



BANK OF ENGLAND  
PRUDENTIAL REGULATION  
AUTHORITY



Consultation Paper | FCA15/10\*\*\*  
| PRA9/15

## Strengthening accountability in banking: UK branches of foreign banks

March 2015



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We are asking for comments on this Consultation Paper by 25 May 2015.

You can send them to us in writing to:

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This Consultation Paper proposes changes to the PRA Rulebook.

Please address responses, comments or enquiries by: 25 May 2015 to:  
[CP9.15@bankofengland.gsi.gov.uk](mailto:CP9.15@bankofengland.gsi.gov.uk)

## Abbreviations used in this document

<b>The Act</b>	Financial Services (Banking Reform) Act 2013
<b>APER</b>	Statements of Principle and Code of Practice for Approved Persons (Handbook)
<b>APR</b>	Approved Persons Regime
<b>CEO</b>	Chief Executive Officer
<b>CFO</b>	Chief Financial Officer
<b>CF</b>	Controlled Function
<b>CP</b>	Consultation Paper
<b>CR</b>	Certification Regime
<b>CRD</b>	Capital Requirements Directive
<b>CRO</b>	Chief Risk Officer
<b>CRR</b>	Capital Requirements Regulation
<b>EBSM</b>	EEA Branch Senior Manager
<b>EEA</b>	European Economic Area
<b>EMEA</b>	Europe, Middle East and Asia
<b>FCA</b>	Financial Conduct Authority
<b>FIT</b>	The Fit and Proper Test for Approved Persons (Handbook)
<b>FSMA</b>	Financial Services and Markets Act 2000
<b>HSS</b>	Home State Supervisor
<b>MiFID</b>	Markets in Financial Instruments Directive
<b>MLRO</b>	Money Laundering Reporting Officer
<b>NED</b>	Non-executive director
<b>OBSM</b>	Overseas Branch Senior Manager

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<b>PCBS</b>	Parliamentary Commission on Banking Standards
<b>PRA</b>	Prudential Regulation Authority
<b>SIF</b>	Significant Influence Function
<b>SMF</b>	Senior Management Function
<b>SMR</b>	Senior Managers Regime
<b>SUP</b>	Supervision manual (Handbook)
<b>SYSC</b>	Senior Management Arrangements, Systems and Controls (Handbook)
<b>WMS</b>	Written Ministerial Statement

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# 1. Overview

## Introduction

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- 1.1** Following the recommendations of the Parliamentary Commission on Banking Standards (PCBS), the Financial Services (Banking Reform) Act 2013 (the Act) amended the Financial Services and Markets Act 2000 (FSMA) to replace the Approved Persons Regime (APR) for banks, building societies, credit unions and PRA-designated investment firms (collectively referred to as 'Relevant Authorised Persons' in section 71A FSMA)<sup>1</sup> with a new regulatory framework for individuals.
- 1.2** The new framework comprises the following two regimes, which aim to encourage individuals to take greater responsibility for their actions and make it easier for both firms and the regulators to hold individuals to account:
- A 'Senior Managers Regime' (SMR) for individuals who are subject to regulatory approval (Senior Managers). The SMR seeks to promote a clear allocation of responsibilities to key decision-makers and strengthen their individual accountability through a robust initial and ongoing assessment of their fitness and propriety (by firms as well as by regulators) and strengthened powers of approval and enforcement for the regulators.
  - A 'Certification Regime' which will require relevant firms to assess and certify the fitness and propriety of employees deemed capable of causing significant harm to the firm or any of its customers at least annually.
- 1.3** The new regimes are underpinned by a new set of Conduct Rules, which will apply to Senior Managers and also certain employees not subject to regulatory pre-approval<sup>2</sup>.
- 1.4** In anticipation of secondary legislation extending the statutory elements of the new regulatory framework for individuals to UK branches of overseas firms ('incoming branches'), this consultation proposes to extend and, where appropriate, tailor the new regimes to incoming branches.

## Statutory background to the new regimes

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- 1.5** The current definition of Relevant Authorised Person in Section 71A of FSMA is limited to 'UK institutions', defined as institutions incorporated in, or formed under the law of any part of, the United Kingdom (UK relevant firms), including UK subsidiaries of overseas firms. The

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<sup>1</sup> <http://www.legislation.gov.uk/ukpga/2013/33/section/33/enacted>

<sup>2</sup> As noted in the July 2014 CP, the word 'conduct' in this context relates to professional conduct in an ordinary, wider sense i.e. it is not limited to conduct of business and includes activities relevant to the PRA as well as the FCA.

accountability regimes consulted on by the regulators in July 2014 therefore did not apply to incoming branches.

- 1.6** Section 71A of FSMA enables the Treasury to issue an order extending the definition of Relevant Authorised Person to incoming branches of non-UK institutions, subject to consultation. The Treasury's consultation on the extension of the new accountability regimes to incoming branches launched on 17 November 2014 and closed on 30 January 2015. On 3 March 2015, the Treasury announced in a Written Ministerial Statement (WMS) to Parliament that it would apply the new accountability regimes to UK branches of overseas banks, and also published its response to its consultation. The WMS noted that the regulator's rules will 'help ensure that the [SMR and Certification Regime] is applied in an appropriate and proportionate way to foreign institution operating through branches in the UK'.<sup>3</sup>
- 1.7** Given the Act's original definition of Relevant Authorised Person, the following prior and current PRA/FCA consultations on individual accountability were limited to UK relevant firms:
- PRA CP14/14 / FCA CP13/14 on *Strengthening accountability in banking: a new regulatory framework for individuals*, published in July 2014 (the July 2014 CP), which consulted on the detailed implementation of the new individual accountability regimes.
  - PRA CP28/14 / FCA CP14/31 on *Strengthening accountability in banking: forms, consequential and transitional aspects*, published in December 2014 (the December 2014 CP), which consulted on a number of technical aspects required to implement the new regimes in UK relevant firms, including forms and transitional arrangements.
  - PRA CP7/15 / FCA CP15/5 on *Approach to Non-Executive Directors in banking and Solvency II insurance firms & Application of the Presumption of Responsibility to Senior Managers in banking firms*, published in February 2014 (the NEDs CP). Among other issues, this is consulting on: i) a PRA Supervisory Statement and FCA guidance clarifying the responsibilities of non-executive directors (NEDs) subject to the SMR; and ii) the regulators' intended application of Sections 64A and 64B of FSMA (referred to as 'the Presumption of Responsibility' throughout this CP). Due to the fact that NEDs without specific responsibilities (Standard NEDs) will not be in scope of the SMR or the Certification Regime, the PRA is also consulting on an assessment and notification process for Standard NEDs to ensure the UK remains compliant with its obligations under CRD4 and MiFID.
  - FCA CP 15/9 on *Strengthening accountability in banking: a new regulatory framework for individuals – Feedback on \*\*\*FCA CP14/13 / PRACP13/14 and consultation on additional guidance*, which provides near-final rules<sup>4</sup> on the SMR for UK relevant firms, together with a steer on our policy intentions for the whole regime, including the Certification Regime and the application of our Conduct Rules.
- 1.8** This CP proposes to extend and, where appropriate, tailor the proposals set out in these four CPs to incoming branches. In developing the proposals in this CP, the regulators have taken into account the following principles:
- **The Single Market:** the PRA and FCA's proposals are mindful of the respective powers and responsibilities of home and host state supervisors under the relevant single market

<sup>3</sup> <http://www.parliament.uk/business/publications/written-questions-answers-statements/written-statement/Commons/2015-03-03/HCWS336/>

<sup>4</sup> By necessity, the rules may still need to be adjusted in line with any changes resulting from the December 2014 CP, this CP, the NEDs CP, PRA rules or further policy consideration



directives.<sup>5</sup> In the PRA's case this means that the proposals in this CP will only apply to incoming non-EEA branches. Conversely, the FCA has certain direct supervisory powers over incoming EEA branches and is therefore consulting on proposals for both non-EEA and EEA branches.<sup>6</sup>

- **Proportionality:** The proposed accountability regimes for UK relevant firms were designed to be proportionate, and the proposed regime for incoming branches also takes this principle into account. For instance, the regulators expect the number of Senior Managers in a UK relevant firm to reflect its size and complexity. For incoming branches, our proposals also seek to reflect the inherent differences between incoming branches and UK firms. An incoming branch is not a separate legal entity from its overseas head office, which has implications for both its structure and the way it operates, as the ultimate governing body will reside at the home state entity level. The regulators are keen to minimise the risk that the proposed regimes could inadvertently introduce an incentive for overseas groups to restructure themselves (e.g. transferring certain activities from a subsidiary to the branch or vice-versa).
- **Level-playing-field considerations:** Notwithstanding the differences between incoming branches and UK relevant firms, where the same regulated activities are carried out, it is desirable for firms of a comparable size and complexity and carrying out the same activities to compete on a relatively level playing-field regardless of their legal status. Many incoming branches are part of large international groups also comprising UK subsidiaries, which are included in the definition of UK relevant firms and, in many cases, have the same individuals performing the same Senior Management Functions (SMFs) across multiple group entities.

**1.9** These principles have informed the development of the policy proposals in this CP and explain the majority of differences between the proposals for UK relevant firms and incoming branches as well as any differences between the FCA's proposals for non-EEA branches and EEA branches respectively.

### Context of the regulators' proposals

- 1.10** This CP consults on the individual accountability regimes for incoming branches and includes drafts of the rules that will, subject to feedback received, apply to incoming branches. It should be read in conjunction with the proposals for UK relevant firms in the July 2014, December 2014 and NEDs CPs. To help readers, each section of this CP includes a summary of the relevant proposals in the abovementioned consultations.
- 1.11** Prior industry feedback demonstrated that there was a high level of knowledge about the proposed regime for UK relevant firms among incoming branches. Therefore, to avoid repetition, this CP focuses primarily on those proposals that have been tailored to incoming branches and does not describe all of the features of the proposed regimes in the same level of detail as the CPs listed above. For instance, this CP does not include a chapter covering Fitness and Propriety. Where the proposed application of the regime for incoming branches is identical to that proposed for UK relevant firms, full details of these aspects can be found in the previous and current CPs listed above.

<sup>5</sup> Markets in Financial Instruments Directive (MiFID) and Capital Requirements Directive (CRD IV)

<sup>6</sup> EEA branches comprise: EU countries other than the UK (Austria, Belgium, Bulgaria, Croatia, Republic of Cyprus, Czech Republic, Denmark, Estonia, Finland, France, Germany, Greece, Hungary, Ireland, Italy, Latvia, Lithuania, Luxembourg, Malta, Netherlands, Poland, Portugal, Romania, Slovakia, Slovenia, Spain and Sweden) plus Iceland, Liechtenstein and Norway.

- 1.12** A detailed table of all aspects of the FCA regime for UK relevant firms, and their applicability to non-EEA and EEA branches respectively is set out in Annex 1, including references to other relevant documents.
- 1.13** The PRA and FCA are finalising their rules for UK relevant firms. The FCA has published CP15/9 which provides a set of near final rules on the SMR and a steer on the FCA's policy intentions for the whole regime for UK relevant firms. CP15/9 signposts where the FCA intends to change its original proposals for UK firms and where it intends to also apply the relevant change to incoming branches, and should therefore be read alongside this CP. CP15/9 also includes a consultation element concerning further more detailed guidance on the application of the presumption of responsibility to all relevant authorised persons, including incoming branches. Finally, CP15/9 includes a summary 'road map' of current and planned publications and other key milestones ahead of the new regime.
- 1.14** The PRA also intends to publish a Policy Statement and final rules on most elements of the SMR and Certification Regime for UK relevant firms shortly. The PRA's draft Supervisory Statement on the application of the Presumption of Responsibility, which is set out in Appendix 2 of the NEDs CP, is also intended to apply to Senior Managers in incoming branches.
- 1.15** Where not expressly addressed in this CP, the regulators propose to apply the elements of the accountability regimes as set out in the documents referred to in paragraph 1.16 below in the same way to incoming branches as for UK relevant firms. The regulators are seeking views on the full range of proposals for incoming branches as part of this CP.
- 1.16** Therefore, to understand the proposals in this CP in their totality, interested parties should also have regard to:
- The July CP and the December CP, which set out the PRA and FCA's original proposals for UK relevant firms
  - The NEDs CP, which confirmed the PRA and FCA's policy concerning NEDs in the SMR for UK relevant firms and the PRA's proposed application of the Presumption of Responsibility in Section 66B of FSMA
  - CP15/9, which sets out how the FCA's intends to amend the regime as a whole following responses to the July CP, and where these changes are also relevant to incoming branches.
- 1.17** The FCA's draft Handbook rules in relation to the SMR for incoming branches are based on the near-final rules in CP15/9.
- 1.18** The remaining proposed rules and guidance in this CP are based on the proposed rules, guidance and supervisory statements in the July 2014, December 2014 and NEDs CPs. The PRA and FCA will publish further Policy Statements and final rules on all aspects of the regime over the coming months. In the meantime, these rules may be subject to further changes.

### Who does this consultation affect?

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- 1.19** The proposals in this consultation relate to incoming branches of relevant authorised persons. The Treasury's s71A order is expected to extend the definition of a relevant authorised person to include incoming branches of non-UK banks and PRA-designated investment firms that have permission to accept deposits in the UK. In addition to the incoming branches themselves, the

proposals will affect a large number of individuals within those firms, including, but not limited to, all their existing Approved Persons.

- 1.20** The proposals in this CP will also be of interest to the Home State Supervisors (HSSs) of incoming branches. As part of our international stakeholder engagement, the PRA and FCA intend to discuss the proposed accountability regimes and the proposals in this CP with overseas regulators.
- 1.21** This CP does not apply to incoming branches of any firms other than relevant authorised persons. The regulator's proposals in relation to the accountability regime for incoming branches of Solvency II firms were set out in PRA CP7/15 and FCA CP15/5.

### Is this CP of interest to consumers?

- 1.22** As with the July CP, these proposals will primarily be of interest to firms and the individuals who work in them. Consumers may be interested in how individual accountability is being enhanced within relevant firms, or how staff they interact with will be required to comply with the Conduct Rules, in particular the FCA requirement to treat customers fairly.

## Summary of PRA and FCA proposals for incoming branches

### Senior Managers Regime

#### *Non-EEA branches*

- 1.23** The PRA's high-level approach to the application of the SMR to incoming non-EEA branches was discussed but not formally consulted on in Chapter 6 of the July 2014 CP and Supervisory Statement 10/14, which set out the PRA's approach to branch supervision.<sup>7</sup>
- 1.24** The PRA proposes to require all incoming non-EEA branches to have at least one individual pre-approved as a *Head of Overseas Branch* who will typically be performing activities akin to those of a CEO in relation to the branch. It will be possible for incoming branches to have more than one individual approved as *Head of Overseas Branch*; for instance, where the branch is jointly headed by more than one individual. The individual(s) approved as this SMF should, however, have the highest degree of individual decision-making authority within the branch over activities subject to UK regulation.
- 1.25** In addition:
- If another individual, who may be based in another UK group entity, has direct management and/or decision-making responsibility over the incoming non-EEA branch's UK-regulated activities, the PRA's rules will require this individual to also be pre-approved as *Group Entity Senior Manager* of the branch in addition to the *Head of Overseas Branch*.
  - If an incoming non-EEA branch has dedicated individuals performing certain executive SMFs (i.e. *Chief Finance*, *Chief Risk* and *Head of Internal Audit* functions), the PRA will require them to be approved. The PRA expects this to be the case in large, complex branches.

<sup>7</sup> Supervisory Statement SS10/14, *Supervising international banks: the Prudential Regulation Authority's approach to branch supervision*, September 2014 [www.bankofengland.co.uk/pr/Documents/publications/ss/2014/ss1014.pdf](http://www.bankofengland.co.uk/pr/Documents/publications/ss/2014/ss1014.pdf)

- 1.26** The FCA proposes to apply a new SMF to incoming non-EEA branches, the *Overseas Branch Senior Manager* (OBSM) function. This role captures the senior individuals (other than the *Head of Overseas Branch*) with local responsibility for a business area, activity or management function of the branch and who will typically report to the Head of Overseas Branch. The creation of this SMF specific to non-EEA branches reflects the fact that these individuals, while performing a senior manager role in relation to the branch, may not necessarily exercise the same level of responsibility in relation to the overall firm that is expected from Senior Managers in UK relevant firms. Therefore the OBSM has been defined to apply to the individual's responsibilities in relation to the branch only. The FCA will also require incoming non-EEA branches to appoint a Senior Manager to the functions of Money Laundering Reporting Officer (MLRO) and Compliance Oversight.
- 1.27** Neither the PRA nor the FCA intend to bring any NED functions into scope of the SMR for incoming branches.
- 1.28** In the July 2014 CP the PRA consulted on a list of Prescribed Responsibilities which UK relevant firms will need to allocate among their Senior Managers. The PRA acknowledges that applying all these Prescribed Responsibilities to the Senior Manager(s) of an incoming non-EEA branch would be neither feasible nor proportionate. Consequently, the PRA is proposing a customised set of Prescribed Responsibilities for incoming non-EEA branches. The FCA is proposing to specify a subset of the PRA's customised list of responsibilities for non-EEA branches, which will be shared with the PRA. The FCA is also proposing two FCA-only responsibilities concerning CASS and financial crime which will apply to both UK relevant firms and non-EEA branches. More detail on this is provided in Chapter 2.

#### **EEA branches**

- 1.29** Under EU law, the Home State Supervisor (HSS) of an EEA firm that operates as a branch in another EEA country is responsible for the prudential supervision of the whole firm (including the branch). As a result, where the PRA is the host supervisor of an EEA branch, it is not responsible for its prudential supervision; this is the role of the HSS. Consequently, none of the PRA's proposals in this CP apply to incoming EEA branches.
- 1.30** Conversely, the FCA has certain direct supervisory powers over incoming EEA branches in relation to conduct of business. The FCA currently applies a subset of controlled functions to EEA branches to reflect the split of home/host state responsibilities under the relevant single market directives. This includes the Money Laundering Reporting function (CF11) the Significant Management function (CF29), and the Customer function (CF30), with certain limitations<sup>8</sup>. In line with the regime for UK relevant firms, individuals currently performing CF30 roles are not considered to meet the definition of a Senior Manager but may be captured by the Certification Regime. The FCA will require incoming branches to appoint a senior manager to the MLRO function. In addition, the FCA proposes to apply a tailored 'EEA Branch Senior Manager' (EBSM) to capture the individual(s) responsible for the management and conduct of the business of the incoming branch and which reflects our current coverage of senior individuals in EEA branches under the APR.

#### **Certification Regime**

- 1.31** Consistent with the approach proposed for UK relevant firms, the PRA intends to align the scope of its Certification Regime for non-EEA branches to that of the Remuneration Rules. Consequently, the PRA will base the definition of a 'certification function' on the definition of a Material Risk Taker (MRT) in its proposed Remuneration Rules (other than those MRTs who are

<sup>8</sup> SUP 10A.1.11R (2) and (3)

performing Senior Management Functions in respect of the branch and, where relevant, any NEDs the branch may have).<sup>9</sup>

- 1.32** The FCA also proposes to align the scope of its Certification Regime for both non-EEA and EEA branches with that for UK relevant firms, where this is applicable under EU legislation for EEA branches. The proposals in this CP also reflect the policy set out in CP15/9, which sets out the FCA's intention to extend the scope of the Certification Regime to more consistently capture individuals involved in wholesale activity, where these individuals could pose a risk of significant harm to the firm or its customers.

### Conduct Rules

- 1.33** The PRA proposes to apply the Conduct Rules to individuals who perform SMF and PRA Certification functions in relation to non-EEA branches in line with its proposed scope for individuals who perform such functions in UK relevant firms. That is to say, the PRA will apply all of its Conduct Rules to persons performing an SMF specified by the PRA or FCA in a relation to a non-EEA branch, and apply a narrower set of individual Conduct Rules to employees in incoming branches within the PRA's Certification Regime.
- 1.34** For both non-EEA and EEA branches, the FCA will apply its Conduct Rules to individuals within the FCA's SMR, Certification Regime, and all other employees other than ancillary staff whose role is not specific to the financial services business of the firm. This also mirrors the approach taken for UK relevant firms. The proposals in this CP also reflect the policy set out in CP15/9, which sets out the FCA's intention to look further at the requirements in regard to the reporting of conduct rule breaches.

### Equality and diversity considerations

- 1.35** The regulators have considered the equality and diversity issues that may arise from their proposals in this CP. As with the proposals for the UK regime, the regulators have identified the following aspects of the regime with potential equality and diversity implications:
- The proposals will allow more than one individual to perform a Senior Management Function or a function in scope of the Certification Regime at the same firm, thereby accommodating individuals working under a job-share arrangement.
  - The assessment of prospective and current Senior Managers and individuals within the Certification Regime will consider their fitness and propriety to carry out their function. For some roles, such as the *Head of Overseas Branch*, this assessment may involve consideration of the individual's experience, which can only be acquired with time so could favour individuals in certain age groups. However, this does not depart from existing practice and is offset by the requirement to take into account other assessment criteria not directly related to age, such as qualifications.
  - The proposed regime may occasionally apply to some individuals located outside the UK. This, however, will depend solely on the nature of these individuals' roles and the extent to which they are directly involved in or responsible for the incoming branch's UK-regulated activities, rather than their nationality.

<sup>9</sup> Draft Remuneration instrument, Chapters 3.1(2)-3.3 in CP15/14, *Strengthening the alignment of risk and reward: new remuneration rules* (CP15/14), Appendix 3.1: [www.bankofengland.co.uk/pradocuments/publications/cp/2014/cp1514.pdf](http://www.bankofengland.co.uk/pradocuments/publications/cp/2014/cp1514.pdf)

- 1.36** Overall, the regulators do not consider that the proposals in this CP raise concerns with regards to equality and diversity issues. The regulators do not consider that the proposals in this consultation result in discrimination for any of the groups with protected characteristics i.e. age, disability, gender, pregnancy and maternity, nationality, race, religion and belief, sexual orientation and transgender.
- 1.37** The regulators will continue to consider the equality and diversity implications of the proposals during the consultation period, and will revisit them when publishing the final rules. In the interim, any input respondents to this consultation have on such matters is welcomed.

### Next steps

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- 1.38** The regulators are asking for feedback on the proposals set out in this CP.
- 1.39** The PRA is seeking feedback on:
- all PRA and joint PRA/FCA questions in the main body of the CP and as listed in Annex 6
  - the draft PRA rules in Appendix 1
- 1.40** The FCA is seeking feedback on:
- all FCA and joint PRA/FCA questions in the main body of the CP and as listed in Annex 6, and
  - the FCA draft instrument at Appendix 2
- 1.41** Please note that the consultation includes questions specifically posed by only one regulator as well as joint questions from both regulators. You should note that responses to:
- PRA only questions will be considered by the PRA only
  - FCA only questions will be considered by the FCA only, and
  - responses to joint questions will be discussed by the PRA and FCA

### What do you need to do next?

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- 1.42** Please send your responses to: both regulators at the following addresses CP9.15@bankofengland.gsi.gov.uk and cp15-10@fca.org.uk. The regulators will share responses with each other and publicly, unless you specifically ask for them to remain confidential.

