



# UK Senior Managers & Certification Regimes

The UK Senior Managers and Certification Regimes (SMCR) were implemented for the banking and insurance sectors in 2016 and are due to be extended to asset managers (and all UK-regulated financial services firms) from 2018, to replace the current Approved Persons Regime.

## Who is this relevant for?

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All UK-regulated financial services firms will be subject to the new rules from 2018, including asset managers. The regime is relevant for all levels and areas of a UK firm, with rules applying to almost all staff members.

While the rules apply directly to UK firms, non-UK staff involved in the business may very well be captured by the new rules for senior managers, for example, global business heads (e.g. the head of I.T.) or managers of the UK business located offshore. Likewise, staff located overseas but involved in the UK business or dealing with its clients may also be captured by the certification regime.

## What does it cover?

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The SMCR has three core components:

1. **Senior Managers Regime** – Establishes a list of specific responsibilities that must be allocated to an individual performing a Senior Management Function. A senior manager's appointment will be subject to FCA approval. The new rules also make it easier for the FCA to hold senior managers personally responsible for failings within their remit. The rules require firms to map clearly in writing how responsibility for the various parts of the business is divided among the senior managers, and prepare and maintain written statements confirming the areas of responsibility for each senior manager.
2. **Certification Regime** – Firms will be required to self-certify, both at the time of recruitment and on an annual basis, the fitness and propriety of staff who are not senior managers but who perform a function that could cause significant harm to the firm or its customers. This includes customer-facing roles that were previously pre-approved by the FCA, pushing the onus back onto firms.
3. **Conduct rules** - The regulators have developed an enforceable two-tier Code of Conduct. The first tier applies to all individuals in the firm, including senior managers, certified persons and other employees including legal, HR and compliance, apart from those performing ancillary roles, e.g. cleaners, security guards, receptionists. The second tier applies only to senior managers. Breaches of conduct rules are to be reported to the FCA annually, other than breaches by senior managers, which must be reported within seven business days of the firm becoming aware of an actual or suspected breach.

## Important future dates

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The rules are being extended to all UK-regulated firms from 2018. However, the exact timing and arrangements to transition to the new rules (including grandfathering arrangements) are yet to be announced. The FCA is aiming to consult on, and finalise rules to extend the regime over the second half of 2017.

## Where can I find more information?

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- [FCA Final guidance on the duty of responsibility](#)
- [HM Treasury paper on extending SMCR](#)

Please contact AIMA's [markets regulation team](#) for more detail on any aspect of the new rules.