility with (where known)
		Yes / No



I have supplied further information related to this page in Section 4

YES

NO

Supplementary Information**Section 4**

4.1 Is there any other information the *individual* or the *firm* considers to be relevant?

YES NO

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.

Question	Information

4.2 How many additional sheets are being submitted?

ANNEX A

SYSC 4 The main business activities and functions of a relevant authorised person
Annex 1G

Business areas and management functions	Explanation
(1) Payment services	This means: (1) <i>payment services</i> ; (2) issuing and administering other means of payment (for example, cheques and bankers' drafts); (3) issuing <i>electronic money</i> ; and (4) current accounts.
(2) Settlement	This means clearing and settlement of any transactions described in rows (3) and (6) to (9) of this annex in relation to the assets covered by (9). It also includes clearing and settlement of any transactions described in row (10).
(3) Investment management	This has the same meaning as <i>managing investments</i> with the following adjustments: (a) it covers all types of assets; and (b) the exclusions in the <i>Regulated Activities Order</i> do not apply. It also covers fund management.
(4) Financial or investment advice	This includes <i>advising on investments</i> .
(5) Mortgage advice	This has the same meaning as <i>advising on regulated mortgage contracts</i> but is expanded to cover land anywhere in the world and to cover security of any kind over land.
(6) Corporate investments	This means acquiring, holding, managing and disposing a <i>firm's</i> investments made for its own account.
(7) Wholesale sales	This means the <i>selling of any investment to a person other than a retail customer</i> . It does not include the activities in (1).
(8) Retail sales	This means the <i>selling of any investment to a retail customer</i> . It includes savings accounts. It does not include the activities in (1).
(9) Trading for clients	This means <i>dealing in investments as agent and execution of orders on behalf of clients</i> but the list of products includes money market instruments and foreign exchange.
(10) Market making	This has the same meaning as it does in <i>MIFID</i> (see the definition of market maker in article 4.1(8)).
(11) <i>Investment research</i>	
(12) Origination/syndication and underwriting	Origination and syndication include: (1) entering into or acquiring (directly or indirectly) any commitment or <i>investment</i> with a view to transferring some or all of it to others, or with a view to others investing in the same transaction; (2) sub-participation; and (3) any transaction described in the <i>Glossary</i>

Business areas and management functions	Explanation
	<p>definition of <i>originator</i>. Underwriting includes underwriting that is not on a firm commitment basis. A commitment or <i>investment</i> includes an economic interest in some or all of it. This activity also includes the provision of services relating to such transactions.</p>
(13) Retail lending decisions	<p>Deciding whether, and on what terms, to lend to <i>retail customers</i>. Lending includes granting credit, leasing and hire (including finance leasing).</p>
(14) Wholesale lending decisions	<p>Deciding whether, and on what terms, to lend to <i>persons</i> who are not <i>retail customers</i>. Lending includes granting credit, leasing and hire (including finance leasing).</p>
(15) Design and manufacturing of products intended for wholesale customers	<p>Wholesale customers mean <i>persons</i> who are not <i>retail customers</i></p>
(16) Design and manufacture of products intended for <i>retail customers</i>	
(17) Production and distribution of marketing materials and communications	<p>This includes <i>financial promotions</i></p>
(18) Customer service	<p>This means dealing with <i>clients</i> after the point of sale, including queries and fulfilment of <i>client</i> requests</p>
(19) Customer complaints handling	<p>This includes the <i>firm's</i> compliance with <i>DISP</i>. It also includes: (1) any similar procedures relating to activities that do not come under the jurisdiction of the <i>Financial Ombudsman Service</i>; (2) activities that take place outside the <i>UK</i>; and (3) activities that are not subject to any ombudsman service.</p>
(20) Collection and recovering amounts owed to a <i>firm</i> by its customers Dealing with customers in arrears	<p>"Customer" means any <i>person</i> falling into any of the definitions of <i>client</i> in the <i>Glossary</i> so far as they apply to the <i>FCA's Handbook</i>. The definition is extended to cover all services provided by the <i>firm</i> and not just those that are provided in the course of carrying on a <i>regulated activity</i> or an <i>ancillary service</i>.</p>
(21) Middle office	<p>This means risk management and controls in relation to, and accounting for, transactions in <i>securities</i> or <i>derivatives</i></p>
(22) The <i>firm's</i> information technology	
(23) Business continuity planning	<p>This means the functions described in SYSC 4.1.6R and SYSC 4.1.7R</p>
(24) Human resources	<p>This includes recruitment, training and competence and performance monitoring</p>
(25) Incentive schemes for the <i>firm's</i> staff	<p>This is not limited to schemes based on sales.</p>
(26) <i>Providing information in relation to a specified benchmark</i>	
(27) <i>Administering a specified</i>	

Business areas and management functions	Explanation
<i>benchmark</i>	
Note (1): The purpose of this annex is explained in SYSC 4.5 (Management responsibilities maps for relevant authorised persons) and SYSC 4.7.37G.	
<p>Note (2): A <i>firm</i> does not have to use the split of activities in this annex for the purposes in Note (1). If a <i>firm</i> does decide to use it, it may adapt it to suit its management arrangements better.</p> <p>For example, a <i>firm</i> may find the split of activities into <i>retail</i> and wholesale activities unsuitable. If so, the <i>firm</i> might:</p> <ul style="list-style-type: none"> (a) treat <i>retail</i> and wholesale activities together; or (b) use its own definition of retail and wholesale activities. 	

Declarations and signatures

Declaration of candidate/ approved person

The candidate/approved person confirms that this Statement of Responsibilities accurately reflects the aspects of the affairs of the firm which it is intended that the candidate/ approved person will be responsible for managing. The candidate/ approved person confirms that they have accepted all the responsibilities set out in this Statement of Responsibilities.

This is given as at the commencement date or, for candidates, the date of approval if later.

Name of candidate/approved person

Signature³

Date⁴

³ The above question(s) appears on a paper form submission only. That question does not appear on an electronic form submission.

⁴ 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

Application to perform controlled functions under the approved persons regime

Version June 2015

Part 2: Comes into force on 7 March 2016

The forms in the following annexes are deleted and are replaced with the text shown on the following pages. The deleted text is not shown and the new text is not shown underlined.

...

10A Form B: Notice to withdraw an application to perform controlled functions
Annex (including senior management functions)
5R



BANK OF ENGLAND
PRUDENTIAL REGULATION
AUTHORITY



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 the FCA and PRA website at <http://fshandbook.info/FS/html/FCA/SUP/10A/Annex5>

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 B

Notice to withdraw an application to perform controlled functions (including senior management functions)

This form is also to be used for notice to withdraw an application to vary a conditional approval

FCA Handbook Reference: SUP 10A Annex 5R

PRA Rulebook Reference: Senior Managers Regime - Applications and Notifications/Notifications
7 March 2016

Name of *candidate/approved person*
(as applicable)
(to be completed by applicant)

Name of *firm*
(as entered in 2.01)

Financial Conduct Authority
25 The North Colonnade
Canary Wharf
London E14 5HS
United Kingdom
Telephone +44 (0) 300 500 0597
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
Email PRA-ApprovedPersons@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

Personal Identification Details**Section 1**

1.01 *Candidate/Approved Person* Individual Reference Number (IRN)

1.02 Title
(e.g. Mr, Mrs, Ms, etc)

1.03 Surname

1.04 ALL forenames

1.05 Date of birth

1.06 National Insurance number

1.07 *Candidate's* private address



I have supplied further information related to this page in Section 4

YES

NO

Firm Identification Details **Section 2**

2.01 Name of *firm*

2.02 *Firm* Reference Number (FRN)

2.03 a Who should the *FCA/PRA* contact at the *firm* in relation to this notice?

b Position

c Telephone

d Fax

e E-mail

2.04 *Firms* included on application Form (including applicant *firm*)

	FRN [†]	Name of <i>firm</i> [†]	<i>Controlled function or Senior Management Function</i> [†]
a	<input style="width: 100%; height: 20px;" type="text"/>	<input style="width: 100%; height: 20px;" type="text"/>	<input style="width: 100%; height: 20px;" type="text"/>
b	<input style="width: 100%; height: 20px;" type="text"/>	<input style="width: 100%; height: 20px;" type="text"/>	<input style="width: 100%; height: 20px;" type="text"/>
c	<input style="width: 100%; height: 20px;" type="text"/>	<input style="width: 100%; height: 20px;" type="text"/>	<input style="width: 100%; height: 20px;" type="text"/>
d	<input style="width: 100%; height: 20px;" type="text"/>	<input style="width: 100%; height: 20px;" type="text"/>	<input style="width: 100%; height: 20px;" type="text"/>
e	<input style="width: 100%; height: 20px;" type="text"/>	<input style="width: 100%; height: 20px;" type="text"/>	<input style="width: 100%; height: 20px;" type="text"/>

If this is notice to withdraw an application to perform controlled functions (including senior management functions) please complete sections 3, 5, and 6.

If this is notice to withdraw an application to vary a conditional approval for the performance of a senior management function, please complete sections 4, 5 and 6

[†] The above question(s) appears on an electronic form submission and a paper form submission

Reason for Withdrawal**Section 3**

3.01 Indicate the reason for withdrawal of application to perform controlled functions including senior management functions.

- | | | |
|---------------------------|---------------------------------------|--------------------------|
| <i>a</i> | Internal movement of staff | <input type="checkbox"/> |
| <i>b</i> | Termination of employment or contract | <input type="checkbox"/> |
| <i>c</i> | Resignation | <input type="checkbox"/> |
| <i>d</i> | Redundancy | <input type="checkbox"/> |
| <i>e</i> | Withdrawal of offer of employment | <input type="checkbox"/> |
| <i>f</i> | End of contract | <input type="checkbox"/> |
| <i>g</i> | Suspension | <input type="checkbox"/> |
| <i>h</i> | Other | <input type="checkbox"/> |
| GIVE DETAILS IN SECTION 5 | | |



I have supplied further information related to this page in Section 5

YES

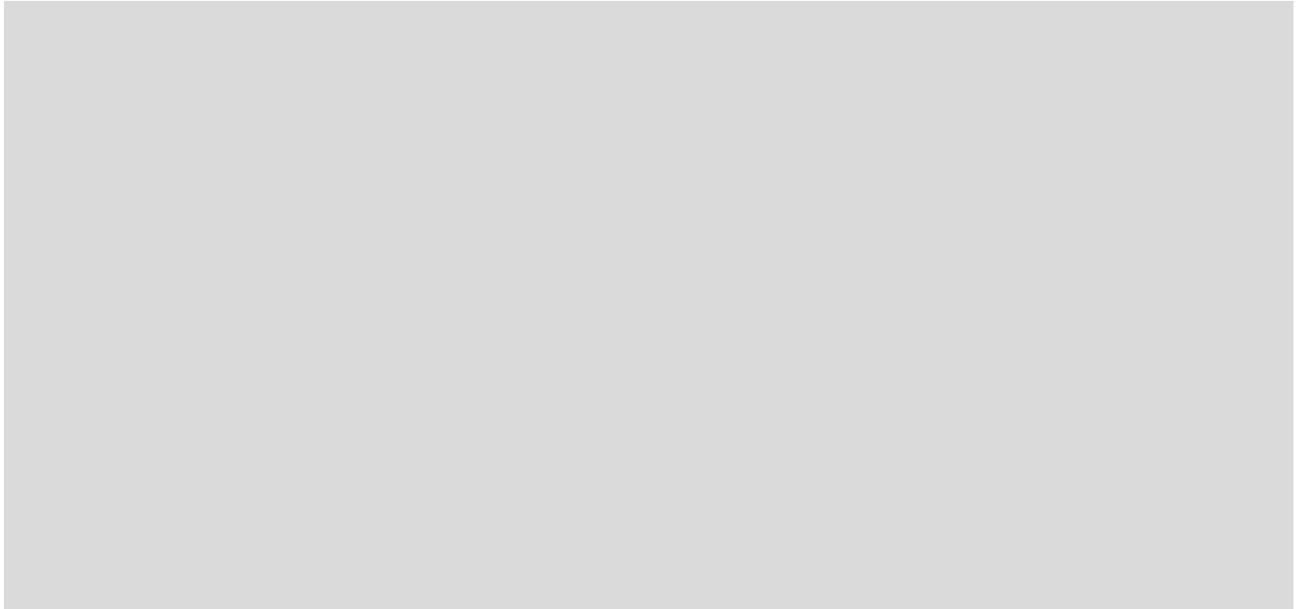
NO

Reason for Withdrawal**Section 4**

4.01

Only complete this section if this is notice to withdraw an application to vary a conditional approval for the performance of a senior management function

Indicate the reason(s) for withdrawal of an application to vary a conditional approval for the performance of a senior management function (including reference number of prior application).



I have supplied further information
related to this page in Section 5

YES NO

Supplementary Information**Section 5**

- 5.01** Include here any issues that arose in relation to this withdrawal, such as resignation or termination of contract. Indicate clearly which question supplementary information relates to.

Question	Information

- 5.02** How many additional sheets are being submitted?

Declarations

Section 6

DECLARATION OF CANDIDATE/APPROVED PERSON

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.

Data Protection

For the purposes of complying with the Data Protection Act, the personal information 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. It will not be disclosed for any other purposes without the permission of the applicant.

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.

6.01 Candidate/approved person's full name

6.02 Signature

Date / /

DECLARATION BY APPOINTED REPRESENTATIVE OR OTHER FIRM (if applicable)

We concur that the application to perform *controlled functions* (including *senior management functions*) made in respect of the above *candidate* should be withdrawn with immediate effect.

6.03 Name of appointed representative or other *firm*

6.04 Name of *person* signing on behalf of the *firm*

6.05 Job title

6.06 Signature

Date / /

DECLARATION BY 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* (*FCA*) and Applications and Notifications for *PRA* Senior Management Functions in the *PRA* Rulebook (*PRA*) 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*, 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 *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.

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.

6.07	Name of <i>firm</i>	
6.08	Name of <i>person</i> signing on behalf of the <i>firm</i>	
6.09	Job title	
6.10	Signature	
	Date	/ / background-color: #cccccc; height: 30px;">

...

10A **Form C: Notice of ceasing to perform controlled functions (including senior**
Annex **management functions)**
6R



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AUTHORITY



Application number
(for FCA/PRA use only)

The **FCA** and **PRA** have produced notes which will assist both the applicant and the approved person in answering the questions in this form. Please read these notes, which are available on the **FCA** and **PRA** website at <http://fshandbook.info/FS/html/FCA/SUP/10A/Annex6>
www.bankofengland.co.uk/PRA

Both the applicant and the approved person will be treated by the **FCA** and **PRA** as having taken these notes into consideration when completing this form.

Form C

Notice of ceasing to perform controlled functions (including senior management functions)

FCA Handbook Reference: SUP 10A Annex 6R (Notifications)

PRA Rulebook Reference: Senior Managers Regime - Applications and/or Notifications

7 March 2016

Name of approved person[†]

Name of firm[†]

Financial Conduct Authority
25 The North Colonnade
Canary Wharf
London E14 5HS
United Kingdom
Telephone +44 (0) 300 500 0597
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-ApprovedPersons@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

[†] The above question(s) appears on an electronic form submission and a paper form submission

Personal identification details Section 1

1.01	Individual Reference Number (IRN) †	
1.02	Title† (e.g. Mr, Mrs, Ms, etc)	
1.03	Surname†	
1.04	ALL forenames†	
1.05	Date of birth†	/ /
1.06	National Insurance number†	
1.07	Approved person's private address†	

Firm identification detail Section 2

2.01	Name of firm *	
2.02	Firm Reference Number (FRN) *	
2.03 a	Who should the FCA/PRA contact at the firm in relation to this notice? †	
b	Business address†	
c	Position†	
d	Telephone†	
e	Mobile†	
f	Fax†	
g	E-mail†	

† The above question(s) appears on an electronic form submission and a paper form submission

† The above question(s) appears on an electronic form submission and a paper form submission

List of controlled functions

Section 3

3.01 List all *controlled functions* (other than 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. If the person is ceasing to perform a senior management function(s), please complete section 3.02 instead.

If the reason for ceasing to perform the *controlled function* is indicated in column B, the *FCA* and/ or *PRA* should be notified in accordance with *SUP 10A.14.10R*, *SUP 10A.14.11G*, *SUP 10B.12.12.R* and *SUP 10B.12.13G* (that is, within one *business day*, by telephone, fax or email) that this Form will be submitted.

				Reason [†]	
FRN [†]	Name of firm [†]	Controlled function [†]	Effective date [†]	A	B Full explanation in section 4
a			/ /	Internal movement of staff <input type="checkbox"/> Resignation <input type="checkbox"/> Redundancy <input type="checkbox"/> Retirement <input type="checkbox"/> End of contract <input type="checkbox"/>	Dismissal/ termination of employment or contract <input type="checkbox"/> Suspension <input type="checkbox"/> Other <input type="checkbox"/> (specify in section 4)
b			/ /	Internal movement of staff <input type="checkbox"/> Resignation <input type="checkbox"/> Redundancy <input type="checkbox"/> Retirement <input type="checkbox"/> End of contract <input type="checkbox"/>	Dismissal/ termination of employment or contract <input type="checkbox"/> Suspension <input type="checkbox"/> Other <input type="checkbox"/> (specify in section 4)
c			/ /	Internal movement of staff <input type="checkbox"/> Resignation <input type="checkbox"/> Redundancy <input type="checkbox"/> Retirement <input type="checkbox"/> End of contract <input type="checkbox"/>	Dismissal/ termination of employment or contract <input type="checkbox"/> Suspension <input type="checkbox"/> Other <input type="checkbox"/> (specify in section 4)
d			/ /	Internal movement of staff <input type="checkbox"/> Resignation <input type="checkbox"/> Redundancy <input type="checkbox"/> Retirement <input type="checkbox"/> End of contract <input type="checkbox"/>	Dismissal/ termination of employment or contract <input type="checkbox"/> Suspension <input type="checkbox"/> Other <input type="checkbox"/> (specify in section 4)

[†] The above question(s) appears on an electronic form submission and a paper form submission

e			/ /	Internal move- ment of staff	<input type="checkbox"/> Resignation <input type="checkbox"/> Redundancy <input type="checkbox"/> Retirement <input type="checkbox"/> End of contract <input type="checkbox"/>	Dismissal/ termination of employment or contract <input type="checkbox"/> Suspension <input type="checkbox"/> Other <input type="checkbox"/> (specify in section 4)
---	--	--	-----	---------------------------------	--	--



I have supplied further information
related to this page in Section 4[†]

YES

NO

[†]The above question(s) appears on an electronic form submission and a paper form submission

3.02 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.

If the reason for ceasing to perform the *senior management function* is indicated in column B, the *FCA* and/ or *PRA* should be notified in accordance with *SUP 10C.14.7R*, *SUP 10C.14.8G* of the *FCA Handbook* and/or *Senior Managers Regime - Applications and Notifications of the PRA Rulebook*, as applicable (that is, within one *business day*, by telephone, fax or email) that this Form will be submitted.

				Reason [†]	
FRN [†]	Name of firm [†]	Senior Management function [†]	Effective date [†]	A	B Full explanation in section 4
a			/ /	Internal movement of staff <input type="checkbox"/> Resignation <input type="checkbox"/> Redundancy <input type="checkbox"/> Retirement <input type="checkbox"/> End of contract <input type="checkbox"/>	Dismissal/ termination of employment or contract <input type="checkbox"/> Suspension <input type="checkbox"/> Other <input type="checkbox"/> (specify in section 4)
b			/ /	Internal movement of staff <input type="checkbox"/> Resignation <input type="checkbox"/> Redundancy <input type="checkbox"/> Retirement <input type="checkbox"/> End of contract <input type="checkbox"/>	Dismissal/ termination of employment or contract <input type="checkbox"/> Suspension <input type="checkbox"/> Other <input type="checkbox"/> (specify in section 4)
c			/ /	Internal movement of staff <input type="checkbox"/> Resignation <input type="checkbox"/> Redundancy <input type="checkbox"/> Retirement <input type="checkbox"/> End of contract <input type="checkbox"/>	Dismissal/ termination of employment or contract <input type="checkbox"/> Suspension <input type="checkbox"/> Other <input type="checkbox"/> (specify in section 4)
d			/ /	Internal movement of staff <input type="checkbox"/> Resignation <input type="checkbox"/> Redundancy <input type="checkbox"/> Retirement <input type="checkbox"/> End of contract <input type="checkbox"/>	Dismissal/ termination of employment or contract <input type="checkbox"/> Suspension <input type="checkbox"/> Other <input type="checkbox"/> (specify in section 4)

[†] The above question(s) appears on an electronic form submission and a paper form submission

e				/ /	Internal move- ment of staff	<input type="checkbox"/>	Dismissal/ termination of employment or contract <input type="checkbox"/> Suspension <input type="checkbox"/> Other <input type="checkbox"/> (specify in section 4)
					Resignation	<input type="checkbox"/>	
					Redundancy	<input type="checkbox"/>	
					Retirement	<input type="checkbox"/>	
					End of contract	<input type="checkbox"/>	



I have supplied further information related to this page in Section 4[†] YES NO

3.03. For Relevant Authorised Persons, does the firm also seek to notify the *FCA* and/or *PRA* under one or more of section 63(2A) (Duty to notify regulator of grounds for withdrawal of approval), section 64B(5) (Breach of conduct rules) or section 64C (Requirement for Relevant Authorised Persons to notify regulator of disciplinary action) of the Financial Services and Markets Act 2000.

YES NO

If the firm has answered “No”, please go to section 4

If the firm has answered “Yes”, please complete the below:

3.04 If the firm is making a notification of any known or suspected breach(es) of the individual or senior manager conduct rules set out in the *FCA*'s COCON or *PRA*'s Conduct Rules , please complete the relevant boxes below.

[†]The above question(s) appears on an electronic form submission and a paper form submission

	Tick the rule(s) relevant to this notification	Tick if this is a known breach	Tick if this is a suspected breach
Individual Conduct Rules			
Rule 1: You must act with integrity.			
Rule 2: You must act with due skill, care and diligence.			
Rule 3: You must be open and cooperative with the <i>FCA</i> , the <i>PRA</i> and other regulators.			
Rule 4: You must pay due regard to the interests of <i>customers</i> and treat them fairly.			
Rule 5: You must observe proper standards of market conduct.			
Senior Manager Conduct Rules			
SC1: You must take reasonable steps to ensure that the business of the <i>firm</i> for which you are responsible is controlled effectively.			
SC2: You must take reasonable steps to ensure that the business of the <i>firm</i> for which you are responsible complies with relevant requirements and standards of the <i>regulatory system</i> .			
SC3: 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.			
SC4: You must disclose appropriately any information of which the <i>FCA</i> or <i>PRA</i> would reasonably expect notice.			

† The above question(s) appears on an electronic form submission and a paper form submission

3.05 For each breach please provide the following information. Please attach additional sheets as necessary.

Details of the known or suspected breach:

3.06 If the firm is making a notification under section 64C (Requirement for relevant authorised persons to notify regulator of disciplinary action) of the Financial Services and Markets Act 2000), please provide details below of disciplinary action taken and the reasons for this action.

3.07 If the firm is making a notification under s section 63(2A) (Duty to notify regulator of grounds for withdrawal of approval) of the Financial Services and Markets Act 2000), please provide details below.

Supplementary information **Section 4**

4.01 Is there any other information the approved person or the firm considers to be relevant to this notice?

Please provide full details[†]

4.02 Please indicate clearly which question the supplementary information relates to. [†]

Question	Information

4.03 How many additional sheets are being submitted? [†]

Supporting Documents

Indicate the required supporting documents to accompany this form[†]

Documents	Mode (by email, fax or post)

Other information (please specify)[†]

--

[†] 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*

Declaration and signature**Section 5**

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*, SMF Managers and other *approved persons* have a responsibility to disclose to the *FCA and/or PRA* matters of which it or they would reasonably expect to be notified. Failure to notify the *FCA* of such information may lead to the *FCA and/or PRA* taking disciplinary or other action against the firm and/or the individuals.

For the purposes of complying with the Data Protection Act 1998, the personal information 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 purposes without the permission of the firm.

The *firm* confirms that the information in this Form is accurate and complete to the best of its knowledge and belief. The firm will notify the *FCA/PRA*, as applicable, immediately if there is a material change to the information provided.

If the firm submits this Form on behalf of one or more other *firms*, the firm confirms that is duly authorised by such *firm(s)* to make such submission.

The *FCA and/or PRA* may seek to verify the information given in this Form. The *firm* authorises the *FCA and PRA*, as applicable, to make such enquiries and seek such further information as it thinks appropriate in the course of verifying the information given in this Form.

I confirm that a permanent copy of this application, signed by the firm, will be retained for an appropriate period, for inspection at the *FCA's* and/or *PRA's* request. Confirm that you have read and understood the declaration:

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 explanatory note relating to the Form.

Name of the *firm*

Name of *person* signing on behalf of the *firm*

Position

Signature

Date

...



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10A **Form D: Notification of changes to personal information or**
Annex **application details and conduct breaches/disciplinary action related**
7R **to conduct**

Application number
(for FCA/PRA use only)

The *FCA* and *PRA* have produced notes which will assist both the applicant and the approved person in answering the questions in this form. Please read these notes, which are available on the *FCA* and *PRA*'s website at:

<http://fshandbook.info/FS/html/FCA/SUP/10A/Annex7>
www.bankofengland.co.uk/PRA

Both the applicant and the approved person will be treated by the *FCA* and *PRA* as having taken these notes into consideration when completing this form.

**Form D Notification: Changes to personal information/
application details and conduct breaches/disciplinary
action related to conduct**

FCA Handbook Reference: SUP 10A Annex 7R

PRA Rulebook Reference: Senior Managers Regime - Applications and/or Notifications
7 March 2016

Name of individual
(to be completed by firm)

Name of *firm*
(as entered in 2.01)

25 The North Colonnade
Canary Wharf
London E14 5HS
United Kingdom
Telephone +44 (0) 300 500 0597
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

20 Moorgate
London
EC2R 6DA
United Kingdom
Telephone +44 (0) 203 461 7000
Email PRA-ApprovedPersons@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

What sections should you complete?

The question below will help you determine the sections of the form you must complete

Please select the outcome

Change in personal details

YES You must complete sections 1, 2, 6 (if applicable) & 7

Change in arrangements

YES You must complete sections 1, 2, 3, 4, 6 (if applicable) & 7

Change to Fitness and Propriety information

YES You must complete sections 1, 2, 5, 6 (if applicable) & 7

Notifications under Section 64B(5) or 64C of the Financial Services and Markets Act 2000

YES You must complete sections 1, 2, 6 & 7

Contact Details**Section 1**

Contact for this notification

1.01	Title (e.g Mr; Mrs, Ms, etc)	
1.02	First Name	
1.03	Surname	
1.04	Job Title	
1.05	Business address	
	Post code	
1.06	Phone number (including STD code)	
1.07	Email address	
1.08	Mobile No	
1.09	Fax No.	



I have supplied further information
related to this page in Section 7

YES

NO

Details to be changed**Section 2**

2.01 *Approved person* Individual Reference Number (IRN)

DETAILS TO BE CHANGED

2.02 Title
(e.g. Mr, Mrs, Ms, etc)

2.03 Surname

2.04 ALL forenames

2.05 National Insurance number

2.06 Nationality

2.07 Passport number

2.08 Job Title or Position

2.09 Effective date of change

2.10 Reason for change



I have supplied further information
related to this page in Section 7

YES

NO

Arrangements and Controlled Functions **Section 3**

Add New Arrangement

3.01 State the nature of the arrangement between the candidate and the applicant firm?

Employee	<input type="checkbox"/> Continue to Section 4
Group Employee	<input type="checkbox"/> Continue to Question 3.02
Contract for Services	<input type="checkbox"/> Continue to Section 4
Appointed Representative	<input type="checkbox"/> Continue to Question 3.04
Other Arrangement	<input type="checkbox"/> Continue to Question 3.03

3.02 Name of Group
(Once completed continue to Section 4)

3.03 Details of the Other Arrangement
(Once completed continue to Section 4)

Appointed Representatives

3.04 **Please provide details of the Appointed Representatives you would like to add and/or remove.**

If you are removing an Appointed Representative you will need to consider whether to submit a withdrawal of a CF and/or an Appropriate Representative termination.

You must use a separate sheet of paper if necessary.

If you have used separate sheets of paper, you must indicate how many here.

Appointed Representative 1

Are you adding or removing an Appointed Representative?

Add Remove

AR FRN

Firm Name

Effective date (dd/mm/yy)

Appointed Representative 2

Are you adding or removing an Appointed Representative?