**What will we do?**

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- 1.43** The PRA and FCA each plan to publish Policy Statement(s) containing our respective final rules relating to incoming branches in summer 2015.
- 1.44** A 'road map' of current and planned publications and other key milestones ahead of the new regime is in CP15/9.

## 2. Senior Managers Regime

### Introduction

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#### Overview of the legislative framework for the SMR

- 2.1** Section 59ZA of FSMA, which was introduced by the Act and will apply to incoming branches once the Treasury's order under section 71A of FSMA is made, defines an SMF as:

*'A function that will require the person performing it to be responsible for managing one or more aspects of the relevant firm's affairs, so far as relating to regulated activities, and those aspects involve, or might involve, a risk of serious consequences for the authorised person, or for business or other interests in the UK.'*

- 2.2** Senior Managers in UK relevant firms and the firms themselves are subject to the following statutory provisions aimed at clarifying the extent of the individual responsibilities of Senior Managers and strengthening their individual accountability:

- A requirement for applications for approval as a Senior Manager to contain, or be accompanied by, a 'Statement of Responsibility', which must be resubmitted whenever there is a 'significant change' in the Senior Manager's responsibilities.
- New statutory powers for the regulators to impose conditions and time limits on approvals of Senior Managers, both at the initial approval stage and subsequently through a variation of approval.
- The 'Presumption of Responsibility'; where a Relevant Authorised Person contravenes a relevant requirement, the Senior Manager with responsibility for the management of any of the firm's activities in relation to which the contravention occurred is guilty of misconduct unless they satisfy the regulators that they took such steps as a person in their position could reasonably be expected to take to avoid the contravention occurring (or continuing).

- 2.3** All the FSMA provisions listed above will also apply to incoming branches and their Senior Managers. Conversely, the criminal offence in Section 36 of the Banking Reform Act relating to a decision causing a financial institution to fail will not apply to incoming branches; this applies only to Senior Managers of UK relevant firms.

### SMR for incoming non-EEA branches

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#### Scope of the SMR for incoming non-EEA branches

- 2.4** The proposed list of SMFs in UK relevant firms covers the top layer of executive management and some, but not all, members of the board. However, the board of an incoming branch is located in its home state and it is uncommon for any of its members to be subject to pre-



approval in the UK under the APR. In line with their role in supervising the activities of an incoming branch, the PRA and FCA are concerned with the governance of the branch itself, rather than of the institution as a whole. In supervising the branch, the PRA and the FCA place reliance on the supervision of the wider firm by the home state regulator. So the PRA and FCA do not propose to capture the boards of incoming branches within the SMR, but are instead seeking to capture the individuals responsible for the day-to-day running of the UK branch.

- 2.5** The FCA Handbook includes a guidance provision relating to the current APR<sup>10</sup> which states that, where an individual based overseas has responsibilities in relation to an incoming branch that are limited to setting strategy only, such individuals would not generally be captured as approved persons. However, where an individual is responsible for implementing that strategy in the UK, they are likely to be performing a controlled function and will require approval by one or both regulators. This principle will remain under the new regime for incoming branches.
- 2.6** The table below sets out the PRA and FCA's proposed scope of SMFs in non-EEA branches.

**Table 1**

<b>PRA Senior Management Functions<sup>11</sup></b>	
Head of Overseas Branch	SMF19
Chief Finance function (if applicable)	SMF2
Chief Risk function (if applicable)	SMF4
Head of Internal Audit (if applicable)	SMF5
Group Entity Senior Manager (if applicable)	SMF7
<b>FCA Senior Management Functions</b>	
Money Laundering Reporting Officer	SMF17
Compliance Oversight	SMF16
Overseas Branch Senior Manager (OBSM)	SMF20

**PRA Senior Management Functions**

- 2.7** The PRA's approach to the application of the SMR to incoming non-EEA branches was discussed but not formally consulted on in Chapter 6 of the July 2014 CP and Supervisory Statement 10/14, which set out the PRA's approach to branch supervision.<sup>12</sup>
- 2.8** As noted in these documents, the PRA proposes to require all incoming non-EEA branches to have at least one individual approved as a *Head of Overseas Branch* who will typically be performing activities akin to those of a CEO in relation to the branch. The PRA proposes to describe this SMF as 'the function of having responsibility, alone or jointly with others, for the conduct of all activities of the UK branch of an overseas firm which are subject to the UK regulatory system'.

<sup>10</sup> SUP 10A.7.4G

<sup>11</sup> Subject to FCA consent

<sup>12</sup> Supervisory Statement SS10/14, *Supervising international banks: the Prudential Regulation Authority's approach to branch supervision*, September 2014: [www.bankofengland.co.uk/pr/Documents/publications/ss2014/ss1014.pdf](http://www.bankofengland.co.uk/pr/Documents/publications/ss2014/ss1014.pdf)

- 2.9** The individual(s) approved as *Head of Overseas Branch* should have the highest degree of individual decision-making authority within the branch over activities and areas subject to UK regulation.
- 2.10** The PRA considers that, from a prudential perspective, holding a single individual responsible for all the regulated activities of a UK branch should provide an adequate and proportionate level of individual senior management accountability for small, less complex non-EEA branches.
- 2.11** Firms will, however, have the ability to have more than one individual approved as *Head of Overseas Branch*; for instance, if the branch is jointly headed by two individuals. Where this is the case, the firm should clearly set out the specific responsibilities of each individual approved to the *Head of Overseas Branch* function in their respective Statements of Responsibilities. Moreover, consistent with the proposed approach for UK firms, where two or more individuals share an SMF, each will be individually responsible for all the responsibilities conferred by that function. It follows that, if a firm breaches a relevant requirement (as defined in section 66B(4) of FSMA) relating to that SMF's area(s) of responsibility, every individual approved to perform it will be potentially liable unless they can individually satisfy the PRA that they took reasonable steps to prevent, stop or remedy the breach (as set out in section 66B of FSMA). However, the particular circumstances regarding the division of tasks between individuals sharing an SMF may have a bearing on whether one or both can satisfy the 'reasonable steps test'.
- 2.12** Moreover, when it comes to large, complex incoming non-EEA branches, the PRA believes that as a practical matter, they are likely to have more persons performing key management roles and hence being able to approve only one Senior Manager might be impractical and fail to capture the appropriate individuals.
- 2.13** Consequently, to ensure an appropriate level of accountability, incoming non-EEA branches will be required to put forward additional senior managers for approval by the PRA in the following circumstances:
- If another individual has direct management and/or decision-making responsibility over the incoming non-EEA branch's UK-regulated activities i.e. a UK country head or head of Europe, Middle East and Africa (EMEA). Where this is the case, the PRA will require this individual to be approved as a *Group Entity Senior Manager* (SMF7) of the non-EEA branch in addition to the *Head of Overseas Branch*. In practice, it is common for these individuals to be based in another UK group entity but they may occasionally be based overseas.
  - If the branch has dedicated individuals performing certain executive SMFs namely *Chief Finance*, *Chief Risk* and *Head of Internal Audit* functions. It is common for large overseas firms to have UK or EMEA-wide heads of finance, risk and/or internal audit with responsibility for all UK the entities in the UK group, including the branch. Where this is the case, the PRA will require these individuals to be approved as their relevant SMFs in relation to the branch.
- 2.14** Although in rare circumstances an incoming branch may have NEDs sitting on its decision-making committee, neither the PRA nor the FCA intend to bring any NED functions into scope of the SMR for incoming branches. There may, however, be situations where individuals employed by a branch's head office or another group company are approved as a NED (CF2) of the branch under the APR. Where this is the case, these individuals will commonly be deemed to be performing the *Group Entity Senior Manager* function in respect of the branch and required to be approved accordingly.
- 2.15** As is the case under the current APR, the PRA will require the FCA's consent before approving an individual to perform any PRA SMF.

**FCA Senior Management Functions**

- 2.16** The FCA intends to specify a tailored list of Senior Management Functions for non-EEA branches which captures the senior individuals responsible for the management of the business operating out of the branch.
- 2.17** The FCA will continue to require non-EEA branches to have individuals approved to the *Money Laundering Reporting* and *Compliance Oversight* functions, as defined in the regime for UK relevant firms.
- 2.18** The FCA will also specify a new *Overseas Branch Senior Manager (OBSM)* function, which will apply to individuals who have local responsibility for the activities, business areas and management functions of the branch.
- 2.19** Very small branches may have no individuals approved to the OBSM function and responsibility will lie solely with the *Head of Overseas Branch*. However, in larger branches, individuals with local responsibility for a business line or function will generally require approval to perform the OBSM function.
- 2.20** The OBSM will therefore apply to the most senior layers of the branch management structure. Individuals performing the *OBSM* will generally be members of the branch's highest decision-making body (or equivalent) or report directly to it. It is likely that individuals performing the *OBSM* will either report to the *Head of Overseas Branch* or to another member of the local governing body of the branch, although they may also have separate reporting lines to individuals and bodies outside the branch structure.
- 2.21** The regime for UK relevant firms requires Senior Managers to have overall responsibility for their area of responsibility in the firm. As incoming branches are not distinct legal entities, the *OBSM* has been created to apply only in relation to the regulated activities of the UK branch.
- 2.22** Generally the FCA expects responsibilities to be allocated to Senior Managers within the management structure of the UK branch. However, incoming branches may allocate responsibilities to individuals that sit elsewhere. This may be because the firm has organised itself such that a particular function of the branch is being managed outside the branch's management structure. The firm may also allocate responsibilities to individuals based outside the UK. Therefore there is not a territorial limitation to the scope of the FCA's SMR for non-EEA branches, and the scope of the *OBSM* will not be limited to those individuals within the branch management structure. Where tasks are delegated, the relevant Senior Manager(s) will remain accountable in line with the Senior Manager Conduct Rule SM3.
- 2.23** In response to feedback received to the July CP, the FCA is also consulting on further more detailed guidance on the application of the presumption of responsibility as part of CP15/9. This guidance will apply to all senior managers in UK relevant firms and incoming branches, so incoming branches may wish to consider and respond to the proposed more detailed guidance in Chapter 5 and Appendix 2 of CP15/9.

**Q1:** **[PRA]:** Does the proposed list of PRA Senior Management Functions for UK branches of non-EEA firms capture the appropriate set of roles? If not,

- are there any other roles which the PRA should consider specifying as SMFs for incoming branches?
- are there any proposed SMFs which the PRA should consider excluding?

**Q2: [FCA]:** Do you agree with the proposed list of FCA Senior management Functions for non-EEA branches? If not,

- are there any other roles which the FCA should consider specifying as SMFs for incoming non-EEA branches?
- are there any proposed SMFs which the FCA should consider excluding?

**Allocation of responsibilities to Senior Manager in incoming non-EEA branches**

**2.24** The below table shows the combined PRA and FCA proposed list of specific responsibilities which must be allocated to PRA or FCA Senior Managers in non-EEA branches:

**Table 6**

Shared PRA and FCA responsibilities <sup>13</sup>
1. Responsibility for the branch’s performance of its obligations under the Senior Managers Regime, including implementation and oversight
2. Responsibility for the branch’s performance of its obligations under the certification rules
3. Responsibility for compliance with the branch’s obligations in relation to its management responsibilities map
4. Responsibility for management of the branch’s risk management processes in the UK
5. Responsibility for the branch’s compliance with the UK regulatory regime applicable to the branch
6. Responsibility for the escalation of correspondence from the PRA, FCA and other regulators in respect of the branch to the governing body and/or the management body of the firm or, where appropriate, of the parent undertaking or holding company of the firm’s group
7. Responsibility for the maintenance of the integrity, independence and effectiveness of the branch’s policies and procedures on whistleblowing and for ensuring staff who raise concerns are protected from detrimental treatment <sup>14</sup>
PRA responsibilities
8. Responsibility for management of the branch’s systems and controls in the UK
9. Responsibility for the allocation of all UK branch prescribed responsibilities
10. Responsibility for management of the branch’s liquidity or, where a liquidity waiver is in place, the submission of information to the PRA on the firm’s liquidity position
11. Responsibility for the production and integrity of the branch’s financial information and its regulatory reporting in respect of its regulated activities, including the annual attestation of compliance to the PRA of the branch’s compliance with its obligations under SYSC
FCA responsibilities
12. Responsibility for the branch’s policies and procedures for countering the risk that the branch might be used to further financial crime
13. Responsibility for the branch’s policies and procedures for compliance with CASS

<sup>13</sup> The PRA and FCA Prescribed Responsibilities set out in the draft instruments at Appendices 1 and 2 refer to the functions being performed in respect of the activities of the branch

<sup>14</sup> The PRA and FCA are currently consulting on regulatory rules on whistleblowing in FCA CP15/4 / PRA CP6/15: *Whistleblowing in deposit-takers, PRA-designated investment firms and insurers*. That consultation proposes minor changes to the wording of the Prescribed Responsibility on whistleblowing for UK firms. Any changes to the final wording of this Prescribed Responsibility rule for UK firms will be reflected in the wording of the corresponding responsibility for incoming branches.

**PRA approach to responsibilities**

- 2.25** In the July 2014 CP, the PRA consulted on a list of Prescribed Responsibilities which UK relevant firms will need to allocate among their Senior Managers. The PRA acknowledges that applying all of these Prescribed Responsibilities to the proposed Senior Manager(s) of an incoming non-EEA branch would be neither feasible nor proportionate.
- 2.26** Consequently, the PRA is consulting on a customised, shorter set of Prescribed Responsibilities for incoming non-EEA branches. These Prescribed Responsibilities can be allocated to any PRA or FCA-specified SMF in respect of non-EEA branches.
- 2.27** As noted above, the PRA and FCA do not propose to specify any non-executive functions as Senior Management Functions in respect of incoming non-EEA branches. So the PRA expects that Prescribed Responsibility 7 should be allocated to a suitably independent and senior individual in the branch management structure such as the Head of Internal Audit function (where applicable) or the Compliance Oversight function.
- 2.28** Subject to the outcome of this consultation, the PRA will update its draft Supervisory Statement on the PRA Senior Managers Regime (set out in Appendix 9.1 of the July 2014 CP) to reflect its expectations on the scope of the SMR for incoming non-EEA branches and the allocation of responsibilities to Senior Managers in such branches as set out above.

**FCA approach to responsibilities**

- 2.29** The FCA proposes to specify responsibilities 1-7 of the PRA's list of prescribed responsibilities for non-EEA branches. This approach is also consistent with the subset of the PRA's prescribed responsibilities specified by the FCA for UK relevant firms, where applicable.
- 2.30** The FCA has also set out in CP15/9 its intention to specify two new FCA-only specific responsibilities for UK relevant firms relating to financial crime and client assets. The FCA also proposes to specify these for non-EEA branches.
- 2.31** The regime for UK relevant firms requires responsibilities to be allocated to the most senior person with responsibility in the firm. Applying this directly to incoming branches would mean capturing the most senior individuals in the legal entity as a whole. So non-EEA branches responsibilities should be allocated to the most senior individual responsible for the day-to-day management of the function or area of responsibility of the branch.
- 2.32** The FCA considers that a transaction booked, negotiated or arranged in an incoming branch should be treated as a transaction of that branch, even though other elements of the transaction may take place elsewhere in the wider firm, perhaps in a separate entity or outside the UK. Therefore, where any element of a transaction takes place in the UK branch, there should be a Senior Manager that has been allocated responsibility for such transactions.

**Q3:** **[PRA]:** Does the proposed list of PRA Prescribed Responsibilities for non-EEA branches capture an appropriate and proportionate set of areas? If not,

- are there any other areas the PRA should consider including in the list?
- are there any areas which the PRA should consider omitting or clarifying?

**Q4: [FCA]:** Does the FCA's proposed approach to the allocation of responsibilities for non-EEA branches capture an appropriate and proportionate set of areas? If not,

- are there any other areas the FCA should consider including in the list?
- are there any areas which the FCA should consider omitting or clarifying?

### **Responsibilities maps**

**2.33** The PRA and FCA propose to require incoming branches to prepare, submit and, where appropriate, update a management responsibilities map. However, bearing in mind the governance and organisational characteristics of incoming branches, the regulators intend to tailor the responsibilities map requirements to make them appropriate for non-EEA branches. For instance, as incoming branches do not have a UK board, their responsibilities maps must set out matters reserved to the governing body (or equivalent) of the branch, rather than the ultimate overseas governing body. However, incoming branches will generally be expected to provide a detailed explanation of how their management and governance arrangements fit together with those of its overseas head office and the wider group.

**2.34** Consistent with the CP15/9, the FCA considers that the proposed responsibilities map requirements are inherently proportionate and that incoming branches with a simple allocation of responsibilities will only need to produce simple maps. For non-complex branches, for example those with a limited number of business lines or which do not rely on the wider firm or group governance arrangements, the FCA would expect the map to be a simple document summarising the allocation of responsibilities within the firm and the firm's governance arrangements.

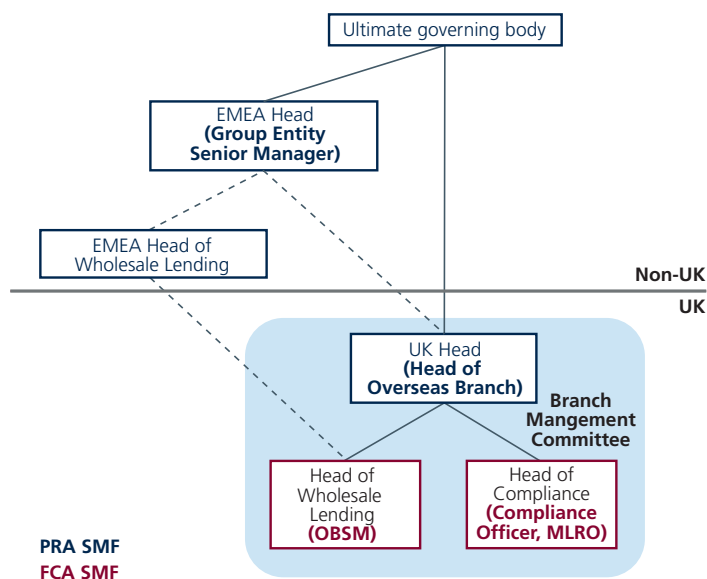
**2.35** In line with the July 2014 CP and FCA CP15/9, the management responsibilities map may be a single document or folder containing several files or items. Where a group headquartered overseas operates in the UK through a combination of a branch and subsidiaries, it will need to have individuals approved in relation to each entity, however it will be possible for that firm to submit a single document covering all its UK relevant firms as long as the governance arrangements of each entity in scope are clear, complete and appropriately signposted.

### **How will the PRA and FCA's SMR for non-EEA branches operate together in practice?**

**2.36** As for UK relevant firms, and in line with the FCA's duties under s59A of FSMA, the regulators are seeking to minimise any overlap between the PRA and FCA SMRs. Therefore, the overlap rules for UK relevant firms explained in paragraphs 2.48 and 2.49 of the July 2014 CP will also apply to incoming non-EEA branches. These rules seek to ensure that where an individual is required to be approved to perform both a PRA and FCA function, they will in practice only need to seek approval for the PRA function, although considerations will be given in the approval process to the full scope of their responsibilities.

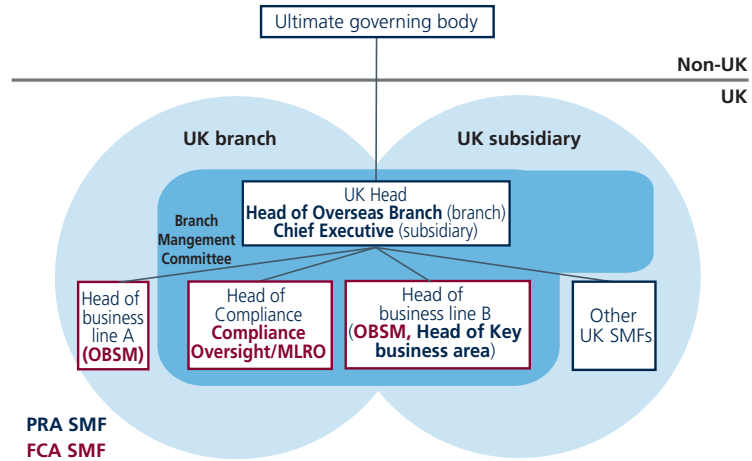
**2.37** For instance, where a *Head of Overseas Branch* also heads a UK business line (which, on its own, would normally require FCA approval as an *OBSM*) the individual will only need to obtain approval as the *Head of Overseas Branch*, and this will encapsulate approval for the overlapping *OBSM* function. The individual's Statement of Responsibilities will, however, need to reflect all relevant responsibilities which they may have both in their capacity as head of the branch and as UK head of a business line.

- 2.38 As the PRA is not proposing to apply any elements of the regime to EEA branches, the overlap rules are not relevant for these firms.
- 2.39 Some illustrative examples of how the PRA and FCA’s new branch SMFs may interact in practice are provided below. These examples are not intended to indicate how firms should structure themselves and should not be interpreted as guidance on the draft rules. What is a reasonable SMF structure will in practice depend on the structure, activities and governance arrangements of a branch.
- 2.40 **Scenario 1:** A large overseas bank has a UK branch led by a UK country head, who is approved by the PRA as *Head of Overseas Branch*. The UK country head reports to a Head of EMEA based overseas who makes direct management decisions in respect of the UK branch and is therefore approved as *Group Entity Senior Manager* by the PRA. He also reports to the firm’s board which is based overseas.
- 2.41 The main activity undertaken by the UK branch is wholesale lending. The UK Head of wholesale lending is approved by the FCA as an *OBSM*. She reports to both the *Head of Overseas Branch* and the EMEA Head of Wholesale lending (who is not approved) who in turn reports to the PRA-approved *Group Entity Senior Manager*.

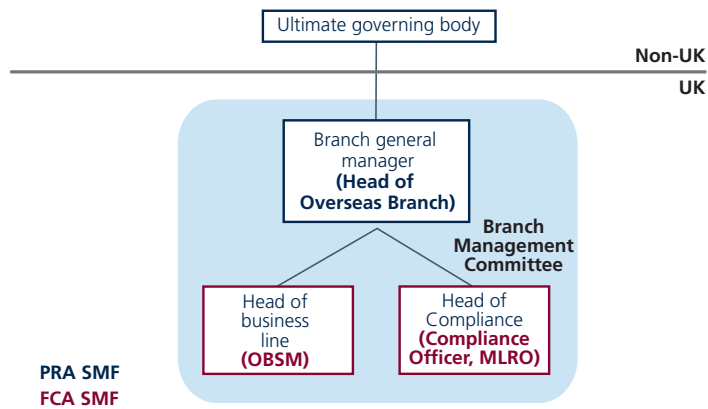


- 2.42 **Scenario 2:** A large bank has both a subsidiary and a branch in the UK. Both are led by the same individual who is approved by the PRA as both the *Head of Overseas Branch* function in relation to the branch and *Chief Executive* function in relation to the subsidiary. The UK Head leads the UK branch’s management committee and sits on the board of the subsidiary. Both the branch and subsidiary undertake a certain activity, B, and the same individual has responsibility for this activity in respect of both entities. The Head of business line B is approved to the *OBSM* function in relation to the branch and a UK relevant firm SMF, such as the *Head of Key Business Area*, in relation to the subsidiary, and sits on both the UK branch’s management committee. The branch also undertakes activity A; the Head of business line A is also approved to the *OBSM* function and reports to the branch management committee about activity A.

