Eversheds Sutherland: The Employment Practitioner's Guide to Financial Institutions: Key Aspects of the Regulatory Framework

Sample Chapters - CHAPTER 2

The Senior Managers Regime

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2.01 *The Senior Managers Regime*

1 BACKGROUND

SMCR replaces APER for 'relevant authorised persons'

- Until the Senior Managers and Certification Regime (SMCR) came into effect on 7 March 2016 individuals who worked in the financial services sector were chiefly regulated through the Approved Persons Regime (APER) as set out in Part V of the Financial Services and Markets Acts 2000 (FSMA).

- APER remained in place for the time being for firms not yet covered by the SMCR (but see 2.17). Under APER, FSMA-authorised firms could not engage or employ an individual to perform a 'controlled function'[1] unless the appropriate regulator (either the Financial Conduct Authority (FCA) or the Prudential Regulation Authority (PRA) depending on the nature of the controlled functions) had already approved that person to carry out the relevant functions on behalf of the firm.

- Once approved by an appropriate regulator, an individual's details would be listed on the public Financial Services Register maintained by the FCA in accordance with its statutory duty.[2] Such approved persons must comply with statements of principle issued by the regulators, who may take enforcement action against an individual for breach of the statements of principle or for being knowingly concerned in a breach of regulatory requirements by the firm.

- As outlined elsewhere in this book (see Chapter 1) the government made amendments to FSMA[3] to provide a legislative framework to implement the recommendations from the Parliamentary Commission on Banking Standards (PCBS) report, 'Changing banking for good'. The PCBS believed that the deficiencies it had highlighted in APER extended beyond banking firms but did not want to delay the implementation timetable. A new accountability regime was therefore first targeted at the banking sector ('relevant authorised persons' – see 2.15) with the intention of further extending it at a later date.

- The Bank of England and Financial Services Act 2016 ('the 2016 Act') provided for the extension of the SMCR to all FSMA Part 4A authorised firms. HM Treasury published a policy paper on this extension in October 2015.[4] The aims behind the expansion of the regime included enhancing personal responsibility for senior managers (SMs) as well as providing an effective and proportionate means to raise standards of conduct of staff. Consultation proposals by the regulators were published in July 2017 setting out plans to extend the SMCR across the financial services industry in December 2019 (10 December 2018 for the insurance sector) (see 2.24).

1 FSMA, s 59(3) and as specified in FCA/PRA rules. 2 FSMA, s 347.

2 By way of the Financial Services (Banking Reform) Act 2013 ('the 2013 Act').

3 HM Treasury, 'Senior Managers and Certification Regime: extension to all FSMA authorised persons' October 2015.

• In July 2018 the regulators published policy statements[5] with near-final rules extending the SMCR to all FCA regulated firms and insurers and reinsurers. Implementation for insurance firms is 10 December 2018 and 9 December 2019 for other financial services firms. On 20 November 2018, the PRA published a policy statement[6] confirming that there would be no changes to the final rules as consulted on for insurers. Details of the extended regime are set out in this chapter (and in Chapter 12 for insurers).

Introducing the new accountability regime: background to the senior managers regime final rules

• As detailed more fully in Chapter 1, the regulators first consulted in 2014[7] on a new way to hold individuals to account following the PCBS recommendations. The proposals in the consultation paper were aimed at implementing the changes required by the amendments to FSMA following these recommendations.

• Further proposals included changes to existing rules on remuneration[8] and, later in 2015, proposed new whistleblowing rules.[9]

• In the regulators' joint consultation paper, 'Strengthening accountability in banks: a new regulatory framework for individuals', the PRA and FCA proposed the introduction of:

2 a new senior managers regime (SMR) which would clarify the lines of responsibility at the top of banks, enhance the regulators' ability to hold senior individuals in banks, building societies, insurers and credit unions to account and require these institutions to regularly vet their senior managers (SMs) for fitness and propriety;

3 a certification regime requiring firms to assess fitness and propriety of staff in positions where the decisions they make could pose significant harm to the bank or any of its customers; and

4 a new set of conduct rules, which would take the form of brief statements of high-level principle, setting out the standards of behaviour required of bank employees.

