



THE SENIOR MANAGERS AND  
CERTIFICATION REGIME (SMCR)

SAMPLE STEP PLAN TO IMPLEMENT THE SMCR EXTENSION

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LLP



## Sample step plan to implement the SMCR extension

There are a number of requirements within the SMCR with which solo regulated firms will need to comply by 9 December 2019. The sample checklists below are designed to assist in ensuring that nothing gets forgotten for your type of firm. At this stage, the priority for firms should be identifying whether the enhanced, core or limited scope applies and updating reporting lines in line with the new requirements.

Please note these checklists are designed to serve as an outline only based upon the current position on the SMCR as per the Policy Statements and Guidance issued by the Financial Conduct Authority (FCA). They should not be relied upon as a substitute for legal counsel.

## Implementation Checklist: Senior Manager Regime (SMR)

- ✓ **Identify whether Enhanced, Core or Limited Scope Regime applies.**
- ✓ **Update reporting lines and organisational charts and overlay the new SMR requirements.**
- ✓ Enhanced Regime firms (only) will also need to prepare a Management Responsibilities Map which will need to be maintained.
- ✓ Identify persons who will be performing a Senior Management Function (SMF).
- ✓ Identify applicable prescribed responsibilities and functions for each Senior Manager (except Limited Scope firms).
- ✓ Consult and agree roles and areas of responsibilities with relevant individuals.
- ✓ Prepare Statements of Responsibilities (SoR) for each Senior Manager.
- ✓ Review all SoRs to ensure that: 
  - ✓ All Prescribed Responsibilities are allocated.
  - ✓ Collective decision-making and delegation are taken into account where appropriate.
- ✓ For Enhanced Regime firms, prepare and submit Form K, Responsibilities Map and Individual SoRs to FCA.
- ✓ For Core and Limited Scope firms who have a non-executive chair, prepare and submit Form K to FCA to notify of conversion of the non-executive director to SMF9. (Other “mappable” roles will be converted automatically. No need for Core or Limited Scope firms to submit SoRs, but they must be available on request.)
- ✓ Submit Form Cs for all individuals in “mappable” roles who will not be SMFs.
- ✓ Establish process for assessment of fitness and propriety as part of recruitment of new Senior Managers (to include criminal records checks and take up of regulatory references).
- ✓ Establish process for annual assessment of fitness and propriety for each SMF.
- ✓ Establish process for providing regulatory references and corrections to regulatory references for former Senior Managers.
- ✓ Enhanced Regime firms (only), set up formal documented handover procedures for Senior Managers.

## Implementation Checklist: Certification Regime (CR)

- ✓ Identify all persons performing the following functions:
- ✓ Significant Management Function (previously Significant Influence Functions, or SIFs)
- ✓ Proprietary Trading (CF29)
- ✓ CASS oversight (CF10a)
- ✓ Functions subject to qualifications (for example, mortgage advisers)
- ✓ Client Dealing (CF30 and others dealing with clients)
- ✓ Supervising a Certified Function
- ✓ Material Risk Takers (or Remuneration Code Staff)
- ✓ Algorithmic Trading
- ✓ Significant Management Certification (individuals with responsibility for a significant business unit)
- ✓ Establish processes for assessing fitness and propriety as part of recruitment for certified functions (to include take up of regulatory references).
- ✓ Establish process for at least annual assessment of fitness and propriety for each certified function.
- ✓ Establish process for providing regulatory references and corrections to regulatory references for former certified employees.
- ✓ Complete certification process and issue certificates for Certified Staff by 9 December 2020.
- ✓ Upload information about all Certified Staff to the FCA Directory by 9 December 2020.
- ✓ Establish a process for updating information in the FCA Directory for joiners, leavers or change in circumstance within seven days.

## Implementation Checklist: Conduct Rules

- ✓ Identify the staff to whom the conduct rules apply, by identifying and excluding ancillary staff (who do not perform a financial services role) such as:
- ✓ Receptionists
  - ✓ Switchboard operators
  - ✓ Post room staff
  - ✓ Print room staff
  - ✓ Facilities management
  - ✓ Events management
  - ✓ Security guards
  - ✓ Invoice processing
  - ✓ Drivers
  - ✓ Cleaners
  - ✓ Catering staff
  - ✓ Personal assistants and secretaries
  - ✓ IT support
  - ✓ HR administrators
- ✓ Design and implement training on conduct rules (including senior manager conduct rules) for Senior Managers before 9 December 2019.
- ✓ Design and implement training on conduct rules for certified staff before 9 December 2019 and for other staff (except ancillary staff) before 9 December 2020.
- ✓ Ensure there is an appropriate record of training.
- ✓ Establish process for escalating performance concerns which may affect fitness and propriety.
- ✓ Establish process for escalating disciplinary proceedings relating to potential conduct rule breaches.
- ✓ Establish process for notifying FCA within relevant timescales of disciplinary action taken as a consequence of a conduct rule breach.

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