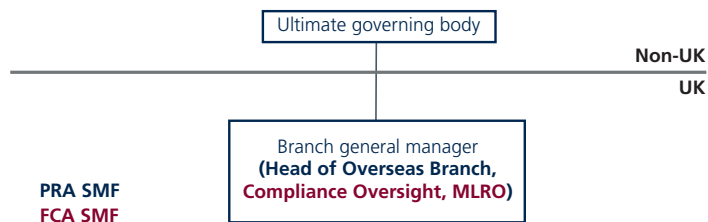




**2.43 Scenario 3:** A small branch undertakes only wholesale lending and the branch management committee has delegated authority for all lending decisions. The branch management committee is comprised of the branch general manager (approved as *Head of Overseas Branch* by the PRA), the head of wholesale lending (approved to the *OBSM* function by the FCA) and the Head of Compliance.



**2.44 Scenario 4:** A very small branch employs five staff members and books transactions in the UK which are arranged by the overseas head office. There is one individual approved by the PRA as *Head of Overseas Branch* who is responsible for all transactions booked in the UK branch.



**2.45** In all the scenarios above, the individual performing the Compliance Oversight and MLRO functions would be approved by the FCA.



## The SMR for EEA branches

### Scope of the SMR for EEA branches

**2.46** For EEA branches, the FCA currently applies a subset of controlled functions to reflect the split of home/host state responsibilities under the relevant single market directives. Therefore, in the new regime the FCA intends to specify a separate, tailored list of Senior Management Functions for individuals in EEA branches covering:

- the Money Laundering Reporting function
- individuals with responsibility for the conduct of certain regulated activities of the EEA branch

**Table 4**

#### FCA Senior Management Functions for EEA branches

EEA Branch Senior Manager (EBSM) (SMF21)

Money Laundering Reporting Officer (SMF17)

**2.47** The Money Laundering Reporting function will be defined in the same way as for non-EEA branches and UK relevant firms.

**2.48** The EBSM function will apply to individuals that meet the definition of an SMF in relation to the business operating out of the branch, with the same conditions as the current Significant Management function (CF29) for EEA branches, which are that the individual must be involved in:

- a. designated investment business other than dealing in investments as principal or
- b. processing confirmations, payments, settlements, insurance claims, client money and similar matters, in so far as this relates to designated investment business and
- c. accepting deposits from banking customers and activities substantially connected with that activity, to the extent to which it does not fall within a. or b.

**2.49** In making a determination of fitness and propriety for an individual applying to perform the EBSM, the FCA will not assess the competence of these individuals, as this is a matter reserved to the home member state.

**Q5: [FCA]:** Do you agree with the proposed list of FCA Senior management Functions for EEA branches? If not,

- are there any other roles which the FCA should consider specifying as SMFs for incoming EEA branches?
- are there any proposed SMFs which the FCA should consider excluding?

### Allocation of responsibilities to senior managers in EEA branches

**2.50** Allocation of responsibilities is a matter reserved to the home member state, and therefore the FCA's responsibility framework will not apply to EEA branches. For similar reasons the

obligations on Senior Managers to provide Handover Certificates when leaving a role will not apply to EEA branches.

- 2.51** The approach set out above at paragraphs 2.33-2.35 for non-EEA branches also applies to the FCA's responsibilities map requirements for EEA branches. In addition, EEA branches will only be required to include in the responsibilities map the information necessary to identify the responsibilities of the approved persons and how these fit with the management and governance arrangements of the branch as a whole.

**Q6: [FCA]:** Do you agree with the FCA's proposed approach to the allocation of responsibilities in EEA branches? If not, how should the regime be amended?

### **Territorial application of the Senior Managers Regime**

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- 2.52** As noted in Chapter 1, one of the key challenges of extending the proposed accountability regimes to both subsidiaries and incoming branches of firms headquartered overseas is the fact that the senior management of these entities and other individuals involved in their regulated activities are more likely to be physically based outside of the UK than their counterparts in UK relevant firms.
- 2.53** A number of responses to the July 2014 CP questioned and/or challenged the extent to which the SMR may apply extraterritorially; i.e. the extent to which individuals located overseas may be subject to regulatory approval as Senior Managers (in particular as *Group Entity Senior Managers* (SMF7)) and the enhanced accountability requirements in FSMA.
- 2.54** Under the APR, when dealing with groups headquartered overseas and their senior management, the regulator(s) distinguished those individuals responsible for setting the group's strategy, which would not commonly be required to undergo approval in the UK, from those responsible for implementing that strategy in the United Kingdom, which commonly would (particularly when they had not delegated that responsibility to an appropriate local member of senior management). This approach and philosophy are, we believe, well understood and the PRA and FCA therefore plan to maintain this under the SMR.
- 2.55** Under Section 59ZA of FSMA, in order for a function to be capable of being designated as an SMF, it must involve the management of one or more aspects of the firm's affairs relating to the regulated activity and which might involve a risk of serious consequences for the firm or for business or other interests in the UK. This therefore also applies when considering whether individuals are performing an SMF, including those based in the head office or another group entity based overseas.
- 2.56** However, the fact that an individual is physically located outside the UK does not automatically mean that they cannot perform an SMF. If the individual is actively and directly involved in the management of a UK subsidiary or incoming branch or takes direct decisions about how these entities should conduct their regulated activities, it is highly likely that they will require approval as a *Group Entity Senior Manager* or another SMF.
- 2.57** Conversely, it does not automatically follow that if a senior individual is physically based in the UK that they will necessarily also be a Senior Manager in relation to the branch. This will depend on whether they are part of the branch management structure and if so, their role in relation to the branch.

**2.58** The PRA and FCA will assess whether there are any individuals located overseas who should be approved as Senior Managers of an incoming branch or a subsidiary of a group headquartered overseas on a case-by-case basis. In doing so, they will take into account the organisational structure of the firm, reporting structures and whether any UK-based Senior Managers have an appropriate and proportionate degree of accountability, autonomy and responsibility.

- Q7:** **[PRA/FCA]:** Do the combined FCA and PRA proposed SMFs branches cover the key decision-makers for the regulated activities of incoming branches?
- Q8:** **[PRA/FCA]:** Are there any other aspects of the Senior Managers Regime that should be applied differently for non-EEA branches? If so, how should the regime be amended?
- Q9:** **[FCA]:** Are there any other aspects of the Senior Managers Regime that should be applied differently for EEA branches? If so, how should the regime be amended?

## 3. Certification Regime

### Overview and summary of the Certification Regime for UK relevant firms

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- 3.1** The Act introduced a requirement to FSMA for firms to certify that employees who are capable of causing significant harm to the firm or any of its customers ('certification functions') are fit and proper to perform their roles.
- 3.2** Individuals performing certification functions will not be subject to regulatory pre-approval. However, firms must take reasonable care to ensure that no employee performs any of these functions without having been certified as fit and proper to do so, and that this certification is renewed annually. In determining whether an employee is fit and proper to perform such a function, an incoming branch will need to have regard to any rules the regulators have made for this purpose.

### The PRA's Certification Regime for incoming non-EEA branches

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- 3.3** In the July 2014 CP, the PRA proposed to define certification functions in Capital Requirements Regulation (CRR) firms based on the criteria used to define Material Risk Takers (MRTs) for remuneration purposes in Commission Delegated Regulation (EU) No 604/2014. The PRA considers that the concepts of MRT and 'significant harm function' are broadly equivalent.
- 3.4** Commission Delegated Regulation (EU) No 604/2014 does not apply to incoming third country branches. However, the PRA's proposed Remuneration Rules require third-country firms to identify employees who would meet the Regulations as if it did apply to them and treat them as MRTs.
- 3.5** Consequently, the PRA proposes to base the scope of its Certification Regime for incoming non-EEA branches on their UK MRT population. However, as with UK firms, not all MRTs will be performing certification functions – some MRTs will be carved out of the Certification regime by virtue of their being Senior Managers.
- 3.6** Likewise, individuals whose functions are not related to the regulated activities of the branch and therefore do not meet the statutory test for a Certification function will also fall outside the scope of the PRA's Certification Regime.

**Q10: [PRA]:** Do you agree with the PRA's proposed approach to defining certification functions?

## The FCA's Certification Regime for incoming branches

### Non-EEA branches

- 3.7** In addition to MRTs, (who can cause harm to both the firm and consumers), there is a wider population of individuals capable of causing significant harm to consumers only. So the FCA's proposed scope of certification functions is wider than the PRA's for UK relevant firms. The FCA intends to apply the Certification Regime to non-EEA branches in broadly the same way as we proposed for UK relevant firms, where necessary restricting the functions so that they apply only in relation to the branch.
- 3.8** CP15/9 clarifies the FCA's view on an aspect of the territoriality of the Certification Regime. Some respondents to the July CP questioned the breadth of the regime, which, as a general principle, involves all line managers of certified persons being certified themselves, leading to the inclusion of chains of middle managers.
- 3.9** The intention of this policy is to ensure that a certified person cannot face pressure to act inappropriately from supervisors who are not themselves held equally accountable. In practice, it means that if a firm employs a customer-facing financial adviser, for example, every manager above them in the same chain of responsibility will have to be certified (until the senior manager approved under the SMR is reached).
- 3.10** This issue is linked to the question of how our regime applies where the individuals in question may be outside the UK (i.e. where a certified person has a reporting line to a manager in another country). Respondents to the July CP questioned whether this would have the effect of also capturing the management chain of the overseas individual (for example capturing all the way up to the Board of the overseas entity). This may be particularly relevant for non-EEA branches, as they are not separate legal entities, and often operate using extensive matrix management. This issue is not relevant for EEA branches, as a territorial limitation will restrict the Certification Regime to individuals based in the UK (see paragraph 3.14 below).
- 3.11** The regime for UK relevant firms includes an overarching territorial principle that certified people must be either based in the UK or dealing with a UK client. This measure is intended to prevent individuals from being captured that do not have a substantial link to the UK business or customers. Where a certified person has dual or multiple reporting lines, the Certification Regime will apply where the relevant manager is either based in the UK or involved in dealing with a UK client. Therefore in some cases the regime may capture only the manager who is based in the UK, unless the overseas manager would also be a certified person in their own right.
- 3.12** So where a certified person has a reporting line overseas, the overseas manager will be subject to the Certification Regime only if the manager is dealing with clients in the UK. However, our approach to responsibility means that firms must ensure that one or more SMFs ultimately have overall responsibility for all of the activities, business areas and management functions of the branch. Therefore, the relevant Senior Manager(s) will remain responsible and accountable for the performance of all activities, business areas and management functions of the branch, even in the event that the Certification Regime does not capture all individuals in the reporting chain of a particular area.

**Q11: [FCA]:** Do you agree with the FCA's proposed approach to the Certification Regime for non-EEA branches?

**EEA branches**

**3.13** The FCA also intends to apply its Certification Regime, which includes MRTs, to EEA branches, where necessary restricting the Certification functions so they apply only in relation to the branch. In addition, EEA branches should note that:

- The CASS oversight function will not apply, as the CASS rules do not apply to EEA branches.
- The function concerning individuals performing functions requiring qualifications will apply to EEA branches. Individuals in EEA branches that are performing functions which would require qualifications if that individual were performing the function from a UK relevant firm will be included in the Certification Regime.

**3.14** A territorial limitation will apply such that the Certification Regime will only apply to individuals that are based in the UK.

**Q12: [FCA]:** Do you agree with the FCA's proposed approach to the Certification Regime for EEA branches?

**Alternative options for the FCA's Certification Regime for incoming branches**

**3.15** The policy and rules that we are consulting on in this CP, in relation to the FCA's Certification Regime for incoming branches, are based on the rules consulted on for UK relevant firms in the July CP. However, respondents should note that we may subsequently amend these proposals to reflect any changes that we may make to the FCA's Certification Regime for UK relevant firms, as detailed in CP15/9. These are discussed below in more detail, and we would welcome views on their application to incoming branches.

**3.16** Since issuing our consultation in July, we have become aware that the proposals we consulted on result in an inconsistent approach to individuals involved in wholesale activities, including traders. The proposals included a requirement to certify individuals in customer-facing roles that are subject to qualification requirements and we also explained that those proprietary traders who would currently fall under the Significant Management (CF29) function would be subject to the regime.

**3.17** In practice, it seems likely that some, but not necessarily all traders individuals involved in wholesale activities, such as trading, would fall within the scope of the regime – for example, individuals trading on behalf of clients classified under MiFID as 'eligible counterparties' would not necessarily be covered (such as if they are dealing as agent in that capacity or where the broker is executing orders on behalf of clients by dealing on own account). Some respondents to the July CP highlighted this anomaly. Respondents also highlighted that not all individuals currently approved under the customer-dealing function (CF30) function would necessarily be covered.

**3.18** Having considered this matter, we believe that many of these individuals could be thought of as performing roles that could pose 'significant harm' to the firm or its customers. As a result, we are considering extending the scope of the certification regime to ensure that these individuals are captured within the regime. We would plan to consult on any changes to this effect for both UK relevant firms and incoming branches in the spring/summer.

- Q13: [FCA]:** What are your views on the potential changes to the scope of the FCA's Certification Regime described above for incoming branches? In particular, do you agree that the scope of the Certification Regime should include all individuals involved in wholesale activity, where these individuals are capable of causing significant harm to the firm or its customers?
- Q14: [PRA/FCA]:** Are there any other aspects of the Certification Regime that should be applied differently for non-EEA branches? If so, how should the regime be amended?
- Q15: [FCA]:** Are there any other aspects of the Certification Regime that should be applied differently for EEA branches? If so, how should the regime be amended?

## 4. Conduct rules

### Introduction

- 4.1** This chapter sets out the regulators' proposals for the scope and content of a new set of enforceable Conduct Rules for incoming branches. These rules will replace the existing APER principles and guidance which currently apply to Approved Persons.
- 4.2** Chapter 5 of the July CP explained the background to the Conduct Rules and how these enforceable rules will be an important tool for both regulators in influencing the behaviour of individuals. Through their impact on the actions of individuals, Conduct Rules can shape the culture, standards and policies of a firm as a whole and act to promote more positive behaviours that actively support the regulators' statutory objectives. The possibility of enforcement should also act as a deterrent against actions or omissions that could damage a firm's prudential position, harm its customers or undermine the integrity of financial markets.
- 4.3** The Conduct Rules proposed by the PRA and FCA in the July CP are:

#### Table 6

##### First tier – Individual Conduct Rules

Rule 1: You must act with integrity.

Rule 2: You must act with due skill, care and diligence.

Rule 3: You must be open and cooperative with the FCA, the PRA and other regulators.

Rule 4 (FCA only): You must pay due regard to the interests of customers and treat them fairly.

Rule 5 (FCA only): You must observe proper standards of market conduct.

##### Second tier – Senior Manager Conduct Rules

SM1: You must take reasonable steps to ensure that the business of the firm for which you are responsible is controlled effectively.

SM2: You must take reasonable steps to ensure that the business of the firm for which you are responsible complies with relevant requirements and standards of the regulatory system.

SM3: You must take reasonable steps to ensure that any delegation of your responsibilities is to an appropriate person and that you oversee the discharge of the delegated responsibility effectively.

SM4: You must disclose appropriately any information of which the FCA or PRA would reasonably expect notice.



### The PRA's approach to Conduct Rules in incoming non-EEA branches

- 4.4** In the July 2014 CP, the PRA proposed to apply Conduct Rules to all Senior Managers subject to approval by either the PRA or FCA and to employees who fell within the PRA's Certification Regime. Senior Managers would also be subject to additional Conduct Rules SM1-SM4.
- 4.5** The PRA noted that these individuals had been identified as being able to cause significant (prudential) harm to a firm and thus be able to impact on the PRA's safety and soundness objective. Therefore, the PRA deemed it appropriate to apply its Conduct Rules only to these individuals.
- 4.6** The PRA considers that the scope of its Conduct Rules for UK relevant firms and the rationale behind it are equally appropriate for incoming non-EEA branches. Consequently, the PRA proposes to apply its Conduct Rules in the same way as for UK firms. Consequently:
- individuals performing an SMF specified by the PRA or FCA will be subject to all of the Conduct Rules in Table 6 and
  - employees performing a PRA Certification function (who, as noted above, will be a subset of the branch's UK MRTs) will be subject to the first tier Conduct Rules

### The FCA's approach to Conduct Rules in incoming branches

- 4.7** The FCA considers that the intention behind the Conduct Rules applies equally to incoming branches. The FCA therefore intends to apply the Conduct Rules to non-EEA branches in the same way as for UK relevant firms.
- 4.8** Due to the structure of a branch, branch staff may also be subject to a Code of Conduct which is set by the legal entity. However, the Conduct Rules are drafted at a high level and the FCA does not expect them to be inconsistent with any separate standards set by head office or the home state regulator.
- 4.9** For EEA branches, the Conduct Rules will apply, although the FCA intends to retain the current limitation in APER which will provide that Conduct Rules apply only to the extent that they are compliant with EU legislation. In addition, for Conduct Rules staff that are not Senior Managers there will be a territorial limitation so that the Conduct Rules will only apply to individuals based in the UK. This territorial limitation will not apply to Senior Managers in EEA branches.

**Q16: [PRA]:** Do you agree with the PRA's proposed approach to conduct rules for non-EEA branches? If not, why not?

**Q17: [FCA]:** Do you agree with the FCA's proposed approach to Conduct Rules for incoming branches? If not, why not?

### Alternative options for the FCA's Conduct Rules for incoming branches

- 4.10** The policy and rules that we are consulting on in this CP, in relation to the FCA's approach to the Conduct Rules for incoming branches, are based on the rules consulted on for UK relevant firms in the July CP. However, respondents should note that we may subsequently amend these proposals to reflect any changes that we may make to the FCA's approach to the Conduct Rules for UK relevant firms, as detailed in CP15/9. These are discussed below in more detail, and we would welcome views on their application to incoming branches.

- 4.11** The Act requires firms to notify the regulators when they are aware or suspect that a person has breached the Conduct Rules, or when a firm has taken formal disciplinary action. In the July CP the FCA proposed that actual or suspected breaches by a Senior Manager should be reported within seven days. For other individuals, we proposed reporting on a quarterly basis, with firms compiling an aggregated list of the actual or suspected individual breaches, the identities of those to whom the notification relates and the disciplinary action that they need to report for that quarter. Firms responding to the consultation felt that our threshold for reporting breaches was too low, creating a potentially disproportionate burden on them.
- 4.12** We understand firms' concerns in this area and, as we prepare our final rules for publication in the spring/summer, we will consider what adjustments can be made particularly to the frequency and method by which firms are required to report breaches to us. We will consider whether further guidance would be helpful, and we will also take account of responses received in this area in response to the December CP. However, we will need to keep in mind that the Act requires notification of suspected or known breaches of the Conduct Rules.
- Q18: [FCA]:** What are your views on the potential changes to the reporting of Conduct Rule breaches for incoming branches as described above?
- Q19: [PRA/FCA]:** Are there any other aspects of the requirements associated with the Conduct Rules that should be applied differently for non-EEA branches? If so, how should the regime be amended?
- Q20: [FCA]:** Are there any other aspects of the requirements associated with the Conduct Rules that should be applied differently for EEA branches? If so, how should the regime be amended?

## 5. Transitional arrangements

### Commencement of the regime for incoming branches

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- 5.1** The Treasury has announced the timeline for commencement of the new individual accountability regime for both UK relevant firms and incoming branches:
- The new regime will commence on 7 March 2016. The SMR (and the relevant enforcement powers) and the Conduct Rules (for Senior Managers and Certified Persons) will take effect from this date. The requirement to issue Certificates to Certified Persons will commence on a subsequent date to be appointed by the Treasury.
  - Firms will be required to notify the regulators by 8 February 2016 of the approved persons who are to be senior managers under the SMR (grandfathering notifications).
- 5.2** The Treasury has made an Order under section 146 of the Act to provide for transitional arrangements and grandfathering of existing approved persons employed in UK relevant firms. We expect that the Treasury will provide for similar arrangements for grandfathering existing approved persons in incoming branches. As with UK relevant firms, the PRA and the FCA will specify the detail of the transitional arrangements for incoming branches, including how individuals in existing approved persons roles will be grandfathered to the new SMR. This CP does not seek views on this approach to commencement.

### The Senior Managers Regime

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#### Grandfathering existing approvals

- 5.3** As with UK banks, the regulators propose to allow individuals currently approved to perform a significant influence function, whose role is not substantively changing, to be grandfathered into a corresponding senior management role. The regulators propose that existing approvals will be eligible to be grandfathered in accordance with the table below. The first column shows existing controlled functions. The second and third columns show the set of Senior Management Functions into which a person performing the controlled function in the first column could be eligible to transfer.

**Non-EEA branches**

Current Controlled Function	Applicable PRA SMF To Grandfather To	Applicable FCA SMF To Grandfather To
CF1 – Director	SMF7 – Group Entity Senior Manager SMF18 – Head of Overseas Branch	SMF19 – Overseas Branch Senior Manager
CF2 – NED	SMF7 – Group Entity Senior Manager	
CF3 – Chief Executive	SMF18 – Head of Overseas Branch	
CF10 – Compliance Oversight		SMF15 – Compliance Oversight
CF11 – Money Laundering Reporting		SMF16 – Money Laundering Reporting
CF28 – Systems and Controls	SMF2 – Chief Finance Function SMF4 – Chief Risk Function SMF5 – Head of Internal Audit	SMF19 – Overseas Branch Senior Manager
CF29 – Significant Management	SMF18 – Head of Overseas Branch	SMF19 – Overseas Branch Senior Manager

**EEA branches**

Current Controlled Function	Applicable PRA SMF To Grandfather To	Applicable FCA SMF To Grandfather To
CF11 – Money Laundering Reporting		SMF16 – Money Laundering Reporting
CF29 – Significant Management		SMF20 – EEA Branch Senior Manager

**Q21: [PRA and FCA]:** Do you agree with the PRA and FCA’s proposed approach to grandfathering existing approved persons into Senior Management Functions in incoming branches?

**Q22: [PRA and FCA]:** Are there any other aspects of the requirements associated with transitional arrangements that should be applied differently for non-EEA and/or EEA branches? If so, how should the regime be amended?

**Q23: [FCA]:** Are there any other aspects of the requirements associated with transitional arrangements that should be applied differently for EEA branches? If so, how should the regime be amended?

## 6. Forms and consequential changes

- 6.1** This chapter sets out proposed changes to the new or updated forms for relevant authorised persons, to reflect the proposals in this CP.