Add Remove

AR FRN

Firm Name

Effective date (dd/mm/yy)

Appointed Representative 3

Are you adding or removing an Appointed Representative?

Add Remove

AR FRN

Firm Name

Effective date (dd/mm/yy)

Appointed Representative 4

Are you adding or removing an Appointed Representative?

Add Remove

AR FRN

Firm Name

Effective date (dd/mm/yy)

Firm Identification Details **Section 4**

4.01 Name of *firm*

4.02 Firm Reference Number (FRN)

4.03 Other *firms* for whom the individual performs *controlled functions* (other than senior management functions – see section 4.04)

	FRN	Name of <i>firm</i>	<i>Controlled function</i>
a			
b			
c			
d			
e			

4.04 Other *firms* for whom the individual performs *senior management functions*

	FRN	Name of <i>firm</i>	<i>Senior Management function</i>
a			
b			
c			
d			
e			



I have supplied further information related to this page in Section 7

YES

NO

Fitness and Propriety (general)**Section 5**

5.00 Do you want to notify us of a change to the approved person's fitness and propriety?

5.01 Criminal Proceedings

When answering the questions in this section *candidate* 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, *candidate* must disclose spent convictions and cautions (other than a protected conviction or caution).

If you answer Yes to any of the questions in Section 5 you will be asked for further details in Section 7.02

5.01.1a	<p>Has the <i>candidate</i> ever been convicted of any criminal offence (whether spent or not and whether or not in the <i>United Kingdom</i>):</p> <p>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</p> <p>ii. relating to <i>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</i>?</p>	<p>YES <input type="checkbox"/> NO <input type="checkbox"/></p>
b	<p>Is the <i>candidate</i>, or has the <i>candidate</i> ever been, the subject of any criminal proceedings, whether in the UK or elsewhere?</p>	<p>YES <input type="checkbox"/> NO <input type="checkbox"/></p>
c	<p>Has the <i>candidate</i> ever been given a caution in relation to any criminal offence?</p>	<p>YES <input type="checkbox"/> NO <input type="checkbox"/></p>
5.01.2	<p>Has the <i>candidate</i> 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)?</p>	<p>YES <input type="checkbox"/> NO <input type="checkbox"/></p>
5.01.3	<p>Has the <i>candidate</i> 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?</p>	<p>YES <input type="checkbox"/> NO <input type="checkbox"/></p>



I have supplied further information related to this page in Section 6 YES NO

- 5.01.4** 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.)
- | | | | | |
|--|-----|--------------------------|----|--------------------------|
| | YES | <input type="checkbox"/> | NO | <input type="checkbox"/> |
|--|-----|--------------------------|----|--------------------------|
- a** Been convicted of any criminal offence?
- | | | | | |
|--|-----|--------------------------|----|--------------------------|
| | YES | <input type="checkbox"/> | NO | <input type="checkbox"/> |
|--|-----|--------------------------|----|--------------------------|
- b** Been the subject of any criminal proceeding which has not resulted in a conviction?
- | | | | | |
|--|-----|--------------------------|----|--------------------------|
| | YES | <input type="checkbox"/> | NO | <input type="checkbox"/> |
|--|-----|--------------------------|----|--------------------------|
- c** 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?
- | | | | | |
|--|-----|--------------------------|----|--------------------------|
| | YES | <input type="checkbox"/> | NO | <input type="checkbox"/> |
|--|-----|--------------------------|----|--------------------------|



I have supplied further information related to this page in Section 6

YES NO

5.02 Civil Proceedings

5.02.1	<p>Has the <i>candidate</i>, ever been the subject of a judgement debt or award against the <i>candidate</i>?</p> <p>Please give a full explanation of the events in questions, ensuring that it adheres to the Disclosure Note at the beginning of this form.</p> <p><i>Candidate</i> should include all Count Court Judgement(s) (CCJs) made against the <i>candidate</i>, whether satisfied or not); and</p> <p>i) the sum and date of all judgements debts, awards or CCJs (whether satisfied or not); and</p> <p>ii) the total number of all judgment debts, awards or CCJs ordered.</p>	<p>YES <input type="checkbox"/> NO <input type="checkbox"/></p>
5.02.2	<p>Has the <i>candidate</i> ever been party to any civil proceedings which resulted in any order against the <i>candidate</i> (other than a judgement debt or award referred to in 5.02.1 above)? (<i>candidate</i> should include, for example, injunctions and employment tribunal proceedings.)</p>	<p>YES <input type="checkbox"/> NO <input type="checkbox"/></p>
5.02.3	<p>Is the <i>candidate</i> aware of:</p>	
a	<p>Any proceedings that have begun, or anyone's intention to begin proceedings against the <i>candidate</i>, for a CCJ or another judgement debt?</p>	<p>YES <input type="checkbox"/> NO <input type="checkbox"/></p>
b	<p>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?</p>	<p>YES <input type="checkbox"/> NO <input type="checkbox"/></p>
c	<p>Anybody's intention to claim more than £1,000 of CCJs or judgement debts in total from the <i>candidate</i>?</p>	<p>YES <input type="checkbox"/> NO <input type="checkbox"/></p>
5.02.4	<p>Does the <i>candidate</i> have any current judgment debts (including CCJs) made under a court order still outstanding, whether in full or in part?</p>	<p>YES <input type="checkbox"/> NO <input type="checkbox"/></p>
5.02.5	<p>Has the <i>candidate</i> 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?</p>	<p>YES <input type="checkbox"/> NO <input type="checkbox"/></p>

➔ I have supplied further information related to this page in Section 6 YES NO

5.02.6	Has the <i>candidate</i> ever:		
a	Filed for the <i>candidate's</i> own bankruptcy or had a bankruptcy petition served on the <i>candidate</i> ?	YES <input type="checkbox"/>	NO <input type="checkbox"/>
b	Been adjudged bankrupt?	YES <input type="checkbox"/>	NO <input type="checkbox"/>
c	Been the subject of a bankruptcy restrictions order (including an interim bankruptcy restrictions order) or offered a bankruptcy restrictions undertaking?	YES <input type="checkbox"/>	NO <input type="checkbox"/>
d	Made any arrangements with the <i>candidate's</i> creditors, for example a deed of arrangement or an individual voluntary arrangement (or in Scotland a trust deed)?	YES <input type="checkbox"/>	NO <input type="checkbox"/>
e	Had assets sequestrated?	YES <input type="checkbox"/>	NO <input type="checkbox"/>
f	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 <i>candidate</i> or result in any kind of agreement with the <i>candidate</i> ?	YES <input type="checkbox"/>	NO <input type="checkbox"/>
5.02.7	Does the <i>candidate</i> , or any undertaking under their management, have any outstanding financial obligations arising from <i>regulated activities</i> , which have been carried out in the past? (whether or not in the UK or overseas)?	YES <input type="checkbox"/>	NO <input type="checkbox"/>
5.02.8	Has the <i>candidate</i> ever been adjudged by a court or tribunal (whether criminal, civil or administrative) for any fraud, misfeasance, negligence, wrongful trading or other misconduct?	YES <input type="checkbox"/>	NO <input type="checkbox"/>
5.02.9	Is the <i>candidate</i> currently:		
a	Party to any civil proceedings? (including those covered in 5.02.7 above)	YES <input type="checkbox"/>	NO <input type="checkbox"/>
b	Aware of anybody's intention to begin civil proceedings against the <i>candidate</i> ? (<i>candidate</i> should include any ongoing disputes whether or not such dispute is likely to result in any order against the <i>candidate</i> .)	YES <input type="checkbox"/>	NO <input type="checkbox"/>
5.02.10	Has any firm at which the <i>candidate</i> 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 <input type="checkbox"/>	NO <input type="checkbox"/>
b	The subject of a judgement debt or award against the firm? (<i>candidate</i> should include all CCJs) made against the firm, whether satisfied or not.	YES <input type="checkbox"/>	NO <input type="checkbox"/>
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 <input type="checkbox"/>	NO <input type="checkbox"/>
		I have supplied further information related to this page in Section 6	YES <input type="checkbox"/> NO <input type="checkbox"/>

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?

YES NO

b aware of anyone's intention to begin civil proceedings against them?

YES NO

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?

YES NO



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 <i>candidate</i> ever been:	
a	Disqualified from acting as a director or similar position (one where the <i>candidate</i> acts in a management capacity or conducts the affairs of any company, partnership or unincorporated association)?	YES <input type="checkbox"/> NO <input type="checkbox"/>
b	The subject of any proceedings of a disciplinary nature (whether or not the proceedings resulted in any finding against the <i>candidate</i>)?	YES <input type="checkbox"/> NO <input type="checkbox"/>
c	The subject of any investigation which has led or might lead to disciplinary proceedings?	YES <input type="checkbox"/> NO <input type="checkbox"/>
d	Notified of any potential proceedings of a disciplinary nature against the <i>candidate</i> ?	YES <input type="checkbox"/> NO <input type="checkbox"/>
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 <input type="checkbox"/> NO <input type="checkbox"/>
5.03.2	Has the <i>candidate</i> 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 <input type="checkbox"/> NO <input type="checkbox"/>
5.03.3	Does the <i>candidate</i> have any material written complaints made against the <i>candidate</i> by the <i>candidate</i> 's clients or former clients in the last five years which the <i>candidate</i> has accepted, or which are awaiting determination, or have been upheld – by an ombudsman or complaints scheme?	YES <input type="checkbox"/> NO <input type="checkbox"/>



I have supplied further information related to this page in Section 6 YES NO

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 –

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 <input type="checkbox"/>	NO <input type="checkbox"/>
b	Been criticised, censured, disciplined, suspended, expelled, fined or been the subject of any other disciplinary or interventional action by any such body?	YES <input type="checkbox"/>	NO <input type="checkbox"/>
c	Received a warning (whether public or private) that such disciplinary or interventional action may be taken against the <i>candidate</i> or the firm?	YES <input type="checkbox"/>	NO <input type="checkbox"/>
d	Been the subject of an investigation by any regulatory body, whether or not such an investigation resulted in a finding against the <i>candidate</i> or the firm?	YES <input type="checkbox"/>	NO <input type="checkbox"/>
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 <input type="checkbox"/>	NO <input type="checkbox"/>
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 <input type="checkbox"/>	NO <input type="checkbox"/>
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 <input type="checkbox"/>	NO <input type="checkbox"/>
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 <input type="checkbox"/>	NO <input type="checkbox"/>
i	Been the subject of any civil action related to any regulated activity which has resulted in a finding by a court?	YES <input type="checkbox"/>	NO <input type="checkbox"/>
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 <input type="checkbox"/>	NO <input type="checkbox"/>
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 <input type="checkbox"/>	NO <input type="checkbox"/>



I have supplied further information related to this page in Section 6

YES NO

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?

YES NO
- 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*?

YES NO
- 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?

YES NO
- 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*?

YES NO
- 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?

YES NO
- 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?

YES NO



I have supplied further information related to this page in Section 6

YES NO

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

Fitness and Propriety – Notifications under Section 64B(5) or 64C of the Financial Services and Markets Act 2000 Section 6

This section should be completed by a firm that is a relevant authorised person to:

- (a) make a notification under section 64B(5) (Breach of conduct rules) of the Financial Services and Markets Act 2000 of known or suspected breach of the individual or senior manager conduct rules set out in the *FCA's COCON* or *PRA Conduct Rules*;
- (b) make a notification of disciplinary action (as defined in section 64C (Requirement for relevant authorised persons to notify regulator of disciplinary action) of the Financial Services and Markets Act 2000) due to any action, failure to act or circumstance that amounts to a breach of the individual or senior manager conduct rules set out in the *FCA's COCON* or *PRA Conduct Rules* ;
- (c) make a follow up notification to update a determination that has previously been the subject of a notification that has been made by the firm in relation to (a) or (b) (as appropriate and to the extent required by, in the case of the *FCA*, SUP15.11.8 or in the case of the *PRA*, Notifications 11.5 in the *PRA's Rulebook*)

6.01 Initial or update on previous notification

6.01.1 Is the firm updating a previous notification made under section 64B(5) or section 64C of the Financial Services and Markets Act 2000 ?

YES NO

If the firm has answered “No”, please go to section 6.02

If the firm has answered “Yes”, please complete the below:

Date of previous notification:
Please provide brief details of prior notification including reference number:
Description of the update to the previous notification (this includes updates to previous notifications made under section 64B(5) (Breach of Conduct Rules) and 64C (Requirement for relevant authorised persons to notify regulator of disciplinary action) of the Financial Services and Markets Act 2000):

6.02 Notification of breaches of the individual or senior manager conduct rules and/or disciplinary action.

6.02.1 If the firm is making a notification under section 64B(5) of the Financial Services and Markets Act 2000 of any known or suspected breach(es) of the individual or senior manager conduct rules set out in the *FCA's* CO-CON or *PRA* Conduct Rules, please complete the relevant boxes below.

	Tick the rule(s) relevant to this notification	Tick if this is a known breach	Tick if this is a suspected breach
Individual Conduct Rules			
Rule 1: You must act with integrity.			
Rule 2: You must act with due skill, care and diligence.			
Rule 3: You must be open and cooperative with the <i>FCA</i> , the <i>PRA</i> and other regulators.			
Rule 4: You must pay due regard to the interests of <i>customers</i> and treat them fairly.			
Rule 5: You must observe proper standards of market conduct.			
Senior Manager Conduct Rules			
SC1: You must take reasonable steps to ensure that the business of the <i>firm</i> for which you are responsible is controlled effectively.			
SC2: You must take reasonable steps to ensure that the business of the <i>firm</i> for which you are responsible complies with relevant requirements and standards of the <i>regulatory system</i> .			
SC3: You must take reasonable steps to ensure that any delegation of your responsibilities is to an appropriate <i>person</i> and that you oversee the discharge of the delegated responsibility effectively.			
SC4: You must disclose appropriately any information of which the <i>FCA</i> or <i>PRA</i> would reasonably expect notice.			

6.02.2 For each breach please provide the following information. Please attach additional sheets as necessary.

Relevant rule(s): Date when known or suspected breach came to the attention of the firm: Date or period of known or suspected breach
Details of the known or suspected breach:

6.02.3 If the firm is making a notification under section 64C of the Financial Services and Markets Act 2000, please provide details below of disciplinary action taken and the reasons for this action.



I have supplied further information related to this page in Section 7

YES

NO

Supporting Documents and Supplementary Information Section 7

7.01 Full details must be provided here if any questions have been answered “yes” in Section 5 (Fitness and Propriety) and if there is any other information the approved person or the firm considers to be relevant to the notification?

Please provide full details

Please indicate clearly which question the supplementary information relates to.

Question	Information

7.02 How many additional sheets are being submitted?

Supporting Documents

7.03 Indicate the required supporting documents to accompany this form.

Documents	Mode (by email, fax, post)

Declarations and signatures

Section 8

Declaration

The *firm* must ask the *approved person* to make the declaration to be given by the Individual only where the *firm* becomes aware of information that would reasonably be material to the assessment of the Individual's continuing fitness and propriety.

However, note that it may not be appropriate in the case of an *approved person* who performs a *senior management function* to ask that *approved person* to make the declaration below where the Firm becomes aware of information that would reasonably be material to the assessment of that *approved person's* continuing fitness and propriety.

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 *approved persons* have a responsibility to disclose to the *FCA and/or PRA* matters of which it or they 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 the *approved person*.

DECLARATION OF APPROVED PERSON

The *approved person* confirms that he or she is aware that, for the purposes of complying with the Data Protection Act, the personal information 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. It will not be disclosed for any other purposes without the permission of the applicant.

The *approved person* confirms that the information in this Form is accurate and complete to the best of his or her knowledge and belief and that he or she has read the notes to this Form. The *approved person* will notify the *FCA/PRA*, as applicable, immediately if there is a material change to the information provided.

The *FCA and/or PRA* may seek to verify the information given in this Form including answers pertaining to fitness and propriety and make such enquiries and seek further information as it or they consider appropriate. The *approved person* authorises the *FCA and PRA*, as applicable, to make such enquiries and seek such further information as it thinks appropriate in the course of verifying the information given in this Form. The *approved person* also understands that the results of these enquiries may be disclosed to the *Firm* / his or her employer.

8.01 Full name of *approved person*
i.e. Title, forenames, SURNAME

8.02 Signature

Date

DECLARATION OF FIRM

The *firm* confirms that the information in this Form is accurate and complete to the best of its knowledge and belief. The Firm will notify the FCA/PRA, as applicable, immediately if there is a material change to the information provided.

If the *firm* submits this Form on behalf of one or more other *firms*, the *firm* confirms that is duly authorised by such *firm(s)* to make such submission.

The FCA and/or PRA may seek to verify the information given in this Form including answers pertaining to fitness and propriety and make such enquiries and seek further information as it or they consider appropriate. The *firm* authorises the FCA and PRA, as applicable, to make such enquiries and seek such further information as it thinks appropriate in the course of verifying the information given in this Form.

By signing below, the person submitting this Form on behalf of the *firm* confirms that this Form is accurate and complete to the best of his or her knowledge and he or she has read and understood the notes to this Form and the declaration given by the Firm.

8.03 Name of the *firm*

8.04 Name of *person* signing on behalf of the *firm*

8.05 Position

8.06 Signature

Date

After SUP 10B insert the following new section. The text is not underlined.

10C FCA senior management regime for approved persons in relevant authorised persons

10C.1 Application

General

10C.1.1 R This chapter applies to every *relevant authorised person*.

10C.1.2 G This chapter is also relevant to *FCA-approved SMF managers* of a *relevant authorised person*.

[Overseas firms]

10C.1.3 [not used]

10C.1.4 [not used]

10C.1.5 [not used]

UK firm with overseas branches or providing services on a cross-border basis

10C.1.6 G There are no territorial limitations to *SUP 10C* for:

- (1) overseas branches of *UK firms*; or
- (2) *UK firms* providing services into or out of the *United Kingdom* on a cross-border basis.

Appointed representatives

10C.1.7 R This chapter does not deal with an *approved person* who is approved under *SUP 10A.1.16BR* (Appointed representatives).

10C.1.8 G (1) *SUP 10A.1.15R* to *SUP 10A.1.16DG* (Appointed representatives) deal with the *approved persons* regime for *appointed representatives* of *relevant authorised persons*.

(2) In general this chapter does not apply to *appointed representatives* of *relevant authorised persons*. *SUP 10A* applies instead.

(3) In theory, a *person* employed by an *appointed representative* of a *relevant authorised person* could come within one of the *controlled functions* in this chapter. If so, that *person* will be performing a *senior management function* and this chapter would apply. However, the *FCA* thinks that such a situation should rarely, if ever, arise.

(4) If a *person* is an *approved person* under this chapter and under *SUP 10A* for the same *firm*, this chapter applies to *FCA-designated senior management functions* under this chapter and *SUP 10A* applies to

controlled functions under SUP 10A. It is unlikely that such a scenario would ever arise in practice.

Insolvency practitioners

- 10C.1.9 R This chapter does not apply to a function performed by a *person* acting as:
- (1) an insolvency practitioner within the meaning of section 388 of the Insolvency Act 1986;
 - (2) a nominee in relation to a voluntary arrangement under Parts I (Company Voluntary Arrangements) and VIII (Individual Voluntary Arrangements) of the Insolvency Act 1986;
 - (3) an insolvency practitioner within the meaning of article 3 of the Insolvency (Northern Ireland) Order 1989; or
 - (4) a nominee in relation to a voluntary arrangement under Parts II (Company Voluntary Arrangements) and VIII (Individual Voluntary Arrangements) of the Insolvency (Northern Ireland) Order 1989.

10C.2 Purpose

- 10C.2.1 G The purpose of SUP 10C is:
- (1) to specify, under section 59 of the *Act*, descriptions of the *FCA-designated senior management functions* for *relevant authorised persons*, which are listed in SUP 10C.4.3R;
 - (2) to specify the manner in which a *firm* must apply for the *FCA's* approval under section 59 of the *Act* and other procedures for *FCA-approved SMF managers*; and
 - (3) describe the *FCA's* senior management regime for *SMF managers* in *relevant authorised persons*.
- 10C.2.2 G SUP 10C does not deal with the *PRA's* senior management regime for *relevant authorised persons*. The key parts of its regime can be found in the parts of the *PRA's* rulebook called 'Senior Management Functions' and 'Allocation of Responsibilities'.
- 10C.2.3 G (1) The *FCA* has certain powers in relation to *PRA-approved persons*, such as the requirement for *FCA* consent to the *PRA* granting approval for the performance of a *PRA controlled function*. SUP 10C does not deal with these.
- (2) However, SUP 10C.12.1G has material about the *FCA's* policy on giving its consent to applications made to the *PRA* about conditional and time-limited approvals.

- 10C.2.4 G *SUP* 10C.14 (Changes to an approved person's details) applies, in certain cases, to *PRA-approved persons*. Where this is the case, it says so.

10C.3 General material about the definition of controlled functions

Purpose

- 10C.3.1 G This section has general provisions that apply to the definition of all *controlled functions*.

Types of controlled function

- 10C.3.2 G There are two types of *FCA controlled function* under the *Act*:
- (1) an *FCA-designated senior management function*; and
 - (2) an *FCA controlled function* that is not a *designated senior management function*.
- 10C.3.3 G All the *controlled functions* that the *FCA* has specified in this chapter are *designated senior management functions*. The *FCA* has not, in this chapter, used its power to specify *controlled functions* that are not *designated senior management functions*.
- 10C.3.4 G The *FCA* has (in *SUP* 10A) specified *controlled functions* for *relevant authorised persons* that are not *designated senior management functions*. (See *SUP* 10C.1.7R to *SUP* 10C.1.8G (Appointed representatives)).
- 10C.3.5 G
- (1) Except as described in *SUP* 10C.3.4G, in this chapter, *FCA controlled function* and *FCA-designated senior management function* cover the same functions.
 - (2) Therefore, a function is only covered by *SUP* 10C.4.3R (Table of *FCA controlled functions* for relevant authorised persons) if that function meets both the following sets of requirements:
 - (a) the requirements of *SUP* 10C.3.6R (Definition of *FCA controlled function*: arrangements); and
 - (b) the requirements of *SUP* 10C.3.10R (Definition of *FCA-designated senior management function*).

Definition of *FCA controlled function*: arrangements

- 10C.3.6 R In accordance with section 59 of the *Act* (Approval for particular arrangements), a function specified in this chapter is an *FCA controlled function* only to the extent that it is performed under an *arrangement* entered into by:

- (1) a *firm*; or
- (2) a contractor of the *firm*;

in relation to the carrying on by the *firm* of a *regulated activity*.

10C.3.7 G Section 59(1) and (2) of the *Act* provide that approval is necessary for an *FCA controlled function* which is performed under an *arrangement* entered into by a *firm*, or its contractor (typically an *appointed representative*), in relation to a *regulated activity*.

10C.3.8 G (1) *Arrangement* is defined in section 59(10) of the *Act* as any kind of arrangement for the performance of a function which is entered into by a *firm* or any of its contractors with another *person*.

(2) *Arrangement* includes the appointment of a *person* to an office, a *person* becoming a *partner*, or a *person's* employment (whether under a contract of service or otherwise).

(3) An *arrangement* need not be a written contract but could arise by conduct, custom and practice.

10C.3.9 G If a *firm* is a member of a group, a *person* employed elsewhere in the *group* (for example, by the *holding company*) who carries out a function in relation to the *firm* will only perform an *FCA controlled function*:

- (1) if the function is performed under an *arrangement* entered into by the *firm* (under section 59(1)); or
- (2) if:
 - (a) there is a contract (under section 59(2)) between the *firm* and the relevant *group* member permitting this; and
 - (b) the function is performed under an *arrangement* entered into by the contractor.

Definition of FCA-designated senior management function

10C.3.10 R Each *FCA-designated senior management function* is one which comes within the definition of a *senior management function*.

10C.3.11 G Section 59ZA(2) of the *Act* says that a function is a 'senior management function', in relation to the carrying on of a *regulated activity* by a *firm*, if:

- (1) the function will require the *person* performing it to be responsible for managing one or more aspects of the *firm's* affairs, so far as relating to the activity; and
- (2) those aspects involve, or might involve, a risk of serious consequences:

- (a) for the *firm*; or
- (b) for business or other interests in the *United Kingdom*.

10C.3.12 G Section 59ZA(3) of the *Act* says that ‘managing’ includes, for these purposes, taking decisions, or participating in the taking of decisions, about how one or more aspects of the *firm’s* affairs should be carried on.

The 12-week rule

10C.3.13 R If:

- (1) a *firm* appoints an individual to perform a function which, but for this *rule*, would be an *FCA-designated senior management function*;
- (2) the appointment is to provide cover for an *SMF manager* 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 the relevant *FCA-designated senior management function* does not relate to those activities of that individual.

10C.3.14 G *SUP* 10C.3.13R enables cover to be given for (as an example) holidays and emergencies and avoids the need for the precautionary approval of, for example, a deputy. However, as soon as it becomes apparent that a *person* will be performing an *FCA-designated senior management function* for more than 12 weeks, the *firm* should apply for approval.

10C.3.15 G See *SUP* 10C.12.7G to *SUP* 10C.12.14G (time-limited approvals) for procedures for temporary appointments longer than 12 weeks.

10C.4 Specification of functions

- 10C.4.1 R
- (1) Each function described in *SUP* 10C.4.3R is an *FCA controlled function*.
 - (2) In accordance with section 59(6A) of the *Act* (Approval for particular arrangements), the *FCA* designates each function in (1) as a *senior management function*.
- 10C.4.2 R
- (1) Part 1 of the table in *SUP* 10C.4.3R applies to *relevant authorised persons*.
 - (2) [to follow]

- 10C.4.3 R Table of FCA-designated senior management functions for relevant authorised persons

Part One: (FCA-designated senior management functions for relevant authorised persons)		
Type	SMF	Description of FCA controlled function
<i>FCA governing functions</i>	SMF 3	<i>Executive director function</i>
	SMF 13	<i>Chair of the nomination committee function</i>
<i>FCA required functions</i>	SMF 16	<i>Compliance oversight function</i>
	SMF 17	<i>Money laundering reporting function</i>
	SMF 18	<i>Other overall responsibility function</i>

- 10C.4.4 G As described in SUP 10C.1.7R to SUP 10C.1.8G (Appointed representatives), SUP 10A specifies certain other *controlled functions* for relevant authorised persons.

10C.5 FCA governing functions

Executive director function (SMF3)

- 10C.5.1 R The *executive director function* is the function of acting in the capacity of a *director* (other than a *non-executive director*) of a *firm*.

Chairman of the nomination committee function (SMF13)

- 10C.5.2 R If the *firm* has a nomination committee, the *chair of the nomination committee function* is the function of acting in the capacity of the chairman of that committee.

- 10C.5.3 G See SYSC 4.3A (CRR firms) for material about nomination committees.

- 10C.5.4 G Please note that the *chair of the nomination committee function* still applies if the *firm* is not a *CRR firm*.

- 10C.5.5 G In some *firms*, the chairman of the nomination committee is also the chairman of the *governing body*. As being chairman of the *governing body* is a *PRA controlled function*, the chairman may not need approval to perform the *chair of the nomination committee function* but instead just need *PRA* approval for being chairman of the *governing body*.

(See *SUP* 10C.9 (Minimising overlap with the PRA approved persons regime) for an explanation of when *PRA* approval means that *FCA* approval is not needed.)

Non-executive directors

- 10C.5.6 G (1) As explained in *SUP* 10C.7.4G, the *FCA* does not expect a *non-executive director* ever to perform the *other overall responsibility function*.
- (2) Therefore, a *non-executive director* will not need to be approved to perform any *FCA-designated senior management function* unless they perform the *chair of the nomination committee function*.

Insurance mediation

- 10C.5.7 G See *MIPRU* 2.2 for how the *FCA*'s senior management regime for *relevant authorised persons* is adjusted for a *firm* carrying on *insurance mediation activity*.

10C.6 FCA-required functions

Compliance oversight function (SMF16)

- 10C.6.1 R The *compliance oversight function* is the function of acting in the capacity of a *director* or *senior manager* who is allocated the function in *SYSC* 6.1.4R(2).

Money laundering reporting function (SMF17)

- 10C.6.2 R The *money laundering reporting function* is the function of acting in the capacity of the *money laundering reporting officer* of a *firm*.
- 10C.6.3 G A *firm*'s obligations in respect of its *money laundering reporting officer* are set out elsewhere in the *Handbook* (see *SYSC* 6.3.9R and, for their scope, see the application provisions in *SYSC* 1 Annex 1).