2.10 Feedback on the consultation was addressed in a further feedback and consultation paper[10] which contained a set of near-final rules for the SMR and

5 FCA PS18/14; FCA PS18/15; PRA PS15/18.

6 PRA PS27/18, 'Strengthening accountability: implementing the extension of the SM&CR to insurers (Part 2)'.

7 FCA CP14/13; PRA CP14/14.

- FCA CP14/14 and PRA 15/14, 'Strengthening the alignment of risk and reward: new remuneration rules'.
- FCA CP15/4 and PRA CP6/15, 'Whistleblowing in deposit-takers, PRA designated investment firms and insurers'.

10 FCA CP15/9; PRA PS16/15.

consultation proposals on guidance on the presumption of responsibility that applied to SMs under the 2013 Act. This 'presumption' of responsibility was later superseded by a statutory 'duty of responsibility' on SMs to take reasonable steps to prevent regulatory breaches in their areas of responsibility. In the event of such misconduct, SMs can be guilty if they fail to take reasonable steps. The burden of proving misconduct will fall on the regulator, as with other regulatory enforcement actions. This duty is considered in more detail at 2.173 ff.

SMR – the final rules

• In July 2015, the PRA and FCA set out final rules for the new accountability regime, the SMCR.[11] Separately, the PRA also introduced a senior insurance managers regime for insurance firms subject to EU Solvency II Directive 2009/138/EC (the Senior Insurance Managers Regime (SIMR)). At the same time as implementation of the SMCR, the SIMR came into force. Under the extension of the SMCR, the SIMR was replaced by the SMCR which now applies to all regulated insurers and reinsurers in a proportionate manner (see Chapter 12). Full details of the extended regime are set out in this chapter and elsewhere in this book.

• The regulators also published rules on whistleblowing, regulatory references and remuneration (which are dealt with fully elsewhere in this book, see Chapters 10, 5 and 8 respectively).

• The SMR focuses on individuals who hold key roles or have overall responsibility for whole areas of relevant firms. While individuals who fall under this regime must be pre-approved by regulators, firms are also legally required to ensure that they have procedures in place to assess the fitness and propriety of candidates before the firm applies to the appropriate regulator for approval, and at least annually thereafter.

• Alongside its policy statement, the PRA also published a supervisory statement[12] setting out its expectations of firms in relation to the new regimes. This supervisory statement contains helpful guidance on aspects of the SMCR.

• The regulators' final rules on the SMCR are contained in the FCA Handbook and PRA Rulebook. The SMCR initially only applied to *relevant authorised persons* (RAPs)[13] namely:

> 'a. deposit takers (banks, building societies and credit unions);

11 FCA CP15/22, 'Strengthening accountability in banking: Final rules (including feedback on CP14/31 and CP15/5) and consultation on extending the Certification Regime to wholesale market activities'; PRA PS16/15 'Strengthening individual accountability in banking: responses to CP14/14, CP28/14 and CP7/15'; and PS3/15 'Strengthening individual accountability in banking and insurance — responses to CP14/14 and CP26/14'.

12 SS28/15.

13 Defined in FSMA, s 71A.

2 certain PRA regulated investment banks;

3 branches of foreign banks operating in the UK (known as "incoming branches"). Incoming branches were brought within the ambit of "RAPs" by the FSMA 2000 (Relevant Authorised Persons) Order 2015, SI 2015/1865.'

• From 7 March 2016, APER was replaced by a three-tier system for RAPs:

'a. tier 1 – "senior managers" (SMs);

• tier 2– "certified persons";

• tier 3 – "relevant persons" to whom high level conduct rules apply (these rules also apply to certified staff and SMs and another tier of conduct rules apply specifically to SMs).'

• Until the extension of the SMCR regime across the financial services industry comes into force in 2019, APER remains in place for the time being for financial institutions that were not otherwise caught by the SMCR. However, as noted, the regulators will extend the regime to *all* firms authorised under FSMA from 2019 (see 2.24) at which point APER will no longer apply. The only exception to this is appointed representatives[14] as the legislation did not empower the regulators to extend the SMCR to them.

UK branches of overseas banks

• The definition of a 'relevant authorised person' (see 2.15) was extended to include overseas branches of UK firms.[15] The regulators have set out specific rules[16] for applying the SMCR to overseas branches of UK firms, modifying some of the requirements. The regulators refer to 'EEA' (European Economic Area) branches and 'non-EEA' branches, which have different rules and requirements.