### New forms

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- 6.2** In the December CP the PRA and FCA produced new template forms reflecting the new statutory and regulatory requirements relating to:

- the Senior Managers Regime
- the notification of conduct rules breaches by, and disciplinary action taken against Senior Managers, Certified Persons, in the case of the FCA, other Conduct Rules staff.

- 6.3** The regulators think many of these forms will be applied to incoming branches with no changes required. However, some changes will be required to the Statements of Responsibilities form. The proposed updated form can be found in Appendix 3.

### Statements of Responsibilities (Form J)

- 6.4** As discussed in Chapter 2, the PRA and FCA's approach to the allocation of responsibilities has been tailored for incoming branches. For non-EEA branches, the PRA has developed a customised list of Prescribed Responsibilities for Senior Managers in incoming non-EEA branches. For EEA branches, the FCA responsibilities framework does not apply, as allocation of responsibilities is a matter for the home member state. So the regulators propose changes to the Statements of Responsibilities form to clarify which sections of the form apply to non-EEA and EEA branches respectively. This includes:

- creating separate sections for non-EEA branches to set out the allocation of the branch prescribed responsibilities
- dis-applying the sections relating to the allocation of prescribed responsibilities and key functions for EEA branches

- 6.5** The free text section will apply to UK relevant firms and all incoming branches, and EEA branches in particular should use this section to set out how responsibilities have been allocated to the senior managers, including where they are shared or divided with other senior manager(s). For all incoming branches, the PRA and FCA view it as essential to ensure the Statements of Responsibilities are as clear and succinct as possible, and further detail on the PRA and FCA's expectations is set out in Chapter 3 of the December CP.

- 6.6** The regulators have also proposed changes to include the proposed Senior Management Functions for incoming branches to the list of Senior Management Functions, and to include

any relevant additional Handbook references for incoming branches, in line with the draft rules proposed in this CP.

- 6.7** The FCA notes in CP 15/9 that we are in the process of considering responses to the December CP in respect of the Statements of Responsibilities form for UK relevant firms, and our publication of our final rules in the spring/summer will include a revised template. This CP presents the relevant changes for incoming branches as a separate Statements of Responsibilities form for incoming branches only. This is based on the Statements of Responsibilities form as consulted on in the December CP and may therefore subsequently change in line with the final form for UK relevant firms.

**Q24: [PRA & FCA]:** Do you agree with the proposed changes to the new forms?

### Updates to existing forms

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- 6.8** The regulators propose changes to the versions of Forms A (Application to perform a Senior Management function) and E (Internal transfer of an approved person (for firms and individuals subject to the senior management regime)) in the December CP. These changes will add the new proposed Senior Management Functions for relevant incoming branches where there is a list of senior management functions; and include any relevant additional Handbook references for incoming branches, in line with the draft rules proposed in this CP. These updated forms can be found in Appendix 3.

**Q25: [PRA & FCA]:** Do you agree with the proposed changes to these existing forms?

- 6.9** Currently there is a separate long and short Form A for EEA branches. The regulators propose to amend these to reflect both the changes proposed to the Form A as for UK relevant firms in the December CP and the changes described in paragraph 6.8 above. This form can be found in Appendix 4.

**Q26: [FCA]:** Do you agree with the proposed changes to the Form A for EEA branches?

### Consequential changes

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- 6.10** The PRA and FCA have considered the additional amendments needed to existing rules and guidance as a result of the proposals set out in this CP, and the changes are included in the proposed PRA and FCA rules in Appendices 1 and 2.
- 6.11** These changes are minor technical amendments needed to clarify the application or dis-application of certain rules and guidance, and to ensure rules and guidance are also appropriately amended to reflect the application of the Banking Reform Act to non-EEA branches and, for the FCA, EEA branches.

**Q27: [PRA]:** Do you have any comments on the PRA's proposed consequential Rulebook changes, or think more are needed?

**Q28: [FCA]:** Do you have any comments on the FCA's proposed consequential Handbook changes, or think more are needed?

# Annex 1:

## Full summary of the FCA regime for UK relevant firms and application to incoming branches

Aspect of the regime for UK relevant firms	Application to non-EEA branches	Application to EEA branches
Senior Managers Regime: The July CP, Chapter 2 This CP, Chapter 2 CP15/9, Chapter 2		
Scope and definition of Senior Management Functions	Tailored application (see paragraphs 2.16-23 of this CP)	Tailored application (see paragraphs 2.46-49 of this CP)
Ability of regulators to approve Senior Managers with time limits or conditions	Applies	Applies
The Presumption of Responsibility for Senior Managers	Applies	Applies
The Criminal Offence for Senior Managers	Does not apply	Does not apply
Statements of Responsibility for Senior Managers	Applies	Applies
Allocation of Prescribed Responsibilities	Tailored application (see paragraphs 2.29-32 of this CP)	Does not apply
Allocation of key functions	Applies	Does not apply
Responsibilities map	Applies	Tailored application (see paragraphs 2.51 of this CP)
Annual certification of compliance	Applies	Applies
Handover arrangements	Applies	Applies
Certification Regime: The July CP, Chapter 3 This CP, Chapter 3 CP15/9, Chapter 3		



<b>Aspect of the regime for UK relevant firms</b>	<b>Application to non-EEA branches</b>	<b>Application to EEA branches</b>
Scope of the FCA significant harm functions	Tailored application (see paragraphs 3.7-12 of this CP)	Tailored application (see paragraphs 3.13-14 of this CP)
Requirement to assess the fitness and propriety of Certified Persons at appointment and at least annually thereafter, and issue certificates as appropriate	Applies	Applies
Fitness and propriety: The July CP, Chapter 4		
Requirement to assess Senior Managers and Certified Persons in line with the rules and guidance in FIT	Applies	Applies
Requirement to undertake criminal records checks for Senior Managers	Applies	Applies
Requirement to request and provide regulatory references for Senior Managers and Certified People	Applies	Applies
Conduct Rules: The July CP, Chapter 5 This CP, Chapter 4 CP15/9, Chapter 4		
Scope of Conduct Rules staff	Applies	Applies
Individual Conduct Rules, including FCA-only Individual Conduct Rules	Applies	Tailored application (see paragraph 4.9 of this CP)
Senior Manager Conduct Rules	Applies	Applies
Requirement to notify staff of the Conduct Rules which apply to them and take all reasonable steps to ensure they understand how those rules apply in relation to them	Applies	Applies
Requirement to notify the FCA of known or suspected breaches of Conduct Rules within seven business days for Senior Managers	Applies	Applies
Requirement to notify the FCA of known or suspected breaches of Conduct Rules on a quarterly basis for other Conduct Rules staff	Applies	Applies
Regulatory lifecycle The July CP, Chapter 7		
Regulatory lifecycle in respect of Authorisations, Supervision and Enforcement	Applies	Applies
Transitional arrangements The December CP, Chapter 2 This CP, Chapter 5		

<b>Aspect of the regime for UK relevant firms</b>	<b>Application to non-EEA branches</b>	<b>Application to EEA branches</b>
Commencement of the Senior Managers Regime, the application of the Conduct Rules to Senior Managers and Certified Persons and the requirement to issue certificates on a date or dates to be determined by the Treasury	Applies	Applies
Grandfathering of current SIFs to a corresponding SMF	Tailored application (see paragraph 5.3 of this CP)	Tailored application (see paragraph 5.3 of this CP)
Requirement to submit grandfathering notifications to the FCA	Applies	Applies
The process for submitting grandfathering notifications, including the approach in respect of regulatory references, criminal records checks, statements of responsibilities and the responsibilities map	Applies	Applies
The approach to applications made and approved between the date the rules are made and the commencement date	Applies	Applies
The approach to in-flight applications	Applies	Applies
The approach for employees already performing a Certification role at commencement	Applies	Applies
The approach to applications during the transitional period that will no longer require pre-approval following commencement	Applies	Applies
Forms and consequentials The December CP, Chapter 3 This CP, Chapter 6		
Forms H, I, J, K, L	Applies	Applies
Statement of Responsibilities template	Tailored application (see paragraphs 6.4-6.7 of this CP)	Tailored application (see paragraphs 6.4-6.7 of this CP)
Form A	Tailored application (see paragraph 6.8 of this CP)	Tailored application (see paragraph 6.9 of this CP)
Forms B, C, D	Applies	Applies
Form E	Tailored application (see paragraph 6.8 of this CP)	Tailored application (see paragraph 6.8 of this CP)
Form G	Applies	Applies

## Annex 2: PRA Cost benefit analysis

### Overview

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1. The PRA is required under section 138J of FSMA to carry out and publish a cost benefit analysis (CBA) when proposing draft rules.
2. The PRA's CBA for this CP has been informed by the PRA's CBA and accompanying analysis by Europe Economics in the July 2014 CP and HM Treasury's Impact Assessment on the extension of the statutory elements of accountability regimes to foreign branches, which was also based on Europe Economics' analysis<sup>15</sup>.
3. A large number of overseas banks operate in the UK through branches. While incoming non-EEA branches vary significantly in terms of size and complexity, the majority focus predominantly on wholesale banking activities.
4. The PRA proposes to implement the Senior Managers Regime, Certification Regime and Conduct Rules ('accountability regimes') in a way that takes into account both:
  - a. the differences between incoming non-EEA branches and UK relevant firms; and
  - b. the diverse array of sizes and business models among incoming non-EEA branches.
5. Overall, the PRA considers that its proposed extension of the accountability regimes to incoming non-EEA branches is appropriate, proportionate and meets its statutory obligations.
6. Through the implementation of the accountability regimes, the PRA intends to help encourage individual accountability. This will, in turn, help bring the benefits of an increased deterrent against negligent or reckless management and decision making.
7. The accountability regimes are intended to align the interests of Senior Managers and employees deemed capable of causing significant harm to a firm to those of the PRA in reducing the risk of firm failure and thereby avoiding the disruption that could ensue.
8. We estimate that the costs of implementing the proposed accountability regimes for the majority of incoming non-EEA branches will be guided by the costs incurred by small UK banks.
9. However, for a minority of large, complex incoming non-EEA branches, the implementation costs are likely to be guided by those of large UK banks.

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<sup>15</sup> HM Treasury Impact Assessment (IA) on Senior Managers & Certification Regime: extension to foreign branches. Full report is available at: [https://www.gov.uk/government/uploads/system/uploads/attachment\\_data/file/370428/document2014-11-03-201947.pdf](https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/370428/document2014-11-03-201947.pdf).

10. The PRA's estimates endorse the assumption in HM Treasury's Impact Assessment that the costs of implementing the new accountability regimes in small and large incoming non-EEA branches (both one-off and ongoing) will be 25% of the costs that small and large UK banks and investment firms will face respectively. Moreover, the PRA does not expect the incremental ongoing implementation costs of the new regimes to be substantially higher than those of the current Approved Persons Regime (APR).
11. Cost estimates being broadly attributable to the PRA's proposals for large and small incoming non-EEA branches on a one-off and ongoing basis are set out in Table 1.

**Table 1: Average costs per firm for the sample studied by Europe Economics (£000s)<sup>16</sup>**

Regime	Large incoming non-EEA branches, one-off costs	Large incoming non-EEA branches, ongoing costs	Small incoming non-EEA branches, one-off costs	Small incoming non-EEA branches, ongoing costs
SMR	137.5	32.5	20	2.5
Certification	4	Negligible	3.3	Negligible
Conduct Rules	375	0.5	1.5	Negligible
<b>Total</b>	<b>516.5</b>	<b>33</b>	<b>24.8</b>	<b>2.5</b>

12. Compared to the APR, the number of individuals subject to pre-approval by the PRA under the SMR will either be reduced or stay the same. Hence, the overall administrative cost to both firms and the PRA is likely to be reduced.

### Senior Managers Regime (SMR)

13. The PRA proposes to require the most senior individual in every incoming non-EEA branch to be approved as a bespoke Senior Management Function (SMF) referred to as *Head of Overseas Branch*.
14. In addition, incoming non-EEA branches which have certain dedicated executive SMFs namely a CFO, CRO and Head of Internal Audit (who, in many cases, will already be approved as the same SMF in relation to the firm's UK subsidiary) will be required to have these individuals pre-approved. The PRA expects this situation to arise primarily in large, complex branches.
15. The FCA is specifying a number of additional SMFs for incoming non-EEA branches. However, in line with the proposed approach for UK firms, where an individual is seeking approval for overlapping PRA and FCA SMFs, approval for the PRA SMF will be deemed to encompass approval for the corresponding FCA SMF, thereby eliminating the need for and corresponding cost of multiple applications.

<sup>16</sup> These estimates have been obtained by applying the assumption that costs to incoming non-EEA branches are 25% of the costs to corresponding UK firms implementing the regime. This percentage has been applied to figures 12, 13, and 14 of the PRA's CBA in CP 14/14.

16. The PRA is also consulting on a customised set of Prescribed Responsibilities for incoming non-EEA branches which reflects the areas of a non-EEA branch's activities subject to UK regulation and is shorter than the equivalent list for large UK firms.
17. The PRA will pre-approve a smaller number of individuals under the proposed regime than that under the current Approved Persons Regime. The set of prescribed responsibilities aim to promote great clarity. This should help encourage individual accountability by facilitating the PRA's ability to hold individuals to account when a failure occurs. This could help bring the benefits of an increased deterrent against negligent or reckless management and decision making.
18. Under the current APR, individuals seeking to perform a Significant Influence Function (SIF) in incoming non-EEA branches must be pre-approved by the PRA and/or FCA. The incremental costs to the PRA of implementing the SMR will, therefore, not be significant as the operational processes for assessing candidates are already in place.
19. Moreover, for banking groups that operate in the UK through both subsidiaries and an incoming non-EEA branch, the adoption of a single approval regime should facilitate implementation across all deposit-taking and dual-regulated investment firms in the group. The implementation of a single regime for firms carrying out similar financial activities should, also, reduce the potential for regulatory arbitrage

### **Certification Regime and Conduct Rules**

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20. Consistent with the approach for UK relevant firms, the PRA proposes to align the scope of the Certification Regime in incoming non-EEA branches to that of the Remuneration Rules to the fullest possible extent.
21. By doing so, the PRA expects the incremental cost of identifying employees in scope of the Certification Regime to be minimal, as these individuals will have already been identified under the Remuneration Rules. The proposed scope will also enable firms to integrate the annual assessment of fitness and propriety and Certification process of these employees with their performance assessment for variable remuneration purposes if they so wish.
22. A large number of individuals who will be in scope of the PRA Certification Regime are pre-approved under the current Approved Persons Regime. The costs of pre-approval are higher than the estimated cost of assessing and certifying an individual on an annual basis. Therefore, although the number of employees in scope of the PRA's Certification Regime will, for some firms, be greater than their current number of Approved Persons, we do not expect the incremental costs to be significant.
23. The PRA proposes to apply the Conduct Rules only to SMFs and employees in scope of the PRA Certification Regime in incoming non-EEA branches.

### **Certification Regime and Conduct Rules**

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24. Consistent with the approach for UK relevant firms, the PRA proposes to align the scope of the Certification Regime in incoming non-EEA branches to that of the Remuneration Rules to the fullest possible extent.

25. By doing so, the PRA expects the cost of identifying employees in scope of the Certification Regime to be mitigated, as these individuals will have already been identified under the Remuneration Rules. The proposed scope will also enable firms to integrate the annual assessment of fitness and propriety and Certification process of these employees with their performance assessment for variable remuneration purposes if they so wish.
26. A large number of individuals who will be in scope of the PRA Certification Regime were pre-approved under the Approved Persons Regime. The costs of pre-approval are higher than the estimated cost of assessing and certifying an individual on an annual basis. Therefore, although the number of employees in scope of the PRA's Certification Regime will, for some firms, be greater than their current number of Approved Persons, under the APR, the combined cost of the new accountability regimes is likely to be lower.
27. The PRA proposes to apply the Conduct Rules only to SMFs and employees in scope of the PRA Certification Regime in incoming non-EEA branches.

## Annex 3: FCA Cost benefit analysis

### Overview

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1. The FCA is required to carry out and publish a cost benefit analysis (CBA) when proposing draft rules (sections 138I and 128J FSMA refer). The FCA considers that the CBA set out below meets the FSMA CBA requirements.
2. This CBA sets out the costs and benefits of applying the UK Senior Managers Regime, Certification Regime and Conduct Rules (together the 'accountability regime') to the UK branches of foreign relevant firms ('incoming branches'). This CBA is based on the FCA's CBA for the implementation of the accountability regime to UK relevant firms<sup>17</sup>, and the analysis provided by Europe Economics for that CP. It also draws from the Impact Analysis performed by the Treasury in November 2014, which was also based on Europe Economics' analysis.<sup>18</sup>
3. The FCA's proposals on which this CBA is based are set out in chapters 1 to 6 of this CP. The FCA intends to apply, in as far as possible, the full set of UK measures to incoming branches. In practice this means that the full accountability regime will generally apply to non-EEA branches, tailored where necessary to ensure the regime is appropriate and proportionate. For EEA branches, we are limited by EU single market directives on the extent to which the UK, as host state regulator, can apply the UK regime. The proposals for EEA branches reflect these constraints.

### Compliance costs

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4. The policy proposals may result in increased compliance costs for incoming branches. Europe Economics estimated the compliance costs for a range of UK firms: banks and investment firms (large<sup>19</sup> and small), building societies (large and small) and credit unions. Given that incoming branches generally have a wholesale focus and do not have a large retail branch network, it is reasonable to assume that the costs to incoming branches would be reflected, on average, by the estimates for 'small' firms, adjusted to reflect the difference in these proposals as described in paragraph 3 above. However, as a small number of incoming branches have annual income figures in excess of £1 billion, for completeness the FCA has also estimated compliance costs using the 'large' costs for those firms. The average set-up and ongoing compliance costs for both large and small incoming branches are shown below. These use the Europe Economics

<sup>17</sup> FCA, CP14/13: *Strengthening accountability in banking: a new regulatory framework for individuals*, July 2014. See [www.fca.org.uk/your-fca/documents/consultation-papers/cp14-13](http://www.fca.org.uk/your-fca/documents/consultation-papers/cp14-13).

<sup>18</sup> Treasury, *Regulating individual conduct in banking: UK branches of foreign banks: Impact Assessment*, November 2014. See [www.gov.uk/government/consultations/regulating-individual-conduct-in-banking-uk-branches-of-foreign-banks](http://www.gov.uk/government/consultations/regulating-individual-conduct-in-banking-uk-branches-of-foreign-banks).

<sup>19</sup> 'Large' banks and investment firms were defined by Europe Economics in our July CP as having annual incomes greater than £1 billion.

cost data for UK banks and investment firms (covering the Senior Managers Regime, the Certification Regime and the Conduct Rules).

<b>£000s</b>	<b>Large incoming branches</b>	<b>Small incoming branches</b>
One-off (set up) costs	16,960	115
Ongoing costs	605	35

5. FCA data indicates there are 447 incoming branches (excluding insurance firms). Of these, 273 incoming branches do not yet have any approved persons and so are unlikely to be active. We will contact these branches to clarify whether they need to become subject to the regime or should cancel their authorisation or passport.
6. We expect most of the branches without an approved person will cancel their passport or apply to cancel their authorisation rather than become subject to the new individual accountability regime. But for illustrative purposes, we have used the 447 to estimate an upper range in the cost estimates. For the lower range, we have used the 174 incoming branches that currently have at least one approved person. But again, this may be an overestimate of the costs as some of these incoming branches may choose not to transition to the new regime.
7. Therefore, the cost estimates for incoming branches are presented in the table below as a range between a total number of 174 and 447 incoming branches.

<b>£ million</b>	<b>Applying 'small firm' costs only</b>	<b>Applying 'small' and 'large' costs</b>
One-off costs	20-51	104-135
Ongoing costs (per annum)	6-16	9-19

### **FCA costs**

8. The proposals contained in this consultation will affect the FCA's existing authorisations, supervision and enforcement processes and systems. In keeping with the approach for UK firms as outlined in our July CBA, the impact on resources is expected to be minimal as existing capacity is likely to be deployed.

### **Indirect costs**

9. A quantitative analysis of the impact of the indirect costs has not been undertaken as part of this exercise because (as was the case for our July CP) it is not considered to be reasonably practical to do so given the high degree of complexity and uncertainty surrounding the nature of such impacts.
10. Regarding qualitative impacts, the potential indirect costs of behavioural change identified for the UK accountability regime by Europe Economics in the July CP would also apply to incoming branches. These include: adjustments to wage structures to compensate individuals for increased accountability and a possible increase in operational inefficiencies brought about by (for example) delays in decision-making processes.



### Impact on competition

11. As incoming branches can do the same kinds of business with the same kinds of customers as UK banks, it was felt that the accountability regime should apply equally to incoming branches, wherever possible. However, in drawing up these proposals, the FCA has been mindful of the potential impacts on competition and potential barriers to entry. Like the accountability regime for UK relevant firms, the proposals for incoming branches are intended to be proportionate, for example we expect that the number of senior managers will be proportionate to the size and complexity of the branch. We have applied the regime to incoming branches in line with the aims and objectives of the regime for UK relevant firms, while tailoring the regime where necessary to accommodate the structure of an incoming branch and EU legislation. This should help limit the scope for regulatory arbitrage in UK banking, to the extent possible, while not placing undue burdens on incoming branches seeking to do business in the UK.
12. As noted in paragraph 6, the introduction of the new regime may encourage a significant number of branches to withdraw from the UK regime. However, as these branches do not currently have any approved persons and are therefore assumed not to be undertaking regulated business in the UK, this will not have any impact on competition.

### Benefits

13. The proposals will achieve consistency in the accountability regime as far as possible across UK relevant firms and incoming branches, while applying the regime to incoming branches in a proportionate way and remaining within the scope of our responsibilities under EU law for EEA branches. The key benefits of the proposals are, therefore, to:
  - a. make decision-making within incoming branches more transparent and more considered
  - b. enhance the accountability of the most senior individuals in incoming branches, coupled with enhanced enforcement powers, to improve branch governance and
  - c. avoid the scope or incentive for regulatory arbitrage depending on where a firm is headquartered
14. Based on calculations by the Treasury and Europe Economics, the direct benefits to incoming branches from the proposals are estimated as £1-2 million a year. The upper end of the range may only apply to those larger branches with a substantial number of Approved Persons.
15. The Europe Economics analysis for UK firms in our July CP also provided illustrative indirect benefits in the form of reduced harm (from, for example, mis-selling) of £0.04 billion to £0.6 billion per year. As noted by Europe Economics, this illustrative figure considers only harm that has already been identified; there would be additional benefits of reducing unidentified harm. As the risks of misconduct associated with trading activities for this population of largely wholesale banks are of a similar kind and significance as comparable risks for UK banks, some benefits of the same kind would also apply to the proposals for incoming branches.
16. A further quantitative analysis of the benefits of the proposals has not been undertaken as we did not consider it reasonably practicable. The nature of the assumptions that would have to be made to estimate these benefits make it very difficult to obtain sufficiently reliable estimates to inform a decision.