10C.7 Other overall responsibility function (SMF18)

Definition

- 10C.7.1 R A *person* performs the *other overall responsibility function* in relation to a *firm* if that *person*:
- (1) is performing:
- (a) a function allocated to that *person* under *SYSC* 4.7.8R (Allocation of overall responsibility for a *firm*'s activities, business areas and management functions) in relation to the

firm; or

- (b) *FCA-prescribed senior management responsibility* number (11) in the table in SYSC 4.7.7R (functions in relation to CASS) allocated to that *person* under SYSC 4.7.5R (Allocation of FCA-prescribed senior management responsibilities); and
- (2) does not have an approval to perform any other *designated senior management function* in relation to the *firm*.

Other overall responsibility function does not apply if approved for another function

10C.7.2 G The table in SUP 10C.7.3G gives examples of how SUP 10C.7.1R(2) works.

10C.7.3 G Table: Examples of how the other overall responsibility function applies

Example	Comments
(1) 'A' is appointed to perform the <i>executive director function</i> and to perform a potential <i>other overall responsibility function</i> for the same <i>firm</i> .	A only needs approval to perform the <i>executive director function</i> .
(2) 'A' is approved to perform the <i>other overall responsibility function</i> . Later, A is appointed to perform the <i>executive director function</i> for the same <i>firm</i> .	A requires approval for the <i>other overall responsibility function</i> when A is first appointed. When A is later approved to perform the <i>executive director function</i> , A stops performing the <i>other overall responsibility function</i> . The <i>firm</i> should use Form E to apply for approval for A to perform the <i>executive director function</i> .
(3) 'A' is appointed to perform the <i>PRA's Head of Key Business Area designated senior management function</i> and to perform a potential <i>other overall responsibility function</i> for the same <i>firm</i> .	A only needs approval to perform the <i>PRA's Head of Key Business Area designated senior management function</i> . It does not make any difference whether the potential <i>other overall responsibility function</i> that A performs is connected to the <i>PRA's Head of Key Business Area designated senior management function</i> .
(4) 'A' is approved to perform the <i>other overall responsibility function</i> . Later, A is appointed to perform the <i>PRA's Head of Key Business Area designated senior management function</i> for the same <i>firm</i> .	A requires approval for the <i>other overall responsibility function</i> when A is first appointed. When A is later approved to perform the <i>PRA's Head of Key Business Area designated</i>

	<i>senior management function</i> , A stops performing the <i>other overall responsibility function</i> .
(5) 'A' is appointed to perform: (a) the <i>compliance oversight function</i> for one <i>firm</i> (Firm X) in a group (which may or may not be a <i>relevant authorised person</i>); and (b) a function coming within the scope of the <i>other overall responsibility function</i> for another <i>firm</i> (which is a <i>relevant authorised person</i>) in the same group (Firm Y).	A needs approval to perform the <i>compliance oversight function</i> for Firm X and the <i>other overall responsibility function</i> for Firm Y.
(6) 'A' is appointed to be head of sales and to report directly to the <i>firm's governing body</i> about this. This function also comes within the <i>PRA's Head of Key Business Area designated senior management function</i> .	A only needs approval to perform the <i>PRA's Head of Key Business Area designated senior management function</i> .
(7) 'A' is appointed to take on some functions that come within the <i>other overall responsibility function</i> . Later, A is appointed as chief risk officer.	On A's first appointment, A will need to be approved to perform the <i>other overall responsibility function</i> . On being appointed as chief risk officer, the answer for example (4) applies because being chief risk officer is a <i>PRA- designated senior management function</i> . A will stop performing the <i>other overall responsibility function</i> .
(8) 'A' is appointed to a role that comes within the <i>other overall responsibility function</i> . Later, the <i>firm</i> reorganises and A's role comes within the <i>PRA's Head of Key Business Area designated senior management function</i> . A's role does not otherwise change.	The answer for example (7) applies.
(9) 'A' is appointed to a role that comes within the <i>PRA's Head of Key Business Area designated senior management function</i> . It is also a potential <i>other overall responsibility function</i> . Later, the <i>firm</i> reorganises—A's role stays the same but now it falls outside the <i>PRA's Head of Key Business Area designated</i>	On A's first appointment, A only needs approval to perform the <i>PRA's Head of Key Business Area designated senior management function</i> . Following the reorganisation, the <i>firm</i> has three months to get approval for A to perform the <i>other overall responsibility function</i> . This three-month period

<i>senior management function.</i>	applies because the relevant <i>PRA</i> rules keep the <i>PRA</i> 's Head of Key Business Area <i>designated senior management function</i> in place, which means that the <i>other overall responsibility function</i> does not apply during that period. The relevant <i>PRA</i> rules can be found in Chapter 2 of the part of the <i>PRA</i> rulebook titled 'Senior Management Functions'.
(10) 'A' is appointed to a role that comes within the <i>PRA</i> 's Head of Key Business Area <i>designated senior management function</i> . A also performs a potential <i>other overall responsibility function</i> . A gives up the <i>PRA</i> role but carries on with the potential <i>other overall responsibility function</i> .	The answer to example (9) applies.
(11) 'A' is appointed as an executive director. A then resigns and takes up a job with the same <i>firm</i> coming within the <i>other overall responsibility function</i> .	On A's first appointment, A will need to be approved to perform the <i>executive director function</i> . A will need to get approval to perform the <i>other overall responsibility function</i> before A gives up being a director.
Note (1): A potential <i>other overall responsibility function</i> means a function that would have come within the <i>other overall responsibility function</i> but is excluded by <i>SUP</i> 10C.7.1R(2).	
Note (2): A potential <i>other overall responsibility function</i> should be recorded in A's <i>statement of responsibilities</i> and in the <i>firm's management responsibilities map</i> .	

Non-executive directors

10C.7.4 G For the reasons described in *SYSC* 4.7.18G, the *FCA* does not expect that a *non-executive director* will ever perform the *other overall responsibility function*.

10C.8 [To follow]

10C.9 Minimising overlap with the *PRA* approved persons regime

Introduction

- 10C.9.1 G *SUP 10C.9* deals with how the *FCA*'s senior management regime for *relevant authorised persons* interacts with the *PRA*'s one.
- 10C.9.2 G Both the *FCA* and the *PRA* may specify a function as a *designated senior management function* in relation to a *PRA-authorised person*.
- 10C.9.3 G If a *person*'s job for a *firm* involves performing:
- (1) an *FCA-designated senior management function*, the *firm* should apply to the *FCA* for approval;
 - (2) a *PRA-designated senior management function*, the *firm* should apply to the *PRA* for approval;
 - (3) both an *FCA-designated senior management function* and a *PRA-designated senior management function*, the *firm* should apply to both the *FCA* and the *PRA* for approval (the purpose of *SUP 10C.9* is to cut down the need for this sort of dual approval).

FCA controlled functions absorbed into PRA controlled functions

- 10C.9.4 G The *FCA* is under a duty, under section 59A of the *Act* (Specifying functions as controlled functions: supplementary), to exercise the power to specify any *senior management function* as an *FCA controlled function* in a way that it considers will minimise the likelihood that approvals need to be given by both the *FCA* and the *PRA* for the performance by a *person* of *senior management functions* in relation to the same *PRA-authorised person*.
- 10C.9.5 G The *FCA* and *PRA* have coordinated their *approved person* regimes to reduce the amount of overlap.
- 10C.9.6 G (1) *SUP 10C.9.8R* applies when a *firm* is seeking approval from the *PRA* for a *candidate* to perform a *PRA controlled function* and the intention is that the *candidate* will also perform what would otherwise be an *FCA governing function* once the *PRA* gives its approval. *SUP 10C.9.8R* works by disapplying that *FCA governing function*.
- (2) Where (1) applies, the activities within that *FCA governing function* are included in the *PRA controlled function* for which the *person* has approval. Chapter Two of the part of the *PRA*'s rulebook titled 'Senior Management Functions' deals with this.
- 10C.9.7 G (1) *SUP 10C.9.9G* gives some examples of how *SUP 10C.9.8R* works.
- (2) The examples do not cover the *other overall responsibility function* because that function does not apply if the *person* holds any other *designated senior management function* for the same *firm*. See the table in *SUP 10C.7.3G* for examples of how this works.

The main rule

- 10C.9.8 R A person (referred to as ‘A’ in this rule) is not performing an *FCA governing function* (referred to as the ‘particular’ *FCA governing function* in this rule) in relation to a *PRA-authorized person* (referred to as ‘B’ in this rule), at a particular time, if:
- (1) A has been approved by the *PRA* to perform any *PRA-designated senior management function* in relation to B;
 - (2) throughout the whole of the period between the time of the *PRA* approval in (1) and the time in question, A has been the subject of a *current PRA approved person approval* to perform a *PRA-designated senior management function* in relation to B;
 - (3) at the time of the *PRA* approval referred to in (1), A was not subject to a *current FCA approved person approval* to perform the particular *FCA governing function* in relation to B;
 - (4) as part of the application for the *PRA* approval referred to in (1), B notified the *PRA* that A would start to perform what would otherwise have been the particular *FCA governing function* (referred to as the ‘potential’ *FCA governing function* in this rule) at or around the time of the *PRA* approval in (1); and
 - (5) A started to perform the potential *FCA governing function* at, or around the time of, the *PRA* approval in (1) and has continued to perform it up to the time in question.
- 10C.9.9 G Table: Examples of how the need for dual FCA and PRA approval in relation to PRA-authorized persons is reduced

Example	Whether FCA approval required	Whether PRA approval required	Comments
(1) A is appointed as chief risk officer and an executive director.	No. He is not treated as performing the <i>executive director function</i> .	Yes	Chief risk officer is a <i>PRA-designated senior management function</i> . A’s functions as a director will be included in the <i>PRA-designated senior management function</i> . To avoid the need for <i>FCA</i> approval, A’s appointment as director should not take effect before <i>PRA</i> approval for the chief

Example	Whether FCA approval required	Whether PRA approval required	Comments
			risk officer role.
(2) Same as example (1), except that A will take up the role as an executive director slightly later because the approval is needed from the <i>firm's</i> shareholders or <i>governing body</i> .	No	Yes	The answer for (1) applies. The arrangements in this section apply if the application to the <i>PRA</i> says that A will start to perform the potential <i>FCA governing function</i> around the time of the <i>PRA</i> approval as well as at that time.
(3) Same as example (1) but the application to the <i>PRA</i> does not mention that it is also intended that A is to be an executive director.	Yes, to perform the <i>executive director function</i> .	Yes	<i>SUP 10C.9.8R</i> does not apply if the application for <i>PRA</i> approval does not say that A will also be performing what would otherwise be an <i>FCA governing function</i> .
(4) A is to be appointed as chief executive and an executive director.	No. A is not treated as performing the <i>executive director function</i> .	Yes	Being a chief executive is a <i>PRA-designated senior management function</i> . A's functions as a director will be included in the <i>PRA controlled function</i> .
(5) A is appointed as chief risk officer. Later, A is appointed as an executive director while carrying on as chief risk officer.	Yes, when A takes up the director role. The <i>executive director function</i> applies.	Yes, when A takes up the chief risk officer role.	<i>SUP 10C.9.8R</i> does not apply because, when the <i>firm</i> applied for approval for A to perform the <i>PRA</i> chief risk officer <i>designated senior management function</i> , there was no plan for A also to perform the <i>executive director function</i> .
(6) A is appointed as an executive director. Later, A takes on the chief	Yes, when A is appointed as director. The <i>executive</i>	Yes, when A takes up the chief risk	When A is appointed as chief risk officer, A is still treated as carrying on the <i>executive director</i>

Example	Whether FCA approval required	Whether PRA approval required	Comments
risk officer function and remains as an executive director.	<i>director function</i> applies.	officer role.	<i>function</i> . A retains the status of an <i>FCA-approved person</i> .
(7) A is appointed as chief risk officer. A then stops performing that role and for a while does not perform any <i>controlled function</i> for that <i>firm</i> . Later, A is appointed as an executive director with the same <i>firm</i> .	Yes, when A is appointed as an executive director. The <i>executive director function</i> applies.	Yes, when A takes up the chief risk officer role.	<i>SUP 10C.9.8R</i> does not apply because there is no current <i>PRA</i> approval when A is being appointed as a director.
(8) A is appointed as an executive director and chief risk officer at the same time. Later, A gives up the role as chief risk officer but remains as an executive director.	No, on A's first appointment (see example (1)). But when A gives up the role as chief risk officer, <i>FCA</i> approval is needed to perform the <i>executive director function</i> . Form E should be used. The application should state that it is being made as a result of A ceasing to perform a <i>PRA-designated senior</i>	Yes, on A's first appointment.	When A stops being a chief risk officer, A stops performing a <i>PRA-designated senior management function</i> . However, being an executive director requires <i>FCA</i> approval. A does not have that approval because A did not need it when A was first appointed. The combined effect of <i>SUP 10C.9.8R</i> and the relevant <i>PRA</i> rules is that the <i>firm</i> has three months to secure approval by the <i>FCA</i> . During that interim period, A keeps the status of a <i>PRA approved person</i> performing the director element of the <i>PRA</i>

Example	Whether FCA approval required	Whether PRA approval required	Comments
	<p><i>management function.</i></p> <p>Form A should be used if there have been changes in A's fitness (<i>SUP 10C.10.9D(4)</i>)</p>		<p>chief risk <i>designated senior management function</i> - which is included in that function under relevant <i>PRA</i> rules. The relevant <i>PRA</i> rules say that, during this transitional period, A is still treated as performing the <i>PRA</i> chief risk <i>designated senior management function</i> and <i>SUP 10C.9.8R</i> says that, for as long as A is performing a <i>PRA-designated senior management function</i>, A does not perform the <i>executive director function</i>.</p>
<p>(9) A is appointed as the chief finance officer and an executive director at the same time. Later, A switches to being chief risk officer while remaining as an executive director.</p>	No	Yes	<p>The arrangements in <i>SUP 10C.9.8R</i> continue to apply, even though A switches between <i>PRA-designated senior management function</i> after the <i>PRA's</i> first approval.</p>
<p>(10) A is appointed chief risk officer and an executive director. A goes on temporary sick leave. A takes up his old job when he comes back.</p>	No, neither on A's first appointment nor when A comes back from sick leave.	Yes	<p><i>SUP 10C.9.8R</i> still applies on A's return because A does not stop performing either the <i>PRA's</i> chief risk function or what would otherwise have been the <i>executive director function</i> just because A goes on temporary sick leave.</p>
(11) A is appointed	No. A does	Yes, on first	Being chairman of the

Example	Whether FCA approval required	Whether PRA approval required	Comments
to be chairman of the <i>governing body</i> and chairman of the nomination committee at the same time.	not need approval to perform the <i>chair of the nomination committee function</i> .	appointment.	<i>governing body</i> is a <i>PRA-designated senior management function</i> . Therefore, the answer for example (1) applies.
Note: The relevant <i>PRA</i> rules can be found in Chapter 2 of the part of the <i>PRA</i> rulebook called ‘Senior Management Functions’			

- 10C.9.10 G (1) The potential *FCA governing functions* should be recorded in A’s *statement of responsibilities* and in the *firm’s management responsibilities map*.
- (2) A potential *FCA governing function* means a function that would have been an *FCA governing function* but which is not an *FCA governing function* because of *SUP 10C.9.8R*.

Further guidance on the arrangements between the FCA and PRA about approvals

- 10C.9.11 G The *PRA* cannot give its approval for the performance of a *PRA-designated senior management function* without the consent of the *FCA*. The *firm* does not need to apply to the *FCA* for that consent.
- 10C.9.12 G Under section 59B of the *Act* (Role of FCA in relation to PRA decisions), the *FCA* may arrange with the *PRA* that, in agreed cases, the *PRA* may give approval without obtaining the consent of the *FCA*. No such arrangements are currently in force.

10C.10 Application for approval and withdrawing an application for approval

Purpose

- 10C.10.1 G This section explains how a *firm* should apply for approval for a *person* to perform an *FCA-designated senior management function*.
- 10C.10.2 G Unless the context otherwise requires, in *SUP 10C.10* (Application for approval and withdrawing an application for approval) to *SUP 10C.15* (Forms and other documents and how to submit them to the FCA), where reference is made to a *firm*, this includes an applicant for *Part 4A permission* and other *persons* seeking to carry on *regulated activities* as a

relevant authorised person.

When to apply for approval

- 10C.10.3 G (1) Section 59 of the *Act* (Approval for particular arrangements) says that a *firm* must take reasonable care to ensure that no one performs an *FCA controlled function* (including an *FCA-designated senior management function*) unless that *person* is acting in accordance with an approval given by the *FCA*.
- (2) That means that where a *candidate* will be performing one or more *FCA-designated senior management functions*, a *firm* must take reasonable care to ensure that the *candidate* does not perform these functions unless they have prior approval from the *FCA*.

Failure to apply for approval

- 10C.10.4 G (1) If a *person* performs an *FCA controlled function* (including an *FCA-designated senior management function*) without approval, it is not only the *firm* that is accountable. Under section 63A of the *Act* (Power to impose penalties), if the *FCA* is satisfied that:
- (a) a *person* ('P') has at any time performed an *FCA controlled function* without approval; and
- (b) at that time P knew, or could reasonably be expected to have known, that P was performing an *FCA controlled function* without approval;
- it may impose a penalty on P of such amount as it considers appropriate.
- (2) A *person* performs a *controlled function* without approval for these purposes if that *person* is not acting in accordance with an approval given under section 59 (Approval for particular arrangements).

Who should make the application?

- 10C.10.5 G In accordance with section 60 of the *Act* (Applications for approval), applications must be submitted by, or on behalf of, the *firm* itself, not by:
- (1) the *FCA candidate*; or
- (2) (where the *FCA candidate* works for the *firm's parent undertaking* or *holding company*) by the *firm's parent undertaking* or *holding company*.
- 10C.10.6 G (1) The *firm* that is employing the *FCA candidate* to perform the *FCA-designated senior management function* will usually make the submission itself.

(*SUP* 10C.10.7G describes some common situations.)

- (2) Where a *firm* has outsourced the performance of an *FCA-designated senior management function*, the details of the outsourcing determines whom the *FCA* anticipates will submit the *FCA-approved persons* application forms.
- (3) The *firm* which is outsourcing is referred to as ‘A’ and the *person* to whom the performance of the *FCA-designated senior management function* has been outsourced, or which makes the arrangement for the *FCA-designated senior management function* to be performed, is referred to as ‘B’. In each situation, A must take reasonable care to ensure that, in accordance with section 59(2) of the Act, no *person* performs an *FCA-designated senior management function* under an arrangement entered into by its contractor in relation to the carrying on by A of a *regulated activity*, without approval from the *FCA*.

10C.10.7 G Outsourcing arrangements

Outsourcing arrangements	Explanation	Submitting form
<i>Firm A to firm B</i>	The <i>FCA</i> will consider A to have taken reasonable care if it enters into a contract with B under which B is responsible for ensuring that the relevant <i>FCA-designated senior management functions</i> are performed by <i>FCA-approved SMF managers</i> , and that it is reasonable for A to rely on this.	<i>Firm B</i> submits <i>FCA-approved persons</i> forms on behalf of <i>firm A</i> .
Outsourcing by A to B (both being a member of the same <i>United Kingdom group</i> and each having its registered office in the <i>United Kingdom</i>)	See <i>SUP</i> 10C.3.9G	Either A or B may submit <i>FCA-approved persons</i> forms on behalf of <i>firms</i> in the group (see <i>SUP</i> 15.7.8G).
(i) A to B, where B: (a) is not an <i>authorised person</i> ; and (b) is not part of the same <i>group</i> as A; or	Responsibility for (as opposed to the performance of) any activity <i>outsourced</i> to B will remain with A. See <i>SYSC</i> 8.	A ensures that an individual approved by the <i>FCA</i> or the <i>PRA</i> to perform a <i>designated senior management function</i> has

<p>(ii) A to B, where A is a <i>branch of an overseas firm in the United Kingdom</i>, and B is an <i>overseas undertaking of the same group</i>; or</p> <p>(iii) A to B, where A is a <i>UK authorised subsidiary of an overseas firm</i> and B is an <i>overseas undertaking of the same group</i>.</p>		<p>responsibility for the <i>outsourced arrangement</i> and A submits a form in relation to that individual.</p>
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How to apply for approval

- 10C.10.8 D (1) An application by a *firm* for the *FCA's* approval under section 59 of the *Act* (Approval for particular arrangements) for the performance of an *FCA-designated senior management function* must be made by completing Form A (*SUP 10C Annex 2D*), except where *SUP 10C.10.9D* requires Form E.
- (2) If a *firm* must make an application using Form A, it must use Form A (shortened form) if:
- (a) the *person* has *current approved person approval* to perform:
- (i) an *FCA controlled function* that is a *significant influence function*; or
- (ii) an *FCA-designated senior management function*; or
- (iii) a *PRA controlled function*; and
- (b) there have been no matters arising in relation to the fitness and propriety of the *person* to whom the application relates which mean that the information provided to the *FCA* or the *PRA* regarding fitness and propriety in connection with the *current approved person approval* may have changed since the application for the *current approved person approval* was made.
- 10C.10.9 D (1) A *firm* must use Form E (*SUP 10C Annex 3D*) where an *approved person* is both ceasing to perform one or more *controlled functions* and needs to be approved in relation to one or more *FCA-designated senior management function* within the same *firm* or *group*.
- (2) A *firm* must not use Form E if the *approved person* has never before been approved to perform for any *firm*:
- (a) an *FCA controlled function* that is a *significant influence function*;

- (b) an *FCA-designated senior management function*; or
 - (c) a *PRA controlled function*.
- (3) A *firm* must not use Form E if the *approved person* has not been subject to a *current approved person approval* from the *FCA* or *PRA* to perform for any *firm* for more than six months:
- (a) an *FCA controlled function* that is a *significant influence function*;
 - (b) an *FCA-designated senior management function*; or
 - (c) a *PRA controlled function*.
- (4) A *firm* must not use Form E if:
- (a) a notification has been made or should be made:
 - (i) to the *FCA* under *SUP 10C.14.18R* (Changes in fitness to be notified under Form D); or
 - (ii) to the *PRA* under any equivalent *PRA* rule;
 - (iii) to the *FCA* under *SUP 10A.14.17R* (the equivalent to (i) for *firms* that are not *relevant authorised persons*); or
 - (iv) the *PRA* requirements corresponding to (iii);
 (whichever is applicable);
 - (b) a notification has been made or should be made to the *FCA* or *PRA* under any of the following:
 - (i) section 63(2A) of the *Act* (Duty to notify regulator of grounds for withdrawal of approval);
 - (ii) section 64B(5) (Notification of non-compliance with *COCON* or equivalent *PRA rules*); or
 - (iii) section 64C of the *Act* (Requirement for relevant authorised persons to notify regulator of disciplinary action); or
 - (c) a notification has been made or should be made to the *PRA* under any provision of Chapter 11 of the part of the *PRA* rulebook titled “Notifications” (Conduct Rules: Notifications) corresponding to the requirements in (b); or
 - (d) any of the circumstances in *SUP 10C.14.7R* (Qualified Form C) apply;

in relation to any:

- (e) *controlled functions* which that *person* is ceasing to perform (as referred to in (1)); or
- (f) any *controlled function* that they are continuing to perform for that *firm* or a *firm* in the same *group*.

10C.10.10 G *SUP* 10C.15 (Forms and other documents and how to submit them to the FCA) explains how applications should be submitted.

Statements of responsibilities

10C.10.11 G An application by a *firm* for the FCA's approval under section 59 of the Act (Approval for particular arrangements) for the performance of an *FCA-designated senior management function* should be accompanied by a *statement of responsibilities*.

10C.10.12 G *SUP* 10C.11 (Statements of responsibilities) contains more material about *statements of responsibilities*, including (in particular) about a *statement of responsibilities* submitted under an application under *SUP* 10C.10.

Other material to be included in an application

10C.10.13 G A *firm* should include in an application a reasonable summary of:

- (1) any handover certificate; and
- (2) any other handover material;

referred to in SYSC 4.9 (Handover procedures and material) that relates to the responsibilities that the *candidate* is to perform.

Vetting of candidates by the firm

10C.10.14 G Under section 60A of the Act, before a *firm* makes an application for approval, it should be satisfied that the *candidate* is a fit and proper person to perform the function to which the application relates. In deciding that question, the *firm* should have particular regard to whether the *candidate*, or any *person* who may perform a function on the *candidate's* behalf:

- (1) has obtained a qualification;
- (2) has undergone, or is undergoing, training;
- (3) possesses a level of competence; or
- (4) has the personal characteristics;

required by *FCA rules* in relation to *persons* performing functions of the kind to which the application relates.

- 10C.10.15 G For *guidance* on criteria that a *firm* should use for assessing whether an *FCA candidate* is fit and proper (including the *FCA rules* referred to in *SUP* 10C.10.14G), see *FIT*.

Criminal records checks and verifying fitness and properness

- 10C.10.16 R A *firm* must (as part of its assessment of whether a *candidate* is a fit and proper person to perform an *FCA-designated senior management function* and to verify the information contained in the application to carry out the *FCA-designated senior management function*) 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.
- 10C.10.17 G
- (1) In England and Wales a *firm* should get an application form from the Disclosure and Barring Service (DBS) or an umbrella body (a registered body that gives access to DBS checks).
 - (2) The *firm* should ask the *candidate* to fill in and return the form to the *firm*. The *firm* should then send the completed application form to DBS or the *firm's* umbrella body.
 - (3) The *firm* should then ask the *candidate* to show the *firm* the certificate when the *candidate* receives it from the DBS.
 - (4) There is an equivalent procedure in Scotland (involving Disclosure Scotland) and Northern Ireland (involving AccessNI).
- 10C.10.18 G The *firm* should not send a copy of the certificate to the *FCA*.
- 10C.10.19 G If the *candidate* is employed by a contractor, the *firm* may ask the contractor to obtain the certificate.
- 10C.10.20 G A *firm* should also check the *Financial Services Register* as part of its assessment of whether a *candidate* is fit and proper and to verify the information contained in the application for approval.
- 10C.10.21 G If appropriate, a *firm* should:
- (1) carry out a criminal record check; and
 - (2) check any equivalent of the *Financial Services Register*;
- in a jurisdiction outside the *UK*. This may be appropriate if the *candidate* has spent time working or living in that jurisdiction.
- 10C.10.22 G A *firm* should consider whether it should take additional steps to verify any information contained in an application to carry out an *FCA-designated senior management function* or that it takes into account in its assessment of whether a *candidate* is a fit and proper person.

Application for approval: References

- 10C.10.23 G Please see *SYSC 5.3* (References and accurate information) about the requirement for a *firm* to ask for references from previous employers.

Processing an application

- 10C.10.24 G The *Act* sets out the time that the *FCA* has to consider an application and come to a decision.
- 10C.10.25 G In any case, where the application for approval is made by a *person* applying for a *Part 4A permission*, the *FCA* has until the end of whichever of the following periods ends last:
- (1) the period within which an application for that *permission* must be determined; and
 - (2) the period of three months from the time it receives a properly completed application.
- 10C.10.26 G In any other case, it is the period of three months from the time it receives a properly completed application.
- 10C.10.27 G The *FCA* will deal with cases more quickly than this whenever circumstances allow and will try to meet the standard response times published on the website and in its Annual Report. However, the processing time will be longer than the published standard response times if:
- (1) an application is incomplete when received; or
 - (2) the *FCA* has knowledge that, or reason to believe that, the information is incomplete.
- 10C.10.28 G Before making a decision to grant the application or give a *warning notice*, the *FCA* may ask the *firm* for more information about the *FCA candidate*. If it does this, the three-month period in which the *FCA* must determine a completed application:
- (1) will stop on the day the *FCA* requests the information; and
 - (2) will start running again on the day on which the *FCA* finally receives all the requested information.
- 10C.10.29 G If there is a delay in processing the application within the standard response time, the *FCA* will tell the *firm* making the application as soon as this becomes apparent.
- 10C.10.30 G (1) Application forms must always be completed fully and honestly. Further notes on how to complete the form are contained in each form.

- (2) If forms are not completed fully and honestly, applications will be subject to investigation and the *FCA candidate's* suitability to be approved to undertake an *FCA controlled function* will be called into question.
- (3) A *person* who provides information to the *FCA* that is false or misleading may commit a criminal offence and could face prosecution under section 398 of the *Act*, regardless of the status of their application.

- 10C.10.31 G The *FCA* may grant an application only if it is satisfied that the *FCA candidate* is a fit and proper *person* to perform the *FCA-designated senior management function* stated in the application form. Responsibility lies with the *firm* making the application to satisfy the *FCA* that the *FCA candidate* is fit and proper to perform the *FCA-designated senior management function* applied for.
- 10C.10.32 G For further *guidance* on criteria for assessing whether an *FCA candidate* is fit and proper for the purposes of *SUP* 10C.10.31G, see *FIT*.