2 EXTENSION OF SMCR TO ALL FINANCIAL SERVICES FIRMS

2.19 The PCBS was aware that the problems with APER would not just be confined to banking. However, it was concerned that attempting to extend the reforms it proposed to all sectors would delay the timetable for implementation for banks and so it recommended that the reforms should initially be introduced only for banking. In October 2015, the government announced that it would extend the SMCR to 'all sectors of the financial services industry'.[17]

2 See FCA PS18/14, para 2.15.
3 Financial Services and Markets Act 2000 (Relevant Authorised persons) Order 2015 (SI 2015/1865).
4 FCA PS15/30 (see also FCA CP15/10).
5 See: www.gov.uk/government/uploads/system/uploads/attachment_data/file/468328/SMCR_policy_paper_final_15102015.pdf.

- The government's intention was to ensure the same high standards in both the banking and so-called 'shadow banking' sectors and therefore it was decided to extend the SMCR to all sectors of the financial services industry, including insurers, investment firms, asset managers, insurance and mortgage brokers and consumer credit firms. Provision for this extension is made in s 21 of and Sch 4 to the 2016 Act. Under the proposed extension the SMCR will replace APER.

- The FCA published a consultation paper[18] in July 2017 on extending the SMCR across the financial services industry and for insurers[19] and on the same day the PRA published its consultation[20] on extending the regime to insurers.

- For Solvency II insurers already subject to SIMR, the extension of the SMR involves less change than for other FCA authorised firms coming within the reach of the SMCR for the first time. The most significant change for Solvency II insurers is the replacement of APER with the certification regime for the 'second tier' within those firms still regulated by APER alongside SIMR who will become subject to the certification regime for the first time in 2018.

- The outcome will be that the burden of assessing certification staff as fit and proper will fall upon all firms that come into scope. The main effects for new firms being brought into the regime are expected to be:

2 a substantial reduction in the number of appointments that are subject to prior regulatory approval;

3 most current approved persons below SM level are expected to become certified persons.

- The government intends that implementation of the newly extended regime should come into operation on 9 December 2019 (10 December 2018 for insurers and reinsurers; see 2.26) and policy papers were published in July 2018[21] setting out the detail of the extended regime.

- The proposals introduce some new concepts, most notably a three-tiered approach to compliance depending on the size, scale and complexity of a firm.

- The FCA will consult further on how it proposes to implement the regime, including proposals to transition approved persons into the regime. For insurers, the SIMR was replaced by the SMCR when the new regime came into effect on 10 December 2018 (see Chapter 13).

2 FCA CP17/25, 'Individual accountability – extending the Senior Managers and Certification Regime to all FCA firms'.
3 FCA CP17/26, 'Individual accountability – extending the Senior Managers and Certification Regime to insurers'.
4 PRA CP14/17, 'Strengthening individual accountability in insurance – extension of the Senior Managers & Certification Regime to insurers'.
5 FCA PS18/14 (FCA PS18/15 and PRA PS15/18 for insurers).

- The FCA and PRA also published consultation papers[22] in December 2017 on transitioning firms, insurers and individuals to the SMCR, the duty of responsibility for insurers and FCA solo regulated firms and implementing the extension of the SMCR to insurers.

- Further guidance is provided in the FCA's 'Senior Managers and Certification Regime: Guide for solo regulated firms' published in July 2018 with the policy statements. An equivalent guide was also published for insurers.

- Further details on the extended regime are set out in this chapter.

3 THE PROPOSED SMCR AFTER EXTENSION: WHO IS AFFECTED AND TO WHAT EXTENT?

Core firms

2.27 The FCA will apply a 'baseline' of requirements to every firm under the extension of the SMCR, which will be known as the 'core regime' and which will apply to approximately 14,000 firms. The three main elements of the SMCR (SMR, certification regime and conduct rules) will therefore apply to *all* firms.

2.28 The FCA also proposes some new responsibilities that firms will need to give their SMs ('prescribed responsibilities'). This will not apply to some firms (such as sole traders or firms with limited permissions, and EEA branches) known as limited scope firms and more responsibilities will apply to bigger firms. In its proposals, the FCA had intended to apply a prescribed responsibility for core firms to inform the governing body of their legal and regulatory obligations but, following consultation, this prescribed responsibility was removed.

2.29 The FCA will apply the following six senior management functions (SMFs)[23] (see 2.74 ff) for all core and enhanced firms (see 2.37 ff) where they have individuals performing the relevant roles:

Governing functions

2 SMF9 – Chair (the chair can be executive or non-executive);

3 SMF1 – chief executive;

4 SMF3 – executive director;

5 SMF27 – partner.

- FCA CP17/40, 'Individual accountability: Transitioning FCA firms and individuals to the Senior Managers & Certification Regime'; CP17/41, 'Individual accountability: Transitioning insurers and individuals to the Senior Managers & Certification Regime'; CP17/42, 'The Duty of Responsibility for insurers and FCA solo-regulated firms'; PRA CP28/17, 'Strengthening accountability: implementing the extension of the SM&CR to insurers and other amendments'.
- Each senior management function has a specific definition set out in FCA SUP 10C.