## Annex 4: PRA Compatibility statement

1. This Annex sets out how the proposals in this CP are compatible with the general duties and regulatory principles of the PRA.
2. The PRA is required, by section 138J(2)(d) of FSMA to explain its reasons for believing that making the proposed rules is compatible with its duty to act, as far as reasonably possible, in a way which:
  - advances its general objective (i.e. to promote the safety and soundness of PRA-authorised persons) and
  - as a secondary objective, facilitates effective competition in the markets and services provided by PRA-authorised persons in carrying on regulated activities
3. The Banking Reform Act and the July CP set out a new regime for individual accountability that aims to help promote firms' safety and soundness. The new regime improves the clarity of firms' governance arrangements and changes the incentives for senior individuals by making them more personally accountable for failures in their firm. Section 71A of FSMA enabled the Treasury to issue an order extending the definition of Relevant Authorised Person to non-UK institutions, including incoming branches.
4. The proposals in this CP set out the tailored approach of the Senior Managers Regime that will apply to incoming branches. These proposals are compatible with the PRA's general duty in that they set out and ensure expectations for the operation of the accountability regime to incoming branches.
5. In developing the proposals in this paper, the PRA has had regard to the eight Regulatory Principles in section 3B of FSMA.
  - (a) **The need to use the resources of each regulator in the most efficient and economic way**
6. The PRA has used its internal and external resources in a way it believes to be considered to be both effective and commensurate with the impact and magnitude of the proposals in this CP. In particular, the PRA and FCA have collaborated in devising the proposals, shared forms and systems, to take advantage of synergies and promote efficient use of both regulators' resources.
  - (b) **The principle that a burden or restriction which is imposed on a person, or on the carrying on of an activity, should be proportionate to the benefits, considered in general terms, which are expected to result from the imposition of that burden or restriction**
7. The aim of the PRA's proposals is to promote efficiency in governance, and strengthen individual accountability amongst Senior Managers in incoming non-EEA branches.

8. In developing its proposals, the PRA has taken into account the principle of proportionality, especially given the variations in the size and complexity of incoming non-EEA branches. Consequently, the proposed rules apply in a way that reflects the impact of different types of firms on the PRA's objectives.
  9. Moreover, the PRA has given careful consideration to the relative costs and benefits of its proposals in light of its statutory objectives.
  10. For more information please see the CBA sections (Annexes 1 and 2).
- (c) The desirability of sustainable growth in the economy of the United Kingdom in the medium or long term**
11. The PRA does not consider this to be directly relevant for this paper.
- (d) The general principle that consumers should take responsibility for their decisions**
12. The PRA does not consider this to be relevant for this paper.
- (e) The responsibilities of the senior management of persons subject to requirements imposed by or under this Act, including those affecting consumers, in relation to compliance with those requirements**
13. The key objective of the PRA's proposals in this paper is to promote individual accountability of Senior Managers in incoming non-EEA branches by extending, and where appropriate tailoring, the Senior Managers Regime to incoming non-EEA branches. This objective is directly related to this Regulatory principle.
- (f) The desirability where appropriate of each regulator exercising its functions in a way that recognises differences in the nature of, and objectives of, businesses carried on by different persons subject to requirements imposed by or under this Act [FSMA]**
14. The PRA has given appropriate recognition to the varying nature and objectives of activities carried out by PRA-authorized persons, and has allowed for a proportionate and flexible approach to be undertaken.
- (g) The desirability in appropriate cases of each regulator publishing information relating to persons on whom requirements are imposed by or under this Act, or requiring such persons to publish information, as a means of contributing to the advancement by each regulator of its objectives**
15. The PRA has the power to publish certain information relating to investigations into firms and individuals. The Statement of the PRA's Approach to Publicity of Regulatory Action (April 2013) deals with the PRA's approach to publication of disciplinary and other enforcement actions. The proposals contained in this paper do not provide for any changes in this regard.
- (h) The principle that the regulators should exercise their functions as transparently as possible**
16. In this CP, which is to be read in conjunction with the July CP, the December CP (CP28/14), and the February CP (CP7/15), the PRA sets out all the key information relevant to its proposals, and gives respondents the opportunity to comment on the proposals, the specific rules and guidance on the new regime.

## Mutuals

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17. The PRA has a statutory requirement under section 138K(2) of FSMA to state whether the impact on mutual societies will be significantly different from the impact on other firms. The PRA considers that mutuals are not expected to be affected differently, or in a disproportionate way, from other firms by the proposals in this CP. The rules in this CP have given due consideration to the size and complexity of firms, and have created a proportionate and flexible regime. The rules in this CP will, also, extend the regime proposed in the July CP, where proportionality considerations and the particular circumstances of mutuals were taken into account in the design of the underlying accountability regime.

## Annex 5: FCA Compatibility statement

### Compatibility with the FCA's general duties

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1. This Annex sets out how the proposals in this CP are compatible with the general duties and principles of the FCA. The FCA is required, by section 138I of FSMA, to explain why making the proposed rules is compatible with its strategic objective, advances its operational objectives, and has regard to the regulatory principles in section 3B of FSMA.
2. We are also required by section 138K(2) FSMA to state our opinion on whether the proposed rules will have a significantly different impact on mutual societies as opposed to other authorised persons.
3. This Annex also sets out our view of how the proposed rules are compatible with our duty, so far as is compatible with acting in a way which advances the consumer protection or market integrity objectives, to discharge our general functions (which include rule-making) in a way that promotes effective competition in the interests of consumers (section 1B(4) FSMA).

### The FCA's strategic objective and regulatory principles

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4. The proposals set out in this consultation are compatible with our strategic objective of ensuring that the relevant markets function well. They will clarify responsibilities in incoming branches and enhance the regulators' ability to hold individuals in such firms to account. This should, over time, result in improved governance within this sector of the industry.
5. In preparing the proposals set out in this consultation, we have had regard to the regulatory principles set out in s.3B FSMA. We set out below how our proposals demonstrate such regard for each of the regulatory principles.

### The need to use our resources in the most efficient and economic way

6. The proposals set out in this consultation will affect the FCA's existing authorisations, supervision and enforcement processes and systems. The one-off costs have been identified and are not likely to have an impact on resources as existing capacity is likely to be deployed. In the medium to long term we expect the proposals may lead to a natural reduction in the need for some other kinds of supervisory activity. We believe this will result in more effective supervision over the longer term, resulting in better outcomes. We believe that the proposals in this consultation paper would use our resources in an efficient manner.

7. The introduction of the Certification Regime removes a large number of individuals from the regulatory approval process and places more responsibility on relevant firms for the fitness and propriety of their staff. This also frees up more regulatory resource to focus on the key decision makers in the SMR.

**The principle that a burden or restriction should be proportionate to the benefits**

8. The proposals set out in this consultation paper seek to enhance individual accountability and so advance our strategic objective and operational objectives. The proposals are intended to result in beneficial changes in behaviour and reduce non-compliance, misconduct and excessive risk taking. In addition, we have tailored the framework proposed for UK relevant firms to make the proposals appropriate and proportionate for incoming branches.
9. Firms are likely to incur both direct and indirect compliance costs, but our cost benefit analysis shows that these are not excessive, compared to the potential benefits to consumers. We therefore believe the proposals in this consultation paper are proportionate to the benefits.

**The desirability of sustainable growth in the economy of the United Kingdom in the medium or long term**

10. As outlined in the compatibility statement of the July CP, the costs to the economy of UK bank failures have been significant (a cash outlay peaking at £133 billion, equivalent to more than £2,000 for every person in the UK).<sup>20</sup> Our proposals for incoming branches have regard to the desirability of sustainable growth in the medium and long term. The proposed changes are intended to have a positive impact on behaviour in branches, which will contribute the advancement of this objective.

**The general principle that consumers should take responsibility for their decisions**

11. The proposals we have made concern the internal organisation of incoming branches and requirements applying to their staff. These are not matters over which consumers can have any influence. Extending the regime (in a proportionate way) to incoming branches enhances the confidence that consumers can have that whatever firm they chose to deal with, the new requirements will apply to all.

**The responsibilities of senior management**

12. The main objective of the proposals contained in this consultation paper is to ensure that senior managers within incoming branches are clear about the responsibilities they hold and can therefore be more effectively held accountable for the performance of these responsibilities.

**The desirability of exercising our functions in a way that recognises differences in the nature and objectives of businesses carried on by different persons**

13. We believe our proposals do not undermine this principle. The Treasury has confirmed its intention to extend the regime to incoming branches, and the PRA and FCA have agreed to apply the regime in an appropriate and proportionate way to incoming branches. The FCA considers that the key elements of the regime should apply in broadly the same manner to incoming branches because the risks to consumers in dealing with a badly governed incoming branch could be just as great, from the consumer's point of view, as if they dealt with a badly governed UK bank. However in considering the SMR we have been mindful of the different legal structures of incoming branches, the need to maintain a level playing field as far as possible and, for EEA branches, the single market and so have tailored our proposals accordingly.

<sup>20</sup> House of Lords, House of Commons, Changing banking for good, Report of the Parliamentary Commission on Banking Standards, 12 June 2013, p. 82, para. 1.

### **The desirability of publishing information relating to persons on whom requirements are imposed by or under FSMA**

14. We have the power to publish information relating to investigations into firms and individuals. However, as set out in the Enforcement Guide, we will not normally make public the fact that we are or are not investigating a particular matter or any of our findings or conclusions of an investigation public except in the circumstances described in chapter 6 of the Guide. The proposals contained in this consultation paper do not provide for any changes in this regard.

### **The FCA's operational objectives**

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#### **Consumer protection and market integrity**

15. The objective of the proposals contained in this consultation paper is to ensure that Senior Persons within incoming branches are held accountable for the roles they perform. This is intended to create a structure that will make it more likely that individuals and roles are appropriately matched and that high standards of conduct are observed. We therefore consider that these aims and objectives support our consumer protection and market integrity objectives.

#### **Promoting competition**

16. In preparing the proposals as set out in this consultation, we have had regard to our duty to promote effective competition in the interests of consumers under section 1B(4) FSMA. We have kept the competition objective in mind when framing how these proposals should be implemented, with a particular focus on whether there is a risk of weakening competitive pressure, disadvantaging smaller incoming branches, small UK relevant firms or potential new entrants. The proposals seek to maintain a level playing field as far as is possible and appropriate for UK relevant firms and incoming branches, taking into account differing legal structures and the single market.

### **Mutuals**

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17. The FCA considers that mutuals are not expected to be affected differently, or in a disproportionate way, from other firms by the proposals in this CP. The potential impact on mutual was considered as part of the July CP and the proposals in this CP are designed to be proportionate for the firms affected.

## Annex 6: List of questions

- Q2: [PRA]:** Does the proposed list of PRA Senior Management Functions for UK branches of non-EEA firms capture the appropriate set of roles? If not,
- are there any other roles which the PRA should consider specifying as SMFs for incoming branches?
  - are there any proposed SMFs which the PRA should consider excluding?
- Q2: [FCA]:** Do you agree with the proposed list of FCA Senior management Functions for non-EEA branches? If not,
- are there any other roles which the FCA should consider specifying as SMFs for incoming non-EEA branches?
  - are there any proposed SMFs which the FCA should consider excluding?
- Q3: [PRA]:** Does the proposed list of PRA Prescribed Responsibilities for non-EEA branches capture an appropriate and proportionate set of areas? If not,
- are there any other areas the PRA should consider including in the list?
  - are there any areas which the PRA should consider omitting or clarifying?
- Q4: [FCA]:** Does the FCA's proposed approach to the allocation of responsibilities for non-EEA branches capture an appropriate and proportionate set of areas? If not,
- are there any other areas the FCA should consider including in the list?
  - are there any areas which the FCA should consider omitting or clarifying?



- Q5: [FCA]:** Do you agree with the proposed list of FCA Senior management Functions for EEA branches? If not,
- are there any other roles which the FCA should consider specifying as SMFs for incoming EEA branches?
  - are there any proposed SMFs which the FCA should consider excluding?
- Q6: [FCA]:** Do you agree with the FCA's proposed approach to the allocation of responsibilities in EEA branches? If not, how should the regime be amended?
- Q7: [PRA/FCA]:** Do the combined FCA and PRA proposed SMFs branches cover the key decision-makers for the regulated activities of incoming branches?
- Q8: [PRA/FCA]:** Are there any other aspects of the Senior Managers Regime that should be applied differently for non-EEA branches? If so, how should the regime be amended?
- Q9: [FCA]:** Are there any other aspects of the Senior Managers Regime that should be applied differently for EEA branches? If so, how should the regime be amended?
- Q10: [PRA]:** Do you agree with the PRA's proposed approach to defining certification functions?
- Q11: [FCA]:** Do you agree with the FCA's proposed approach to the Certification Regime for non-EEA branches?
- Q12: [FCA]:** Do you agree with the FCA's proposed approach to the Certification Regime for EEA branches?
- Q13: [FCA]:** What are your views on the potential changes to the scope of the FCA's Certification Regime described above for incoming branches? In particular, do you agree that the scope of the Certification Regime should include all individuals involved in wholesale activity, where these individuals are capable of causing significant harm to the firm or its customers?
- Q14: [PRA/FCA]:** Are there any other aspects of the Certification Regime that should be applied differently for non-EEA branches? If so, how should the regime be amended?
- Q15: [FCA]:** Are there any other aspects of the Certification Regime that should be applied differently for EEA branches? If so, how should the regime be amended?
- Q16: [PRA]:** Do you agree with the PRA's proposed approach to conduct rules for non-EEA branches? If not, why not?

- Q17: [FCA]:** Do you agree with the FCA's proposed approach to Conduct Rules for incoming branches? If not, why not?
- Q18: [FCA]:** What are your views on the potential changes to the reporting of Conduct Rule breaches for incoming branches as described above?
- Q19: [PRA/FCA]:** Are there any other aspects of the requirements associated with the Conduct Rules that should be applied differently for non-EEA branches? If so, how should the regime be amended?
- Q20: [FCA]:** Are there any other aspects of the requirements associated with the Conduct Rules that should be applied differently for EEA branches? If so, how should the regime be amended?
- Q21: [PRA and FCA]:** Do you agree with the PRA and FCA's proposed approach to grandfathering existing approved persons into Senior Management Functions in incoming branches?
- Q22: [PRA and FCA]:** Are there any other aspects of the requirements associated with transitional arrangements that should be applied differently for non-EEA and/or EEA branches? If so, how should the regime be amended?
- Q23: [FCA]:** Are there any other aspects of the requirements associated with transitional arrangements that should be applied differently for EEA branches? If so, how should the regime be amended?
- Q24: [PRA & FCA]:** Do you agree with the proposed changes to the new forms?
- Q25: [FCA]:** Do you agree with the proposed changes to the Form A for EEA branches?
- Q26: [PRA & FCA]:** Do you agree with the proposed changes to these existing forms?
- Q27: [PRA]:** Do you have any comments on the PRA's proposed consequential Rulebook changes, or think more are needed?
- Q28: [FCA]:** Do you have any comments on the FCA's proposed consequential Handbook changes, or think more are needed?

# Appendix 1

## PRA Draft Rules

**PRA RULEBOOK: CRR FIRMS NON CRR FIRMS: SENIOR MANAGEMENT FUNCTIONS  
(BRANCHES) AMENDMENT INSTRUMENT [2015]**

**Powers exercised**

- A. The Prudential Regulation Authority (“PRA”) makes this instrument in the exercise of the following powers and related provisions in the Financial Services and Markets Act 2000 (“the Act”):
- (1) section 59 (approval for particular arrangements).
  - (2) section 137G (the PRA’s general rules);
  - (3) section 137T (general supplementary powers); and
- B. The rule-making powers referred to above are specified for the purpose of section 138G (2) (Rule-making instrument) of the Act.

**Pre-conditions to making**

- C. In accordance with section 138J of the Act (Consultation by the PRA), the PRA consulted the Financial Conduct Authority. After consulting, the PRA published a draft of proposed rules and had regard to representations made.

**PRA Rulebook: CRR Firms Non CRR Firms: Senior Management Functions (Branches)  
Amendment Instrument [2015]**

- D. The PRA makes the rules in the Annex to this instrument.

**Commencement**

- E. This instrument comes into force on [7 March 2016]<sup>1</sup>.

**Citation**

- F. This instrument may be cited as the PRA Rulebook: CRR Firms Non CRR Firms: Senior Management Functions (Branches) Amendment Instrument [2015].

**By order of the Board of the Prudential Regulation Authority**

[DATE]

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<sup>1</sup> The Treasury has now provided for the senior managers regime to commence on 7 March 2016 and the requirement to issue certificates to commence on 7 March 2017 (Financial Services (Banking Reform) Act 2013 Commencement Order No 9, SI 2015/490). In a Written Ministerial Statement on 3 March 2015, the Treasury announced that it would proceed with the proposed Order under section 71A FSMA and that it was intended that the regime for foreign branches should be operational on the same date as the new regime for UK banks.

## Annex

### Amendment to the Senior Management Functions Part

[Note: the proposed rules in this Annex amend the Senior Management Functions Part proposed in Annex 7.2 of CP14/14. To the extent that there are changes made to the final rules made following that or subsequent consultations, they will be taken into account in making final rules under this consultation.]

In this Annex, new text is underlined and deleted text is struck through.

Part

# SENIOR MANAGEMENT FUNCTIONS

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## Chapter content

1. APPLICATION AND DEFINITIONS
2. GENERAL
3. EXECUTIVE
4. OVERSIGHT
5. GROUP ENTITIES
6. CREDIT UNIONS
7. UK BRANCH OF OVERSEAS FIRM
8. COMBINATION OF SENIOR MANAGEMENT FUNCTIONS
9. TRANSITIONALS

Links

## 1 APPLICATION AND DEFINITIONS

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1.1 Unless otherwise stated, this Part applies to every *firm* that is:

- (1) a *CRR firm*; ~~or~~
- (2) a *credit union*; ~~or~~
- (3) a *third country CRR firm* in relation to its activities carried on from an establishment in the UK.

1.2 In this Part, the following definitions shall apply:

### *FCA approval*

means at any time an approval granted and in effect to a *person* by the *FCA* under section 59 of *FSMA* (Approval for particular arrangements) for the performance of a *controlled function* specified by the *FCA*.

### *FCA branch function*

means a *controlled function* specified by the *FCA* as an *FCA branch function* in SUP 10C.4.3 R of the *FCA Handbook*.

### *FCA governing function*

means a *controlled function* specified by the *FCA* as an *FCA governing function* in SUP 10C.4.3 R<sup>2</sup> of the *FCA Handbook*.

### *FCA responsibilities*

means any of the functions referred to in

- (1) SYSC 4.5.16 R (Table of senior management responsibilities)<sup>3</sup>; and
- (2) SUP Annex 1 (The main business areas and management functions of a relevant authorised person)<sup>4</sup>,

of the *FCA Handbook*.

### *[third country CRR firm]*<sup>5</sup>

means an *overseas firm* that:

- (1) is not an *EEA firm*;
- (2) has its *head office* outside the *European Economic Area*; and

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<sup>2</sup> For this consultation, this refers to the *FCA* draft Handbook text consulted on in Strengthening accountability in banking: a new regulatory framework for individuals (CP14/13) Annex 6. To the extent that there are changes made to the final rules made following that or subsequent consultations, they will be taken into account by the *PRA* in making final rules under this consultation.

<sup>3</sup> See footnote 2.

<sup>4</sup> See footnote 2.

<sup>5</sup> Consultation Paper *PRA* CP15/14/*FCA* CP14/14 “Strengthening the alignment of risk and reward: new remuneration rules”, Appendix 3.1, Annex B, contains a proposed glossary definition of this term, included here for convenience.

- (3) would be a CRR firm if it had been a UK undertaking, had carried on all of its business in the UK and had obtained whatever authorisations for doing so as are required under FSMA.]

## 2 GENERAL

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- 2.1 Each of the functions in 3- 67 is a *controlled function*.
- 2.2 (1) A firm (other than a *small credit union* or a *third country CRR firm*) must ensure that one or more *person* performs each of the following *PRA senior management functions* on its behalf:
- (a) the *Chief Executive function*;
  - (b) the *Chief Finance function*; and
  - (c) the *Chairman function*.
- (2) If a vacancy arises in respect of one or more of the *PRA senior management functions* set out in (1), a firm must ensure that it appoints a *person* to fill that vacancy as soon as practicable.
- 2.3 To the extent that,
- (1) a firm appoints a *person* to perform a function which, but for this rule, would be a *PRA senior management function*;
  - (2) the appointment is solely to provide cover for a *PRA approved person* whose absence is:
    - (a) temporary; or
    - (b) reasonably unforeseen; and
  - (3) the appointment is for less than 12 weeks in a consecutive 12-month period,
- the description of that *PRA senior management function* does not relate to those activities of that *person*.
- 2.4 If a *person* has been approved to perform a *PRA senior management function* in relation to a firm and also performs a function which would, except for SUP10C.8.8R<sup>6</sup> of the *FCA Handbook*, be an *FCA governing function* or an *FCA branch function* (such functions, the *FCA activities*) performance of the *PRA senior management function* will include the performance of those *FCA activities*, provided the following conditions are met:
- (1) the *PRA*'s approval to perform a *PRA senior management function* has been granted and continues in force;
  - (2) at the time of approval being granted by the *PRA*, that *person* was not subject to an *FCA approval* to perform that particular *FCA governing function*;

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<sup>6</sup> See footnote 2.

- (3) the *firm* made the notification required by SUP10.8.8 R (4)<sup>7</sup> of the *FCA Handbook*; and
- (4) that *person* performs and is continuing to perform those *FCA activities*.

2.5 If a *PRA approved person* who has been performing a *PRA senior management function* which includes *FCA activities* in the circumstances set out in 2.4, ceases to perform a *PRA senior management function* but continues to perform the *FCA activities*, 2.4 will continue to apply in respect of the performance of the *FCA activities* until the earlier of:

- (1) approval by the *FCA* in respect of the performance by that person of those *FCA activities* as an *FCA governing function* in relation to the firm; or
- (2) three *months* from the time that the *person* ceased to perform that *PRA senior management function*.

2.6 If a *PRA approved person*:

- (1) (other than in the circumstances set out in 2.4), performs one or more *FCA responsibilities* allocated under SYSC 4.5.25 R(2)<sup>8</sup> of the *FCA Handbook*;
- (2) ceases to perform any *PRA senior management function*; and
- (3) that *person* does not have an *FCA approval* to perform an *FCA controlled function* in relation to that firm

the functions in (1) will continue to be part of the *PRA senior management function* which the *person* most recently performed for that *firm*) until the earlier of:

- (1) approval by the *FCA* in respect of the performance by that person of an *FCA controlled function* in relation to the *firm*; or
- (2) three *months* from the time that the *person* ceased to perform that *PRA senior management function*.

2.7 (1) A *firm* must take all reasonable steps to ensure that before a *person*:

- (a) begins to perform a *PRA senior management function*; or
- (b) begins to perform new or revised responsibilities in performance of a *PRA senior management function*

that *person* is provided with all of the information and materials that the *person* may reasonably expect in order to perform that *PRA senior management function* or those new or revised responsibilities effectively and in accordance with the *regulatory system*.