Decisions on applications

- 10C.10.33 G The *FCA* must:
- (1) grant the application;
 - (2) grant the application subject to conditions or limitations (see *SUP* 10C.12 for more information); or
 - (3) refuse the application.
- 10C.10.34 G Whenever it grants an application, the *FCA* will confirm this in writing to all *interested parties*.
- 10C.10.35 G If the *FCA* proposes to take the steps in *SUP* 10C.10.33G(2) or (3) in relation to one or more *FCA-designated senior management functions*, it must follow the procedures for issuing *warning* and *decision notices* to all *interested parties*. The requirements relating to *warning* and *decision notices* are in *DEPP* 2.

Withdrawing an application for approval

- 10C.10.36 R A *firm* notifying the *FCA* of its withdrawal of an application for approval must use Form B (*SUP* 10A Annex 5R).
- 10C.10.37 G Under section 61(5) of the *Act* (Determination of applications), the *firm* may withdraw an application only if it also has the consent of:
- (1) the *candidate*; and
 - (2) the *person* by whom the *candidate* is or would have been employed, if

this is not the *firm* making the application.

- 10C.10.38 G *SUP* 10C.15 (Forms and other documents and how to submit them to the FCA) explains how a notice of withdrawal should be submitted.

10C.11 Statements of responsibilities

What a statement of responsibilities is

- 10C.11.1 G (1) Section 60(2A) of the *Act* (Applications for approval) says that, if a *firm* is applying for approval from the *FCA* or the *PRA* for a *person* to perform a *designated senior management function*, the regulator to which the application is being made must require the application to contain, or be accompanied by, a statement setting out the aspects of the affairs of the *firm* which it is intended that the *person* will be responsible for managing in performing the function.
- (2) That statement is a *statement of responsibilities*.
- (3) A *statement of responsibilities* includes a statement amended under 62A of the *Act* (see *SUP* 10C.11.5G).

What this section covers

- 10C.11.2 G (1) This section is about the *FCA*'s requirements for *statements of responsibilities*.
- (2) However, where applications and notifications relate both to *FCA-designated senior management functions* and to *PRA* ones, the regulators' requirements are consistent with each other.
- (3) The general material in this section (*SUP* 10C.11.13G to *SUP* 10C.11.35G) applies to *statements of responsibilities* submitted in all the cases covered by this section. It covers *statements of responsibilities* submitted as part of an application for approval or variation and revised *statements of responsibilities*.

Applications for approval

- 10C.11.3 D An application by a *firm* for the *FCA*'s approval under section 59 of the *Act* (Approval for particular arrangements) for the performance of an *FCA-designated senior management function* must be accompanied by a *statement of responsibilities* (*SUP* 10C Annex 5D).
- 10C.11.4 G (1) *SUP* 10C.10 (Application for approval and withdrawing an application for approval) explains the procedures for applying for approval.
- (2) *SUP* 10C.15 (Forms and other documents and how to submit them to the FCA) explains how applications for approval should be submitted.

- (3) See the table in SUP 10C.11.19G for examples of how the requirements of this section about including *statements of responsibilities* in applications for approval apply in different situations.

Revised statements of responsibilities: Introduction

- 10C.11.5 G Under section 62A of the *Act*, a *firm* must provide the *FCA* with a revised *statement of responsibilities* if there has been any significant change in the responsibilities of an *FCA-approved SMF manager*. More precisely:
- (1) if a *firm* has made an application (which was granted) to the *FCA* for approval for a *person* to perform an *FCA-designated senior management function*;
 - (2) the application contained, or was accompanied by, a *statement of responsibilities*; and
 - (3) since the granting of the application, there has been any significant change in the aspects of the *firm's* affairs which the *FCA-approved SMF manager* is responsible for managing in performing the function;
- the *firm* should provide the *FCA* with a revised *statement of responsibilities*.

Revised statements of responsibilities: Meaning of significant change

- 10C.11.6 G (1) This paragraph sets out non-exhaustive examples of potential changes which, in the *FCA's* view, may be significant and thus require the submission of a revised *statement of responsibilities*.
- (2) A variation of the *FCA-approved SMF manager's* approval, either at the *firm's* request or at the *FCA's* or *PRA's* initiative, resulting in the imposition, variation or removal of a condition or time limit, may involve a significant change.
 - (3) Fulfilling or failing to fulfil a condition on approval may involve a significant change.
 - (4) The addition, re-allocation or removal of any of the following (or part of one):
 - (a) an *FCA-prescribed senior management responsibility*;
 - (b) a *PRA-prescribed senior management responsibility*; or
 - (c) responsibility for a function under SYSC 4.7.8R (Allocation of overall responsibility for a firm's activities, business areas and management functions);
 may involve a significant change.

- (5) The sharing or dividing of a function in (4) that was originally performed by one *person* between two or more *persons* may involve a significant change.
- (6) Ceasing to share a function in (4) that was originally shared with another, or others, may involve a significant change.
- (7) A change is likely to be significant if it reflects a significant change to the job that the *person* is doing for the *firm*. Some factors relevant here include:
 - (a) the importance to the *firm* of the functions being given up or taken on;
 - (b) whether the *FCA-approved SMF manager's* seniority in the *firm's* management changes;
 - (c) whether there are changes to the identity, number or seniority of those whom the *FCA-approved SMF manager* manages; and
 - (d) whether there are changes to the skills, experience or knowledge needed by the *FCA-approved SMF manager* for the job.

Revised statements of responsibilities: Procedure

- 10C.11.7 D (1) A *firm* must provide a revised *statement of responsibilities* under section 62A of the *Act* under cover of Form J (*SUP* 10C Annex 5D).
- (2) A *firm* must not use Form J where the revisions are to be made as part of arrangements involving an application:
- (a) for approval for the *FCA-approved SMF manager* concerned to perform another *designated senior management function* for the same *firm*; or
 - (b) to vary (under section 63ZA of the *Act* (Variation of senior manager's approval at request of relevant authorised person)) an approval for the *FCA-approved SMF manager* concerned to perform a *designated senior management function* for the same *firm*.
- 10C.11.8 G Broadly, the intention of *SUP* 10C.11.7D(2) is that there is no need for Form J if the revised *statement of responsibilities* is being submitted together with Form A, Form E or Form I for the same *firm*.
- 10C.11.9 G (1) *SUP* 10C.15 (Forms and other documents and how to submit them to the FCA) explains how revised *statements of responsibilities* should be submitted.

- (2) See the table in *SUP* 10C.11.19G for examples of how the requirements of this section about submitting revised *statements of responsibilities* apply in different situations.
- (3) In particular, the table in *SUP* 10C.11.19G gives examples of how *SUP* 10C.11.7D(2) works.

Variation of approval

- 10C.11.10 D An application by a *firm* to the *FCA* for the variation of an existing approval under section 63ZA of the *Act* (Variation of a senior manager's approval at request of relevant authorised person) must be accompanied by a *statement of responsibilities*.
- 10C.11.11 G (1) See *SUP* 10C.13 (Variation of conditional and time-limited approvals) for more details about applications to vary an approval.
- (2) *SUP* 10C.15 (Forms and other documents and how to submit them to the *FCA*) explains how applications to vary an approval should be submitted.
- (3) See the table in *SUP* 10C.11.19G for examples of how the requirements of this section about submitting *statements of responsibilities* with applications to vary an approval apply in different situations.

Ceasing to carry on some functions

- 10C.11.12 R If:
- (1) an *FCA-approved SMF manager* ceases to perform a *designated senior management function* for a *firm*; but
 - (2) continues to perform an *FCA-designated senior management function* for that *firm*;
- the *firm* must (under Form J) submit a *statement of responsibilities* for the remaining functions.

One document for each SMF manager for each firm

- 10C.11.13 D (1) A *firm* must prepare *statements of responsibilities* (including revised ones) for one of its *FCA-approved SMF managers* as a single document covering every *designated senior management function* for which:
- (a) that *FCA-approved SMF manager* has approval; or
 - (b) for which an application for approval is being made;
- for that *firm*.

- (2) The statement must be up to date for each *designated senior management function*.
- 10C.11.14 G (1) *SUP* 10C.11.13D means that, at any time, a *firm* should have a single document for an *SMF manager* that:
- (a) contains *statements of responsibilities* for all *designated senior management functions* for which that *SMF manager* has approval; and
 - (b) where relevant, contains *statements of responsibilities* for all *designated senior management functions* for which the *firm* is applying for approval.
- (2) The document in (1) should cover *PRA-designated senior management functions* as well as *FCA-designated senior management functions*.
- (3) The document should be updated:
- (a) under section 62A of the *Act* (see *SUP* 10C.11.5G); and
 - (b) whenever the *firm* has to submit *statements of responsibilities* under this section.
- (4) The *FCA* and the *PRA* have coordinated their arrangements so that a *firm* can prepare a single document that will meet the requirements of both regulators about *statements of responsibilities*.
- (5) The table in *SUP* 10C.11.19G gives examples of how these requirements work.
- 10C.11.15 G If a *person* is an *SMF manager* for several *firms* in a group that are *relevant authorised persons*, there should be a separate document for each *firm*.
- 10C.11.16 G There should be a separate document for each *SMF manager* in a *firm*. A *firm* should not combine *statements of responsibilities* for several *SMF managers*.
- 10C.11.17 G The requirement for a single document does not prevent the document having an attachment sheet for additional information where *SUP* 10C Annex 5D (the *FCA*'s template for *statements of responsibilities*) allows this.

Submitting statements of responsibilities: examples of how the requirements work

- 10C.11.18 G The table in *SUP* 10C.11.19G gives examples of how the requirements in this section for submitting *statements of responsibilities* work in different cases.

10C.11.19 G Table: examples of how the requirements for submitting statements of responsibilities work

Example	Comments
<p>(1) A <i>firm</i> applies for approval for A to perform the <i>executive director function</i> and the <i>money laundering function</i>.</p>	<p>There should be a single <i>statement of responsibilities</i> document that covers the two functions.</p> <p>The combined document should be included with the application for approval.</p>
<p>(2) Firm X applies for approval for A to perform the <i>executive director function</i>. Firm Y applies for approval for A to perform the <i>money laundering function</i>. . Both <i>firms</i> are <i>relevant authorised persons</i>.</p>	<p>There should be separate <i>statements of responsibilities</i> for each <i>firm</i>.</p> <p>This is the case even if Firm X and Firm Y are in the same group.</p>
<p>(3) A <i>firm</i> applies for approval for A to perform an <i>FCA-designated senior management function</i> and a <i>PRA-designated senior management function</i>.</p> <p>The arrangements in SUP 10C.9 for <i>FCA</i> functions to be absorbed into <i>PRA</i> ones do not apply and so there are separate applications to the <i>FCA</i> and <i>PRA</i>.</p>	<p>The single <i>statement of responsibilities</i> document should cover both the <i>FCA</i> and the <i>PRA</i> functions.</p>
<p>(4) A has approval to perform the <i>executive director function</i>. Later, A is to be appointed to perform the <i>money laundering function</i> for the same <i>firm</i>. This will also result in substantial changes to A's duties as an executive director.</p>	<p>The <i>firm</i> should not use Form J to notify the changes to A's duties as an executive director.</p> <p>The <i>firm</i> should submit a revised single <i>statement of responsibilities</i> document along with the application to perform the <i>money laundering function</i>.</p> <p>The single <i>statement of responsibilities</i> document should cover both functions. The part relating to A's duties as</p>

Example	Comments
	an executive director should be updated.
<p>(5) A has approval to perform the <i>executive director function</i>. Later, A is to be appointed to perform the <i>PRA's chief risk officer designated senior management function</i> for the same <i>firm</i>. This will also result in substantial changes to A's duties as an executive director.</p>	<p>The <i>firm</i> should not use Form J to notify the changes to A's duties as an executive director.</p> <p>The <i>firm</i> should submit a revised single <i>statement of responsibilities</i> document along with the application to perform the <i>PRA</i> function.</p> <p>The <i>firm</i> should not submit the revised single <i>statement of responsibilities</i> document separately to the <i>FCA</i>. Instead, it should include it as part of the application to the <i>PRA</i>.</p> <p>The single <i>statement of responsibilities</i> document should cover both the <i>FCA</i> and the <i>PRA</i> functions. The part relating to A's duties as an executive director should be updated.</p>
<p>(6) A has approval to perform the <i>money laundering function</i>. The approval to perform the <i>money laundering function</i> is subject to a condition. The <i>firm</i> is applying to vary that condition.</p>	<p>The <i>firm</i> should include a revised <i>statement of responsibilities</i> with the application.</p> <p>The <i>firm</i> should not use Form J. It should submit a revised <i>statement of responsibilities</i> along with the application to vary the approval.</p>
<p>(7) A has approval to perform the <i>executive director function</i> and the <i>money laundering function</i> for the same <i>firm</i>. The approval to perform the <i>money</i></p>	<p>The <i>firm</i> should not use Form J to notify the changes to A's duties as</p>

Example	Comments
<p><i>laundrying function</i> is subject to a condition. The <i>firm</i> is applying to vary that condition. As part of the same arrangements, there are to be substantial changes to A's job as an executive director.</p>	<p>an executive director.</p> <p>The <i>firm</i> should submit a revised single <i>statement of responsibilities</i> document along with the application to vary the approval for the <i>money laundrying function</i>.</p> <p>The single <i>statement of responsibilities</i> document should be updated and should cover both functions.</p>
<p>(8) A has approval to perform the <i>executive director function</i> and the <i>PRA's</i> chief risk officer <i>designated senior management function</i> for the same <i>firm</i>. The arrangements in <i>SUP 10C.9</i> for <i>FCA</i> functions to be absorbed into <i>PRA</i> ones do not apply and so there are separate <i>FCA</i> and <i>PRA</i> approvals.</p> <p>The approval to perform the <i>PRA's</i> chief risk officer <i>designated senior management function</i> is subject to a condition. The <i>firm</i> is applying to vary that condition. As part of the same arrangements, there are to be substantial changes to A's job as an executive director.</p>	<p>The <i>firm</i> should not use Form J to notify the changes to A's duties as an executive director.</p> <p>The <i>firm</i> should submit a revised single <i>statement of responsibilities</i> document along with the application to vary the <i>PRA</i> function.</p> <p>The <i>firm</i> should not submit the revised document separately to the <i>FCA</i>. Instead it should include it as part of the application to the <i>PRA</i>.</p> <p>The single <i>statement of responsibilities</i> document should cover both the <i>FCA</i> and the <i>PRA</i> functions and should be updated.</p>
<p>(9) A has approval to perform the <i>executive director function</i> and the <i>money laundrying function</i> for the same <i>firm</i>.</p> <p>Sometime later, A is to give up the <i>money laundrying function</i> and take up the <i>PRA's</i> chief risk officer <i>designated senior management function</i>. This will</p>	<p>The answer to example (5) applies.</p> <p>The application to the <i>PRA</i> to perform the <i>PRA</i> function should be accompanied by a single</p>

Example	Comments
involve major changes to A's role as executive director.	document that: (1) contains the <i>statement of responsibilities</i> for the new function; (2) contains the revised <i>statement of responsibilities</i> for the <i>executive director function</i> ; and (3) reflects the fact that A is no longer performing the <i>money laundering function</i> .
(10) A <i>firm</i> has approval for A to perform the <i>executive director function</i> and the <i>money laundering function</i> . A then ceases to perform the <i>money laundering function</i> but continues to perform the <i>executive director function</i> .	The <i>firm</i> must submit: (a) Form C for the <i>money laundering function</i> ; (b) Form J; and (c) a single updated <i>statement of responsibilities</i> document that covers the <i>executive director function</i> .
(11) A has approval to perform the <i>executive director function</i> and the <i>PRA's</i> chief risk officer <i>designated senior management function</i> for the same <i>firm</i> . Later, A gives up his role as chief risk officer.	The <i>firm</i> must submit: (a) Form C for the <i>PRA function</i> ; (b) Form J; and (c) a single updated <i>statement of responsibilities</i> document that covers the <i>executive director function</i> . The <i>firm</i> should not submit the revised single <i>statement of responsibilities</i> document separately to the <i>FCA</i> . Instead, it should include it as part

Example	Comments
	of the notification to the <i>PRA</i> .
<p>(12) A has approval to perform the <i>executive director function</i>. Later, A is to be appointed to perform the <i>money laundering function</i> for the same <i>firm</i>.</p> <p>The application is rejected.</p>	<p>The single <i>statement of responsibilities</i> document submitted as part of the application will no longer be correct as it reflects the proposed new approval.</p> <p>If the only changes to the single document in the version sent with the application are ones, clearly and exclusively tied to the new function, the <i>firm</i> will not need to amend the document as the changes will automatically fall away.</p> <p>In any other case (for instance if the application is approved conditionally), it is likely that the <i>firm</i> will need to update it using Form J.</p> <p>In any case, the <i>FCA</i> may contact the <i>firm</i> to agree a revised single <i>statement of responsibilities</i> document.</p>
<p>(13) A has approval to perform the <i>executive director function</i>. Later, A is to be appointed to perform the <i>money laundering function</i> for the same <i>firm</i>.</p> <p>This will not result in any changes to A's duties as an executive director. However, there have been some insignificant changes to A's role as an executive director since the <i>firm</i> submitted the most recent single <i>statement of responsibilities</i> document. The changes are not connected to A's appointment to perform the <i>money laundering function</i>.</p>	<p>The answer for example (4) applies.</p> <p>The single <i>statement of responsibilities</i> document should be updated to cover the changes to A's duties as executive director, as well as covering A's new money laundering role. It does not matter that the changes to A's role as an executive</p>

Example	Comments
	director are not significant.
<p>(14) A has approval to perform the <i>executive director function</i>. Later, A's business unit grows in size and so the <i>firm</i> needs to apply for A to be approved to perform the <i>PRA's</i> Head of Key Business Area <i>designated senior management function</i>. However, A's responsibilities do not change.</p>	<p>The <i>firm</i> should submit a revised single <i>statement of responsibilities</i> document along with the application to perform the <i>PRA</i> function.</p> <p>The <i>firm</i> should submit a single <i>statement of responsibilities</i> document that covers both the <i>FCA</i> and the <i>PRA</i> functions.</p> <p>It should not submit the revised single <i>statement of responsibilities</i> document separately to the <i>FCA</i>. Instead, it should include it as part of the application to the <i>PRA</i>.</p>
<p>The single <i>statement of responsibilities</i> document means the single document described in <i>SUP</i> 10C.11.13D</p>	

Need for a complete set of current statements of responsibilities

- 10C.11.20 R A *firm* must, at all times, have a complete set of current *statement of responsibilities* for all its *SMF* managers.
- 10C.11.21 G (1) A complete set of current *statement of responsibilities* means all *statements of responsibilities* that the *firm* has provided to the *FCA* or *PRA* as revised under section 62A of the *Act*.
- (2) A *statement of responsibilities* is not current if the *person* in question no longer performs any of the *controlled function* to which it relates.

Past versions

- 10C.11.22 G (1) A *firm* should consider past versions of its *statements of responsibilities* as an important part of its records and as an important resource for the *FCA* in supervising the *firm*.
- (2) Past versions of a *firm's* *statements of responsibilities* form part of its

records under SYSC 9.1 (General rules on record-keeping).

What statements of responsibilities should contain: general

- 10C.11.23 G A *statement of responsibilities* should:
- (1) show clearly how the responsibilities that the *SMF manager* performs as part of their *FCA-designated senior management function* fit in with the *firm's* overall governance and management arrangements; and
 - (2) be consistent with the *firm's management responsibilities map*.
- (See SYSC 4.5.9G for more about this.)
- 10C.11.24 G (1) A *statement of responsibilities* (including its attachment sheet for additional information) should:
- (a) be complete by itself;
 - (b) not refer to documents not forming part of it; and
 - (c) only contain material about the matters that this chapter, the corresponding *PRA* requirements and the *Act* say should be included in it.
- (2) For example, if it is necessary to include relevant material from the *firm's* report and accounts, the *statement of responsibilities* should not attach the whole of the report and accounts or cross refer to them. Instead it should include a summary of the relevant part only.
- 10C.11.25 G A *statement of responsibilities* should be:
- (1) practical and useable by the *FCA*;
 - (2) without unnecessary detail; and
 - (3) succinct and clear.
- 10C.11.26 G (1) SYSC or another part of the *regulatory system* will generally impose requirements (referred to as 'prescribed requirements' in this paragraph) that relate to a particular post or set of responsibilities.
- (2) For instance, these include:
- (a) the responsibilities that go with the *FCA required functions*; and
 - (b) the *FCA-prescribed senior management responsibilities* and the *PRA-prescribed senior management responsibilities*.
- (3) The allocation of responsibilities under a *statement of responsibilities* should not reduce or alter the scope of any applicable prescribed

requirements.

- (4) If:
- (a) the responsibilities that the *SMF manager* carries out as described in the *statement of responsibilities* go beyond the prescribed requirements; or
 - (b) the *firm* includes additional information about any prescribed requirements;

the additional responsibilities or additional information should not:

- (c) reduce or alter the scope of the prescribed requirements; or
- (d) dilute or undermine the prescribed requirements.

- 10C.11.27 G (1) A *firm's statements of responsibilities* for its *SMF managers* should together demonstrate that there are no gaps in the allocation of responsibilities among its *SMF managers*.
- (2) A *firm's statements of responsibilities* should be interpreted, where possible, so as to avoid any gaps in the allocation of responsibility for its activities among its *SMF managers*.
- 10C.11.28 G (1) A *statement of responsibilities* of an *SMF manager* should include details about any:
- (a) *FCA-prescribed senior management responsibilities* and *PRA-prescribed senior management responsibilities* allocated to the *SMF manager*;
 - (b) functions that are included in a *PRA controlled function* under *SUP* 10C.9 (Minimising overlap with the PRA approved persons regime); and
 - (c) responsibility for a function allocated to the *SMF manager* under *SYSC* 4.7.8R (Allocation of overall responsibility for a firm's activities, business areas and management functions).
- (2) Paragraph (1)(c) applies even if the responsibility is excluded from the *other overall responsibility function* under *SUP* 10C.7.1R(2) (Exclusion for *approved person* with approval to perform other *controlled functions*).
- 10C.11.29 G (1) The definition of every *FCA-designated senior management function* contains a responsibility which is inherent, inseparable from and intrinsically built into the specific role.
- (2) In many ways, this inherent responsibility is the most important responsibility of any given *SMF manager*, as it provides a rationale as to why that specific function is subject to pre-approval by the *FCA* in

the first place.

- (3) Even where an *SMF manager* has not been allocated any other responsibilities by the *firm*, the responsibility inherent in the definition of their *FCA-designated senior management function* means that they will be accountable for that aspect of the *firm's* activities.
- (4) For instance, even if a *person* approved to perform the *compliance oversight function* has no other responsibilities allocated to them, they will be accountable for the *Handbook* requirements for the *compliance oversight function*.

- 10C.11.30 G (1) The *FCA* may request a *firm* to include specific responsibility for a regulatory outcome in the *statement of responsibilities* of the relevant *SMF managers*.
- (2) For example, where the *FCA* asks a *firm* to take remediation action following an internal or supervisory review or a report under section 166 of the *Act* (Reports by skilled persons) and considers it appropriate for an *SMF manager* to take responsibility for that action, it may ask the *firm* to add an additional, customised, explicit responsibility to the relevant *SMF manager's statement of responsibilities*.

What statements of responsibilities should contain: dividing and splitting responsibilities

- 10C.11.31 G (1) Where a responsibility or function is shared or divided between an *SMF manager* and others, the *statements of responsibilities* for each *SMF manager* concerned should make this clear.
- (2) Where a responsibility or function is divided between an *SMF manager* and others, the *statements of responsibilities* for each *SMF manager* concerned should make it clear for what part of which responsibility or function that *SMF manager* has responsibility.
- (3) Together, the *statements of responsibilities* should show which responsibility or function is shared or divided between which *SMF managers* or other *persons*. It should be clear which responsibility or function and which *SMF managers* or other *persons* are involved.

- 10C.11.32 G (1) Where:
- (a) an *FCA-prescribed senior management responsibility*; or
 - (b) any function allocated under SYSC 4.7.8R (Allocation of overall responsibility for a firm's activities, business areas and management functions);

is divided or shared between several *SMF managers*, the *statement of*

responsibilities for each *SMF manager* should:

- (c) explain why this has been done; and
 - (d) give full details of the arrangements, including the names of the other *persons* and their *FCA/PRA* Individual Reference Numbers (IRN) (if known).
- (2) Where a responsibility or function is shared between several *SMF managers*, this should be recorded in the same way in the *statements of responsibilities* of each of them. This should also be consistent with the *firm's management responsibilities map*.
- 10C.11.33 G (1) Where two or more *SMF managers* share a responsibility, each will be individually responsible for everything included in that responsibility, including anything inherent in that responsibility (see *SUP* 10C.11.29G for inherent responsibilities).
- (2) Where:
- (a) a responsibility is divided between several *SMF managers*; but
 - (b) some part of the responsibility has not clearly been allocated to any of them;
- it should be assumed that that part is the joint responsibility of all of them.

What statements of responsibilities should contain: Non-executive directors

- 10C.11.34 G In general, the *FCA* expects the *statement of responsibilities* of a *non-executive director* who is an *SMF manager* to be less extensive than those of an executive *SMF manager*.
- 10C.11.35 G The *FCA* does not require any of the general duties of a *non-executive director* described in section 2 of *COCON* 1 Annex 1 (The general role of a NED) to be included in the *non-executive director's statement of responsibilities*.

10C.12 Conditional and time-limited approvals

Purpose

- 10C.12.1 G (1) *SUP* 10C.12 describes the regime for conditional and time-limited approvals.
- (2) In particular, *SUP* 10C.12 sets out the *FCA's* policies on giving approval under section 59 subject to conditions or for a limited period only, as required by section 63ZD of the *Act* (Statement of policy relating to conditional approval and variation).

- (3) The policies described in *SUP* 10C.12 also apply when the *FCA* is considering whether to give its consent to an application made to the *PRA* for approval.
- (4) Material on variations of conditional and time-limited approvals can be found in *SUP* 10C.13 (Variation of conditional and time-limited approvals).
- 10C.12.2 G (1) The power to grant an approval subject to conditions or for a limited period only applies to *senior management functions*.
- (2) As all *FCA controlled functions* specified in this chapter are *senior management functions*, this means that this power applies to all *FCA controlled functions* specified in this chapter.
- (3) The *FCA* has (in *SUP* 10A) specified *controlled functions for relevant authorised persons* that are not *designated senior management functions*. See *SUP* 10C.1.7R to *SUP* 10C.1.8G (Appointed representatives) for more about this.
- (4) The power to grant an approval subject to conditions or for a limited period does not apply to the *controlled functions* in (3).

Introduction

- 10C.12.3 G The *FCA* may:
- (1) grant an application for approval subject to any conditions that the *FCA* considers appropriate; and
- (2) grant the application to give approval only for a limited period.
- 10C.12.4 G The *FCA* may use this power only if it appears to the *FCA* that it is desirable to do so to advance one or more of its *operational objectives*.
- 10C.12.5 G Factors that the *FCA* will take into account include:
- (1) those relating to the *firm* at the time of the application, such as:
- (a) its size, scale and complexity; and
- (b) its plans and prospects; and
- (2) those relating to the *candidate* and, in particular, the *candidate's* fitness and properness.
- 10C.12.6 G The *FCA* expects that the most common use of the power to give qualified approvals would be:
- (1) time-limited approvals;
- (2) a time limitation in relation to an ongoing or prospective enforcement

investigation;

- (3) a competency-related condition; and
- (4) a role-limited condition.

Time-limited approval

- 10C.12.7 G An example of a time-limited approval is where a *firm* needs to appoint the *candidate* on an interim basis while the *firm* seeks to appoint a permanent *candidate*. The *FCA* may approve the interim appointee on a time-limited basis.
- 10C.12.8 G The *FCA* would not generally impose a time limitation in these circumstances for a period of less than 12 weeks. The *FCA* would expect the *firm* to use the 12-week rule in *SUP* 10C.3.13R.
- 10C.12.9 G An example of when the *FCA* may approve an individual on a time-limited basis is where, following a sudden or unexpected departure:
- (1) a *firm* needs to fill an *FCA-designated senior management function* vacancy immediately; but
 - (2) it is likely to take longer than 12 weeks to recruit a permanent replacement; and
 - (3) there is an individual at the *firm* not currently approved to perform the relevant *FCA-designated senior management function* whom the *firm* and the *FCA* think capable of fulfilling the role on an interim, provisional basis but not necessarily on a permanent basis.
- 10C.12.10 G Generally, the *FCA* would not impose a time limitation of this type for longer than 12 to 18 months.
- 10C.12.11 G The *FCA* would consider using this power for a person who is in the running for the long-term appointment.
- 10C.12.12 G
- (1) An example of how the *FCA* could deal with a *person* who is in the running for the long-term appointment is outlined below.
 - (2) The head of compliance resigns unexpectedly from a *firm*. The *firm* wishes to appoint one of the deputies. The *FCA* and the *firm* believe the deputy to be capable of running the *firm's* compliance function on a day-to-day 'business as usual basis' but the deputy has no experience developing a long-term, firm-wide strategy. The *firm* estimates that it could take up to a year to recruit a permanent head of compliance. It also believes that the deputy could be the ideal candidate if the deputy could outline a viable compliance strategy for the *firm*.
 - (3) In this situation, it may be appropriate to approve the deputy as head

of compliance subject to a 12-month time limit.

