

**MEMO# 31289**

July 17, 2018

# UK FCA Publications - Extension of Senior Managers and Certification Regime

[31289]

July 17, 2018 TO: ICI Global Regulated Funds Committee  
International Internal Audit Advisory Committee  
International Operations Advisory Committee RE: UK FCA Publications - Extension of Senior Managers and Certification Regime

On 4 July 2018, the UK Financial Conduct Authority (FCA) published a suite of documents relating to the extension of the Senior Managers and Certification Regime (SM&CR) to various UK regulated firms, including fund and asset managers. The publications include a policy statement with near-final rules,[\[1\]](#) a guide for solo-regulated firms[\[2\]](#) and a consultation on the introduction of a new public directory of certain individuals covered by the SM&CR[\[3\]](#). The UK Treasury has also announced that the SM&CR will commence for solo-regulated firms on 9 December 2019.

## Policy Statement

The FCA has published a policy statement (PS) with near-final rules[\[4\]](#) for the extension of the SM&CR. The PS also contains feedback on the FCA's prior consultations. Many aspects of the PS are of relevance to funds and asset managers caught by the SM&CR. Of particular note for authorised fund managers is the prescribed responsibility "(za)" which covers the new requirements set out by the FCA to undertake value for money assessments and for independent directors to be appointed whom act in the investors' best interests.[\[5\]](#)

## Guide for Solo-Regulated Firms

The FCA has published a guide for solo-regulated firms that summarises the rules and guidance on the SM&CR and provides an overview of how the regime works, what firms need to do and how the FCA will move firms and individuals from its existing Approved Persons Regime (APR)[\[6\]](#) to the new SM&CR. The following sections of the guide may be of particular interest to funds and asset managers:

- **Section 2: SM&CR firm type** - containing information about the determination of "Core SM&CR firms" (e.g. significant IFPRU firms) and "Enhance SM&CR firms" (e.g. those with Assets Under Management of £50 billion or more as a three-year rolling average);

- **Section 4: Overview** – containing information on requirements for individuals including overseas senior managers (p15);
- **Section 8: Branches** – containing information about senior management functions and prescribed responsibilities for branches.

## Consultation on the introduction of a new public directory

The FCA has published a consultation paper on the creation of a public register (called “the Directory”) which would:

- make information public on additional individuals carrying out a wider range of roles (including those who we do not approve such as financial advisers, traders, portfolio managers and additional directors);
- present information on these individuals and the Senior Managers we continue to approve in a way that is more accessible and user friendly; and
- enable users to find information on these individuals in a single public location.

The following individuals called “Directory Persons” would be listed in the public register:

- all Certified staff (those holding a certification function under the Senior Managers and Certification Regime (SM&CR));
- non-Senior Manager Function (SMF) Directors – executive and non-executive; and
- other individuals who are sole traders or appointed representatives (including those within appointed representatives) where they are undertaking business with clients and require a qualification to do so.

The FCA is requesting comments on various aspects of its proposals for the Directory by 5 October 2018.

Giles Swan  
Director of Global Funds Policy, ICI Global

### endnotes

[1] Extending the Senior Managers & Certification Regime to FCA firms – Feedback on CP17/25 and CP17/40 and near-final rules, July 2018, *available from* <https://www.fca.org.uk/publication/policy/ps18-14.pdf>

[2] The Senior Managers and Certification Regime: Guide for FCA solo-regulated firms, July 2018, *available from* <https://www.fca.org.uk/publication/policy/guide-for-fca-solo-regulated-firms.pdf>

[3] Introducing the Directory, Consultation Paper CP18/19, July 2018, *available from* <https://www.fca.org.uk/publication/consultation/cp18-19.pdf>

[4] To be confirmed subject to commencement regulations made by HM Treasury.

[5] See MS15/2.3 – Asset Management Market Study: Final Report, *available from* <https://www.fca.org.uk/publication/market-studies/ms15-2-3.pdf> and Asset Management Market Study remedies and changes to the handbook – Feedback and final rules to CP17/18, *available from* <https://www.fca.org.uk/publication/policy/ps18-08.pdf>

[6] <https://www.fca.org.uk/firms/approved-persons>

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