- (2) A *firm* must have a policy about how it complies with (1) including the systems and controls it uses and must maintain adequate records of the steps taken to comply with (1).

### 3 EXECUTIVE

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3.1 This Chapter does not apply to a *small credit union*.

<sup>7</sup> See footnote 2.

<sup>8</sup> See footnote 2.



- 3.2 The *Chief Executive function* (SMF1) is the function of having responsibility, under the immediate authority of the *management body*, alone or jointly with others, for carrying out the management of the conduct of the whole of the business (or relevant activities) of a *firm* (other than a *third country firm*).
- 3.3 The *Chief Finance function* (SMF2) is the function of having responsibility for management of the financial resources of a *firm* and reporting directly to the *management body* of the *firm* in relation to its financial affairs.
- 3.4 The *Chief Risk function* (SMF4) is the function of having responsibility for overall management of the risk controls of a *firm*, including the setting and managing of its risk exposures, and reporting directly to the *management body* of the *firm* in relation to its risk management arrangements.
- 3.5 The *Chief Internal Audit function* (SMF5) is the function of having responsibility for management of the internal audit function of a *firm* and for reporting directly to the *management body* of the *firm* on the internal audit function.
- 3.6 The *Head of Key Business Area function* (SMF6) is the function of having responsibility, for management of a business area or division of a *firm* (other than a *third country firm*), where:
- (1) that business or division:
    - (a) has gross total assets equal to or in excess of £10 billion; and
    - (b) either
      - (i) accounts for more than 20% of the *firm's* gross revenue; or
      - (ii) where the *firm* is part of a *group*, accounts for more than 20% of the total gross revenue of the *group*; and
  - (2) the *person* performing that function does not report to a *person* performing the *Head of Key Business Area function* in respect of that same business area or division of the *firm*.

For the purposes of this rule, the gross total assets of the *firm* or the percentage of the gross revenue of the *firm* or *group* shall be determined on the basis of either:

- (1) the assets and /or revenues for the *firm* and/or *group*, as the case may be, for the *firm's* financial year immediately preceding that in which the *person* is allocated with the specified responsibilities; or,
- (2) if the threshold amount is not met for that period, on the basis of the annual average amount calculated across a rolling period of five years (calculated by reference to the *firm's* annual accounting date). Where the *firm* and/or the business line or division has been in existence for less than five years, the calculation will be made on the basis of the annual average amount for the period during which the *firm* and/or that business line or division has existed (calculated by reference to the *firm's* annual accounting date).

#### 4 OVERSIGHT

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- 4.1 This Chapter does not apply to a *small credit union* or a *third country CRR firm*.

- 4.2 The *Chairman function* (SMF9) is the function of having responsibility for chairing, and overseeing the performance of the role of, the *management body* of a *firm*.
- 4.3 The *Chairman of Audit Committee function* (SMF10) is the function of having responsibility for chairing, and overseeing the performance of the role of, the audit committee of a *firm*.
- 4.4 The *Chairman of Risk Committee function* (SMF11) is the function of having responsibility for chairing, and overseeing the performance of the role of, the risk committee of a *firm*.
- 4.5 The *Chairman of Remuneration Committee function* (SMF12) is the function of having responsibility for chairing, and overseeing the performance of the role of, the remuneration committee of a *firm*.
- 4.6 The *Senior Independent Director function* (SMF14) is the function of performing the role of a senior independent *director*, and having particular responsibility for leading the assessment of the performance of the *person* performing the *Chairman function*.

## 5 GROUP ENTITIES

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- 5.1 This Chapter does not apply to a *small credit union*.
- 5.2 The *Group Entity Senior Manager function* (SMF7) is the function of having a significant influence on the management or conduct of one or more aspects of the affairs of a *firm* in relation to its *regulated activities* (other than in the course of the performance of another *PRA senior management function*) and which is performed by a *person* employed by, or an officer of:
- (1) a parent undertaking or holding company of a *firm*; or
  - (2) another *undertaking* which is a member of the *firm's group*.

## 6 CREDIT UNIONS

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- 6.1 This Chapter applies only to *small credit unions*.
- 6.2 The *Credit Union Senior Executive Manager function* (SMF8) is the function of having responsibility for the conduct of, and/or chairing the committee of management of a *small credit union*.
- 6.3
- (1) A *small credit union* must ensure that at least one *person* performs the *Credit Union Senior Executive Manager Function* on its behalf.
  - (2) If a vacancy arises in respect of the *PRA senior management functions* set out in (1), a *firm* must ensure that it appoints a *person* to fill that vacancy as soon as practicable.

## 7 UK BRANCH OF OVERSEAS FIRM

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- 7.1 This Chapter applies only to a *third country CRR firm* in relation to activities carried on from an establishment in the *UK*.
- 7.2 The *Head of Overseas Branch function* (SMF 19) is the function of having responsibility alone or jointly with others, for the conduct of all activities of the *UK* establishment of a *third country firm* which are subject to the *UK regulatory system*.
- 7.3 (1) A *firm* to which this Chapter applies must ensure that at least one *person* performs the *Head of Overseas Branch function* on its behalf.

(2) If a vacancy arises in respect of the *Head of Overseas Branch function*, a firm must ensure that it appoints a *person* to fill that vacancy as soon as practicable.

**8 COMBINATION OF SENIOR MANAGEMENT FUNCTIONS**

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- ~~78~~.1 Except as otherwise provided in this Chapter, a *person* may perform more than one *PRA senior management function* on behalf of a *firm*.
- ~~78~~.2 A *firm* must ensure that a *person* who performs the *Chairman function* on its behalf does not simultaneously perform the *Chief Executive function* within the same *firm*.

**[Note: Art. 88(1)(e) of CRD]**

**PRA RULEBOOK: CRR FIRMS NON CRR FIRMS: ALLOCATION OF RESPONSIBILITIES  
(BRANCHES) AMENDMENT INSTRUMENT [2015]**

**Powers exercised**

- A. The Prudential Regulation Authority (“PRA”) makes this instrument in the exercise of the following powers and related provisions in the Financial Services and Markets Act 2000 (“the Act”):
- (1) section 137G (the PRA’s general rules); and
  - (2) section 137T (general supplementary powers).
- B. The rule-making powers referred to above are specified for the purpose of section 138G(2) (Rule-making instrument) of the Act.

**Pre-conditions to making**

- C. In accordance with section 138J of the Act (Consultation by the PRA), the PRA consulted the Financial Conduct Authority. After consulting, the PRA published a draft of proposed rules and had regard to representations made.

**PRA Rulebook: CRR Firms Non CRR Firms: Allocation of Responsibilities (Branches)  
Amendment Instrument [2015]**

- D. The PRA makes the rules in the Annex to this instrument.

**Commencement**

- E. This instrument comes into force on [7 March 2016]<sup>1</sup>.

**Citation**

- F. This instrument may be cited as the CRR Firms Non CRR Firms: Allocation of Responsibilities (Branches) Amendment Instrument [2015].

**By order of the Board of the Prudential Regulation Authority**

[DATE]

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<sup>1</sup> The Treasury has now provided for the senior managers regime to commence on 7 March 2016 and the requirement to issue certificates to commence on 7 March 2017 (Financial Services (Banking Reform) Act 2013 Commencement Order No 9, SI 2015/490. In a Written Ministerial Statement on 3 March 2015, the Treasury announced that it would proceed with the proposed Order under section 71A FSMA and that it was intended that the regime for foreign branches should be operational on the same date as the new regime for UK banks.

## Annex

### Amendment to Allocation of Responsibilities

[For this consultation, new text added to the rules consulted on in Strengthening accountability in banking: a new regulatory framework for individuals (CP14/14) , as amended by CP 7/15, is underlined and deleted text is struck through. To the extent that there are changes made to the final rules made following that or subsequent consultations, they will be taken into account by the PRA in making final rules under this consultation].

#### Part

## ALLOCATION OF RESPONSIBILITIES

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#### Chapter content

1. APPLICATION AND DEFINITIONS
2. STATEMENT OF RESPONSIBILITIES
3. ALLOCATION OF RESPONSIBILITIES
4. PRESCRIBED RESPONSIBILITIES
5. PRESCRIBED RESPONSIBILITIES: CREDIT UNIONS
6. PRESCRIBED RESPONSIBILITIES: UK BRANCHES
7. RECORDS
8. CHAIRMAN'S OFFICE

#### Links

## 1 APPLICATION AND DEFINITIONS

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1.1 Unless otherwise stated, this Part applies to every *firm* that is:

- (1) a *CRR firm*; or
- (2) a *credit union*; or
- (3) a *third country CRR firm* in relation to its activities carried on from an establishment in the UK.

1.2 In this Part, the following definitions shall apply:

*ancillary activity*

means an activity which is not a *regulated activity* but which is:

- (1) carried on in connection with a *regulated activity*; or
- (2) held out as being for the purposes of a *regulated activity*.

*ancillary services*

means any of the services listed in Section B of Annex I to *MiFID*.

*certification rules*

means the rules set out in Certification of Employees.

*Chairman function*

has the meaning given in Senior Management Functions 4.2.

*Chief Risk function*

has the meaning given in Senior Management Functions 3.3.

*credit union prescribed responsibility*

means the responsibilities in 5.2.

*Credit Union Senior Executive function*

has the meaning given in Senior Management Functions 6.2.

*FCA approved person*

means a *person* approved to perform an *FCA controlled function* by the *FCA* under section 59 of *FSMA*.

*FCA Chairman of nominee committee function*

means an *FCA controlled function* specified in SUP 10C.5.3 R<sup>2</sup> of the *FCA Handbook*.

*FCA designated senior management function*

means an *FCA controlled function* specified in SUP 10C.4.3R<sup>3</sup> of the *FCA Handbook*;

*FCA significant responsibility senior management function*

means the *FCA controlled function* specified in SUP 10C.7.1R<sup>4</sup> of the *FCA Handbook*.

*FCA business functions*

means any of the functions set out in SUP 10C Annex 1R<sup>5</sup> of the *FCA Handbook*.

*FCA responsibilities*

means any of the functions or responsibilities set out in

- (1) SYSC 4.5.16R (Table of senior management responsibilities)<sup>6</sup>; ~~and~~
- (2) SUP 10C Annex 1R (The main business areas and management functions of a relevant authorised person)<sup>7</sup>; and
- (3) SYSC 4.8.8R (Table: FCA prescribed senior management responsibilities for third country relevant authorised persons)

of the *FCA Handbook*.

*Group Entity Senior Manager function*

has the meaning given in Senior Management Functions 5.2.

*management responsibilities map*

has the meaning given in 6.

*non-executive director*

means *director* of a *firm* who does not perform an executive function in relation to that *firm*.

*oversight PRA senior management function*

means a *PRA senior management function* set out in Senior Management Functions 4.

*prescribed responsibility*

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<sup>2</sup> For this consultation, this refers to the FCA draft Handbook text consulted on in Strengthening accountability in banking: a new regulatory framework for individuals (CP14/14) Annex 6. To the extent that there are changes made to the final rules made following that or subsequent consultations, they will be taken into account by the PRA in making final rules under this consultation.

<sup>3</sup> See footnote 2.

<sup>4</sup> See footnote 2.

<sup>5</sup> See footnote 2.

<sup>6</sup> See footnote 2.

<sup>7</sup> See footnote 2.

means the responsibilities in 4.

*proprietary trading*

means the *regulated activity of dealing in investments as principal* as specified in Article 14 of the *Regulated Activities Order* (Dealing in investments as principal), disregarding the exclusion in Article 15 of the *Regulated Activities Order* (Absence of holding out etc.), *ancillary activities* and (in relation to *MiFID business*) *ancillary services*.

*recovery plan*

has the meaning given in Recovery and Resolution Rules 1.2.

*resolution pack*

has the meaning given in Recovery and Resolution Rules 1.2.

*Senior Independent Director function*

has the meaning given in Senior Management Functions 4.6.

*senior personnel*

has the meaning given in the Glossary of the *FCA Handbook*.

*senior management regime*

means the requirements of the *regulatory system* applying to *relevant authorised persons* insofar as they relate to *approved persons* performing *PRA senior management functions* and *FCA designated senior management functions*, including Senior Management Functions and Allocation of Responsibilities.

*statement of responsibilities*

means a statement of the affairs of a *relevant authorised person* or a *third country CRR firm* for which it is intended that a *person* who performs (or is subject to an application to perform) a *PRA senior management function* is (or will be) responsible.

[*third country CRR firm*<sup>8</sup> means an *overseas firm* that:

- (1) is not an *EEA firm*;
- (2) has its *head office* outside the *European Economic Area*; and
- (3) would be a *CRR firm* if it had been a *UK undertaking*, had carried on all of its business in the UK and had obtained whatever authorisations for doing so as are required under *FSMA*.]

*UK branch prescribed responsibility*

means the responsibilities in 6.

*unapproved non-executive director*

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<sup>8</sup> Consultation Paper PRA CP15/14/FCA CP14/14 "Strengthening the alignment of risk and reward: new remuneration rules", Appendix 3.1, Annex B, contains a proposed glossary definition of this term, included here for convenience.



means a *non-executive director* of a *firm* who is not an *approved person* in relation to that *firm*.

*unapproved non-executive director notification rules*

means the rules set out in Fitness and Propriety 4.

## 2 STATEMENT OF RESPONSIBILITIES

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- 2.1 A *firm* must ensure that any application it makes for the approval of a *person* to perform a *PRA senior management function* is accompanied by a *statement of responsibilities*.
- 2.2 A *firm* must ensure that the *statement of responsibilities* accompanying an application for approval to perform a *PRA senior management function* in relation to it includes any *prescribed responsibilities*, *credit union prescribed responsibilities*, *UK branch prescribed responsibilities* and *FCA responsibilities* allocated to, and which are to form part of the responsibilities of, that *person*.
- 2.3 A *firm* must ensure that any responsibilities allocated to, and that form part of the responsibilities of, a *person* who performs a *PRA senior management function* in relation to it are consistent with the scope of that *PRA senior management function* and of any *prescribed responsibilities*, *credit union prescribed responsibilities*, *UK branch prescribed responsibilities*, and *FCA responsibilities* allocated to that *person*.

## 3 ALLOCATION OF RESPONSIBILITIES

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- 3.1 A *firm* (other than a *small credit union* or a *third country CRR firm*) must allocate each of the *prescribed responsibilities* set out in Chapter 4 (other than 4.1(6) to (9) and 4.1 ((21) to one or more *persons* who perform:
- (1) a *PRA senior management function*; or
  - (2) subject to 3.45, an *FCA designated senior management function*.
- 3.2 A *firm* (other than a *small credit union* or a *third country CRR firm*) must allocate each of the *prescribed responsibilities* in 4.1 (6) to (9) and 4.1 (21) to one or more *persons* who perform:
- (1) an oversight *PRA senior management function*; or
  - (2) the FCA Chairman of *nominee committee function*.
- 3.3 A *small credit union* must allocate each of the *credit union prescribed responsibilities* to one or more *persons* who perform:
- (1) the *Credit Union Senior Executive function*; or
  - (2) subject to 3.45, an *FCA designated senior management function*.
- 3.4 A *third country CRR firm* must allocate each of the *UK branch prescribed responsibilities* to one or more *persons* who perform
- (1) a *PRA senior management function* ; or
  - (2) an *FCA designated senior management function*
- on behalf of the *third country CRR firm* in relation to activities carried on from an establishment in the UK.

- 3.5 A *firm* must not allocate a prescribed responsibility (or in the case of a small credit union, a credit union prescribed responsibility) to a person who performs an FCA significant responsibility senior management function.

#### 4 PRESCRIBED RESPONSIBILITIES

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- 4.1 Each of the responsibilities set out in this rule is a *prescribed responsibility*:
- (1) responsibility for the *firm's* performance of its obligations under the *senior management regime*, including implementation and oversight;
  - (2) responsibility for the *firm's* performance of its obligations in respect of (i) assessing the fitness and propriety of its *unapproved non-executive directors* and (ii) the *unapproved non-executive directors notification rules*;
  - (3) responsibility for the *firm's* performance of its obligations under the *certification rules*;
  - (4) responsibility for compliance with the *firm's* obligations in relation to its *management responsibilities map*;
  - (5) responsibility for the induction, training and professional development of all *persons* performing *PRA senior management functions* on behalf of the *firm* and all members of the *firm's management body*;
  - (6) responsibility for ensuring and overseeing the integrity and independence of the internal audit function in accordance with SYSC 6.2 (Internal audit) of the *PRA Handbook*;
  - (7) responsibility for ensuring and overseeing the integrity and independence of the compliance function in accordance with SYSC 6.1 (Compliance) of the *PRA Handbook*;
  - (8) responsibility for ensuring and overseeing the integrity and independence of the risk function in accordance with SYSC 7.1.21R and SYSC 7.1.22R (Risk control) of the *PRA Handbook*;
  - (9) responsibility for maintenance of the independence, integrity and effectiveness of the *firm's* policies and procedures on whistleblowing and for ensuring staff who raise concerns are protected from detrimental treatment;
  - (10) responsibility for the allocation of all *prescribed responsibilities* in accordance with 3.1;
  - (11) responsibility for leading the development of the *firm's* culture and standards in relation to the carrying on of its business and the behaviours of its staff;
  - (12) responsibility for embedding the *firm's* culture and standards in relation to the carrying on of its business and the behaviours of its staff in the day-to-day management of the *firm*;
  - (13) responsibility for the development and maintenance of the *firm's* business model;
  - (14) responsibility for management of the allocation and maintenance of capital, funding and liquidity;

- (15) responsibility for the *firm's* treasury management functions;
- (16) responsibility for the production and integrity of the *firm's* financial information and its regulatory reporting in respect of its *regulated activities*;
- (17) responsibility for the *firm's recovery plan* and *resolution pack* and for overseeing the internal processes regarding their governance.
- (18) if the firm carries out *proprietary trading*, responsibility for the *firm's proprietary trading* activities;
- (19) if the *firm* does not have a *person* who performs the *Chief Risk function*, responsibility for overseeing and demonstrating that the risk management policies and procedures which the *firm* has adopted in accordance with SYSC 7.1.2R to SYSC 7.1.5R of the *PRA Handbook* satisfy the requirements of those rules and are consistently effective in accordance with SYSC 4.1.1R of the *PRA Handbook*;
- (20) if the *firm* outsources its internal audit function, responsibility for taking reasonable steps to ensure that every *person* involved in the performance of that function is independent from the *persons* who perform external audit, including:
  - (a) supervision and management of the work of outsourced internal auditors; and
  - (b) management of potential conflicts of interest between the provision of external audit and internal audit services;
- (21) if the *firm* does not have a *person* who performs the *Senior Independent Director function*, responsibility for:
  - (a) carrying out oversight of the person who performs the *Chairman function*; and
  - (b) oversight of the adequacy and quality of the resources available to the office of that person to enable the role to be fulfilled within the *firm*.

## **5 PRESCRIBED RESPONSIBILITIES: CREDIT UNIONS**

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- 5.1 This Chapter applies only to *small credit unions*.
- 5.2 Each of the responsibilities listed in this rule is a *credit union prescribed responsibility*:
  - (1) responsibility for providing the committee of management with an up-to-date business plan and all relevant management information;
  - (2) responsibility for management of the *small credit union's* financial resources;
  - (3) responsibility for ensuring the committee of management is informed of its legal and regulatory obligations; and
  - (4) responsibility for oversight of systems and controls proportionate to the nature, scale, and complexity of the risks inherent in the business model of the *small credit union's* activities.

## **6 PRESCRIBED RESPONSIBILITIES: UK BRANCHES**

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- 6.1 This chapter applies only to a *third country CRR firm* in relation to its activities carried on from an establishment in the *UK*.

6.2 Each of the responsibilities listed in this rule is a *UK branch prescribed responsibility*:

- (1) responsibility for the *firm's* performance of its obligations under the *senior management regime*, including implementation and oversight;
- (2) responsibility for the *firm's* performance of its obligations under the *certification rules*;
- (3) responsibility for compliance with the *firm's* obligations in relation to its *management responsibilities map*;
- (4) responsibility for management of the *firm's* risk management processes in the UK;
- (5) responsibility for the *firm's* compliance with the *UK regulatory regime* applicable to the *firm*;
- (6) responsibility for the escalation of correspondence from the *PRA, FCA* and other *regulators* in respect of the *firm* to the *governing body* and or the *management body* of the *firm*, or ,where appropriate , of the *parent undertaking* or *holding company* of the *firm's group* ;
- (7) responsibility for maintenance of the independence, integrity and effectiveness of the *firm's* policies and procedures on whistleblowing and for ensuring staff who raise concerns are protected from detrimental treatment;
- (8) responsibility for management of the *firm's* systems and controls in the UK;
- (9) responsibility for the allocation of all *UK branch prescribed responsibilities* in accordance with 3.4;
- (10) responsibility for management of the *firm's* liquidity or, where a liquidity waiver is in place, the submission of information to the *PRA* on the *firm's* liquidity position;
- (11) responsibility for the production and integrity of the *firm's* financial information and its regulatory reporting in respect of its *regulated activities*, including the annual attestation to the *PRA* of the *firm's* compliance with its obligations under SYSC in the *PRA Handbook*.

## **7 RECORDS**

67.1 A *firm* must at all times have a comprehensive and up-to-date single document (a *management responsibilities map*) that describes the *firm's* management and governance arrangements including:

- (1) details of the reporting lines and the lines of responsibility;
- (2) reasonable details about the *persons* who are part of these arrangements; and
- (3) the responsibilities of those *persons*.

67.2 Where responsibilities covered by a *firm's management responsibility map* have been allocated to more than one *person*, the *firm* must show clearly how those responsibilities are shared or divided between the *persons* concerned in its *management responsibilities map*.