Required functions

22 SMF16 – compliance oversight;

23 SMF17 – money laundering reporting officer.

• Some respondents to the consultation on extending the SMCR asked whether they could apply the enhanced SMFs (see 2.37) even if they were in the core tier. The FCA will not allow firms to adopt only parts of the enhanced tier as this could obscure accountability and make it more complicated for the FCA to supervise firms. However, it will be made easier for firms to opt into the enhanced tier as a whole.

• The FCA adopts the term 'required functions' from APER which is aimed at categorising functions that the FCA requires some types of firms to have under certain sections of its Handbook.

• The FCA will also apply the following prescribed responsibilities (PRs) to SMs in core and enhanced firms (core firms must apply only the first five of these PRs: (a) to (e)):

All firms

2 Performance by the firm of its obligations under the SMR, including implementation and oversight.

3 Performance by the firm of its obligations under the certification regime.

4 Performance by the firm of its obligations in respect of notifications and training of the conduct rules.

5 Responsibility for the firm's policies and procedures for countering the risk that the firm might be used to further financial crime.

6 Responsibility for the firm's compliance with the Client Assets sourcebook (CASS) (if applicable).

Authorised fund managers (AFMs)

7 Responsibility for an AFM's value for money assessments, independent director representations and for acting in investors' best interests. This PR only applies to AFMs.

Enhanced firms (additional PRs)

8 Compliance with the rules relating to the firm's management responsibilities map.

9 Safeguarding and overseeing the independence and performance of the internal audit function.[24]

24 SYSC 6.2.

(a) Safeguarding and overseeing the independence and performance of the compliance function.[25]

(b) Safeguarding and overseeing the independence and performance of the risk function.[26]

(c) If the firm outsources its internal audit function, taking reasonable steps to make sure that every person involved in the performance of the service is independent from the persons who perform external audit.

(d) Developing and maintaining the firm's business model.

(e) Managing the firm's internal stress-tests and ensuring the accuracy and timeliness of information provided to the FCA for stress-testing.

Practical guidance

The FCA has tried to be proportionate in its approach by introducing the tiered approach. It is clear from our experience that a number of firms are considering adopting the principles behind the enhanced regime even where they may be a core or limited scope firm by developing a management responsibilities map (see 2.138) and adopting handover procedures. Although the FCA has been clear that enhanced firms should meet certain criteria, they do recognise that firms, particularly within groups, where there may be an enhanced and a core firm, are looking to adopt one overall approach.

• PRs will not apply to limited scope firms (see 2.44) and additional PRs apply to enhanced firms. Each PR should be given to the SM who is the most senior person responsible for that issue. They will need to have sufficient authority and an appropriate level of knowledge and competence to carry out the responsibility properly.

The enhanced regime

• A number of significant, larger firms (accounting for fewer than 1% of regulated firms) will come within the enhanced regime and have additional responsibilities very similar to those under the existing regime for banks and building societies. These firms will need to have management responsibilities maps, handover procedures and will need to make sure that there is a SM responsible for every area of their firm ('overall responsibility') including operations, HR and IT. Details of these requirements are set out in this chapter. The enhanced tier is intended to capture systemically risky firms from a prudential perspective but also firms that are larger in size or have more complex structures.

25 SYSC 6.1.
26 SYSC 7.1.21R; SYSC 7.1.22R.

2.38 The FCA will use six objective criteria to identify firms to which the enhanced regime will apply. Once a firm meets the relevant criteria, the enhanced regime will automatically apply to them. This means that firms will need to monitor whether and how the criteria apply to them, particularly where they are close to meeting one of the relevant criteria. The types of firm caught will include:

2 Firms that are significant IFPRU firms.

3 Large CASS firms.

4 Firms with assets under management of £50bn.

5 Firms with a total intermediary regulated business revenue of £35m or more per annum.

6 Firms with annual regulated revenue generated by consumer credit lending of £100m or more per annum.

7 Mortgage lenders or administrators (that are not banks) with 10,000 or more regulated mortgages outstanding.

2.39 Enhanced firms will have additional SMFs (see 2.32) and additional PRs (see 2.35). The additional SMFs in enhanced firms (in all, 17 SMFs apply to enhanced firms) are:

- SMF2 – chief finance function;
- SMF4 – chief risk function;
- SMF5 – head of internal audit;
- SMF14 – senior independent director;
- SMF12 – chair of the remuneration committee;
- SMF10 – chair of the risk committee;
- SMF11 – chair of the audit committee;
- SMF13 – chair of the nominations committee;
- SMF7 – group entity senior manager;
- SMF24 – chief operations function;
- SMF18 – other overall responsibility.[27]

2.40 The FCA extended the transition period for firms moving into the enhanced tier to 12 months, which means that such firms will have 12 months to prepare and make the relevant changes.[28]

27 Many firms will not need this function as the people ultimately responsible for everything the business does will already be captured by other SMFs.
28 FCA PS18/14.

- The FCA decided that it would not be proportionate to make all firms in a group with an enhanced firm automatically apply the enhanced tier.[29] However, it has made it easier for firms to opt into this tier if they want to by using a notification process and a new Form O. Nevertheless it should be noted that once a firm has opted into the enhanced tier it must comply with all of the rules; the firm cannot pick and choose.

- The three financial criteria will now be worked out on a three-year rolling average basis.[30] The FCA made no changes to the absolute level of the thresholds which it felt were tailored appropriately to individual sectors. The FCA deliberately did not use employee numbers as a criterion by which to establish what tier a firm falls into in case this acted as a disincentive to hire staff.

- The FCA is implementing 12 prescribed responsibilities that must be given to SMs at enhanced firms (see 2.35). There are also additional requirements under the SMR that only enhanced firms must apply; these are the overall responsibility requirement; management responsibilities maps; and handover procedures. Firms should ensure that appropriate handover procedures are in place before implementation.

Limited scope firms

- There are a reduced set of requirements for limited scope firms where financial services activity is secondary to the main activity, such as retail firms, motor dealers etc, amounting to around 33,000 firms. For example, prescribed responsibilities will not apply to limited scope firms. These firms will need just one SM although there are three SMFs in the limited scope tier. The criteria for limited scope firms mirror how APER works, which reflects the different risks and business models of firms in this category.

Practical guidance

The regulators have never intended to require firms to change their governance structures to meet the requirements of the SMCR. While many firms in their planning have opted to undertake a governance gap analysis, this has tended to be useful in highlighting improvements around committee structure, board packs, reporting lines etc. It is certainly not the case that, unless you have a regulatory/legal requirement to appoint an individual to a role such as Chair of the Audit committee, you do not have to make an appointment or create specific committees if you consider your governance structure is appropriate for your firm. The regulator can of course challenge the structure at a later date, hence why a responsibilities map is an important document for the firm.

29 FCA PS18/14, para 6.14.
30 FCA PS18/14, para.6.9.

Appointed representatives

2.45 The extension of the SMCR does not affect individuals working as appointed representatives (ARs). This is because the relevant legislation did not give the FCA the power to extend the SMCR to ARs. As a result, the provisions of APER still apply to ARs. Principal firms remain fully responsible for their ARs and networks meeting the FCA rules. One exception is for limited permission consumer credit firms that also act as ARs for other business. These firms fall within scope of the extended SMCR as they are authorised firms.

4 SUMMARY OF REQUIREMENTS UNDER PROPOSED SMCR EXTENSION

2.46 The FCA published in its consultation paper[31] a summary of the proposed requirements under the extended regime and what aspects of the SMCR will apply to a particular type of firm. References are to sections of the consultation paper.

Summary of proposed requirements under extended regime – amended extract from consultation paper CP17/25 (see also FCA PS18/14)
Firms should note that the definition of 'employee' (P) is defined in FSMA, s 64A(6) to include a person who:

> '(a) personally provides, or is under an obligation personally to provide, services to P under an arrangement made between P and the person providing the services or another person, and
>
> (b) is subject to (or to the right of) supervision, direction or control by P as to the manner in which those services are provided, and 'employer' is to be read accordingly.'

