

MEMO# 31653

March 14, 2019

FCA Publishes Finalised Guidance Relating to Senior Managers and Certification Regime Statements of Responsibility

[31653]

March 14, 2019 TO: ICI Members

Chief Risk Officer Committee

Internal Audit Committee

International Internal Audit Advisory Committee

International Operations Advisory Committee SUBJECTS: International/Global RE: FCA Publishes Finalised Guidance Relating to Senior Managers and Certification Regime Statements of Responsibility

Earlier this month, the U.K.'s Financial Conduct Authority (FCA) published guidance relating to the Senior Managers and Certification Regime (SM&CR).^[1] The Guidance addresses Statements of Responsibility (SoRs) and Responsibilities Maps for FCA-solo regulated firms that are subject to the SM&CR. In light of the requirement that all Senior Managers under the SM&CR must have an SoR, the Guidance is intended to provide firms practical assistance and information on preparing these documents as well as their Responsibilities Maps. It does so by providing examples of SoRs and Responsibilities Maps for Limited Scope, Core, and Enhanced Firms and by highlighting both good and poor practices in producing these documents.

Introduction to the Guidance

The examples are preceded by an introduction that offers the following comments about the Guidance:

- The Guidance is general and is not binding. As such, the FCA will not presume that a firm's departure from it is indicative of a breach of the FCA's rules;
- The Guidance should be applied in a risk-based and proportionate way in light of the size, nature, and complexity of the firm;
- The self-assessment questions in the Guidance include examples of good and poor practices and are not exhaustive; and
- The examples of Responsibilities Maps in the Guidance should not in any way be interpreted as guidance on how firms should organize their governance or

management arrangements.

Section 2: Statements of Responsibility

Following this introduction, Section 2 of the Guidance (pp. 4-23) discusses the requirement that all Senior Managers have an SoR. An SoR should “make clear what a Senior Manager is responsible and accountable for, under the ultimate accountability of a firm’s governing body.” It notes that these SoRs “should be clear and easy for regulators” and others to understand and they “should not describe the competencies and skills required for the role” or how they should be discharged. Instead, the focus should be on “what the role holder is accountable for.” Following this brief statement of purpose and handbook references, the Guidance provides key questions for the various types of firms (*i.e.*, core, enhanced, and limited scope) to consider and case studies with examples of SoRs. This section also identifies some good and bad practices related to the SoRs.

Section 3: Responsibilities Maps

The final section of the Guidance (pp. 24-37) addresses Responsibilities Maps, which are only required of Enhanced Firms. It notes that the purpose of these maps is to provide “an overview of how a firm is managed and governed” and the maps “should be a practical document that is clear and easy for regulators and people who work for the firm to understand.” These maps should:

- Contain key information about governance bodies, senior management reporting lines, and senior managers’ responsibilities;
- Ensure that the information is presented at a legal entity level but, if the firm is part of a group, the map should show how the firm relates to the group;
- Contain a mixture of graphics and text as these are easy to understand and navigate; and
- Be neither very long or very minimal.

The Guidance lists “key questions” the firm may want to consider in preparing its map. Following this information, the Guidance provides two examples of Responsibilities Maps – one for an Enhanced firm that is part of a group and one for an Enhanced firm not associated with a group.

We hope you find this information helpful.

Tamara K. Salmon
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endnotes

[1] See *FG 19/2 Senior Managers and Certification Regime: Guidance on statements of responsibilities and Responsibilities Maps for FCA firms*, FCA Finalised Guidance (March 2019) (Guidance), which is available at:

<https://www.fca.org.uk/publication/finalised-guidance/fg19-02.pdf>.

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