67.3 A *management responsibilities map* must in particular include:

- (1) the names of all the *firm's approved persons* (including *FCA approved persons*), *senior management*, unapproved non-executive directors and *senior personnel* and the responsibilities held by each;
  - (2) all responsibilities included in any current *statement of responsibilities*;
  - (3) details of the management and governance arrangements relating to
    - (a) all of the *prescribed responsibilities*; or
    - (b) in the case of a *small credit union*, the *credit union prescribed responsibilities*; or
    - (c) in the case of a *third country firm*, the *UK branch prescribed responsibilities*;
  - (4) the *FCA business functions* the *firm* has and details of the *persons* performing them and the *persons* having overall responsibility for them;
  - (5) details of any other *FCA responsibilities* allocated by the *firm* and of the *persons* to whom they are allocated;
  - (6) matters reserved to the *management body* (including its committees), including, in the case of a *third country firm*, the equivalent *body* (or its committees) responsible for the management of the *third country firm's* business and activities in the *UK*;
  - (7) where the *firm* is a member of a *group*;
    - (a) how the *firm's* management and governance arrangements fit together with those of its *group* and the extent to which the *firm's* management and governance arrangements are provided by or shared with other members of its *group*; and
    - (b) details of the reporting lines and the lines of responsibility (if any) to *persons* who are *employees* or officers of other *group* members or to committees or other bodies of the *group* or of other *group* members;
  - (8) reasonable details about the *persons* described or identified in the *management responsibilities map*, including whether they are *employees* of the *firm*, whether they perform a *certification function* for the *firm* and the responsibilities they have in relation to other *group* members; and
  - (9) details of how the matters set out in (1) to (8) fit into the *firm's* management and governance arrangements as a whole.
- 67.4 If a *firm* assigns responsibility for any of the *prescribed responsibilities* or overall responsibility for an *FCA business function* to more than one *person* jointly or divides overall responsibility for it between different *persons*, the *firm* must record in its *management responsibilities map* how and why this has been done.
- 67.5 If the content of a *statement of responsibilities* is modified or revised, a *firm* must send a copy of that revised *statement of responsibilities* to the *PRA* as soon as possible.
- 67.6 A *firm* must retain a copy of each version of:
- (1) its *management responsibilities map*; and

- (2) the *statement of responsibilities* for each person who performs or has performed a *PRA senior management function* for the *firm*

for a period of ten years from the date on which the *management responsibilities map* or the *statement of responsibilities*, as the case may be, is superseded by a more up-to-date version.

- ~~67~~.7 At least once every twelve months, a *firm* must certify in writing to the *PRA* whether or not it has complied with this Part. If it has not done so, the certificate must give details of that non-compliance. A *firm* must ensure that its *management body* approves the content and issue of the certificate and that the certificate is signed on behalf of the *management body*.

## **8 CHAIRMAN'S OFFICE**

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- ~~78~~.1 A *firm* must ensure that the office of the *Chairman function* has resources that are adequate as to both quality and quantity to enable it to fulfil its role within the *firm*.

**PRA RULEBOOK: CRR FIRMS NON-CRR FIRMS: CERTIFICATION OF EMPLOYEES  
AMENDMENT INSTRUMENT 2015**

**Powers exercised**

- A. The Prudential Regulation Authority (“PRA”) makes this instrument in the exercise of the following powers and related provisions in the Financial Services and Markets Act 2000 (“the Act”):
- (1) section 63E (Certification of employees by relevant authorised persons);
  - (2) section 137G (The PRA’s general rules); and
  - (3) section 137T (General supplementary powers).
- B. The rule-making powers referred to above are specified for the purpose of section 138G(2) (Rule-making instrument) of the Act.

**Pre-conditions to making**

- C. In accordance with section 138J of the Act (Consultation by the PRA), the PRA consulted the Financial Conduct Authority. After consulting, the PRA published a draft of proposed rules and had regard to representations made.

**PRA Rulebook: CRR Firms Non-CRR Firms: Certification of Employees Amendment Instrument 2015**

- D. The PRA makes the rules in the Annex to this instrument.

**Commencement**

- E. This instrument comes into force on 7 March 2016.<sup>1</sup>

**Citation**

- F. This instrument may be cited as the PRA Rulebook: CRR Firms Non-CRR Firms: Certification of Employees Amendment Instrument 2015.

**By order of the Board of the Prudential Regulation Authority**

[DATE]

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<sup>1</sup> The Treasury has now provided for the senior managers regime to commence on 7 March 2016 and the requirement to issue certificates to commence on 7 March 2017 (Financial Services (Banking Reform) Act 2013 Commencement Order No 9, SI 2015/490). In a Written Ministerial Statement on 3 March 2015, the Treasury announced that it would proceed with the proposed Order under section 71A FSMA and that it was intended that the regime for foreign branches should be operational on the same date as the new regime for UK banks.

## Annex

### Amendment to the Certification Part

**[Note: The proposals in this draft instrument extend the draft provisions that were consulted on in Annex 7.4 of CP14/14 to branches of non-UK institutions with a deposit-taking permission. If the PRA makes changes to those policy proposals it will consider whether it is necessary to take account of those changes before making the final rules proposed in this draft instrument.]**

In this Annex, the deleted text is struck through and new text is underlined.

#### Part

## CERTIFICATION

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#### Chapter content

1. APPLICATION AND DEFINITIONS
2. PERFORMANCE OF CERTIFICATION FUNCTIONS

#### Links

Material Risk Takers Regulation



## 1 APPLICATION AND DEFINITIONS

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1.1 Unless otherwise stated, this Part applies to every *firm* that is:

- (1) a *CRR firm*; ~~or~~
- (2) a *credit union*; or
- (3) a *third country CRR firm* in relation to activities carried on from an establishment in the UK.

1.2 This Part does not apply to a function performed by:

- (1) a *person* acting as an insolvency practitioner within the meaning of section 388 of the Insolvency Act 1986;
- (2) a *person* acting as a nominee in relation to a voluntary arrangement under Part I (Company Voluntary Arrangements) of the Insolvency Act 1986;
- (3) a *person* acting as an insolvency practitioner within the meaning of Article 3 of the Insolvency (Northern Ireland) Order 1989; or
- (4) a *person* acting as a nominee in relation to a voluntary arrangement under Part II (Company Voluntary Arrangements) of the Insolvency (Northern Ireland) Order 1989.

1.3 In this Part, the following definitions shall apply:

*employee*

in relation to a *firm*, includes any *person* within the description set out in section 63E(9) of FSMA.

*Material Risk Takers Regulation*

means Commission Delegated Regulation (EU) No 604/2014 of 4 March 2014 supplementing Directive 2013/36/EU of the European Parliament and of the Council with regard to regulatory technical standards with respect to qualitative and appropriate quantitative criteria to identify categories of staff whose professional activities have a material impact on an institution's risk profile.

*significant risk taker*

means

- (1) any *employee* of a *CRR firm* who meets any of the criteria set out in Articles 3 to 5 of the Material Risk Takers Regulation; or
- (2) any *employee* of a *credit union* who:
  - (a) is a member of the *management body*;
  - (b) is a member of the *senior management*;
  - (c) is responsible and accountable to the *management body* for the activities of the independent risk management function, compliance function or internal audit function; ~~or~~

- (d) heads a function responsible for legal affairs, finance including taxation and budgeting, human resources, remuneration policy, information technology or economic analysis; or
- (e) subject to Remuneration 3.2 to 3.3<sup>2</sup>, any *employee* of a *third country CRR firm* who would have met any of the criteria set out in Articles 3 to 5 of the *Material Risk Takers Regulation* if it applied to him or her.

[*third country CRR firm*<sup>3</sup> means an *overseas firm* that:

- (1) is not an *EEA firm*;
- (2) has its *head office* outside the *European Economic Area*; and
- (3) would be a *CRR firm* if it had been a *UK undertaking*, had carried on all of its business in the *UK* and had obtained whatever authorisations for doing so as are required under *FSMA*.]

## 2 PERFORMANCE OF CERTIFICATION FUNCTIONS

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- 2.1 A *firm* must take reasonable care to ensure that none of its *employees* performs a *certification function* under an *arrangement* entered into by the *firm* in relation to the carrying on by the *firm* of a *regulated activity*, unless the *employee* has a valid *certificate* issued by the *firm*.
- 2.2 For the purposes of this Part, any function that is performed by a *significant risk taker* for a *firm* is a *certification function* to the extent that the function requires the *significant risk taker* to be involved in one or more aspects of the *firm's* affairs, so far as relating to a *regulated activity* carried on by the *firm*.
- 2.3 However, a *significant risk taker* does not perform a *certification function* for a *firm* under 2.2 if the *significant risk taker* is performing any *controlled function* for that *firm*.
- 2.4 To the extent that:
  - (1) a *firm* appoints a *person* to perform a function which, but for this rule, would be a *certification function*;
  - (2) the appointment solely is to provide cover for a *certified employee* whose absence is reasonably unforeseen; and
  - (3) the appointment is for less than 2 weeks;
 such a *person* does not perform a *certification function*.

<sup>2</sup> See Consultation Paper PRA CP15/14/FCA CP14/14 “Strengthening the alignment of risk and reward: new remuneration rules Appendix 3.1.

<sup>3</sup> Consultation Paper PRA CP15/14/FCA CP14/14 “Strengthening the alignment of risk and reward: new remuneration rules”, Appendix 3.1, Annex B, contains a proposed glossary definition of this term, included here for convenience.

**PRA RULEBOOK: CRR FIRMS NON-CRR FIRMS: FITNESS AND PROPRIETY (BRANCHES)  
AMENDMENT INSTRUMENT [2015]**

**Powers exercised**

- A. The Prudential Regulation Authority (“PRA”) makes this instrument in the exercise of the following powers and related provisions in the Financial Services and Markets Act 2000 (“the Act”):
- (1) section 60A (setting candidates by relevant authorised persons);
  - (2) section 61 (Determination of applications);
  - (3) section 63F (Issuing of certificates);
  - (4) section 137G (the PRA’s general rules); and
  - (5) section 137T (general supplementary powers).
- B. The rule-making powers referred to above are specified for the purpose of section 138G(2) (Rule-making instrument) of the Act.

**Pre-conditions to making**

- C. In accordance with section 138J of the Act (consultation by the PRA), the PRA consulted the Financial Conduct Authority. After consulting, the PRA published a draft of proposed rules and had regard to representations made.

**PRA Rulebook: CRR Firms Non-CRR Firms: Fitness and Propriety (Branches) Amendment Instrument [2015]**

- D. The PRA makes the rules in the Annex to this instrument.

**Commencement**

- E. This instrument comes into force on [7 March 2016]<sup>1</sup>.

**Citation**

- F. This instrument may be cited as the PRA Rulebook: CRR Firms Non-CRR Firms: Fitness and Propriety (Branches) Amendment Instrument [2015].

**By order of the Board of the Prudential Regulation Authority**

[DATE]

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<sup>1</sup> HM Treasury has now provided for the senior managers regime to commence on 7 March 2016 and the requirement to issue certificates to commence on 7 March 2017 (Financial Services (Banking Reform) Act 2013 Commencement Order No 9, SI 2015/490). In a Written Ministerial Statement on 3 March 2015, the Treasury announced that it would proceed with the proposed Order under section 71A FSMA and that it was intended that the regime for foreign branches should be operational on the same date as the new regime for UK bank

## Annex

[Note: these draft rules propose to extend the draft rules relating to Fitness and Propriety consulted on in Annex 7.5 of CP14/14, Appendix 2.2 of CP28/14 and Appendix 1 of CP7/15 to UK branches of third country CRR firms. To the extent that there are changes made to the final rules made following those consultations, they will be taken into account in making final rules under this consultation.]

In this Annex, the deleted text is struck through and new text is underlined.

### Part

## **FITNESS AND PROPRIETY**

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### Chapter content

1. APPLICATION AND DEFINITIONS
2. FITNESS AND PROPRIETY ASSESSMENTS BY FIRMS
3. CONDUCT STANDARDS
4. UNAPPROVED NON-EXECUTIVE DIRECTORS – NOTIFICATIONS
5. REGULATORY REFERENCES
6. FITNESS AND PROPRIETY TRANSITIONAL PROVISIONS

### Links

## 1 APPLICATION AND DEFINITIONS

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1.1 Unless otherwise stated, this Part applies to every *firm* that is:

- (1) a *CRR firm*; ~~or~~
- (2) a *credit union*; or
- (3) a *third country CRR firm* in relation to its activities carried on from an establishment in the UK.

1.2 The matters referred to in 2 are relevant to the *PRA*'s determination of whether a *person* to whom a *senior management application* relates is fit and proper.

1.3 In this Part, the following definitions shall apply:

*certification function*

has the meaning given in the Certification Part.

*certificate*

means the certificate referred to in section 63F(1) of *FSMA*.

*commencement date*

means [the date appointed by the Treasury to commence the senior managers regime under the Financial Services (Banking Reform Act) 2013]

*non-executive director*

means a *director* of a *firm* who does not perform an executive function in relation to that *firm*.

*senior management application*

means an application for the *PRA*'s approval under section 59 of *FSMA*.

[*third country CRR firm*<sup>2</sup>

means an *overseas firm* that:

- (1) is not an *EEA firm*;
- (2) has its *head office* outside the *European Economic Area*; and
- (3) would be a *CRR firm* if it had been a *UK undertaking*, had carried on all of its business in the UK and had obtained whatever authorisations for doing so as are required under *FSMA*.]

*unapproved non-executive director*

means a *non-executive director* of a *firm* who is not an *approved person* in relation to that *firm*.

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<sup>2</sup> Consultation Paper PRA CP15/14/FCA CP14/14 "Strengthening the alignment of risk and reward: new remuneration rules", Appendix 3.1, Annex B, contains a proposed glossary definition of this term, included here for convenience.

## 2 FITNESS AND PROPRIETY ASSESSMENTS BY FIRMS

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- 2.1 A *firm* must not make a *senior management application* in relation to a *person* unless it is satisfied that *person* is fit and proper to perform the *PRA senior management function* to which the application relates.
- 2.2 A *firm* must not issue a *certificate* in relation to a *person*, unless it is satisfied that *person* is fit and proper to perform the *certification function* to which the *certificate* relates.
- 2.3 A *firm* must not appoint a *person* as an *unapproved non-executive director*, unless it is satisfied that *person* is fit and proper.<sup>3</sup>
- 2.4 A *firm* other than a *third country CRR firm* must ensure that each member of its *management body* is at all times fit and proper.

[Note: Art. 91(1) CRD IV]

- 2.5 A *third country CRR firm* must ensure that each person who performs a *PRA senior management function* in relation to its *UK* establishment is at all times fit and proper.<sup>4</sup>
- 2.56 In deciding whether a *person* is fit and proper, a *firm* must be satisfied that the *person*:
- (a) has the personal characteristics (including being of good repute and integrity);
  - (b) possesses the level of competence, knowledge and experience;
  - (c) has the qualifications; and
  - (d) has undergone or is undergoing all training,
- required to enable such *person* to perform his or her function effectively and in accordance with any relevant regulatory requirements, including those under the *regulatory system*, and to enable sound and prudent management of the *firm*.
- 2.67 Before deciding whether a *person* is fit and proper, a *firm* must take reasonable steps to obtain appropriate references covering at least the past 5 years from that *person's* current and previous employers, and from firms at which that *person* served as, or is currently, a *non-executive director*.<sup>5</sup>
- 2.78 In deciding whether a *person* (P) is fit and proper in connection with a *senior management application* or on appointment as an *unapproved non-executive director*, a *firm* must:
- (a) obtain P's consent for the *firm* to request the fullest information in relation to P that it is lawfully able to request under the Police Act 1997 (Certificates of Criminal records, etc) and related subordinated legislation of the *UK* or any part of the *UK*;
  - (b) if P has lived or worked outside the *UK* for a material time in the previous five years, obtain P's consent for the *firm* to request the fullest information in

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<sup>3</sup> Rule 2.3 will not apply to the persons subject to the transitional provisions in 6.2 below.

<sup>4</sup> The *unapproved non-executive director* function is not relevant to third country CRR firms; however a non-executive director of the firm could potentially perform a senior management function in relation to the branch.

<sup>5</sup> Rule 2.7 will not apply to the persons subject to the transitional provisions in 6.1 and 6.2 below.

relation to P that it is lawfully able to request under equivalent overseas legislation; and

- (c) request, and have regard to, such information.<sup>6</sup>

### 3 CONDUCT STANDARDS

---

- 3.1 A *firm* must require any *PRA approved person* or *unapproved non-executive director* to:
- (a) act with integrity;
  - (b) act with due skill, care and diligence;
  - (c) be open and co-operative with the *FCA*, the *PRA* and other regulators; and
  - (d) disclose appropriately any information of which the *FCA* or *PRA* would reasonably expect notice.
- 3.2 A *firm* must require any *PRA approved person* to:
- (a) take reasonable steps to ensure that the business of the firm for which they are responsible is controlled effectively;
  - (b) take reasonable steps to ensure that the business of the firm for which they are responsible complies with relevant requirements and standards of the regulatory system; and
  - (c) take reasonable steps to ensure that any delegation of your responsibilities is to an appropriate person and that you oversee the discharge of the delegated responsibility effectively.

### 4 UNAPPROVED NON-EXECUTIVE DIRECTORS – NOTIFICATIONS

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- 4.1 A *firm*, unless it is a *credit union*, must notify the *PRA* [on the form in Appendix 6 of CP7/15] when a *person* becomes an *unapproved non-executive director* and shall provide the *PRA* with all of the information needed to assess whether that *person* is fit and proper.<sup>7</sup>
- 4.2 If a *firm* becomes aware of information which would reasonably be material to the assessment of a current or former *unapproved non-executive director's* fitness and propriety under this Part, it must inform the *PRA* [on Form <sup>8</sup>], or (if it is more practical to do so and with the prior agreement of the *PRA*) by fax or e-mail, as soon as practicable.
- 4.3 Where a *firm* replaces an *unapproved non-executive director* because the *firm* considers that person no longer fulfils the requirements of 2.4, the *firm* must notify the *PRA* as soon as reasonably practicable.
- 4.4 Where an *unapproved non-executive director* assumes a new role with the *firm* or ceases to be a *director* of the firm, the *firm* must notify the *PRA* as soon as reasonably practicable.

<sup>6</sup> Rule 2.8 will not apply to the persons subject to the transitional provisions in 6.2 below.

<sup>7</sup> Rule 4.1 will not apply to the persons subject to the transitional provisions in 6.2 below.

<sup>8</sup> See, by analogy, the change of details form (Form D) in CP28/14.

## 5 REGULATORY REFERENCES

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- 5.1 (1) If a *PRA authorised person* (A):<sup>9</sup>
- (a) is considering issuing a *certificate* to, making a *senior management application* in respect of, or appointing as an *unapproved non-executive director*, a *person* (P);
  - (b) makes a request, for a reference or other information in respect of P from a *firm* to which this Part applies (B), in B's capacity as P's current or former employer or because P is, or was, a member of B's *management body*; and
  - (c) indicates to B the purpose of the request,
- B must, as soon as reasonably practicable, give to A all information of which B is aware that is relevant to A's assessment of whether P is fit and proper.
- (2) When giving information to A under (1), B must in particular disclose:
- (a) where B has concluded that P:
    - (i) was in breach of the Conduct Rules Part and has made a notification to the *PRA* of such a breach; or
    - (ii) was not fit and proper to perform any function;

in the 5 years before the request for a reference, the facts which led B to that conclusion;
  - (b) where B, following a finding that P:
    - (i) was in breach of the Conduct Rules Part, which breach B has notified to the *PRA*; or
    - (ii) was not fit and proper;

has taken, in the 5 years before the request for a reference, disciplinary action, a description of the basis for, and outcome of, the disciplinary action.
- (3) A firm must provide the information in (2)(b) regarding disciplinary action that resulted in:
- (a) the issue of a formal written warning; or
  - (b) the suspension or dismissal of P; or
  - (c) the reduction or recovery of any of P's remuneration.

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<sup>9</sup> Rule 5.1 covers *third country CRR firms* as these must be *PRA authorised persons* to carry out regulated activities in the UK. See section 2B(5) FSMA for the definition of *PRA authorised persons*.



**6 FITNESS AND PROPRIETY TRANSITIONAL PROVISIONS<sup>10</sup>**

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- 6.1 The requirement to obtain regulatory references in accordance with 2.67 does not apply to a *firm* in respect of any *person* to the extent that:
- (a) the *firm* is deciding whether the *person* is fit and proper for the purpose of issuing a *certificate*;
  - (b) the *person* will be performing a *certification function* from the *commencement date*; and
  - (c) immediately prior to the *commencement*, the *person* performed the same function for the *firm*.
- 6.2 The requirements of 2.3, 2.67, 2.78 and 4.1 do not apply to a *director* who, in relation to the *firm*:
- (a) on the *commencement date* is an *unapproved non-executive director*; and
  - (b) immediately prior to the *commencement date*, was approved as a *non-executive director*.

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<sup>10</sup> See footnote 1. Rule 6.1 applies to third country CRR firms. Rule 6.2 is not relevant to third country CRR firms.

**PRA RULEBOOK: CRR FIRMS NON CRR FIRMS: CONDUCT RULES AND NOTIFICATIONS  
(BRANCHES) AMENDMENT INSTRUMENT [2015]**

**Powers exercised**

- A. The Prudential Regulation Authority (“PRA”) makes this instrument in the exercise of the following powers and related provisions in the Financial Services and Markets Act 2000 (“the Act”):
- (1) section 64A (rules of conduct);
  - (2) section 64C (requirement for relevant authorised persons to notify regulator of disciplinary action);
  - (3) section 137G (the PRA’s general rules);
  - (4) section 137T (general supplementary powers); and
  - (5) section 395 (the PRA’s procedures).
- B. The rule-making powers referred to above are specified for the purpose of section 138G(2) (Rule-making instrument) of the Act.

**Pre-conditions to making**

- C. In accordance with section 138J of the Act (Consultation by the PRA), the PRA consulted the Financial Conduct Authority. After consulting, the PRA published a draft of proposed rules and had regard to representations made.

**PRA Rulebook: CRR FIRMS NON CRR FIRMS: Conduct Rules and Notifications Amendment  
(Branches) Instrument [2015]**

- D. The PRA makes the rules in the Annexes to this instrument.

**Commencement**

- E. This instrument comes into force on [7 March 2016]<sup>1</sup>.

**Citation**

- F. This instrument may be cited as the PRA Rulebook: CRR FIRMS NON CRR FIRMS: Conduct Rules and Notifications (Branches) Amendment Instrument [2015].

**By order of the Board of the Prudential Regulation Authority**  
[DATE]

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<sup>1</sup> HM Treasury has now provided for the senior managers regime to commence on 7 March 2016 and the requirement to issue certificates to commence on 7 March 2017 (Financial Services (Banking Reform) Act 2013 Commencement Order No 9, SI 2015/490. In a Written Ministerial Statement on 3 March 2015, the Treasury announced that it would proceed with the proposed Order under section 71A FSMA and that it was intended that the regime for foreign branches should be operational on the same date as the new regime for UK banks.

## Annex A

### Amendment to the Conduct Rules Part of the PRA Rulebook

**[Note: the proposed rules in this Annex amend the draft Conduct Rules Part proposed in Annex 7.6 of CP14/14. To the extent that there are changes made to the final rules following that or subsequent consultations, they will be taken into account in making final rules under this consultation.]**

In this Annex, new text is underlined and deleted text is struck through.

Part

## CONDUCT RULES

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### Chapter content

1. APPLICATION AND DEFINITIONS
2. INDIVIDUAL CONDUCT RULES
3. SENIOR MANAGER CONDUCT RULES

Links

## 1 APPLICATION AND DEFINITIONS

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~~1.1 (1) This Part applies to every function a *person* (P) performs in relation to a *firm* (A) that is a *CRR firm* or *credit union*.~~

1.1 (1) Unless otherwise stated, this Part applies to every function a *person* (P) performs in relation to a *firm* that is:

(a) a *CRR firm*;

(b) a *credit union*; or

(c) a *third country CRR firm* in relation to its activities carried on from an establishment in the *UK*.