- (4) Before the end of that period, the deputy would have to prepare a new compliance strategy and the deputy's ability to do so would be taken into account when deciding whether to approve the deputy on a permanent basis.

10C.12.13 G In deciding whether a *candidate* is fit and proper, the *FCA* will take into account the role that the *candidate* is going to perform. The standard for a *person* who is appointed on a temporary basis may be different from a *person* appointed on a permanent basis when the *person* with a temporary appointment has a more limited role.

10C.12.14 G The *FCA* may impose a condition on the approval, as well as time limitation. For example, in the example in *SUP* 10C.12.12G, the *FCA* may impose a condition prohibiting the *candidate* from significantly amending the management structure of the department.

10C.12.15 G The other main examples of a time-limited approval are:

- (1) an enforcement action time-limited approval (see *SUP* 10C.12.16G);
- (2) a time limitation used in conjunction with a competence condition (see *SUP* 10C.12.26G); and
- (3) a time limitation in relation to the scale of a role (see *SUP* 10C.12.35G).

Enforcement action: time limitation

10C.12.16 G An enforcement action time-limited approval relates to a case in which there is an enforcement investigation ongoing, or in prospect, the results of which may call into question the *candidate's* fitness and properness, but at the time of application there are no or insufficient grounds to refuse approval. The *candidate* may or may not be a subject of that investigation.

10C.12.17 G The *FCA* will generally limit an enforcement action time-limited approval for a period long enough to allow the investigation to be completed so far as relevant to the *candidate*. Imposing a time limitation on approval would allow the *FCA* to look at the situation in more detail after approval, with the benefit of all the facts arising from the investigation.

10C.12.18 G The policy on the length of time-limited approvals in *SUP* 10C.12.8G does not apply to time limitations of this type.

Competence and related conditions

10C.12.19 G The *FCA* may take the view that a *candidate* would meet the fit and proper requirement with an approval subject to either, or both, of the following:

- (1) one or more conditions; and/or

- (2) a time limitation;

who would not have met that requirement without the qualification.

- 10C.12.20 G *Firms* should not see the power to give approval on this basis as an opportunity to put forward sub-standard *candidates* in the knowledge that they are unlikely to gain unconditional approval but may scrape through by way of a qualified approval.
- 10C.12.21 G (1) The *FCA* is likely only to give a qualified approval on the basis described in *SUP* 10C.12.19G in limited circumstances.
- (2) Generally, the *FCA* would only use this power in place of rejection where the deficiency is in only a relatively small proportion of the required job competencies.
- (3) Lack of technical knowledge is more likely to be easier to remedy than a problem with personal characteristics.
- (4) The *FCA* is only likely to give its approval on this basis when the *candidate* has fallen short of the required standard by a reasonably small margin (a ‘near miss’).
- 10C.12.22 G One example of a conditional approval based on the competence of the *candidate* would be where the *candidate* would have met the fitness and properness standard but for a shortfall in the *candidate*’s technical knowledge and the shortfall is in a relatively narrow and specific area.
- 10C.12.23 G The *FCA* does not see this as being a probationary or standalone measure. The competency-related limitation would be time specific and linked to something that the *FCA* would wish to re-examine after the period has expired.
- 10C.12.24 G (1) When the *FCA* is imposing a competence-related condition where there is a shortfall, approval will only be granted on the condition that the *candidate* is required to undertake training or receive mentoring to eliminate the shortfall.
- (2) See *SUP* 10C.12.39G (role-limited approval) for an example of a shortfall in competence that is not dealt with by trying to remove it.
- 10C.12.25 G (1) An example of where a qualified approval based on competence may be used is for a *candidate* with proven management skills who is new to the role or the industry and requires some new technical knowledge for the new role.
- (2) For instance, a *candidate* for the role of a senior manager may have a proven track record as a senior manager but may lack detailed knowledge of a specific area, such as money laundering or of the technical details of prudential capital requirements.

- (3) A competence condition would require the *candidate* to undertake training in the area of shortfall after appointment.
- 10C.12.26 G (1) A competency-related approval is likely to be linked with a time-limited approval.
- (2) Under an approval of this kind, the *candidate* will be required to undertake the necessary training or other remedial measures.
- (3) The time for which the approval will last would be set to give the *firm* and the *candidate* a reasonable time to complete the measures.
- (4) At the end of the period, the *firm* would need to apply to the *FCA* to appoint the *candidate* on a permanent basis.
- 10C.12.27 G The *FCA* would only be likely to consider a qualified approval based on competence if it was sure that the *candidate* could achieve the required level of competence within a specified period, which is unlikely to be more than 12 to 18 months.
- 10C.12.28 G (1) The *FCA* may give a conditional approval instead of rejection in cases where the condition does not relate to the *candidate's* abilities.
- (2) For example, the *FCA* may consider that the *candidate* is suitable only if the *candidate* refrains from, or ceases undertaking, certain actions and makes the approval conditional on that basis.
- (3) The *FCA* may require the *candidate* to go beyond the regulatory requirements in a given area.
- 10C.12.29 G (1) An example of *SUP* 10C.12.28G is where a *firm* wishes to appoint someone as an executive director who has a number of non-executive directorships.
- (2) The *FCA* may be concerned about the potential impact of these other commitments on that individual's ability to devote sufficient time to the proposed role with the *firm*.
- (3) In this situation, it might be appropriate to attach a condition to the individual's approval requiring that person to resign from some of their non-executive directorships.

Role-limited

- 10C.12.30 G A role-limited approval means:
- (1) a time-limited approval; or
- (2) a condition;
- relating to the nature or scope of the *candidate's* role.

- 10C.12.31 G One example of a role-limited approval relates to the fact that the size, nature, scope and complexity of a *firm's* activities can change over time. An individual may be fit and proper to perform a *senior management function* at a certain *firm* at a point in time but the *FCA* may wish to re-assess that individual if the *firm's* situation changes.
- 10C.12.32 G It is not *FCA* policy to impose role-limited approvals routinely for all *firms* or for a certain category of *firm*. For example, there is no blanket policy that approval of a *candidate* for a post in a small *firm* would be subject to a qualification based on the *firm* remaining small.
- 10C.12.33 G Where a *firm* is expanding or transforming its business model or its risk profile and there are identifiable upcoming milestones, the *FCA* may wish to link the duration of a *candidate's* approval to these milestones.
- 10C.12.34 G If the change is likely to occur in the near future and the details are clear, the *FCA* may consider its approval of the application in the light of this proposed change.
- 10C.12.35 G
- (1) Very often it will be uncertain whether a change in circumstances will happen at all, the details may not yet be known or the timing may be uncertain.
 - (2) In that case, the *FCA* may, subject to (3), make its judgement based on the *candidate's* proposed role, without taking into account the possible change. This reflects the fact that the judgement of whether a *candidate* is fit and proper takes into account the role that they are actually going to play.
 - (3) However, to reflect the possible change, the *FCA* would give a time-limited approval that would come to an end on the occurrence of the milestone.
 - (4) The *firm* could then apply for a new and possibly unqualified approval.
- 10C.12.36 G An example under *SUP* 10C.12.35G is as follows.
- (1) In this example:
 - (a) an individual is to perform an *FCA-designated senior management function* in an unlisted *firm* which currently operates only in the *UK*; and
 - (b) the *firm* is planning a listing and a string of acquisitions which are projected to treble the size of its balance sheet and give it a global footprint over the next three years, but the *candidate* has never worked for an institution as large or as complex.
 - (2) In this situation:

- (a) it may be appropriate to limit the *candidate's* approval to a specified period. If the projected time for completing the transactions is three years, the approval would be for three years; or
 - (b) it may be appropriate to draft the time limitation by reference to the milestone. For example, the approval might be expressed to come to an end at the point at which the *firm's* balance sheet exceeds a certain size.
- 10C.12.37 G The policy on the length of time-limited approvals in *SUP* 10C.12.8G does not apply to time limitations of this type.
- 10C.12.38 G Another way of dealing with a *firm* that plans to reorganise itself but has not made a firm decision to do so or worked out the details, is to make the approval subject to the condition that the nature or scope of the *candidate's* role should not change. The *firm* could apply for the condition to be removed once the plans are ready to be carried out.
- 10C.12.39 G (1) Another example of a limited-role approval is where:
- (a) a *candidate* is not competent to carry out all the functions that are capable of falling within the *FCA-designated senior management function* for which approval is sought; but
 - (b) the *candidate* will be fit to carry out most of them; and
 - (c) the *firm* has adequate arrangements to deal with the other aspects.
- (2) In such circumstances, the condition would be that the *candidate* does not get involved in the aspects of the role for which that *candidate* is not competent, as specified in the condition.

Condition not based on fitness

- 10C.12.40 G The power to impose a conditional or time-limited approval:
- (1) does not depend on the *candidate* being unfit without that condition or limit; and
 - (2) need not be related to the *candidate's* ability to do the job properly (see *SUP* 10C.12.28G).
- 10C.12.41 G One example of a conditional approval when the *candidate* is fit and proper and able to do the job is to support supervisory action in relation to the *firm*. So, if a *firm* is running a remedial programme, it may be a condition of the *candidate's* approval that the *candidate* takes responsibility for aspects of that programme.
- 10C.12.42 G Although it is not general *FCA* policy to use the power to give qualified

approval as a probationary measure, there may be circumstances where a *firm* wants to appoint a *candidate* to perform an *FCA-designated senior management function* who, although fit and proper, may, in the role, be responsible for the *firm's* approach to dealing with particularly unusual or severe challenges in the near future. In this situation, it might be appropriate to approve the *candidate* subject to a time limit with a view to reassessing that *candidate* for a permanent position in due course.

- 10C.12.43 G In this scenario, the time-limited approval may be accompanied by a condition requiring the *candidate* to:
- (1) complete an action or deliverable on or before the end of the time limit, eg a requirement on the acting Head of Sales to produce a revised strategy for treating customers fairly within the next six months; and
 - (2) refrain from taking specific actions or decisions associated with the role until that person receives permanent approval, eg, a requirement not to introduce a new sales channel until they receive permanent approval.

Effects of a breach of condition

- 10C.12.44 G The provisions in:
- (1) section 59 of the *Act* that say a *firm* should take reasonable care to ensure that no *person* performs a *controlled function* without approval (see *SUP* 10C.10.3G); and
 - (2) section 63A of the *Act*, under which a *person* performing a *controlled function* without approval may be subject to a penalty (see *SUP* 10C.10.4G);

apply not only to the performance of an *FCA-designated senior management function* by someone who has not been approved to perform that function but also to the performance of an *FCA-designated senior management function* for which the *person* has been approved in breach of a condition or time limitation.

- 10C.12.45 G Sections 59 and 63A of the *Act* show that failure to observe a condition does not in itself invalidate an approval. Instead, both the *firm* and the *SMF manager* may be subject to a penalty for breach of the *Act*. Such a failure may also:
- (1) involve a breach of *FCA rules* by the *firm* and a breach by the *SMF manager* of *COCON*; and
 - (2) call into question the fitness of the *SMF manager*.

- 10C.12.46 G For example, if an *SMF manager* is subject to a role-limited condition under which the *SMF manager* is not allowed to carry out certain specified aspects of the *FCA-designated senior management function* but the *SMF manager*

goes ahead and carries out those aspects, the *SMF manager's* approval does not automatically come to an end. Instead, both the *firm* and the *SMF manager* may be subject to a financial penalty.

10C.13 Variation of conditional and time-limited approvals

Purpose

- 10C.13.1 G This section deals with variation of a conditional approval at the:
- (1) request of the *firm*; and
 - (2) initiative of the *FCA*.
- 10C.13.2 G (1) In particular, this section sets out the *FCA's* policies about varying conditional approvals at the request of a *firm*, as required by section 63ZD of the *Act* (Statement of policy relating to conditional approval and variation).
- (2) This section does not deal with the *FCA's* policies on varying a condition on its own initiative. *DEPP* 8 deals with that.

Variation of a conditional approval at the request of the firm: general description

- 10C.13.3 G A *firm* may apply to the *FCA* to change a conditional approval. The changes for which a *firm* may apply are:
- (1) a variation of the condition;
 - (2) removal of the condition; and
 - (3) the imposition of a new condition.
- 10C.13.4 G (1) If a *firm* is applying for a change of the type described in *SUP* 10C.13.3G(1) or *SUP* 10C.13.3G(2), the *firm* should apply to the *FCA* if the *FCA* imposed that condition, even if the approval was given by the *PRA*.
- (2) If the *firm* is applying for the imposition of a new condition, the *firm* should apply to the *FCA* if the approval to which the application relates was given by the *FCA*.
- (3) In other cases, the application should be to the *PRA*.

- 10C.13.5 G The power to apply for a variation does not apply to a time limitation.

Variation of a conditional approval at the request of the firm: process

- 10C.13.6 D An application by a *firm* to the *FCA* under section 63ZA of the *Act* (Variation of senior manager's approval at request of relevant authorised

persons) must be made by using Form I (SUP 10C Annex4D).

- 10C.13.7 G (1) An application under SUP 10C.13.6D should be accompanied by a *statement of responsibilities* for the *approved person* concerned.
- (2) See SUP 10C.11 (Statements of responsibilities) for more details.
- 10C.13.8 G SUP 10C.15 (Forms and other documents and how to submit them to the FCA) explains how applications to vary a conditional approval should be submitted.
- 10C.13.9 G The FCA has until the end of the period of three months from the time it receives a properly completed application to consider the application and come to a decision.
- 10C.13.10 G The FCA must either grant the application or, if it proposes not to grant an application, issue a *warning notice* (see DEPP 2).
- 10C.13.11 G The FCA may refuse an application if it appears to the FCA that it is desirable to do so to advance one or more of its *operational objectives*.
- 10C.13.12 G Before making a decision to grant the application or give a *warning notice*, the FCA may ask the *firm* for more information. If it does this, the three-month period in which the FCA must determine a completed application:
- (1) will stop on the day the FCA requests the information; and
- (2) will start running again on the day on which the FCA finally receives all the requested information.
- 10C.13.13 G Whenever it grants an application, the FCA will confirm this in writing to all *interested parties*.
- 10C.13.14 G If the FCA proposes to refuse an application, it must follow the procedures for issuing *warning notices* and *decision notices* to all *interested parties*. The requirements relating to warning and decision notices are in DEPP 2.
- 10C.13.15 R A *firm* notifying the FCA of its withdrawal of an application for variation of an approval must use Form B (SUP 10A Annex 5R).
- 10C.13.16 G SUP 10C.15 (Forms and other documents and how to submit them to the FCA) explains how notifications of withdrawal of an application should be submitted.
- 10C.13.17 G Under section 61(5) of the *Act* (Determination of applications), as applied by section 63ZA(8) of the *Act* (Variation of senior manager's approval at request of relevant authorised person), the *firm* may withdraw an application only if it also has the consent of:
- (1) the *approved person*; and
- (2) the *person* by whom the *approved person* is employed if this is not

the *firm* making the application.

Variation of a conditional approval at the request of the firm: policy

- 10C.13.18 G The *FCA*'s policy on approving or refusing a request for a variation is the same as it is for imposing conditions on approval (see *SUP* 10C.12 (Conditional and time-limited approvals)).
- 10C.13.19 G (1) An example of a situation in which the *FCA* would consider varying a condition would be a competency-related condition which required a training course to be completed (see, in particular, *SUP* 10C.12.24G for this type of condition).
- (2) If the *firm* later concludes that a different course would be better, the *firm* may apply for a variation of the condition.
- 10C.13.20 G Another example of a situation in which the *FCA* would consider varying a condition would be a condition relating to a remedial programme (see *SUP* 10C.12.41G). If the remedial programme is changed, it may be appropriate to change the condition.
- 10C.13.21 G (1) Other examples of where the *FCA* may agree to removing a condition are where:
- (a) the *approved person*'s role has changed so that the reason for the condition originally being imposed no longer applies; or
- (b) new information has come to light that removes any doubt about the *approved person*'s competence so a condition is no longer necessary.
- (2) For example, the *FCA* may agree to removing a condition about the scope of the *approved person*'s role of the type described in *SUP* 10C.12.39G.
- 10C.13.22 G See *SUP* 10C.12.38G for another example of a case where the *FCA* may agree to removing a condition (condition imposed pending reorganisation).

Variation of a conditional approval: action at the initiative of the FCA

- 10C.13.23 G Under section 63ZB of the *Act* (Variation of senior manager's approval on initiative of regulator), the *FCA* may vary an approval given by the *FCA* or the *PRA* for the performance of a *designated senior management function* if the *FCA* considers that it is desirable to do so to advance one or more of its *operational objectives*.
- 10C.13.24 G The *FCA* may vary an approval by:
- (1) imposing a condition;
- (2) varying a condition;

- (3) removing a condition; or
- (4) limiting the period for which the approval is to have effect.

10C.13.25 G More information about the *FCA*'s powers to vary a condition on its own initiative, including its policy on using these powers, can be found in *DEPP* 8.

10C.14 Changes to an FCA-approved person's details

Moving within a firm

- 10C.14.1 G
- (1) An *FCA-approved SMF manager's* job may change from time to time as a result, for instance, of a change in personal job responsibilities or a *firm's regulated activities*.
 - (2) Where the changes will involve the *SMF manager* performing one or more *FCA-designated senior management functions* different from those for which approval has already been granted, an application must be made to the *FCA* for approval for the *SMF manager* to perform those *FCA-designated senior management functions*.
 - (3) The *firm* must take reasonable care to ensure that an individual does not begin performing an *FCA-designated senior management function* until the *FCA* has granted *FCA-approved SMF manager* status to that individual for that *FCA-designated senior management function*.
 - (4) Similarly, a *firm* must get the *FCA's* approval if an individual is to start performing an *FCA-designated senior management function* in relation to that *firm* when they already have the *PRA's* approval to perform a *PRA-designated senior management function* in relation to that *firm*.
- 10C.14.2 G
- (1) A *firm* should generally use Form E where an *approved person* is both ceasing to perform one or more *controlled functions* and needs to be approved in relation to one or more *FCA-designated senior management functions* within the same *firm* or *group*.
 - (2) In certain cases, a *firm* should use Form A.
 - (3) The details can be found in *SUP* 10C.10.8D to *SUP* 10C.10.9D.

Moving between firms

- 10C.14.3 G If it is proposed that an *FCA-approved SMF manager*:
- (1) will no longer be performing an *FCA-designated senior management function* under an *arrangement* entered into by one *firm* or one of its contractors; but

- (2) will be performing the same or a different *FCA-designated senior management function* under an *arrangement* entered into by a new *firm* or one of its contractors (whether or not the new *firm* is in the same *group* as the old *firm*);

the new *firm* will be required to make a fresh application for the performance of the *FCA-designated senior management function* by that *person*.

- 10C.14.4 G In certain circumstances, when the *FCA* already has the information it would usually require, a shortened version of the relevant Form A may be completed. See the notes relevant to each form for full details.

Ceasing to perform an *FCA-designated senior management function*

- 10C.14.5 R (1) A *firm* must notify the *FCA* no later than seven *business days* after an *FCA-approved SMF manager* ceases to perform an *FCA-designated senior management function*.
- (2) It must make that notification by submitting to the *FCA* a completed Form C (*SUP* 10A Annex 6R).
- (3) If:
- (a) the *firm* is also making an application for approval for that *approved person* to perform a *controlled function* within the same *firm* or *group*; and
- (b) ceasing to perform the *FCA-designated senior management function* in (1) has triggered a requirement to make that application for approval:
- (i) to the *FCA* using Form E (rather than a Form A) under *SUP* 10C.10.9D;
- (ii) to the *FCA* using Form E (rather than a Form A) under *SUP* 10A; or
- (ii) to the *PRA* using the *PRA's* Form E in accordance with the corresponding *PRA* requirements;

it must make the notification under (1) using that Form E.

- 10C.14.6 G *SUP* 10C.15 (Forms and other documents and how to submit them to the *FCA*) explains how notifications should be submitted.

- 10C.14.7 R (1) A *firm* must notify the *FCA* as soon as practicable after it becomes aware, or has information which reasonably suggests, that it will submit a qualified Form C for an *FCA-approved SMF manager*.
- (2) Form C is qualified if the information it contains:

- (a) relates to the fact that the *firm* has dismissed, or suspended, the *FCA-approved SMF manager* from its employment;
 - (b) relates to the resignation by the *FCA-approved SMF manager* while under investigation by the *firm*, the *FCA* or any other *regulatory body*;
 - (c) otherwise reasonably suggests that it may affect the *FCA's* assessment of the *FCA-approved SMF manager's* fitness and propriety; or
 - (d) includes a notification about the *FCA-approved SMF manager* under one of the provisions of the *Act* listed in *SUP 10C.14.22R* (notification of grounds for withdrawal of approval, breach of conduct rules and disciplinary action).
- 10C.14.8 G (1) Notification under *SUP 10C.14.7R* may be made by telephone, email or fax and should be made, where possible, within one *business day* of the *firm* becoming aware of the information.
- (2) Oral notifications should be given directly to the *firm's* usual supervisory contact at the *FCA*. An oral notification left with another *person* or left on a voicemail, or other automatic messaging service, is unlikely to have been given appropriately.
- 10C.14.9 G A *firm* is responsible for notifying the *FCA* if any *FCA-approved SMF manager* has ceased to perform an *FCA-designated senior management function* under an arrangement entered into by its contractor.
- 10C.14.10 G (1) A *firm* can submit Form C or Form E to the *FCA* in advance of the cessation date.
- (2) If the actual cessation date turns out to be different from the one notified in advance, the *firm* should notify the *FCA*.
- (3) If the *firm* does not submit Form C (including a qualified one) or Form E, it should inform the *FCA* in due course of the reason. This could be done using Form D, if appropriate.
- 10C.14.11 G (1) When a *person* ceases the arrangement under which they perform an *FCA-designated senior management function*, they will automatically cease to be an *FCA-approved SMF manager* in relation to that *FCA-designated senior management function*.
- (2) A *person* can only be an *FCA-approved SMF manager* in relation to a specific *FCA-designated senior management function*. Therefore, a *person* is not an *FCA-approved SMF manager* during any period between ceasing to perform one *FCA-designated senior management function* (when they are performing no other *FCA-designated senior management function*) and being approved for another *FCA-designated senior management function*.

- 10C.14.12 G Sending forms promptly will help to ensure that any fresh application can be processed within the standard response times.

Changes to an approved person's personal details

- 10C.14.13 R If an *FCA-approved SMF manager's* title, name or national insurance number changes, the *firm* for which the *person* performs an *FCA-designated senior management function* must notify the *FCA* on Form D (*SUP* 10A Annex 7R), of that change within seven *business days* of the *firm* becoming aware of the matter.

- 10C.14.14 G The duty to notify in *SUP* 10C.14.13R does not apply to changes to an *FCA-approved SMF manager's* private address.

Changes to arrangements

- 10C.14.15 R (1) If any of the details relating to:
- (a) the arrangements in relation to any of a *firm's FCA-approved SMF managers*; or
 - (b) any *FCA-designated senior management functions* of one of its *FCA-approved SMF managers*;
- are to change, the *firm* must notify the *FCA* on Form D (*SUP* 10A Annex 7R).
- (2) The notification under (1) must be made as soon as reasonably practicable after the *firm* becomes aware of the proposed change.
- (3) This *rule* does not apply to anything required to be notified under section 62A of the *Act* (Changes in responsibilities of senior managers) or *SUP* 10C.11 (Statements of responsibilities).

- 10C.14.16 G *SUP* 10C.15 (Forms and other documents and how to submit them to the *FCA*) explains how notifications should be submitted.

Revised statements of responsibilities

- 10C.14.17 G (1) Under section 62A of the *Act*, a *firm* should provide the *FCA* with a revised *statement of responsibilities* if there has been any significant change in the responsibilities of an *FCA-approved SMF manager*.
- (2) Details can be found in *SUP* 10C.11 (Statements of responsibilities).

Notifications about fitness, disciplinary action and breaches of COCON

- 10C.14.18 R (1) If a *firm* becomes aware of information which would reasonably be material to the assessment of the fitness and propriety of an *FCA-approved SMF manager*, or of *candidate* to be one (see *FIT*), it must inform the *FCA* either:

- (a) on Form D; or
- (b) if it is more practical to do so and with the prior agreement of the *FCA*, by email or fax;

as soon as practicable and, in any case, within seven *business days*.

- (2) This *rule* does not apply to anything required to be notified under *SUP* 10C.14.7R (Qualified Form C).

10C.14.19 G *SUP* 10C.15 (Forms and other documents and how to submit them to the *FCA*) applies to the submission of Form D.

10C.14.20 G Failing to disclose relevant information to the *FCA* may be a criminal offence under section 398 of the *Act*.

10C.14.21 G The duty to notify in *SUP* 10C.14.18R extends to any circumstances that would normally be declared when giving the information required for section 5 of Form A or matters considered in *FIT* 2.

10C.14.22 R If a *firm* is required to notify the *FCA* about an *FCA-approved SMF manager* under any of the following:

- (1) section 63(2A) of the *Act* (Duty to notify regulator of grounds for withdrawal of approval);
- (2) section 64B(5) of the *Act* (Breach of conduct rules); or
- (3) section 64C of the *Act* (Requirement for relevant authorised persons to notify regulator of disciplinary action);

it must give that notification:

- (4) under *SUP* 10C.14.5R (Form C) if that *rule* applies;
- (5) under *SUP* 10C.14.7R (Qualified Form C) if that *rule* applies; or
- (6) (in any other case) in accordance with *SUP* 10C.14.18R (Form D);

and in accordance with the requirements of this chapter (or if applicable the requirements of *SUP* 10A or of the *PRA*) about submission of those forms.

10C.14.23 G The table in *SUP* 10C.12.24G summarises what the relevant parts of the sections of the *Act* listed in *SUP* 10C.12.22R say.

10C.14.24 G Table: Explanation of the sections of the *Act* mentioned in *SUP* 10C.12.22R

Section	Summary of relevant parts	Other Handbook material	Comments

Section 63(2A) (Duty to notify regulator of grounds for withdrawal of approval)	At least once a year, each <i>firm</i> must, in relation to every <i>SMF manager</i> for whom an approval has been given on the application of that <i>firm</i> : (a) consider whether there are any grounds on which the <i>FCA</i> could withdraw the approval; and (b) if the <i>firm</i> is of the opinion that there are such grounds, notify the <i>FCA</i> of those grounds.		<i>FIT</i> sets out <i>guidance</i> on the factors a <i>firm</i> should take into account when assessing the fitness and propriety of an <i>approved person</i> .
Section 64B(5) (Breach of conduct rules)	If a <i>firm</i> knows or suspects that an <i>approved person</i> has failed to comply with <i>COCON</i> , the <i>firm</i> should notify the <i>FCA</i> of that fact.	<i>SUP</i> 15.11 (Notification of <i>COCON</i> breaches and disciplinary action)	
Section 64C of the <i>Act</i> (Requirement for relevant authorised persons to notify regulator of disciplinary action)	If: (a) a <i>firm</i> takes disciplinary action in relation to an <i>SMF manager</i> ; and (b) the reason, or one of the reasons, for taking that action is a reason specified in <i>SUP</i> 15.11.6R; the <i>firm</i> should notify the <i>FCA</i> of that fact.	<i>SUP</i> 15.11 (Notification of <i>COCON</i> breaches and disciplinary action)	An example of when a notification should be made using Form C rather than Form D is when a <i>firm</i> is required to notify the <i>FCA</i> under section 64C of the <i>Act</i> that it has dismissed an <i>SMF manager</i> .

- 10C.14.25 G (1) When considering how to notify the *FCA* under *SUP* 10C.14.18R or *SUP* 10C.14.22R, a *firm* should have regard to the urgency and significance of a matter. If appropriate, the *firm* should also notify its usual supervisory contact at the *FCA* by telephone or by other prompt means of communication, before submitting a written notification.