TOOL	DESCRIPTION	WHO DOES IT APPLY TO?	WHERE CAN I READ MORE? (CP17/25)
Ancillary staff (in practice most firms to date have adopted the conduct rules for all staff through internal codes of conduct)	Employees (as defined widely by the FCA to include someone who is subject to the control or supervision of the firm) who are not covered by the Conduct Rules such as cleaners, receptionists etc	All firms	Section 7.14

31 FCA CP17/25.

TOOL	DESCRIPTION	WHO DOES IT APPLY TO?	WHERE CAN I READ MORE? (CP17/25)
Certification Function	A function performed by employees who are not senior managers (SMs) but who could pose a risk of 'significant harm' to the firm or its customers	All firms	Section 5.6
Certification Regime	The part of the regime that covers certification functions	All firms	Chapter 5
Criminal Records Checks	The requirement on firms to conduct criminal records checks for SMs and non-executive directors (where a fitness requirement applies) as part of checking that they are fit and proper	All firms	Section 6.8
Duty of Responsibility	Every SM will have a duty of responsibility as a result of FSMA. This means that when a firm breaks a regulatory requirement the SM responsible for that area could be held accountable if they did not take 'reasonable steps' to prevent or stop the breach	All firms	Section 4.20
Fit and Proper requirements	Firms must make sure all SMs and people performing Certification Functions are fit and proper to perform their role. This must be done on appointment and at least once a year	All firms	Chapter 6

TOOL	DESCRIPTION	WHO DOES IT APPLY TO?	WHERE CAN I READ MORE? (CP17/25)
Handover Procedures	A firm must take all reasonable steps to make sure that a new SM has all the information and materials they need to do the job	Enhanced firms only (although other firms may adopt these procedures as good business practice)	Section 8.36
Individual Conduct Rules	These are basic standards of behaviour that people performing financial services activities in firms are expected to meet. Firms need to train their staff in the conduct rules and how they apply to them. Firms will need to report breaches of Conduct Rules resulting in disciplinary action to the regulator every year	All firms	Chapter 7
Other overall responsibility function	A senior management function (SMF) that applies where a senior executive is the most senior person responsible for an area of the firm's business but they do not perform any other SMF	Enhanced firms only	Section 8.16
Overall responsibility	A requirement for every area, activity and management function of the firm to have a SM with overall responsibility for it	Enhanced firms only	Section 8.23
Prescribed responsibilities	FCA defined responsibilities that must be allocated to an appropriate SM	All firms except Limited Scope firms	Section 4.37 for Core Firms Section 8.19 for Enhanced Firms Section 9.11 for non-EEA branches

TOOL	DESCRIPTION	WHO DOES IT APPLY TO?	WHERE CAN I READ MORE? (CP17/25)
Regulatory references	Information that firms need to share with each other when an employee or director moves from one firm to another (for candidates of SMFs, Non-Executive Directors and Certification functions)	All firms	Section 6.12
Responsibilities Maps	A document setting out a firm's governance and management arrangements, and how responsibilities are allocated to individuals within a firm	Enhanced Firms only (although other firms may adopt as good business practice)	Section 8.33
Senior Management Functions	Roles where the people doing them need to be approved by the FCA. These are defined in the FCA Handbook	All firms	Section 4.12 for Core Firms Section 4.15 for Limited Scope firms Section 8.16 for Enhanced Firms Section 9.9 for non-EEA branches
Senior Manager Conduct Rules	These are additional Conduct Rules that apply to all SMs. Firms need to train SMs so that they understand what the Conduct Rules are and how they apply to them. Firms will need to report breaches of all individual and SM Conduct Rules by SMs resulting in disciplinary action to the FCA within 7 days	All firms	Chapter 7

2.47 *The Senior Managers Regime*

TOOL	DESCRIPTION	WHO DOES IT APPLY TO?	WHERE CAN I READ MORE? (CP17/25)
Senior Managers	People who perform a SMF. These people need regulatory approval to do their jobs	All firms	Section 4.12 for Core Firms Section 4.15 for Limited Scope Firms Section 8.16 for Enhanced Firms Section 9.2 for EEA branches Section 9.9 for non-EEA branches
Senior Managers Regime	The part of the regime for SMs. This includes SMFs, Statement of Responsibilities, Duty of Responsibility, Fit & Proper, Conduct Rules, Prescribed Responsibilities, Regulatory References and criminal records checks For Enhanced Firms, it also includes Responsibilities Maps, Handover Procedures and Overall Responsibility	All firms	Chapter 4 for all firms Chapter 8 for Enhanced Firms Chapter 9 for EEA and non-EEA branches
Statement of Responsibilities	A document that every SM needs to have that sets out what they are responsible and accountable for. This needs to be submitted to the regulator when a SM is being approved and be kept up to date	All firms	Section 4.16