



# UK Senior Managers & Certification Regime: A roadmap for investment managers

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## Background

In June 2013, the **Parliamentary Commission on Banking Standards (PCBS)** recommended a series of measures to try and improve trust and culture in the financial services industry in the UK. These recommendations included the introduction of a new framework for approving and holding individuals who work in financial services firms in the UK to account, which has since become known as the **Senior Managers and Certification Regime (SM&CR)**.

The FCA and the PRA started to consult on proposals for the SM&CR for banks, building societies and PRA investment firms in July 2014. During this process, in June 2015, the **Fair and Effective Markets Review** (which was undertaken jointly by the FCA, the PRA and the Bank of England) recommended that the SM&CR should be extended to cover a wider range of authorised firms, including investment managers.

The SM&CR came into force for banks, building societies and PRA investment firms on 7 March 2016, with new rules relating to regulatory references coming into force a year later, on 7 March 2017.

The FCA started to consult on its plans to extend the SM&CR to cover a wider range of firms, including investment managers, in July 2017 and published its near final rules in July 2018. The SM&CR will come into force for this wider range of firms, including investment managers, on 9 December 2019.

The SM&CR is built around a number of key components:

- The Senior Managers Regime, according to which staff in certain roles need to be approved by the FCA.
- The Certification Regime, according to which firms need to perform an annual assessment of staff in particular roles to make sure they are able to perform their roles properly.
- New Conduct Rules, which differentiate between staff depending on their seniority and role.
- Fitness and Propriety requirements for Senior Managers and staff who are subject to the Certification Regime.
- New and more detailed requirements relating to the request and provision of regulatory references within the UK financial services industry.

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## About this roadmap

In this roadmap, we have set out a clear and practical overview of the key requirements of the SM&CR. However, in order to assist members with their SM&CR implementation projects, we have sought to go further than simply summarising the FCA's requirements. In particular, this roadmap seeks to:

- Provide key practical hints and tips for investment managers to consider as part of their SM&CR implementation projects.
- Highlight key challenges investment managers can expect to face in relation to the SM&CR, based on lessons learned from the banks and building societies which have been subject to the SM&CR since March 2016.
- Share insights into emerging and established market practices in relation to the SM&CR, which will help members to implement the SM&CR in a way which is straightforward to operate and live with post-9 December 2019.

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\* *Forthcoming*

<sup>^</sup> *Update in progress*

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For further information, please visit AIMA's website, [www.aima.org](http://www.aima.org).

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## About the ACC



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