- (2) Oral notifications should be given directly to the *firm's* usual supervisory contact at the *FCA*. An oral notification left with another *person* or left on a voicemail, or other automatic messaging service, is unlikely to have been given appropriately.

The need for complete and accurate information

- 10C.14.26 G (1) The obligations to supply information to the *FCA* under:
- (a) *SUP* 10C; or
 - (b) the sections of the *Act* listed in *SUP* 10C.14.22R;
- apply notwithstanding any agreement (for example, a 'COT 3' Agreement settled by the Advisory, Conciliation and Arbitration Service (ACAS)) or any other arrangements entered into by a *firm* and an *employee* upon termination of the *employee's* employment.
- (2) A *firm* should not enter into any such arrangements or agreements that could conflict with its obligations under this section or the *Act*.
- 10C.14.27 G Failing to disclose relevant information to the *FCA* may be a criminal offence under section 398 of the *Act*.

Application of this section to PRA-approved persons

- 10C.14.28 R This section also applies to a notification about a *PRA-approved SMF manager* who is not an *FCA-approved SMF manager* required by any of the provisions of the *Act* listed in *SUP* 10C.14.22R.
- 10C.14.29 R The *PRA's rules* determine how a notification under *SUP* 10C.14.28R is to be made.
- 10C.14.30 G If a *firm* is required to notify the *FCA* about a *PRA-approved SMF manager* who is not an *FCA-approved SMF manager* under one of the sections of the *Act* referred to in *SUP* 10C.14.28R, it should make a single notification under the *PRA's* requirements. There is no need for a separate notification to the *FCA*.

10C.15 Forms and other documents and how to submit them to the FCA

Purpose

- 10C.15.1 G The purpose of this section is to:
- (1) summarise the main forms and other documents used in this chapter; and
 - (2) explain how they should be submitted to the *FCA*.

Forms and documents

10C.15.2 G The main forms and other documents used in this chapter are listed in *SUP* 10C.15.3G.

10C.15.3 G Table: FCA approved persons forms and other documents

Form or other document		Purpose	Handbook requirement
the relevant Form A	<i>SUP</i> 10C Annex 2D	Application to perform <i>designated senior management functions</i> under the <i>approved persons</i> regime	<i>SUP</i> 10C.10.8D
Form B	<i>SUP</i> 10A Annex 5R	Notice to withdraw an application to perform <i>controlled functions</i> under the <i>approved persons</i> regime	<i>SUP</i> 10C.10.36R
		Notice to withdraw an application to vary an approval under the senior management regime for <i>SMF managers</i>	<i>SUP</i> 10C.13.15R
Form C	<i>SUP</i> 10A Annex 6R	Notice of ceasing to perform <i>controlled functions</i>	<i>SUP</i> 10C.14.5R
Form D	<i>SUP</i> 10A Annex 7R	Notification of changes in personal information or application details or functions	<i>SUP</i> 10C.14.13R
			<i>SUP</i> 10C.14.15R
		Notification about fitness or of breach of conduct rules	<i>SUP</i> 10C.14.18R
			<i>SUP</i> 10C.14.22R

Form E	SUP 10C Annex 3D	Internal transfer of an <i>approved person</i>	SUP 10C.10.9D
Form I	SUP 10C Annex 4D	Application to vary a conditional approval under the senior management regime for <i>SMF managers</i>	SUP 10C.13.6D
Form J	SUP 10C Annex 6D	Notification of significant change to a <i>statement of responsibilities</i>	SUP 10C.11
<i>Statement of responsibilities</i>	SUP 10C Annex 5D		SUP 10C.11
<p>Note: Some of the forms are also used in SUP 10A, which deals with the <i>approved persons</i> regime for <i>firms</i> that are not <i>relevant authorised persons</i>.</p> <p>Therefore:</p> <p>(1) where column three refers to the <i>approved persons</i> regime, that includes the senior management regime for <i>SMF managers</i> in this chapter, as well as the regime in SUP 10A for <i>approved persons</i> in <i>firms</i> that are not <i>relevant authorised persons</i>;</p> <p>(2) where column three refers to <i>approved persons</i>, that includes <i>SMF managers</i> in this chapter as well as other <i>approved persons</i> in SUP 10A</p>			

- 10C.15.4 G SUP 10C Annex 1G gives examples of the circumstances in which the documents in SUP 10C.15.3G should be used.
- 10C.15.5 G Copies of the forms in SUP 10C.15.3G and of the *statement of responsibilities* may be obtained from the FCA website. *Credit unions* can obtain copies from the FCA's Firm Contact Centre.
- 10C.15.6 G To contact the FCA's Customer Contact Centre for *approved persons* enquiries:
- (1) telephone: 0300 500 0597;
 - (2) email: firm.queries@fca.org.uk;
 - (3) fax: 020 7066 0017; or
 - (4) write to:

Customer Contact Centre

The Financial Conduct Authority

25 The North Colonnade

Canary Wharf

LONDON E14 5HS.

How to make applications and give notifications

- 10C.15.7 D (1) A *firm* other than a *credit union* must submit a document in column 1 of the table in *SUP* 10C.15.10R, in accordance with the corresponding requirement in column two of that table.
- (2) A *credit union* must submit a document in column 1 of the table in *SUP* 10C.15.10R, in accordance with the corresponding requirement in column three of that table.
- (3) This direction applies to the forms and other documents listed in the table in *SUP* 10C.15.10R that are submitted under a direction.
- 10C.15.8 R *SUP* 10C.15.7D also applies to the forms and other documents listed in the table in *SUP* 10C.15.10R that are submitted under a *rule*.
- 10C.15.9 G It is up to the *credit union* concerned to decide which of the methods of submission available to it under *SUP* 10C.15.10R it is going to use.
- 10C.15.10 R Table: Method of submission

Form or other document	Firms that are not credit unions	Credit unions
the relevant Form A	<i>SUP</i> 10C.15.11R	<i>SUP</i> 10C.15.11R or <i>SUP</i> 10C.15.14R
Form B	<i>SUP</i> 10C.15.14R	<i>SUP</i> 10C.15.14R
Form C	<i>SUP</i> 10C.15.11R	<i>SUP</i> 10C.15.11R or <i>SUP</i> 10C.15.14R
Form D	<i>SUP</i> 10C.15.11R	<i>SUP</i> 10C.15.11R or <i>SUP</i> 10C.15.14R
Form E	<i>SUP</i> 10C.15.11R	<i>SUP</i> 10C.15.11R or <i>SUP</i> 10C.15.14R
Form I	<i>SUP</i> 10C.15.11R	<i>SUP</i> 10C.15.11R or <i>SUP</i> 10C.15.14R
Form J	<i>SUP</i> 10C.15.11R	<i>SUP</i> 10C.15.11R or <i>SUP</i> 10C.15.14R
<i>Statement of</i>	In accordance with the	In accordance with the

<i>responsibilities</i>	requirements for the form with which it is submitted	requirements for the form with which it is submitted
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Method of submission: electronic submission

- 10C.15.11 R (1) An application or submission by a *firm* made under this *rule* must be made by submitting the form or document online at fca.org.uk using the *FCA*'s and *PRA*'s Connect system.
- (2) A *firm* must use the version of the form or document made available on the electronic system referred to in (1), which is based on the version found in the applicable Annex to this chapter or to *SUP* 10A (which are listed in *SUP* 10C.15.3G).
- (3) If the information technology systems used by the *FCA* fail and online submission is unavailable for 24 hours or more, *SUP* 10C.15.14R applies until such time as facilities for online submission are restored.
- 10C.15.12 G If the information technology systems used by the *FCA* fail and online submission is unavailable for 24 hours or more, the *FCA* and *PRA* will endeavour to publish a notice on their websites confirming that:
- (1) online submission is unavailable; and
- (2) the alternative methods of submission in *SUP* 10C.15.14R applies.
- 10C.15.13 G Where *SUP* 10C.15.11R(3) applies to a *firm*, *GEN* 1.3.2R (Emergency) does not apply.

Method of submission: other forms of submission

- 10C.15.14 R (1) An application or submission by a *firm* made under this *rule* must be made in the way set out in *SUP* 15.7.4R to *SUP* 15.7.9G (Form and method of notification).
- (2) A *firm* must use the version of the form or document found in the applicable Annex to this chapter or to *SUP* 10A (which are listed in *SUP* 10C.15.3G).

**10C
Annex
1G** **Summary of forms and their use in the senior management regime for SMF managers**

Function	Form	Submission
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(1) <i>Person</i> about to perform an <i>FCA-designated senior management function</i> if he has never been approved by the <i>FCA</i> or <i>PRA</i> before.	A	Submitted by the <i>firm</i> making the application before activities requiring approval commence.
(2) The <i>candidate</i> is to perform an <i>FCA-designated senior management function</i> and either: (a) has current approval to perform an <i>FCA controlled function</i> that is a <i>significant influence function</i> , an <i>FCA-designated senior management function</i> , or a <i>PRA controlled function</i> ; or (b) has had such an approval within the previous six <i>months</i> .	Shortened Form A if conditions met	Submitted by the <i>firm</i> making the application before activities requiring approval commence.
(3) <i>Candidate</i> ceased to be an <i>approved person</i> more than six months ago.	A	Submitted by the <i>firm</i> making the application before activities requiring approval commence.
(4) Either: (a) <i>candidate</i> is seeking to perform an <i>FCA-designated senior management function</i> for the first time and has never been approved to perform an <i>FCA controlled function</i> that is a <i>significant influence function</i> or a <i>PRA controlled function</i> before; or (b) <i>candidate</i> ceased to have approval from the <i>FCA</i> or <i>PRA</i> to perform an <i>FCA controlled function</i> that is a <i>significant influence function</i> , an <i>FCA-designated senior management function</i> or a <i>PRA controlled function</i> more than six <i>months</i> ago.	A	Submitted by the <i>firm</i> making the application before activities requiring approval commence.
(5) <i>Firm</i> withdrawing an outstanding application to perform an <i>FCA-designated senior management function</i> .	B	Submitted by the <i>firm</i> : signed by all <i>interested parties</i> .
(6) <i>Person</i> ceasing to perform an <i>FCA-designated senior management function</i> .	C (unless it should be notified under Form E)	Submitted by the <i>firm</i> within seven <i>business days</i> of <i>approved person</i> ceasing to perform <i>controlled function(s)</i> .

<p>(7) Either:</p> <p>(a) an <i>FCA-approved SMF manager's</i> title, name or national insurance number changes; or</p> <p>(b) there is information which may be material to the continuing assessment of an <i>FCA-approved SMF manager's</i> fitness and propriety.</p>	<p>D</p> <p>Form C to be used instead where the <i>person</i> is ceasing to perform a <i>controlled function</i></p>	<p>Submitted by <i>firm</i> within seven <i>business days</i> of the firm becoming aware of the matter.</p>
<p>(8) <i>Firm</i> obliged to notify the <i>FCA</i> under:</p> <p>(a) section 63(2A) of the <i>Act</i> (Duty to notify regulator of grounds for withdrawal of approval);</p> <p>(b) section 64B(5) of the <i>Act</i> (Breach of conduct rules); or</p> <p>(c) section 64C of the <i>Act</i> (Requirement for relevant authorised persons to notify regulator of disciplinary action).</p>	<p>Form D.</p> <p>Form C to be used instead where the <i>person</i> is ceasing to perform a <i>controlled function</i></p>	<p>Submitted by <i>firm</i> within seven <i>business days</i> of the firm becoming aware of the matter.</p> <p>A <i>firm</i> should not use Form H as that form only applies to notifications relating to breaches by those who are not <i>SMF managers</i>.</p>
<p>(9) <i>Person</i> remaining with the same <i>firm</i> but changing <i>FCA-designated senior management functions</i>.</p>	<p>E</p>	<p>Submitted by <i>firm</i> to the <i>FCA</i> before changes take place.</p>
<p>(10) <i>Person</i> remaining with the same <i>firm</i> but giving up a <i>PRA controlled function</i> and taking up an <i>FCA-designated senior management function</i>.</p>	<p>E</p>	<p>Submitted by <i>firm</i> to the <i>FCA</i> before changes take place.</p>
<p>(11) <i>Person</i> remaining with the same <i>firm</i> but giving up an <i>FCA-designated senior management function</i> and taking up a <i>PRA-designated senior management function</i>.</p>	<p>E</p>	<p>Submitted by <i>firm</i> to the <i>PRA</i> before changes take place (see the <i>PRA's</i> requirements).</p>
<p>(12) <i>Person</i> remaining with the same <i>firm</i> in the circumstances described in example 9 in the table in <i>SUP 10C.7.3G</i> (ceasing to perform a <i>PRA controlled function</i> triggering need for <i>FCA</i> approval to perform the <i>other overall responsibility function</i>).</p>	<p>E</p>	<p>Submitted by <i>firm</i> to the <i>FCA</i> in advance of giving up the <i>PRA controlled function</i>.</p>
<p>(13) <i>Person</i> with approval to perform the <i>other overall responsibility function</i> remaining with the same <i>firm</i> but ceasing</p>	<p>E</p>	<p>Submitted by <i>firm</i> to:</p> <p>(a) the <i>PRA</i> (if the new function</p>

to require approval to perform that function because of being approved to perform another <i>controlled function</i> (see the table in SUP 10C.7.3G for examples).		is a <i>PRA controlled function</i>); or (b) the <i>FCA</i> (if the new function is an <i>FCA controlled function</i>).
(14) <i>Person</i> remaining with the same <i>firm</i> in the circumstances described in example 8 in the table in SUP 10C.9.9G (giving up a <i>PRA controlled function</i> triggering need for <i>FCA</i> approval).	E	Submitted by <i>firm</i> to the <i>FCA</i> in advance of giving up the <i>PRA controlled function</i> .
(15) <i>Firm</i> applying for the variation of a conditional approval	Form I	
(16) <i>Firm</i> withdrawing an outstanding application to vary a conditional approval.	Form B	Submitted by the <i>firm</i> : signed by all <i>interested parties</i> .
(17) Significant change to an <i>approved person's</i> responsibilities	Form J Form J should not be used if the <i>firm</i> is also submitting a Form A, E or I for the same <i>SMF manager</i>	The revised <i>statement of responsibilities</i> should be included. A <i>statement of responsibilities</i> must be submitted in the format prescribed by the <i>FCA</i> (SUP 10C Annex 5D).

10C Form A: Application to perform senior management functions
Annex 2D



BANK OF ENGLAND
PRUDENTIAL REGULATION
AUTHORITY



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://fshandbook.info/FS/html/FCA/SUP/10C/Annex2>

<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 (Relevant Authorised Persons only)

Application to perform senior management functions

FCA Handbook Reference: SUP 10C Annex 2D

PRA Rulebook Reference: Senior Managers Regime - Applications and Notifications

7 March 2016

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) 300 500 0597
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-

ApprovedPersons@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

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 †

YES

NO

1.12 a Private address[†]

b Postcode[†]

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 Postcode

c Dates resident at this address (mm/yyyy)[†]

	From		To	
--	-------------	--	-----------	--

1.14 a Previous address 2[†]

b Postcode[†]

c Dates resident at this address (mm/yyyy)[†]

	From		To	
--	-------------	--	-----------	--

➔ I have supplied further information related to this page in Section 6[†] YES NO

Firm identification details

Section 2

2.01 Name of *firm* making the application

2.02 Firm Reference Number (FRN)

2.03 a Who should the *FCA/PRA* contact at the *firm* in relation to this application?

b Position

c Telephone

d Fax

e E-mail



I have supplied further information related to this page in Section 6[†]

YES

NO

**Arrangement and senior management functions
Section 3**

3.01 Nature of the arrangement between the candidate and the applicant.

<i>a</i>	<i>Employee</i>	<input type="checkbox"/>
<hr/>		
<i>b</i>	<i>Group employee</i>	<input type="checkbox"/>
	Name of group	
<hr/>		
<i>c</i>	Contract for services	<input type="checkbox"/>
<hr/>		
<i>d</i>	<i>Partner</i>	<input type="checkbox"/>
<hr/>		
<i>e</i>	Other	<input type="checkbox"/>
	Give details	
<hr/>		

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**

Function	Description of a Senior Manager function	Tick (if applicable)	Effective Date
SMF 1	Chief Executive function		
SMF 2	Chief Finance function		
SMF 3	Executive Director		
SMF 4	Chief Risk function		
SMF 5	Head of Internal Audit		
SMF 6	Head of Key Business Area		
SMF 7	Group Entity Senior Manager		
SMF 8	Credit Union SMF (small Credit Unions only)		
SMF 9	Chairman		
SMF10	Chair of the Risk Committee		
SMF11	Chair of the Audit Committee		
SMF12	Chair of the Remuneration Committee		
SMF13	Chair of the Nominations Committee		
SMF14	Senior Independent Director		
SMF16	Compliance Oversight		
SMF17	Money Laundering Reporting		
SMF18	Other overall responsibility function		

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))



I have supplied further information related to this page in Section 6[†] YES NO

3.04 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*.[†]

	Firm Reference Number	Name of firm	Senior Management function	Job title	Effective date
a					
b					
c					
d					
e					

➔ I have supplied further information related to this page in Section 6[†] YES NO

Employment history in the past 5 years

Section 4

N.B.: ALL gaps must be accounted for

4.01

Employment details (1)[†]

a	Period (mm/yyyy)	From	<input type="text"/>	To	<input type="text"/>
b	Nature of employment	<i>a</i>	Employed	<input type="checkbox"/>	
		<i>b</i>	Self-employed	<input type="checkbox"/>	
		<i>c</i>	Not employed	<input type="checkbox"/>	
		<i>d</i>	Full-time education	<input type="checkbox"/>	
	If <i>c</i> or <i>d</i> is ticked, please give details		<input type="text"/>		
c	Name of employer	<input type="text"/>			
d	Nature of business	<input type="text"/>			
e	Previous / other names of employer	<input type="text"/>			
f	Last known address of employer	<input type="text"/>			
g	Is/was employer regulated by a regulatory body?	YES <input type="checkbox"/>	NO <input type="checkbox"/>	Name of regulatory body	<input type="text"/>
h	Is/was employer an <i>appointed representative/tied agent</i> ?	YES <input type="checkbox"/>	NO <input type="checkbox"/>	If yes, of which <i>firm</i> ?	<input type="text"/>
i	Position held	<input type="text"/>			
j	Responsibilities	<input type="text"/>			
k	Reason for leaving:	<i>a</i>	Resignation	<input type="checkbox"/>	
		<i>b</i>	Redundancy	<input type="checkbox"/>	
		<i>c</i>	Retirement	<input type="checkbox"/>	
		<i>d</i>	Termination/dismissal	<input type="checkbox"/>	
		<i>e</i>	End of contract	<input type="checkbox"/>	
		<i>f</i>	Other	<input type="checkbox"/>	

Specify

4.02 Employment details (2) †

a	Period (mm/yyyy)	From	<input type="text"/>	To	<input type="text"/>
b	Nature of employment	<i>a</i>	Employed	<input type="checkbox"/>	
		<i>b</i>	Self-employed	<input type="checkbox"/>	
		<i>c</i>	Not employed	<input type="checkbox"/>	
		<i>d</i>	Full-time education	<input type="checkbox"/>	
	If <i>c</i> or <i>d</i> is ticked, please give details		<input type="text"/>		
c	Name of employer	<input type="text"/>			
d	Nature of business	<input type="text"/>			
e	Previous / other names of employer	<input type="text"/>			
f	Last known address of employer	<input type="text"/>			
g	Is/was employer regulated by a regulatory body?	YES <input type="checkbox"/>	NO <input type="checkbox"/>	Name of regulatory body	<input type="text"/>
h	Is/was employer an <i>appointed representative/tied agent</i> ?	YES <input type="checkbox"/>	NO <input type="checkbox"/>	If yes, of which <i>firm</i> ?	<input type="text"/>
i	Position held	<input type="text"/>			
j	Responsibilities	<input type="text"/>			
k	Reason for leaving:	<i>a</i>	Resignation	<input type="checkbox"/>	
		<i>b</i>	Redundancy	<input type="checkbox"/>	
		<i>c</i>	Retirement	<input type="checkbox"/>	
		<i>d</i>	Termination/dismissal	<input type="checkbox"/>	
		<i>e</i>	End of contract	<input type="checkbox"/>	
		<i>f</i>	Other	<input type="checkbox"/>	
	Specify	<input type="text"/>			



I have supplied further information related to this page in Section 6[†]

YES

NO

Fitness and propriety

Section 5

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 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).

<p>5.01.1a</p> <p>Has the <i>candidate</i> ever been convicted of any criminal offence (whether spent or not and whether or not in the <i>United Kingdom</i>):</p> <p>iii. 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</p> <p>iv. relating to <i>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?</i></p>	<p>YES <input type="checkbox"/> NO <input type="checkbox"/></p>
<p>b</p> <p>Is the <i>candidate</i>, or has the <i>candidate</i> ever been, the subject of any criminal proceedings, whether in the UK or elsewhere?</p>	<p>YES <input type="checkbox"/> NO <input type="checkbox"/></p>
<p>c</p> <p>Has the <i>candidate</i> ever been given a caution in relation to any criminal offence?</p>	<p>YES <input type="checkbox"/> NO <input type="checkbox"/></p>
<p>5.01.2</p> <p>Has the <i>candidate</i> 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)?</p>	<p>YES <input type="checkbox"/> NO <input type="checkbox"/></p>
<p>5.01.3</p> <p>Has the <i>candidate</i> 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?</p>	<p>YES <input type="checkbox"/> NO <input type="checkbox"/></p>



I have supplied further information related to this page in Section 6†

YES NO

5.01.4	Has any firm at which the <i>candidate</i> 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.)	YES <input type="checkbox"/>	NO <input type="checkbox"/>
a	Been convicted of any criminal offence?	YES <input type="checkbox"/>	NO <input type="checkbox"/>
b	Been the subject of any criminal proceeding which has not resulted in a conviction?	YES <input type="checkbox"/>	NO <input type="checkbox"/>
c	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?	YES <input type="checkbox"/>	NO <input type="checkbox"/>



I have supplied further information related to this page in Section 6[†] YES NO

5.02 Civil Proceedings

5.02.1	<p>Has the <i>candidate</i>, ever been the subject of a judgement debt or award against the <i>candidate</i>?</p> <p>Please give a full explanation of the events in questions, ensuring that it adheres to the Disclosure Note at the beginning of this form.</p> <p>You should include all Count Court Judgement(s) (CCJs) made against the <i>candidate</i>, whether satisfied or not); and</p> <p>i) the sum and date of all judgements debts, awards or CCJs (whether satisfied or not); and</p> <p>ii) the total number of all judgment debts, awards or CCJs ordered.</p>	<p>YES <input type="checkbox"/> NO <input type="checkbox"/></p>
5.02.2	<p>Has the <i>candidate</i> ever been party to any civil proceedings which resulted in any order against the <i>candidate</i> (other than a judgement debt or award referred to in 5.02.1 above)? (You should include, for example, injunctions and employment tribunal proceedings.)</p>	<p>YES <input type="checkbox"/> NO <input type="checkbox"/></p>
5.02.3	<p>Is the <i>candidate</i> aware of:</p>	
a	<p>Any proceedings that have begun, or anyone's intention to begin proceedings against the <i>candidate</i>, for a CCJ or another judgement debt?</p>	<p>YES <input type="checkbox"/> NO <input type="checkbox"/></p>
b	<p>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?</p>	<p>YES <input type="checkbox"/> NO <input type="checkbox"/></p>
c	<p>Anybody's intention to claim more than £1,000 of CCJs or judgement debts in total from the <i>candidate</i>?</p>	<p>YES <input type="checkbox"/> NO <input type="checkbox"/></p>
5.02.4	<p>Does the <i>candidate</i> have any current judgment debts (including CCJs) made under a court order still outstanding, whether in full or in part?</p>	<p>YES <input type="checkbox"/> NO <input type="checkbox"/></p>
5.02.5	<p>Has the <i>candidate</i> 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?</p>	<p>YES <input type="checkbox"/> NO <input type="checkbox"/></p>

➔ I have supplied further information related to this page in Section 6[†] YES NO

5.02.6	Has the <i>candidate</i> ever:		
a	Filed for the <i>candidate's</i> own bankruptcy or had a bankruptcy petition served on the <i>candidate</i> ?	YES <input type="checkbox"/>	NO <input type="checkbox"/>
b	Been adjudged bankrupt?	YES <input type="checkbox"/>	NO <input type="checkbox"/>
c	Been the subject of a bankruptcy restrictions order (including an interim bankruptcy restrictions order) or offered a bankruptcy restrictions undertaking?	YES <input type="checkbox"/>	NO <input type="checkbox"/>
d	Made any arrangements with the <i>candidate's</i> creditors, for example a deed of arrangement or an individual voluntary arrangement (or in Scotland a trust deed)?	YES <input type="checkbox"/>	NO <input type="checkbox"/>
e	Had assets sequestrated?	YES <input type="checkbox"/>	NO <input type="checkbox"/>
f	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 <i>candidate</i> or result in any kind of agreement with the <i>candidate</i> ?	YES <input type="checkbox"/>	NO <input type="checkbox"/>
5.02.7	Does the <i>candidate</i> , or any undertaking under their management, have any outstanding financial obligations arising from <i>regulated activities</i> , which have been carried out in the past? (whether or not in the UK or overseas)?	YES <input type="checkbox"/>	NO <input type="checkbox"/>
5.02.8	Has the <i>candidate</i> ever been adjudged by a court or tribunal (whether criminal, civil or administrative) for any fraud, misfeasance, negligence, wrongful trading or other misconduct?	YES <input type="checkbox"/>	NO <input type="checkbox"/>
5.02.9	Is the <i>candidate</i> currently:		
a	Party to any civil proceedings?	YES <input type="checkbox"/>	NO <input type="checkbox"/>
b	Aware of anybody's intention to begin civil proceedings against the <i>candidate</i> ? (<i>candidate</i> should include any ongoing disputes whether or not such dispute is likely to result in any order against the <i>candidate</i> .)	YES <input type="checkbox"/>	NO <input type="checkbox"/>
5.02.10	Has any firm at which the <i>candidate</i> 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 <input type="checkbox"/>	NO <input type="checkbox"/>
b	The subject of a judgement debt or award against the firm? (<i>candidate</i> should include all CCJs) made against the firm, whether satisfied or not.	YES <input type="checkbox"/>	NO <input type="checkbox"/>
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 <input type="checkbox"/>	NO <input type="checkbox"/>



I have supplied further information related to this page in Section 6[†] YES NO

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?

YES NO

b aware of anyone's intention to begin civil proceedings against them?

YES NO

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?

YES NO



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

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 –

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 <input type="checkbox"/>	NO <input type="checkbox"/>
b	Been criticised, censured, disciplined, suspended, expelled, fined or been the subject of any other disciplinary or interventional action by any such body?	YES <input type="checkbox"/>	NO <input type="checkbox"/>
c	Received a warning (whether public or private) that such disciplinary or interventional action may be taken against the <i>candidate</i> or the firm?	YES <input type="checkbox"/>	NO <input type="checkbox"/>
d	Been the subject of an investigation by any regulatory body, whether or not such an investigation resulted in a finding against the <i>candidate</i> or the firm?	YES <input type="checkbox"/>	NO <input type="checkbox"/>
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 <input type="checkbox"/>	NO <input type="checkbox"/>
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 <input type="checkbox"/>	NO <input type="checkbox"/>
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 <input type="checkbox"/>	NO <input type="checkbox"/>
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 <input type="checkbox"/>	NO <input type="checkbox"/>
i	Been the subject of any civil action related to any regulated activity which has resulted in a finding by a court?	YES <input type="checkbox"/>	NO <input type="checkbox"/>
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 <input type="checkbox"/>	NO <input type="checkbox"/>
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 <input type="checkbox"/>	NO <input type="checkbox"/>



I have supplied further information related to this page in Section 6[†]

YES NO

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?

YES NO
- 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*?

YES NO
- 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?

YES NO
- 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*?

YES NO
- 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?

YES NO
- 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?

YES NO



I have supplied further information related to this page in Section 6[†] YES NO

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*?

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)

YES NO

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.



I have supplied further information related to this page in Section 6[†]

YES NO

5.05.4 Has / Have a reference or references been obtained from previous employer(s). If No, please provide details why the reference or references has/have not been obtained.

YES NO

Supplementary information for Senior Management Functions Section 6

- 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 (CV)
 - Organisational chart
 - Provide a copy of the firm's *management responsibilities map* (SYSC 4.5 and SUP 10C.9.10G), and Allocation of Responsibilities in the *PRA* Rulebook
 - A *firm* should include a summary of any handover material (as referred to in SYSC4.9.4R to SYSC 4.9.8G and SUP10C.10.13G) 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.**

Question	Information

Declarations and signatures

Section

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* confirms that the attached Statement of Responsibilities accurately reflects the aspects of the affairs of the firm which it is intended that the *candidate* will be responsible for managing. The *candidate* confirms that they have accepted all the responsibilities set out in this Statement of Responsibilities.

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 1998, 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 *COCON* and/or *PRA* 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 *Candidates* full name†

7.02 Signature

Date

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 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 *COCON* 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 †

7.06 Signature*

Date †



BANK OF ENGLAND
PRUDENTIAL REGULATION
AUTHORITY



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://fshandbook.info/FS/html/FCA/SUP/10C/Annex2>

<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 (Relevant Authorised Persons only)

Application to perform senior management functions

FCA Handbook Reference: SUP 10C Annex 2D

PRA Rulebook Reference: Senior Managers Regime - Applications and Notifications

7 March 2016

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) 300 500 0597
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-ApprovedPersons@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

Personal identification details

Section 1

- 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 †

YES

NO

1.12 a Private address[†]

b Postcode[†]

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 Postcode

c Dates resident at this address (mm/yyyy)[†]

	From		To	
--	-------------	--	-----------	--

1.14 a Previous address 2[†]

b Postcode[†]

c Dates resident at this address (mm/yyyy)[†]

	From		To	
--	-------------	--	-----------	--

I have supplied further information related to this page in Section 6[†]
 YES NO

Firm identification details

Section 2

2.01	Name of <i>firm</i> making the application	
2.02	Firm Reference Number (FRN)	
2.03 a	Who should the <i>FCA/PRA</i> contact at the <i>firm</i> in relation to this application?	
b	Position	
c	Telephone	
d	Fax	
e	E-mail	



I have supplied further information related to this page in Section 6[†]

YES

NO

Arrangement and senior management functions**Section 3**

3.01	Nature of the arrangement between the candidate and the applicant.	a	<i>Employee</i>	<input type="checkbox"/>
		b	<i>Group employee</i>	<input type="checkbox"/>
			Name of group	
		c	Contract for services	<input type="checkbox"/>
		d	<i>Partner</i>	<input type="checkbox"/>
		e	Other	<input type="checkbox"/>
			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**

Function	Description of a Senior Manager function	Tick (if applicable)	Effective Date
SMF 1	Chief Executive function		
SMF 2	Chief Finance function		
SMF 3	Executive Director		
SMF 4	Chief Risk function		
SMF 5	Head of Internal Audit		
SMF 6	Head of Key Business Area		
SMF 7	Group Entity Senior Manager		
SMF 8	Credit Union SMF (small Credit Unions only)		
SMF 9	Chairman		
SMF10	Chair of the Risk Committee		
SMF11	Chair of the Audit Committee		
SMF12	Chair of the Remuneration Committee		
SMF13	Chair of the Nominations Committee		
SMF14	Senior Independent Director		
SMF16	Compliance Oversight		
SMF17	Money Laundering Reporting		
SMF18	Other overall responsibility function		

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))



I have supplied further information related to this page in Section 6[†] YES NO

3.04 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*.[†]

	Firm Reference Number	Name of firm	Senior Management function	Job title	Effective date
a					
b					
c					
d					
e					



I have supplied further information related to this page in Section 6

YES

NO

Employment History

Section 4

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.

Fitness and Propriety**Section 5**

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.

Supplementary Information

Section 6

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 and SUP 10C.9.10G) and Allocation of Responsibilities in the *PRA* Rulebook
- A *firm* should include a summary of any handover material (as referred to in SYSC 4.9.4R to SYSC 4.9.8G and SUP10C.10.13G) 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.**

Question	Information

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* confirms that the attached Statement of Responsibilities accurately reflects the aspects of the affairs of the firm which it is intended that the *candidate* will be responsible for managing. The *candidate* confirms that they have accepted all the responsibilities set out in this Statement of Responsibilities.

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* COCON 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

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.

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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 COCON 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 †

10C **Form E: Internal transfer of an approved person (for firms and individuals**
Annex 3D **subject to the senior management regime)**



BANK OF ENGLAND
PRUDENTIAL REGULATION
AUTHORITY



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 the FCA and PRA's websites at <http://fshandbook.info/FS/html/FCA/SUP/10C/Annex3> 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 3D

PRA Rulebook Reference: Senior Managers Regime - Applications and Notifications

7 March 2016

Name of *candidate*[†]
(to be completed by applicant *firm*)

Name of *firm*[†]
(as entered in 2.01)

Financial Conduct Authority
25 The North Colonnade
Canary Wharf
London E14 5HS
United Kingdom
Telephone +44 (0) 300 500 0597
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
Email PRA-ApprovedPersons@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

Personal identification details **Section 1**

1.01	Individual Reference Number (IRN) †	
1.02	Title (e.g. Mr, Mrs, Ms, etc) †	
1.03	Surname †	
1.04	ALL forenames †	
1.05	Date of birth †	
1.06	National Insurance number †	

Firm identification details **Section 2**

2.01	Name of <i>firm</i>	
2.02	<i>Firm</i> Reference Number (FRN)	
2.03 a	Who should the <i>FCA/PRA</i> contact at the <i>firm</i> in relation to this application?	
b	Position	
c	Telephone	
d	Fax	
e	E-mail	

➔ I have supplied further information related to this page in Section 6 YES NO

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.

	FRN [†]	Name of firm [†]	Senior Management function [†]	Effective date [†]
a				
b				
c				
d				
e				



I have supplied further information related to this page in Section 7[†]

YES

NO

Senior management functions

Section 4

4.01 Nature of the arrangement between the candidate and the applicant.

a *Employee*

b *Group employee*

Name of group

c Contract for services

d *Partner*

e Other

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

Function	Description of a Senior Manager function	Tick (if applicable)	Effective Date
SMF 1	Chief Executive function		
SMF 2	Chief Finance function		
SMF 3	Executive Director		
SMF 4	Chief Risk function		
SMF 5	Head of Internal Audit		
SMF 6	Head of Key Business Area		
SMF 7	Group Entity Senior Manager		
SMF 8	Credit Union SMF (small Credit Unions only)		
SMF 9	Chairman		
SMF10	Chair of the Risk Committee		
SMF11	Chair of the Audit Committee		
SMF12	Chair of the Remuneration Committee		
SMF13	Chair of the Nominations Committee		
SMF14	Senior Independent Director		
SMF16	Compliance Oversight		
SMF17	Money Laundering Reporting		
SMF18	Other overall responsibility function		

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

4.04 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*.[†]

	Firm Reference Number	Name of firm	Senior Management function	Job title (mandatory)	Effective date
a					
b					
c					
d					
e					



I have supplied further information related to this page in Section 5[†]

YES

NO

Supplementary information for Senior Management Functions Section 5

- 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* (SYSC 4.5), and Allocation of Responsibilities in the *PRA* Rulebook
 - A *firm* should include a summary of any handover material (as referred to in SYSC4.9.4R to SYSC 4.9.9G and SUP10C.10.13G) and Senior Management Functions Chapter 2 in the *PRA* Rulebook

Question	Information

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.

The *candidate* confirms that the attached Statement of Responsibilities accurately reflects the aspects of the affairs of the firm which it is intended that the *candidate* will be responsible for managing. The *candidate* confirms that they have accepted all the responsibilities set out in this Statement of Responsibilities.

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 (COCON) 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 COCON /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

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 fulfil 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 4.04. 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 (COCON) and/or *PRA* Conduct Rules (as applicable).
- d) I confirm that 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

6.03 Name of the *firm* submitting the application†

6.04 Name of *person* signing on behalf of the *firm* †

6.05 Job title †

[Redacted]

6.06 Signature

[Redacted]

Date †

[Redacted]

10C **Form I: Application for the variation of a conditional approval for**
Annex 4D **performance of a senior management function**



BANK OF ENGLAND
PRUDENTIAL REGULATION
AUTHORITY



Application number
(for FCA/PRA use only)

Form I – Application for the Variation of a Conditional Approval for the performance of a Senior Management Function

FCA Handbook Reference: SUP 10 C Annex 4D

PRA Rulebook Reference: Senior Persons Regime - Application and Notifications

7 March 2016

Name of individual
(to be completed by applicant)

Name of *firm*
(as entered in 2.01)

Financial Conduct Authority
25 The North Colonnade
Canary Wharf
London E14 5HS
United Kingdom
Telephone +44 (0) 300 500 0597
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
Email PRA-ApprovedPersons@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

Contact Details**Section 1****1.01** Contact for this application

Title	
First Name	
Surname	
Job Title	
Business address	
Post code	
Phone number (including STD code)	
Email address	
Mobile No	
Fax No.	

2.01	Name of <i>firm</i>	[Redacted]
2.02	<i>Firm</i> Reference Number (FRN)	[Redacted]
2.03	Name of individual	[Redacted]
2.04	<i>Individual</i> Reference Number (IRN)	[Redacted]

3.01 Are you applying to add, vary or remove a condition?

Add	
Vary	
Remove	

3.02 If you are applying to vary an existing condition please provide details of the current condition, proposed variation and reason for the proposed variation.

<u>Applicable SMF</u>	
<u>Current condition</u>	
<u>Proposed variation</u>	
<u>Reason for variation</u>	

3.03 If you are applying to add a condition to an existing conditional approval please provide details and reason for proposed condition.

<u>Applicable SMF</u>	
<u>Proposed condition</u>	
<u>Reason for proposed condition</u>	

3.04 If you are applying to remove a condition from an existing conditional approval please provide details of the current condition and the reason for the proposed removal.

<u>Applicable SMF</u>	
------------------------------	--

<u>Current condition</u>	
<u>Reason for removal of condition</u>	



I have supplied further information related to this page in Section 4 YES NO

- 4.01** Is there any other information that the firm considers to be relevant to the application?
 Please indicate clearly which section the supplementary information relates to.
 Please submit an updated Statement of Responsibilities with this form.

Section	Information

- 4.02** How many additional sheets are being submitted?

Declaration of Firm

In this declaration, the *firm* seeking the variation of the conditional approval previously granted in relation to the performance of a senior management function by an individual is referred to as the "Applicant". The individual in relation to whom the *FCA/PRA* (as applicable) gave the conditional approval is referred to as the "Individual". It is a criminal offence, knowingly or recklessly, to give the *FCA/PRA* (as applicable) information that is materially false, misleading or deceptive (see sections 398 and 400 of the Financial Services and Markets Act 2000). The Applicant will notify the *FCA/PRA* (as applicable) immediately if there is a material change to the information provided.

In addition to other regulatory responsibilities, firms and approved persons have a responsibility to disclose to the *FCA/PRA* (as applicable) matters of which it would reasonably expect to be notified. Failure to notify the *FCA/PRA* (as applicable) of such information may lead to the *FCA/PRA* (as applicable) taking disciplinary or other action against the Applicant and/or individuals.

The Applicant understands that the *FCA/PRA* (as applicable) may require it to provide further information or documents at any time.

For the purpose of complying with the data protection legislation, personal data may be used by the *FCA/PRA* (as applicable) to discharge its statutory functions and in accordance with the Data Protection Act, and otherwise will not be disclosed for other purposes without the permission of the Applicant.

The Applicant confirms that the Statement of Responsibilities submitted with this form accurately reflects the aspects of the affairs of the Applicant which it is intended that the individual will be responsible for managing.

The person submitting this Form on behalf of the Applicant confirms that he or she has authority to submit this form and, on behalf of the Applicant confirms that he or she has read and understood the notes to this Form and the declaration given by the Applicant,

Name of the *firm***Name of *person*
signing****on behalf of the *firm*****Position****Signature****Date**

Declaration of candidate/ approved person

The *approved person* confirms that the attached Statement of Responsibilities accurately reflects the aspects of the affairs of the firm which it is intended that the *approved person* will be responsible for managing. The *approved person* confirms that they have accepted all the responsibilities set out in this Statement of Responsibilities.

Name of candidate/approved person

Signature

Date

10C **Statement of responsibilities**
Annex 5D



BANK OF ENGLAND
PRUDENTIAL REGULATION
AUTHORITY



Application number or IRN
(for FCA/PRA use only)

Senior Management Regime: Statement of Responsibilities

This form applies to UK relevant authorised persons. It does not apply to incoming EEA relevant authorised persons, third country relevant authorised persons, or appointed representatives of any relevant authorised person.

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 Form J notification or a Form I application or variation.

FCA Handbook Reference: SUP 10C, SYSC 4.5, SYSC 4.7

PRA Rulebook Reference: Senior Managers Regime - Applications and Notifications

7 March 2016

Name of *individual*
(to be completed by *firm*)

Name of *firm*
(as entered in 2.01)

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>

Prudential Regulation Authority
20 Moorgate
London
EC2R 6DA
United Kingdom
Telephone +44 (0) 203 461 7000
Email PRA-ApprovedPersons@bankofengland.co.uk
Website www.bankofengland.co.uk/PRA

Personal identifications details**Section 1**

1.01 Individual Reference Number (IRN)

1.02 Title
(e.g. Mr, Mrs, Ms, etc)

1.03 Surname

1.04 ALL forenames

1.05 Date of birth

1.06 National Insurance number

Firm identification details**Section 2**2.01 Name of *firm*2.02 *Firm* Reference Number (FRN)2.03 a Who should the *FCA/PRA* contact at the *firm*
in relation to this *statement of responsibilities*?

b Position

c Telephone

d Fax

e E-mail

I have supplied further information
related to this page in Section 4YES NO

Senior Management Functions

Section 3

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*.

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 descriptions of each responsibility which avoid unnecessary detail. Firms have the opportunity to provide details of each responsibility allocated to an individual using the free text boxes in this form, however, the *PRA* and *FCA* would not usually expect the description of each responsibility to exceed 300 words.

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 management function on behalf of more than one firm within a group, one *statement of responsibilities* is required for each firm. Any supplementary information may be provided in section 4 (or if submitting electronically, in a **single** attachment). A statement of responsibilities must not cross refer to other documents, attachments or links.

A *statement of responsibilities* should include responsibilities held in relation to *FCA* controlled functions that are included in a *PRA controlled function* under *SUP 10C.9* (Minimising overlap with the *PRA* approved persons regime). (*SUP 10C.11*)

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 prescribed 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, and management functions 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 Management 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*, i.e. since the granting of the application, there has been a significant change in the aspects of the firm's affairs which the individual is responsible for managing in performing the function (for example, a change in allocation of responsibilities within the firm, or the senior manager is applying for a new or additional senior management 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.

SMF	Description	Tick SMF applied for or held	Effective Date
SMF1	Chief Executive function		
SMF2	Chief Finance function		
SMF3	Executive Director		
SMF4	Chief Risk function		
SMF5	Head of Internal Audit		
SMF6	Head of Key Business Area		
SMF7	Group Entity Senior Manager		
SMF8	Credit Union SMF (small Credit Unions only)		
SMF9	Chairman		
SMF10	Chair of the Risk Committee		
SMF11	Chair of the Audit Committee		
SMF12	Chair of the Remuneration Committee		
SMF13	Chair of the Nominations Committee		
SMF14	Senior Independent Director		
SMF16	Compliance Oversight		
SMF17	Money Laundering Reporting		
SMF18	Other Overall Responsibility function		

This *statement of responsibilities* is considered to automatically include the existing legal and regulatory obligations where they exist for these roles and functions. 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.

3.1.3 Please indicate those FCA functions that are included in a PRA controlled function under SUP 10C.9 (Minimising overlap with the PRA approved persons regime).

SMF	Description	Yes?
SMF3	Executive Director	
SMF13	Chair of the Nominations Committee	

3.2 Prescribed Responsibilities

This section deals with those responsibilities to be allocated to one or more senior managers. 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 SUP 10C.11/PRA: Allocation of Responsibilities*)

3.2.1 Please indicate below which of the responsibilities listed are/will be allocated to this individual, if any.

Note: the form includes references to provisions in the FCA Handbook which are also set out in the PRA Rulebook, sometimes in slightly different wording. Where this is the case, the underlying provisions should be interpreted as equivalent in substance unless indicated otherwise. Any differences are purely presentational.

If the individual has not been allocated a prescribed responsibility, please go to section 3.3.

Ref	Prescribed Responsibility (Applicable to all firms)	Does this prescribed responsibility apply?	Is this prescribed responsibility shared?
a	Responsibility for the <i>firm's</i> performance of its obligations under the senior management regime	Yes / No	Yes / No
b	Responsibility for the firm's performance of its obligations under the employee certification regime	Yes / No	Yes / No
c	Responsibility for compliance with the requirements of the regulatory system about the management responsibilities map	Yes / No	Yes / No
d	Overall responsibility for the firm's policies and procedures for countering the risk that the firm might be used to further financial crime	Yes / No	Yes / No
e	Responsibility for the allocation of all prescribed responsibilities	Yes / No	Yes / No

Ref	Prescribed Responsibility (Applicable to all firms except small firms)	Does this prescribed responsibility apply?	Is this prescribed responsibility shared?
f	Responsibility for: (a) leading the development of; and (b) monitoring the effective implementation of; policies and procedures for the induction, training and professional development of all members of the <i>firm's governing body</i> .	Yes / No	Yes / No
g	Responsibility for monitoring the effective implementation of policies and procedures for the induction, training and professional development of all persons performing <i>designated senior management functions</i> on behalf of the <i>firm</i> other than members of the <i>governing body</i> .	Yes / No	Yes / No
h	Responsibility for overseeing the adoption of the <i>firm's</i> culture in the day-to-day management of the <i>firm</i> .	Yes / No	Yes / No
i	Responsibility for leading the development of the firm's culture by the governing body as a whole.	Yes / No	Yes / No

Ref	Prescribed Responsibility (Applicable to all firms except small firms)	Does this prescribed responsibility apply?	Is this prescribed responsibility shared?
j	Responsibility for: (a) safeguarding the independence of; and (b) oversight of the performance of: the internal audit function in accordance with SYSC 6.2 (Internal Audit)	Yes / No	Yes / No
k	Responsibility for: (a) safeguarding the independence of; and (b) oversight of the performance of; the compliance function in accordance with SYSC 6.1(Compliance)	Yes / No	Yes / No
l	Responsibility for: (a) safeguarding the independence of; and (b) oversight of the performance of; the risk function in accordance with SYSC 7.1.21R and SYSC7.1.22R (Risk control)	Yes / No	Yes / No
m	Responsibility for overseeing the development of, and implementation of the firm's remuneration policies and practices in accordance with SYSC 19D (Remuneration Code)	Yes / No	Yes / No
n	Responsibility for the independence, autonomy and effectiveness of the firm's policies and procedures on whistleblowing, including the procedures for protection of staff who raise concerns from detrimental treatment	Yes / No	Yes / No
o	Management of the allocation and maintenance of capital, funding and liquidity	Yes / No	Yes / No
p	The firm's treasury management functions	Yes / No	Yes / No
q	The production and integrity of the firm's financial information and its regulatory reporting in respect of its regulated activities	Yes / No	Yes / No
r	The firm's recovery plan and resolution pack and overseeing the internal processes regarding their governance	Yes / No	Yes / No
s	Responsibility for managing the firm's internal stress-tests and ensuring the accuracy and timeliness of information provided to the PRA and other regulatory bodies for the purposes of stress-testing;	Yes / No	Yes / No

Ref	Prescribed Responsibility (Applicable to all firms except small firms)	Does this prescribed responsibility apply?	Is this prescribed responsibility shared?
t	Responsibility for the development and maintenance of the firm's business model by the governing body;	Yes / No	Yes / No
u	Responsibility for the firm's performance of its obligations under <i>Fitness and Propriety</i> (in the PRA Rulebook) in respect of its notified non-executive directors	Yes / No	Yes / No

Ref	Prescribed Responsibility (Applicable to specific types of firm)	Does this prescribed responsibility apply?	Is this prescribed responsibility shared?
v	If the firm carries out proprietary trading, responsibility for the firm's proprietary trading activities;	Yes / No	Yes / No
w	If the firm does not have an individual performing the Chief Risk function, overseeing and demonstrating that the risk management policies and procedures which the firm has adopted in accordance with SYSC 7.1.2 R to SYSC 7.1.5 R satisfy the requirements of those rules and are consistently effective in accordance with SYSC 4.1.1R.	Yes / No	Yes / No
x	If the firm outsources its internal audit function taking reasonable steps to ensure that every person involved in the performance of the service 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	Yes / No	Yes / No
y	If the firm is a ring-fenced body, responsibility for ensuring that those aspects of the firm's affairs for which a person is responsible for managing are in compliance with the ring-fencing requirements.	Yes / No	Yes / No
z	Overall responsibility for the firm's compliance with CASS	Yes / No	Yes / No

Ref	Prescribed Responsibility (Applicable to small firms only⁵)	Does this prescribed responsibility apply?	Is this prescribed responsibility shared?
aa	Responsibility for implementing and management of the firm's risk management policies and procedures	Yes / No	Yes / No
bb	Responsibility for managing the systems and controls of the firm	Yes / No	Yes / No
cc	Responsibility for managing the firm's financial resources.	Yes / No	Yes / No
dd	Responsibility for ensuring the governing body is informed of its legal and regulatory obligations	Yes / No	Yes / No

⁵ Small firms are firms with gross total assets of £250 million or less (determined on the basis of the annual average amount calculated across a rolling period of 5 years (calculated by reference to the firm's annual accounting date)).

3.2.2 If necessary, please provide additional information about each prescribed responsibility, including:

- A breakdown of the different components and tasks which the responsibility encompasses; and
- If applicable, details of any sharing arrangements including, if known, the name(s), IRN(s) and/or job title(s) of the individual(s) you are sharing this prescribed responsibility with. The responsibility should be recorded in the same way in the statements of responsibilities for each individual.

Additional information must be relevant, succinct and not dilute or undermine the prescribed responsibility.

Ref	Prescribed Responsibility	Further Relevant Details



I have supplied further information related to this page in Section 4

YES

NO

3.3 Overall Responsibility

This section deals with having overall responsibility for any of the business areas, activities, or management functions of the firm.

By overall responsibility we mean the ultimate responsibility (under the governing body) for managing or supervising that function, and primary and direct responsibility for briefing and reporting to the governing body about that function and putting matters for decision about that function to the governing body of the firm.

(SYSC 4.7)

- 3.3.1 If the individual has overall responsibility for any or part of the business areas, activities, or management functions of a firm, please provide details of each 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 of any sharing arrangements including, if known, the name(s), IRN(s) and/or job title(s) of the individual(s) you are sharing this responsibility with. The responsibility should be recorded in the same way in the statements of responsibilities for each individual.
- If the individual does not have overall responsibility for a business area, activity or management function of the firm, please go to section 3.4

A *firm* may wish to refer to SYSC 4 Annex 1G (replicated in Annex A of this form) to help it make sure it has not failed to allocate overall responsibility for a particular activity of the firm. Please note that the *FCA* does not require firms to organise themselves by the functions in SYSC 4 Annex 1G, and that the Annex is not comprehensive. It is important that a firm does not fail to allocate overall responsibility for business areas, activities and management functions, in line with SYSC 4.7.8R.

Please provide a title for this overall responsibility	Please provide further details of this overall responsibility.	Is this overall responsibility shared? If 'Yes' please provide, the name(s), IRN(s) and/or job title(s) of the individual(s) you are sharing this responsibility with (where known)
		Yes / No



I have supplied further information related to this page in Section 4

YES

NO

3.4 Other Responsibilities

3.4.1 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. For example, responsibilities outside the normal course of business such as those linked to high profile projects of initiatives.

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 of any sharing arrangements including, if known, the name(s), IRN(s) and/or job title(s) of the individual(s) you are sharing this responsibility with. The responsibility should be recorded in the same way in the statements of responsibilities for each individual.

Please provide a title for this other responsibility	Please provide further details of this other responsibility	Is this other responsibility shared? If 'Yes' please provide ,the name(s), IRN(s) and/or job title(s) of the individual(s) you are sharing this responsibility with (where known)
		Yes / No



I have supplied further information related to this page in Section 4

YES

NO

Supplementary Information**Section 4**

4.1 Is there any other information the *individual* or the *firm* considers to be relevant?

YES NO

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.

Question	Information

4.2 How many additional sheets are being submitted?

ANNEX A

SYSC 4 **The main business activities and functions of a relevant authorised person**
Annex 1G

Business areas and management functions	Explanation
(1) Payment services	<p>This means:</p> <p>(1) <i>payment services</i>;</p> <p>(2) issuing and administering other means of payment (for example, cheques and bankers' drafts);</p> <p>(3) issuing <i>electronic money</i>; and</p> <p>(4) current accounts.</p>
(2) Settlement	<p>This means clearing and settlement of any transactions described in rows (3) and (6) to (9) of this annex in relation to the assets covered by (9).</p> <p>It also includes clearing and settlement of any transactions described in row (10).</p>
(3) Investment management	<p>This has the same meaning as <i>managing investments</i> with the following adjustments:</p> <p>(a) it covers all types of assets; and</p> <p>(b) the exclusions in the <i>Regulated Activities Order</i> do not apply.</p> <p>It also covers fund management.</p>
(4) Financial or investment advice	<p>This includes <i>advising on investments</i>.</p>
(5) Mortgage advice	<p>This has the same meaning as <i>advising on regulated mortgage contracts</i> but is expanded to cover land anywhere in the world and to cover security of any kind over land.</p>
(6) Corporate investments	<p>This means acquiring, holding, managing and disposing a <i>firm's</i> investments made for its own account.</p>
(7) Wholesale sales	<p>This means the <i>selling of any investment to a person other than a retail customer</i>.</p> <p>It does not include the activities in (1).</p>
(8) Retail sales	<p>This means the <i>selling of any investment to a retail customer</i>.</p> <p>It includes savings accounts. It does not include the activities in (1).</p>

Business areas and management functions	Explanation
(9) Trading for clients	This means <i>dealing in investments as agent</i> and <i>execution of orders on behalf of clients</i> but the list of products includes money market instruments and foreign exchange.
(10) Market making	This has the same meaning as it does in <i>MIFID</i> (see the definition of market maker in article 4.1(8)).
(11) <i>Investment research</i>	
(12) Origination/syndication and underwriting	<p>Origination and syndication include:</p> <p>(1) entering into or acquiring (directly or indirectly) any commitment or <i>investment</i> with a view to transferring some or all of it to others, or with a view to others investing in the same transaction;</p> <p>(2) sub-participation; and</p> <p>(3) any transaction described in the <i>Glossary</i> definition of <i>originator</i>.</p> <p>Underwriting includes underwriting that is not on a firm commitment basis.</p> <p>A commitment or <i>investment</i> includes an economic interest in some or all of it.</p> <p>This activity also includes the provision of services relating to such transactions.</p>
(13) Retail lending decisions	<p>Deciding whether, and on what terms, to lend to <i>retail customers</i>.</p> <p>Lending includes granting credit, leasing and hire (including finance leasing).</p>
(14) Wholesale lending decisions	<p>Deciding whether, and on what terms, to lend to <i>persons who are not retail customers</i>.</p> <p>Lending includes granting credit, leasing and hire (including finance leasing).</p>
(15) Design and manufacturing of products intended for wholesale customers	Wholesale customers mean <i>persons who are not retail customers</i>
(16) Design and manufacture of products intended for <i>retail customers</i>	

Business areas and management functions	Explanation
(17) Production and distribution of marketing materials and communications	This includes <i>financial promotions</i>
(18) Customer service	This means dealing with <i>clients</i> after the point of sale, including queries and fulfilment of <i>client</i> requests
(19) Customer complaints handling	<p>This includes the <i>firm's</i> compliance with <i>DISP</i>.</p> <p>It also includes:</p> <p>(1) any similar procedures relating to activities that do not come under the jurisdiction of the <i>Financial Ombudsman Service</i>;</p> <p>(2) activities that take place outside the <i>UK</i>; and</p> <p>(3) activities that are not subject to any ombudsman service.</p>
(20) Collection and recovering amounts owed to a <i>firm</i> by its customers Dealing with customers in arrears	"Customer" means any <i>person</i> falling into any of the definitions of <i>client</i> in the <i>Glossary</i> so far as they apply to the <i>FCA's Handbook</i> . The definition is extended to cover all services provided by the <i>firm</i> and not just those that are provided in the course of carrying on a <i>regulated activity</i> or an <i>ancillary service</i> .
(21) Middle office	This means risk management and controls in relation to, and accounting for, transactions in <i>securities</i> or <i>derivatives</i>
(22) The <i>firm's</i> information technology	
(23) Business continuity planning	This means the functions described in SYSC 4.1.6R and SYSC 4.1.7R
(24) Human resources	This includes recruitment, training and competence and performance monitoring
(25) Incentive schemes for the <i>firm's</i> staff	This is not limited to schemes based on sales.
(26) <i>Providing information in relation to a specified benchmark</i>	

Business areas and management functions	Explanation
<i>(27) Administering a specified benchmark</i>	
<p>Note (1): The purpose of this annex is explained in SYSC 4.5 (Management responsibilities maps for relevant authorised persons) and SYSC 4.7.37G.</p>	
<p>Note (2): A <i>firm</i> does not have to use the split of activities in this annex for the purposes in Note (1). If a <i>firm</i> does decide to use it, it may adapt it to suit its management arrangements better.</p> <p>For example, a <i>firm</i> may find the split of activities into <i>retail</i> and wholesale activities unsuitable. If so, the <i>firm</i> might:</p> <ul style="list-style-type: none"> (a) treat <i>retail</i> and wholesale activities together; or (b) use its own definition of retail and wholesale activities. 	

10C
Annex 6D

Form J: Notification of significant change to a statement of responsibilities



BANK OF ENGLAND
PRUDENTIAL REGULATION
AUTHORITY



Application number
(for FCA/PRA use only)

Notification of Significant Changes in Responsibilities of a Senior Management Function Manager (Form J)

FCA Handbook Reference: SUP 10C Annex 6D

PRA Rulebook Reference: Senior Persons Regime - Applications and Notifications

7 March 2016

Name of *individual*
(to be completed by *firm*)

Name of *firm*
(as entered in 3.01)

Financial Conduct Authority
25 The North Colonnade
Canary Wharf
London E14 5HS
United Kingdom
Telephone +44 (0) 300 500 0597
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
Email PRA-ApprovedPersons@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

Contact Details**Section 1****1.01** Contact for this notification

	Title	
	First Name	
	Surname	
	Job Title	
	Business address	
	Post code	
	Phone number (including STD code)	
	Email address	
	Mobile No	
	Fax No.	

Personal identifications details**Section 2**

2.01 Individual Reference Number (IRN) †

2.02 Title
(e.g. Mr, Mrs, Ms, etc) †

2.03 Surname †

2.04 ALL forenames †

2.05 Date of birth †

2.06 National Insurance number †

Firm identification details**Section 3**3.01 Name of *firm*3.02 *Firm* Reference Number (FRN)3.03 a Who should the *FCA/PRA* contact at the *firm* in relation to this notice? †

b Business address †

c Position †

d Telephone †

e Mobile †

f Fax †

g E-mail †

† The above questions appear on an electronic form submission and a paper form submission

Senior Management Functions**Section 4****4.1 Summary of Significant Changes made**

Please provide a summary of the significant changes made since the date of the previously submitted statement

Please submit with this form an updated Statement of Responsibilities including the effective date.

Please submit with this form an updated Firm's Management Responsibilities Map.



Declarations and signatures**Section 5****Declaration by Approved Person**

The *approved person* confirms that this Statement of Responsibilities accurately reflects the aspects of the affairs of the firm which it is intended that the *approved person* will be responsible for managing. The *approved person* confirms that they have accepted all the responsibilities set out in this Statement of Responsibilities.

This is given as at the *commencement date* or, for *candidates*, the date of approval if later.

Name of candidate/approved person

Signature

Date

Declaration by Firm

It is a criminal offence, knowingly or recklessly, to give us information that is materially false, misleading or deceptive.

The *firm* confirms that the information provided is accurate and complete to the best of its knowledge.

In addition to other regulatory responsibilities, *firms*, *SMF 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.

The person signing on behalf of the Firm confirms that:

- he or she has read this declaration in full;
- he or she has confirmed that the information supplied is accurate and complete to the best of his or her knowledge, and the updated Statement of Responsibility accurately reflects the aspects of the affairs of the Firm which it is intended that the Individual will be responsible for managing.

Name of the *firm* submitting the form

Name of *person* signing on behalf of the *firm*

Job title

Signature

Date

Amend the following as shown.

15 Notification to the FCA or PRA

15.1 Application

...

Relevant authorised persons

15.1.7 R The following apply only to *relevant authorised persons*:

(1) SUP 15.2.5G (Purpose); and

(2) SUP 15.11 (Notification of COCON breaches and disciplinary action).

...

15.2 Purpose

...

15.2.5 G SUP 15.11 (Notification of COCON breaches and disciplinary action) provides *rules and guidance* on notifications to the *FCA* by a *relevant authorised person* where it knows or suspects that any *conduct rules staff* has failed to comply with *COCON* or it takes disciplinary action in relation to any *conduct rules staff* and the reason for taking that action is a reason specified in *rules* made by the *FCA*. These are requirements imposed under sections 64B and 64C of the *Act*.

15.2.6 G SUP 15.12 (Ongoing alerts for retail adviser complaints) sets out *rules and guidance* on a *firm's* obligation to notify the *FCA* of complaints against an *employee* acting as a *retail investment adviser*.

...

15.3 General notification requirements

...

Breaches of rules and other requirements in or under the Act or the CCA

15.3.11 R (1) A *firm* must notify the *appropriate regulator* of:

(a) a significant breach of a *rule* (which includes a *Principle*, ~~or~~ a *Statement of Principle* or a *COCON rule*); or

...

...

...

15.3.14A G (1) Some matters that need to be notified under SUP 15.3.11R may also have to be notified under SUP 10A.14 (Changes to an FCA-approved person's details).

- (2) However, there is no need to make the same notification twice.
- (3) Any notification required under both SUP 10C.14 and SUP 15.3.11R should be made in accordance with SUP 10C.14, which requires notification using Forms C or D.
- (4) SUP 10C.14 only applies to relevant authorised persons. SUP 10A.14 applies similar, but less extensive, obligations to firms that are not relevant authorised persons. Paragraphs (2) and (3) apply to those notifications as well. Such notifications should however be made under SUP 10A.14.

- 15.3.14B G (1) Some matters that need to be notified under SUP 15.3.11R may also have to be notified under SUP 15.11 (Notification of COCON breaches and disciplinary action).
- (2) If the same thing has to be notified under SUP 15.11 and SUP 15.3.11R, a firm should make separate notifications under both. This is because notification under SUP 15.11 is annual and notification under SUP 15.3.11R is immediate.

Insert the following new sections after SUP 15.10. The text is not underlined.

15.11 Notification of COCON breaches and disciplinary action

Reasons for making a notification to the FCA

- 15.11.1 G Under section 64A of the *Act*, the *FCA* may make *rules* about the conduct of *approved persons* and *persons* who are *employees of relevant authorised persons*.
- 15.11.2 G *COCON* sets out *rules* and *guidance* about the conduct of *conduct rules staff*.
- 15.11.3 G Under section 64B of the *Act*, if a *firm* knows or suspects that any *conduct rules staff* has failed to comply with *COCON*, it must notify the *FCA*.
- 15.11.4 G Under section 64C of the *Act*, a *firm* must notify the *FCA* if it takes disciplinary action against any *conduct rules staff* and the reason for this action is a reason specified in *rules* made by the *FCA* in SUP 15.11.6R.
- 15.11.5 G Disciplinary action is defined in section 64C of the *Act* as the issuing of a formal written warning, the suspension or dismissal of a *person* who is a member of a *relevant authorised person's conduct rules staff* or the reduction or recovery of any of such *person's* remuneration.
- 15.11.6 R If a reason for taking the disciplinary action is any action, failure to act or circumstance that amounts to a breach of *COCON*, then the *firm* is required to notify the *FCA* of the disciplinary action.
- 15.11.7 G A *firm* should make a separate notification about a *person* under section 64C of the *Act* where:
- (1) it has made a notification to the *FCA* about a *person* pursuant to

section 64B of the *Act*; and

- (2) it subsequently takes disciplinary action against the *person* for the action, failure to act, or circumstance, that amounted to a breach of *COCON*.

15.11.8 G If, after a *firm* has made a notification for a *person* (A) pursuant to:

- (1) section 64B of the *Act*; or
 (2) section 64C of the *Act*;

it becomes aware of facts or matters which cause it to change its view that A has breached *COCON*, or cause it to determine that A has breached a provision of *COCON* other than the provision to which the notification related, the *firm* should inform the *FCA* of those facts and matters and its revised conclusion in line with a *firm's* obligation to comply with *Principle 11*.

15.11.9 G A *firm* that is considering whether to make a notification in respect of a suspected breach of *COCON* should satisfy itself that it has reasonable grounds for its suspicion before making the notification. If a *firm* has made a notification about a *person* pursuant to section 64B of the *Act* based on a suspicion, the *firm* should inform the *FCA* of any subsequent determination it makes in relation to that matter.

15.11.10 G A *firm* should make a notification pursuant to section 64B of the *Act* even if the matter giving rise to the notification relates to a *person* who is no longer a member of the *conduct rules staff* of the *firm*, including where that *person* is no longer an *employee* of the *firm*.

15.11.11 G In relation to any *conduct rules staff*, the *FCA* does not expect a *firm* to notify it pursuant to section 64B or section 64C of the *Act* if the known or suspected breach of *COCON* occurred before the application of *COCON* to that *firm*.

Timing and form of notifications: SMF managers

15.11.12 G Where a *firm* is required to notify the *FCA* pursuant to section 64B or section 64C of the *Act* and that notification relates to an *SMF manager*, *SUP 10C* sets out how and when the notification must be made, and the relevant *notification rules* in *SUP 10C* apply.

Timing and form of notifications: certification employees and other conduct rules staff

15.11.13 R A *firm* must make any notifications required pursuant to section 64B or section 64C of the *Act* relating to a *certification employee* or *other conduct rules staff* annually. That notification should be made in October each year and cover the year up to the first day of that month.

15.11.14 R A *firm* must make any notifications required pursuant to section 64B or section 64C of the *Act* relating to a *certification employee* or *other conduct rules staff* on Form H (*SUP 15 Annex 7R*).

- 15.11.15 R A *firm* must make notifications pursuant to section 64B or section 64C of the *Act* relating to a *certification employee* or *other conduct rules staff* in accordance with the *rules* and *guidance* in SUP 15.7.

General guidance on notifications of rule breaches and disciplinary action

- 15.11.16 G A *firm* is not required to:
- (1) submit nil return notifications pursuant to section 64B or section 64C of the *Act*;
 - (2) submit a notification pursuant to section 64B of the *Act* in respect of a suspected breach of *COCON* where the *firm* no longer has reasonable grounds for the suspicion at the time of the notification.
- 15.11.17 G The obligation to notify pursuant to section 64B or section 64C of the *Act* does not replace or limit a *firm's* obligation to comply with *Principle 11*.
- 15.11.18 G When considering whether to make a notification pursuant to section 64B or section 64C of the *Act*, a *firm* should also consider whether a notification should be made under any *notification rules*, including, without limitation, any *notification rules* that require a notification to be made to the *PRA*.
- 15.11.19 G The obligations to make a notification pursuant to section 64B or section 64C of the *Act* apply notwithstanding any agreement (for example a 'COT 3' Agreement settled by the Advisory, Conciliation and Arbitration Service (ACAS)) or any other arrangements entered into by a *firm* and an *employee* upon termination of the *employee's* employment. A *firm* should not enter into any such arrangements or agreements that could conflict with its obligations under this section.
- 15.11.20 G Failing to disclose relevant information to the *FCA* may be a criminal offence under section 398 of the *Act*.

15.12 Ongoing alerts for retail adviser complaints

- 15.12.1 R (1) A *firm* must notify the *FCA*, using the form in SUP 15 Annex 8R, where:
- (a) in any 12-month period, it has upheld three *complaints* about matters relating to activities carried out by any one *employee* when acting as a *retail investment adviser*; or
 - (b) it has upheld a *complaint* about matters relating to activities carried out by any one *employee* when acting as a *retail investment adviser*, where the redress paid exceeds £50,000.
- (2) A notification made under (1)(a) must be made by the end of the period of 20 *business days*, beginning on the day on which the *firm* upheld the third complaint.
- (3) A notification made under (1)(b) must be made by the end of the period of 20 *business days*, beginning on the day on which the *firm*

upheld the complaint.

- 15.12.2 G For the purpose of *SUP* 15.12.1R:
- (1) when calculating the number of *complaints* in *SUP* 15.12.1R(1)(a), the *firm* should exclude *complaints* previously notified to the *FCA* under this rule;
 - (2) redress, under *SUP* 15.12.1R(1)(b), should be interpreted to include an amount paid, or cost borne, by the *firm*, where a cash value can be readily identified, and should include:
 - (a) amounts paid for distress and inconvenience;
 - (b) a free transfer out to another provider for which a transfer would normally be paid for;
 - (c) goodwill payments and gestures;
 - (d) interest on delayed settlements;
 - (e) waiver of an excess on an insurance policy; and
 - (f) payments to put the consumer back into the position the consumer should have been in had the act or omission not occurred; and
 - (3) the amount of redress paid under *SUP* 15.12.1R(1)(b) should not include repayments or refunds of premiums which have been taken in error (for example, where a *firm* has been taking, by direct debit, twice the actual premium amount due under a policy) and the refund of the overcharge would not count as redress.

[**Note:** See *DISP* 1.10.2AR for the duty to notify *complaints* under the *complaints reporting rules*]

- 15.12.3 R Notifications under *SUP* 15.12.1R must be made electronically using a method of notification prescribed by the *FCA*.

...

15 Annex 7R Form H: The Notification of Conduct rules Breaches and Disciplinary Action Form

Insert the following new annex. The text is not underlined.



Application number
(for FCA/PRA use only)

Form H

Notification of Conduct Rules Breaches and Disciplinary Action relating to certification employees and other conduct rules staff

FCA Handbook Reference: SUP 15 Annex 7R
7 March 2016

Name of *firm*
(as entered in 2.01)

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>

Contact Details**Section 1**

Contact for this notification

1.01	Title	
1.02	First Name	
1.03	Surname	
1.04	Job Title	
1.05	Business address	
1.06	Post code	
1.07	Phone number (including STD code)	
1.08	Email address	
1.09	Mobile No	
1.10	Fax No.	

Firm Identification Details**Section 2**

2.01 Name of *firm*

2.02 Firm Reference Number (FRN)

Fitness and Propriety - Notifications under section 64B(5) or 64C of the Financial Services and Markets Act 2000.

Section 3

This section should be completed by a firm to:

- (d) make an annual notification under section 64B(5) (Breach of conduct rules) of the Financial Services and Markets Act 2000 of known or suspected breach by any certification employees or other conduct rules staff of the individual conduct rules set out in the FCA's Code of Conduct (COCON);
- (e) make an annual notification of disciplinary action (as defined in section 64C ((Requirement for relevant authorised persons to notify regulator of disciplinary action) of the Financial Services and Markets Act 2000) if the reason for taking the disciplinary action is any action, failure to act or circumstance that amounts to a breach of the individual conduct rules set out in the FCA's Code of Conduct (COCON);
- (f) make a follow up notification to update a notification that has been previously made by the firm in relation to (a) or (b) (section 5.01)

Breach Details – New Breaches

Section 4

For each individual that is the subject of a notification under this Form, please provide the details requested below, in so far as applicable.

Title	Surname	Forenames	IRN (if available)	Date of Birth	National Insurance Number or Passport Number / National ID Number	Nationality <i>If providing passport number or National ID please provide nationality</i>	Job Title / Position And Department / Division	Please identify the relevant conduct rule(s) that have been breached <i>Refer to Conduct Rules</i>	Please indicate whether it is a known or suspected breach <i>Enter one of the bullets below</i> - Known breach - Suspicion of breach, under investigation - Suspicion of breach, cannot be closed	Please provide more information in relation to the conduct rule breached <i>Free text description (300 words only) anything greater than this please provide an attachment</i>

Breach Details – Update to existing reported Breaches

Section 5

For each individual that is the subject of a notification under this Form, please provide the details requested below, in so far as applicable.

Title	Surname	Forenames	IRN (if available)	Date of Birth	National Insurance Number or Passport Number / National ID Number	Nationality <i>If providing passport number or National ID please provide nationality</i>	Job Title / Position And Department / Division	Please identify the relevant conduct rule(s) that have been breached <i>Refer to Conduct Rules</i>	Please indicate whether it is a known or suspected breach <i>Enter one of the bullets below</i> - <i>Known breach</i> - <i>Suspicion of breach, under investigation</i> - <i>Suspicion of breach, cannot be closed</i>	Please provide more information in relation to the conduct rule breached <i>Free text description (300 words only) anything greater than this please provide an attachment</i>

Declarations and signatures**Section 6****Declaration**

It is a criminal offence, knowingly or recklessly, to give us information that is materially false, misleading or deceptive. Even if you believe information has been provided to us 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. If there is any doubt about the relevance of information, it should be included.

The firm confirms that the information provided is accurate and complete to the best of the firm's knowledge. The firm will notify the *FCA*, immediately if there is a material change to the information provided.

The firm authorises the *FCA* and *PRA*, as applicable, to make such enquiries and seek such further information as it thinks appropriate to verify information that it considers relevant to this notification.

The firm understands that the *FCA* and/or *PRA* may require it to provide further information or documents at any time.

For the purpose of complying with the Data Protection Act 1998, personal data about an individual that is the subject of a notification under 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 other purposes without the permission of the firm.

In addition to other regulatory responsibilities, *firms*, have a responsibility to disclose to the *FCA* and/or *PRA* matters of which it or they 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.

By signing below, the person submitting this Form on behalf of the firm confirms that this form is accurate and complete to the best of his or her knowledge and he or she has read and understood the notes to this form.

Name of the *firm*

Name of *person* signing on behalf of the *firm*

Position

Signature

Date

15
Annex
8R

Form G: The Retail Investment Adviser Complaints Alerts Form

SUP 15 Annex 8R Form G: The Retail Investment Adviser Complaints Alerts Form

The Retail Investment Adviser Complaints Alerts Form G approved by the FCA for notifications under SUP 15.12.1R may be found at the FCA's website www.fca.org.uk/Pages/Doing/Regulated/Notify/index.shtml

7 March 2016

Form G: Retail Investment Adviser – Complaints Alerts Form (all fields are mandatory except where indicated)

This form relates to SUP 15.12.1R

Firm details			
Firm name		Firm Reference Number (FRN)	
Person making notification			
Name		Individual Reference Number (IRN) (where applicable)	
Position in firm		Contact telephone number	
Contact email address		Date of submission	
Retail Investment Adviser			
Name		Individual Reference Number (IRN)*	

* Individual details can be found on the Financial Services Register under the individual tab. If you are unable to identify the retail investment adviser's IRN please contact the FCA Customer Contact Centre on 0845 606 1234 for assistance.

Trigger	Subject of complaint									
	Advising, selling and arranging		Terms and disputed sums / charges		General admin / customer service		Arrears related		Other	
	Date(s) upheld		Date(s) upheld		Date(s) upheld		Date(s) upheld		Date(s) upheld	
(1) <i>complaint upheld where the redress paid exceeds £50,000</i>										
(2) <i>three complaints upheld in any twelve month period (other than claims that have already been notified to the FCA using this form)</i>	Number (1, 2 or 3)	Date(s) upheld	Number (1, 2 or 3)	Date(s) upheld	Number (1, 2 or 3)	Date(s) upheld	Number (1, 2 or 3)	Date(s) upheld	Number (1, 2 or 3)	Date(s) upheld

Appendix 2

Draft Handbook text on extension of the certification regime to wholesale market activities

INDIVIDUAL ACCOUNTABILITY (EXTENSION OF SCOPE) 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 63E (Certification of employees by relevant authorised persons);
 - (2) section 63F (Issuing of certificates);
 - (3) section 64A (Rules of conduct);
 - (4) section 137A (The FCA’s general rules);
 - (5) section 137T (General supplementary powers); and
 - (6) section 139A (Power of the FCA to give guidance).
- B. The rule-making powers listed above are specified for the purpose of section 138G(2) (Rule-making instruments) of the Act.

Commencement

- C. This instrument comes into force on 7 March 2016.

Amendments to the FCA Handbook

- D. The Senior Management Arrangements, Systems and Controls sourcebook (SYSC) is amended in accordance with Annex A to this instrument.
- E. The Code of Conduct sourcebook (COCON) is amended in accordance with Annex B to this instrument.

Citation

- F. This instrument may be cited as the Individual Accountability (Extension of Scope) Instrument 2015.

By order of the Board of the Financial Conduct Authority
[date]

Annex A

**Amendments to the Senior Management Arrangements, Systems and Controls
sourcebook (SYSC)**

[*Editor's note:* The Handbook text is taken from the version in the Individual Accountability Instrument 2015 (FCA 2015/31) with relevant additional text from CP15/10 (*Strengthening accountability in banking: UK branches of foreign banks*).]

In this Annex, underlining indicates new text and striking through indicates deleted text.

5.2 Certification regime

...

Scope: general requirements

...

- 5.2.19 R (1) A function is an *FCA-specified significant-harm function* for a firm only to the extent:
- ~~(1)~~ it is performed by a *person* from an establishment of the *firm* (or its (a) *appointed representative*) in the *United Kingdom*; or
 - ~~(2)~~ ~~(for UK relevant authorised persons and third country relevant~~ (b) ~~authorised persons~~) the *person* performing that function is dealing with a *client* of the *firm* in the *United Kingdom* from an establishment of the *firm* (or its *appointed representative*) overseas.
- (2) Paragraph (1) does not apply to *FCA-specified significant-harm function (7)* (material risk takers). *FCA-specified significant-harm function (7)* applies without any territorial limitation.
- (3) For an EEA relevant authorised person:
- (a) paragraphs (1) and (2) do not apply; and
 - (b) a function is an *FCA-specified significant-harm function* for a firm only to the extent that it is performed by a *person* from:
 - (i) the firm's branch; or
 - (ii) an establishment of the firm's appointed representative;in the United Kingdom.
- (4) Client has the same extended meaning as it does in SYSC 5.2.47R.

Scope: FCA-specified significant-harm functions

...

5.2.30 R Table: FCA-specified significant-harm functions

Function	Where defined
...	
(7)
<u>(8) Client-dealing</u>	<u>SYSC 5.2.44R</u>
<u>(9) Algorithmic trading</u>	<u>SYSC 5.2.49R</u>

5.2.31 G ...

- (3) Another example is the rule restricting the territorial scope of this section (SYSC 5.2.19R(1)). For example, if a person's job involves both FCA-specified significant-harm function (5) (functions requiring qualifications) and (7) (material risk takers), that territorial restriction does not apply to that job. Instead, this section applies without any territorial limitation. This is because SYSC 5.2.19R(2) removes the territorial limitation from FCA-specified significant-harm function (7). It does not matter that the job also involves FCA-specified significant-harm function (5), to which the territorial limitation does apply.

...

5.2.43 G ...

Client-dealing function

5.2.44 R Each of the following is an FCA-specified significant-harm function:

- (1) advising on investments other than a non-investment insurance contract (but not where this is advising on investments in the course of carrying on the activity of giving basic advice on a stakeholder product) and performing other functions related to this, such as dealing and arranging;
- (2) giving advice to clients in connection with corporate finance business and performing other functions related to this;
- (3) dealing, as principal or as agent, and arranging (bringing about) deals in investments other than a non-investment insurance contract with, for, or in connection with clients;

- (4) (if the *firm* is acting in the capacity of an *investment manager*) taking part in those activities and carrying on functions connected to this; and
- (5) in relation to *bidding in emissions auctions*, acting as a 'bidder's representative' within the meaning of subparagraph 3 of article 6(3) of the *auction regulation*.

5.2.45 R A function only comes within SYSC 5.2.44R (definition of client-dealing function) for a *firm* if the function will involve the *person* performing it in dealing with:

- (1) *clients* of the *firm*; or
- (2) property of *clients* of the *firm*;

in a manner substantially connected with the carrying on of the *regulated activity* referred to in SYSC 5.2.16R (Scope: general requirements).

5.2.46 G SYSC 5.2.18G (the *FCA* interprets the phrase 'dealing with' as including having contact with *clients* and extending beyond 'dealing' as used in 'dealing in investments') applies to SYSC 5.2.45R.

5.2.47 R For the purpose of the definition of the client-dealing *FCA-specified significant-harm function*, the definition of *client* is extended to include:

- (1) any *person* with whom a *firm* conducts, or intends to conduct, *regulated activities* or other activities;
- (2) a *corporate finance contact*; and
- (3) a *venture capital contact*.

5.2.48 G The *Glossary* definition of *client* refers to COBS 3.2 (Clients). The extended definition in SYSC 5.2.47R applies when applying COBS 3.2.3R (Who is the client?) to the definition of *client* for the purpose of this section.

Algorithmic trading function

5.2.49 R Each of the following is an *FCA-specified significant-harm function*:

- (1) approving the deployment of:
 - (a) a trading algorithm or a material part of one;
 - (b) a material amendment to a trading algorithm or a material part of one;
 - (c) the combination of trading algorithms;
- (2) monitoring or deciding whether or not a trading algorithm is, or remains, compliant with the *firm's* obligations, including its regulatory obligations and the rules of the trading venues to which the *firm's* trading systems are

connected.

- 5.2.50 R (1) A trading algorithm means a computer algorithm used in algorithmic trading.
- (2) Algorithmic trading has the meaning in Directive 2014/65/EU of the European Parliament and of the Council of 15 May 2014 on markets in financial instruments.
- 5.2.51 G Algorithmic trading is not limited to high-frequency algorithmic trading.
- 5.2.52 G Deploying a trading algorithm includes deploying one on a new trading venue that is already in use on another trading venue.
- 5.2.53 G SYSC 5.2.49R(2) (monitoring or deciding whether or not a trading algorithm is compliant) includes testing, such as validation and stress testing.
- 5.2.54 G (1) Sometimes an approval involves sign-off from different people about different aspects of the decision.
- (2) If this is the case, all will have given the approval for the purposes of SYSC 5.2.49R.
- 5.2.55 G (1) Sometimes an approval involves sign-off by a number of people of different levels of seniority about the same aspects of the decision.
- (2) If this is the case, only the most senior decision-taker gives the approval for the purposes of SYSC 5.2.49R.
- (3) Where the firm's procedures do not require the more senior person to carry out a detailed review of the decision of the more junior, both the junior and the senior person will give the approval.
- 5.2.56 G A firm may have deployed an algorithm:
- (1) even though it has not yet actually been used in the generation or acceptance of orders; or
- (2) even though it is not actually being used in the generation or acceptance of orders at the moment; or
- (3) if it is not currently being used in the generation or acceptance of orders because the circumstances have not arisen for it to start doing so.
- 5.2.57 G In the examples in SYSC 5.2.56G the algorithm is capable of being used in the generation or acceptance of orders but is not actually generating or accepting them at the moment. However, a firm does not deploy an algorithm if it is not yet capable of generating or accepting orders because, for example, it is still in development.

TP 5 Financial Services (Banking Reform) Act 2013: Certification

...			
5.3.4	G	Table: How the certification regime applies in the transitional period	
		Provision in the Act or the Handbook	What that provision is about
			How it applies in the transitional period
		...	
		<i>SYSC 5.2.18R to SYSC 5.2.43G <u>5.2.57G</u></i>	...
		...	

Annex B

Amendments to the Code of Conduct sourcebook (COCON)

[*Editor's note:* The Handbook text is taken from the version in the Individual Accountability Instrument 2015 (FCA 2015/31) with relevant additional text from CP15/10 *Strengthening accountability in banking: UK branches of foreign banks.*]

In this Annex, underlining indicates new text and striking through indicates deleted text.

1 Application and purpose

1.1 Application

...

1.1.8 G ...

Where does it apply?

1.1.9 R (1) COCON applies to the conduct of:

(a) a senior conduct rules staff member; and

(b) a certification employee performing FCA-specified significant-harm function (7) in the table in SYSC 5.2.30R (material risk takers);

wherever it is performed.

(2) Paragraph (1)(b) does not apply to an EEA relevant authorised person.

1.1.10 R (1) This paragraph applies to members of a firm's conduct rules staff apart from conduct rules staff in COCON 1.1.9R.

(2) COCON only applies to the conduct of ~~persons other than senior conduct rules staff members~~ members of a firm's conduct rules staff in (1) if that conduct:

~~(1)~~ is performed from an establishment maintained by that

(a) person's employer in the United Kingdom; or

~~(2) (for UK relevant authorised persons and third country~~

(b) relevant authorised persons) involves dealing with a client in the United Kingdom from an establishment overseas.

(3) For an EEA relevant authorised person:

(a) paragraph (2) does not apply; and

- (b) COCON only applies to the conduct of persons other than senior conduct rules staff members if that conduct is performed from the firm's branch in the United Kingdom.
- (4) For the purpose of this paragraph, the definition of client is extended to include:

 - (a) any person with whom a firm conducts or intends to conduct regulated activities or other activities;
 - (b) a corporate finance contact; and
 - (c) a venture capital contact.

...

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