(2) This Part only applies if P:

(a) is approved under section 59 of *FSMA* to perform a *PRA senior management function* or an *FCA senior management function* in relation to A;

(b) is an *employee* of A that should have been so approved;

(c) is an *employee* who is performing a function that would have been a controlled function but for *Senior Management Functions 2.3*; or

(d) performs a *certification function* in relation to A.

(3) Chapter 3 only applies to a *person* in (2)(a) or (b).

1.2 In this Part, the following definitions shall apply:

*employee*

has the meaning given in Certification 1.3.

*FCA senior management function*

means an *FCA controlled function* specified in *SUP 10C.4.3R* of the *FCA Handbook*.

*senior management function*

means either a *PRA senior management function* or an *FCA senior management function*.

*[third country CRR firm]*<sup>2</sup>

means an *overseas firm* that:

(1) is not an *EEA firm*;

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<sup>2</sup> Consultation Paper PRA CP15/14/FCA CP14/14 "Strengthening the alignment of risk and reward: new remuneration rules", Appendix 3.1, Annex B, contains a proposed glossary definition of this term, included here for convenience.

- (2) has its *head office* outside the *European Economic Area*; and
- (3) would be a *CRR firm* if it had been a *UK undertaking*, had carried on all of its business in the UK and had obtained whatever authorisations for doing so as are required under FSMA.]

## 2 INDIVIDUAL CONDUCT RULES

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- 2.1 **Individual Conduct Rule 1:** You must act with integrity.
- 2.2 **Individual Conduct Rule 2:** You must act with due skill, care and diligence.
- 2.3 **Individual Conduct Rule 3:** You must be open and co-operative with the *FCA*, the *PRA* and other regulators.

## 3 SENIOR MANAGER CONDUCT RULES

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- 3.1~~2~~ **Senior Manager Conduct Rule 1:** You must take reasonable steps to ensure that the business of the *firm* for which you are responsible is controlled effectively.
- 3.2~~3~~ **Senior Manager Conduct Rule 2:** You must take reasonable steps to ensure that the business of the *firm* for which you are responsible complies with the relevant requirements and standards of the *regulatory system*
- 3.3~~4~~ **Senior Manager Conduct Rule 3:** You must take reasonable steps to ensure that any delegation of your responsibilities is to an appropriate *person* and that you oversee the discharge of the delegated responsibility effectively.
- 3.4~~5~~ **Senior Manager Conduct Rule 4:** You must disclose appropriately any information of which the *FCA* or *PRA* would reasonably expect notice.

**Annex B**  
**Amendments to Notifications Part**

**[Note: the proposed rules in this Annex amend the draft rules relating to notifications proposed in Annex 7.6 of CP14/14 read together with the proposed amendments in Appendix 2.1 of CP 28/14. To the extent that there are changes made to the final rules made following those or subsequent consultations, they will be taken into account in making final rules under this consultation.]**

In this Annex, new text is underlined and deleted text is struck through.

**11 CONDUCT RULES: NOTIFICATIONS**

11.1 1.1 This Chapter applies to every *firm* that is:

- (1) a *CRR firm*;
- (2) a *credit union*; or
- (3) a *third country CRR firm* in relation to its activities carried on from an establishment in the *UK*.

11.2 In this Chapter, the following definitions shall apply:

*disciplinary action*

has the meaning given in *FSMA* section 64C.

*conduct rules*

means the rules in Conduct Rules<sup>3</sup>.

11.3 If a *firm* knows or suspects that a *person* has failed to comply with any *conduct rules* it must notify the *PRA*.

11.4 If a *firm* is required to notify the *PRA* in compliance with 11.3 based on a suspicion, it must notify the *PRA* of any subsequent determination it makes in relation to that matter.

11.5 If a *firm* is required to notify the *PRA* in compliance with 11.3 – 11.4 based on a determination, it must notify the *PRA* of any different determination it subsequently makes in relation to that matter.

11.6 If a *firm* takes *disciplinary action* against a *person* relating to any action, failure to act, or circumstance that amounts to a breach of any conduct rule it must notify the *PRA*.

11.7 If a *firm* is required to notify the *PRA* under this Chapter in respect of *persons* performing *certification functions*, it must do so within seven business days of becoming aware of the matter by submitting Form <sup>4</sup>.

11.8 If a *firm* is required to notify the *PRA* under this Chapter in respect of a *person* performing a *senior management function*, it must do so within seven *business days* of becoming aware of the matter by submitting

- (1) if the circumstances set out in Senior Managers Regime – Applications and

<sup>3</sup> The Conduct Rules were consulted on in Annex 7.6 of CP14/14.

<sup>4</sup> Form was consulted on in Appendix 3 of CP28/14.

Notifications 5.2 apply, form C<sup>5</sup>;

(2) and in all other cases, Form D<sup>6</sup>.

11.9 If a *firm* becomes aware of information which would reasonably be material to the assessment of the fitness and propriety of a *PRA approved person's*, or a *person* in respect of whom an application for approval to perform a *PRA senior management function* has been made it must inform the *PRA* on Form D, or (if it is more practical to do so and with the prior agreement of the *PRA*) by fax or e-mail, as soon as practicable.

11.10 A *firm* other than a *credit union* must submit the forms referred to in this Chapter using the *ONA system*.

11.11 (1) Form C may be found here.

(2) Form D may be found here.

(3) Form may be found here.

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<sup>5</sup> Form C was consulted on in Appendix 3 of CP28/14.

<sup>6</sup> Form D was consulted on in Appendix 3 of CP28/14.

**PRA RULEBOOK: CRR FIRMS NON CRR FIRMS: SENIOR MANAGERS REGIME – APPLICATIONS AND NOTIFICATIONS (BRANCHES) AMENDMENT INSTRUMENT 2015**

**Powers exercised**

- A. The Prudential Regulation Authority (“PRA”) makes this instrument in the exercise of the following powers and related provisions in the Financial Services and Markets Act 2000 (“the Act”):
- (1) section 60 (Applications for approvals);
  - (2) section 62A (Changes of responsibilities of senior managers);
  - (3) section 137G (The PRA’s general rules);
  - (4) section 137T (General supplementary powers); and
  - (5) section 395 (the PRA’s procedures).
- B. The rule-making powers referred to above are specified for the purpose of section 138G(2) (Rule-making instrument) of the Act.

**Pre-conditions to making**

- C. In accordance with section 138J of the Act (Consultation by the PRA), the PRA consulted the Financial Conduct Authority. After consulting, the PRA published a draft of proposed rules and had regard to representations made.

**PRA Rulebook: CRR Firms Non CRR Firms: Senior Managers Regime – Applications and Notifications (Branches) Amendment Instrument 2015**

- D. The PRA makes the rules in the Annexes to this instrument.

**Commencement**

- E. This instrument comes into force on 7<sup>th</sup> March 2015.<sup>1</sup>

**Citation**

- F. This instrument may be cited as the CRR Firms Non CRR Firms: Senior Managers Regime – Applications and Notifications (Branches) Amendment Instrument 2015.

**By order of the Board of the Prudential Regulation Authority**

[DATE]

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<sup>1</sup> The Treasury has now provided for the senior managers regime to commence on 7 March 2016 and the requirement to issue certificates to commence on 7 March 2017 (Financial Services (Banking Reform) Act 2013 Commencement Order No 9, SI 2015/490). In a Written Ministerial Statement on 3 March 2015, the Treasury announced that it would proceed with the proposed Order under section 71A FSMA and that it was intended that the regime for foreign branches should be operational on the same date as the new regime for UK banks.



## Annex A

[For this consultation, new text added to the rules consulted on in Appendix 7.3 of Strengthening accountability in banking: forms, consequential and transitional aspects– (CP28/14) is underlined and deleted text is struck through. To the extent that there are changes made to the final rules made following that or subsequent consultations, they will be taken into account by the PRA in making final rules under this consultation]

### Part

# SENIOR MANAGERS REGIME – APPLICATIONS AND NOTIFICATIONS

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### Chapter content

1. APPLICATION AND DEFINITIONS
2. APPLICATION TO PERFORM A PRA SENIOR MANAGEMENT FUNCTION
3. APPLICATION TO VARY A CONDITIONAL APPROVAL
4. WITHDRAWAL OF A SENIOR MANAGEMENT APPROVAL APPLICATION OR AN APPLICATION TO VARY A CONDITIONAL APPROVAL
5. CEASING TO PERFORM A PRA SENIOR MANAGEMENT FUNCTION
6. CHANGE IN DETAILS OR RESPONSIBILITIES RELATING TO PRA APPROVED PERSON
7. PROCEDURE FOR MAKING APPLICATIONS AND NOTIFICATIONS
8. FORMS

### Links

**Annex A**  
**Amendments to Senior Managers Regime – Applications and Notifications Part**

**1 APPLICATION AND DEFINITIONS**

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1.1 Unless otherwise stated, this Part applies to every *firm* that is

- (1) a *CRR firm*; ~~and~~
- (2) a *credit union*; ~~or~~
- (3) a *third country CRR firm* in relation to its activities carried on from an establishment in the UK.

1.2 In this Part, the following definitions shall apply:

*commencement date*

means [the date appointed by the Treasury to commence the senior managers regime under the Financial Services (Banking Reform Act) 2013 ]<sup>2</sup>.

*current approved person approval*

means

- (1) an approval granted to that *person* under section 59 of *FSMA* (Approval for particular arrangements):
  - (a) by the *PRA* for the performance of a *PRA senior management function*; or
  - (b) by the *FCA* for the performance for the performance of a *FCA designated senior management function* or a *significant influence function*;
- (2) a deemed approval given by either the *PRA* following the submission of a *grandfathering notification* under Senior Managers Regime (Transitional Provisions) or by the *FCA* under any equivalent rules in the *FCA Handbook*; or
- (3) for the purposes of 2.2(2) and 2.3(2), an approval granted to that *person* under section 59 of *FSMA* by either the *PRA* or the *FCA* to perform a *controlled function* as defined in section 59 of *FSMA* prior to the *commencement date* but which ceased on or before the *commencement date*.

*FCA designated senior management function*

means an *FCA controlled function* specified in in *SUP 10C.4.3R* of the *FCA Handbook*.

*grandfathering notification*

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<sup>2</sup> The commencement date has now been set as 7 March 2016: see Financial Services (Banking Reform) Act 2013 Commencement Order No 9, SI 2015/490.

has the meaning given in Senior Managers Regime – Transitional Provisions.

*interested parties*

means in relation to a *PRA senior management application* or withdrawal of an application made under section 63 A of FSMA (variation of senior managers approval at request of relevant authorised person):

- (1) the *firm* making that application;
- (2) the *person* in respect of whom that application is being made ( A ); and
- (3) the *person* by whom A s services are to be retained, if not the *firm* making the application.

*management responsibilities map*

has the meaning given in Allocation of Responsibilities 6.

*regulatory body*

means any authority, body or *person* having, or who has had, responsibility for the supervision or regulation of any *regulated activities* or other financial services, whether within the *United Kingdom* or overseas.

*PRA senior management approval application*

means an application for approval to perform a *PRA senior management function* under section 59 of *FSMA*.

*significant influence function*

has the meaning given in the *FCA Handbook*.

*statement of responsibilities*

has the meaning given in Allocation of Responsibilities 1.

*[third country CRR firm]*<sup>3</sup> means an *overseas firm* that:

- (1) is not an *EEA firm*;
- (2) has its *head office* outside the *European Economic Area*; and
- (3) would be a *CRR firm* if it had been a *UK undertaking*, had carried on all of its business in the UK and had obtained whatever authorisations for doing so as are required under *FSMA*.

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<sup>3</sup> Consultation Paper PRA CP15/14/FCA CP14/14 “Strengthening the alignment of risk and reward: new remuneration rules”, Appendix 3.1, Annex B, contains a proposed glossary definition of this term, included here for convenience.

## 2 APPLICATION TO PERFORM A PRA SENIOR MANAGEMENT FUNCTION

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- 2.1 The *PRA* directs that a firm must make a *PRA senior management approval application* in any of the circumstances, by submitting form A or form E, as specified in 2.2, 2.3 or 2.4, before the activities requiring approval commence.
- 2.2 The *PRA* directs that a *firm* must use form A (long form) for a *PRA senior management approval application* if:
- (1) the *person* to whom the application relates has never before been approved:
    - (a) by the *PRA* to perform a *PRA senior management function* or
    - (b) by the *FCA* to perform an *FCA designated senior management function* or a *significant influence function*for any *firm*; or
  - (2) the *person* to whom the application relates has not been the subject of a *current approved person approval* in relation to any *firm* for more than six *months* prior to the date of application.
- 2.3 The *PRA* directs that a *firm* must use form A (short form) for a *PRA senior management approval application* if the *person* to whom the application relates:
- (1) has at the time of application a *current approved person's approval*; or
  - (2) has had a *current approved person's approval* within the previous six months
- 2.4 The *PRA* directs that a *firm* must use Form E for a *PRA senior management approval application* if the *PRA senior management approval application* is in respect of a *person* who has a *current approved person approval* and is either:
- (1) ceasing to perform a *PRA senior management function* and taking up a new *PRA senior management function* for the same *firm* or another member of its *group*; or
  - (2) ceasing to perform an *FCA designated senior management function* and taking up a *PRA senior management function* for the *firm* or another member of its *group*.
- 2.5 The *PRA* directs that a *firm* must not use Form E for a *PRA senior management approval application* if:
- (1) a notification has been made or should be made to the *PRA* or *FCA* under any of the following:
    - (a) section 63(2A) of *FSMA* (Duty to notify regulator of grounds for withdrawal of approval);
    - (b) section 64B(5) of *FSMA* (Notification of non-compliance with Conduct or equivalent *FCA* rules);
    - (c) section 64C of *FSMA* (Requirement for relevant authorised persons to notify regulator of disciplinary action);

- (2) a notification has been made or should be made to the *PRA* under any of the rules in Notifications 11 or to the *FCA* under any equivalent provisions of the *FCA Handbook*;
  - (3) any of the circumstances in 5.2 apply in relation to:
    - (a) any *PRA senior management function* or *FCA designated senior management function* that that *person* is ceasing to perform; or
    - (b) any *PRA senior management function* or *FCA designated senior management function* that the *person* is continuing to perform in relation to that *firm* or a *firm* in the same *group*; or
  - (4) if any of the circumstances in 2.2 or 2.3 apply.
- 2.6
- (1) The *PRA* directs that the *statement of responsibilities* required by Allocation of Responsibilities 2.1 must accompany the applicable form.
  - (2) A statement of responsibilities must be
    - (a)          for *third country CRR firms*, in the form set out here<sup>4</sup>; or
    - (b)          for all other firms, in the form set out here.<sup>5</sup>
  - (3) The *firm* must also submit a draft of the *firm's management responsibilities map*, amended to include the role and responsibilities which it is intended the *person* to whom the *PRA senior management approval application* relates will assume.
- 2.7
- A *firm* must (as part of its assessment of whether a *person* is a fit and proper *person* to perform a *PRA senior management function* and in order to verify the information contained in the application to carry out the *PRA senior management function*) obtain the fullest information that it is lawfully able to obtain about the *person* under Part 1 of the Police Act 1997 (Certificates of Criminal records, etc.) and related subordinated legislation of the *UK* or any part of the *UK* before making the application.

### 3 APPLICATION TO VARY A CONDITIONAL APPROVAL

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- 3.1 A *firm* making an application to the *PRA* under section 63 A of *FSMA* (for the variation of a conditional approval) must do so by submitting
- (1) Form I; and
  - (2) a *statement of responsibilities* for the *PRA-approved person* concerned.

### 4 WITHDRAWAL OF A PRA SENIOR MANAGEMENT APPROVAL APPLICATION OR OF AN APPLICATION TO VARY A CONDITIONAL APPROVAL

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- 4.1 The *PRA* directs that a *firm* withdrawing an outstanding *PRA senior management approval application* must do so using Form B, signed by all *interested parties*.
- 4.2 A *firm* withdrawing an application made under section 63 A of *FSMA* (variation of senior managers approval at request of relevant authorised person) must do so using Form B, signed by all *interested parties*.

<sup>4</sup> The form for third country CRR firms is set out in Appendix 3 of this CP.

<sup>5</sup> The form for all other firms was set out in Appendix 3 of CP28/14.

## 5 CEASING TO PERFORM A PRA SENIOR MANAGEMENT FUNCTION

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- 5.1 (1) A *firm* must notify the *PRA* no later than seven *business days* after a *person* ceases to perform a *PRA senior management function*, using:
- (a) Form E if a *person* ceases to perform a *PRA senior management function* and the *firm* is also making an application for the same *person* to perform another *PRA senior management function*; and
  - (b) in all other cases, Form C.
- 5.2 (1) A *firm* must notify the *PRA* as soon as practicable after it becomes aware, or has information which reasonably suggests, that it will submit a qualified Form C in respect of a *PRA approved person*.
- (2) Form C is qualified if the information it contains:
- (a) relates to the fact that the *firm* has dismissed, or suspended, the *PRA approved person* from its employment;
  - (b) relates to the resignation by the *PRA approved person* while under investigation by the *firm*, the *PRA* or any other *regulatory body*;
  - (c) includes a notification under any of the provisions set out in 2.5(1) and (2); or
  - (d) otherwise reasonably suggests that it may affect the *PRA's* assessment of the *PRA approved person's* fitness and propriety.

## 6 CHANGE IN DETAILS OR RESPONSIBILITIES RELATING TO PRA APPROVED PERSONS

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- 6.1 If a *PRA approved person's* title, name or national insurance number changes, the *firm* for which the *person* performs a *PRA senior management function* must notify the *PRA* of that change within seven *business days* of the *firm* becoming aware of the matter, using Form D.
- 6.2 (1) If, in relation to a *firm* which has submitted an application on either Form A or Form E, as required by 2.1, any of the details relating to arrangements and *PRA senior management functions* are to change, the *firm* must notify the *PRA* using Form D as soon as reasonably practicable after the *firm* becomes aware of the proposed change.
- (2) (1) also applies to a *firm* for whom the grandfathering arrangements relating to the coming into force of *FSMA* or the coming into force of Part Four of the Financial Services (Banking Reform) Act 2013 applied as if the *firm* had completed the relevant form for that *person*.
- 6.3 The *PRA* directs that if a *firm* is required to submit a revised *statement of responsibilities* under Allocation of Responsibilities 6.5, it must do so within seven *business days* of the *firm* making that change by submitting Form J with the revised *statement of responsibilities*.

## 7 PROCEDURE FOR MAKING APPLICATIONS AND NOTIFICATIONS

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- 7.1 (1) The *PRA* directs that:

- (a) a *firm* other than a *credit union* must make any applications, notifications or submissions required by this Part by submitting the form specified using the *ONA system*; and
- (b) a *credit union* must make any applications, notifications or submissions required by this Part by submitting the form specified in the manner set out in Notifications 7.

7.2 If, under any direction or rule in this Chapter:

- (1) a *firm* is required to make an application, notification or submission online; and
- (2) the information technology systems used by the *PRA* fail and online submission is unavailable for 24 hours or more,

until such time as facilities for online submission are restored a *firm* must submit the specified form in the way set out in Notifications 7.

## 8 FORMS

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- 8.1 (1) Form A may be found [here](#).
- (2) Form B may be found [here](#).
- (3) Form C may be found [here](#).
- (4) Form D may be found [here](#).
- (5) Form E may be found [here](#).
- (6) Form I may be found [here](#).
- (7) Form J may be found [here](#).
- (8) Form may be found [here](#).

**PRA RULEBOOK: CRR FIRMS NON CRR FIRMS: SENIOR MANAGERS REGIME  
(TRANSITIONAL PROVISIONS) (BRANCHES) AMENDMENT INSTRUMENT [2015]**

**[Note: The proposals in this draft instrument extend the draft provisions that were consulted on in CP14/14 and CP28/14 to UK branches of third country credit institutions and investment firms. To the extent that there are changes made to the final rules made following those or subsequent consultations, they will be taken into account in making final rules under this consultation.]**

**Powers exercised**

- A. The Prudential Regulation Authority (“PRA”) makes this instrument in the exercise of the following powers and related provisions in the Financial Services and Markets Act 2000 (“the Act”):
- (1) section 59 (Approval for particular arrangements);
  - (2) section 60 (Applications for approval)
  - (3) section 137G (The PRA’s general rules); and
  - (4) section 137T (General supplementary powers)
  - (5) section 395 (the PRA’s procedures)
  - (6) [Grandfathering Statutory instrument]<sup>1</sup>
- B. The rule-making powers referred to above are specified for the purpose of section 138G(2) (Rule-making instrument) of the Act.

**Pre-conditions to making**

- C. In accordance with section 138J of the Act (Consultation by the PRA), the PRA consulted the Financial Conduct Authority. After consulting, the PRA published a draft of proposed rules and had regard to representations made.

**PRA Rulebook: CRR Firms Non-CRR Firms: Senior Managers Regime (Transitional Provisions)  
(Branches) Amendment Instrument [2015]**

- D. The PRA makes the rules in the Annex to this instrument.

**Commencement**

- E. This instrument comes into force on [DATE]<sup>2</sup>.

**Citation**

- F. This instrument may be cited as the CRR Firms Non-CRR Firms: Senior Managers Regime (Transitional Provisions) (Branches) Amendment Instrument [2015].

**By order of the Board of the Prudential Regulation Authority**

[DATE]

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<sup>1</sup> [Articles ...] of the Financial Services (Banking Reform ...) Act 2013 (Transitional and Savings provisions) (SI 2015/492)

<sup>2</sup> It is intended that the transitional provisions will come into force after the rules are made to enable firms to notify the regulators how their existing approved persons will transition into the new senior managers regime. The Treasury has announced in a Written ministerial Statement on 3 March that the senior managers regime for foreign banks become operational at the same as the UK relevant authorised persons i.e. on 7 March 2016. (SI 2015/490).



**Annex**

In this Annex, new text is underlined and deleted text is struck through.

**Part**

# **SENIOR MANAGERS REGIME – TRANSITIONAL PROVISIONS**

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**Chapter content**

- 1. APPLICATION AND DEFINITIONS**
- 2. GENERAL**
- 3. GRANDFATHERING NOTIFICATION REQUIREMENTS**
- 4. PROCEDURE FOR MAKING GRANDFATHERING NOTIFICATIONS**
- 5. WITHDRAWING OR UPDATING A GRANDFATHERING NOTIFICATION**
- 6. TABLE OF FUNCTIONS FOR GRANDFATHERING**
- 7. FORMS**

**Links**

## 1 APPLICATION AND DEFINITIONS

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1.1 Unless otherwise stated, this Part applies to every *firm* that is:

- (1) a *CRR firm*; ~~or~~
- (2) a *credit union*; or
- (3) a *third country CRR firm* in relation to its activities carried on from an establishment in the *UK*.

1.2 In this Part, the following definitions shall apply:

*candidate*

means a *person*, in respect of whom an application has been made by the *firm* for the *FCA* or *PRA* to grant the *person* a *current approved person approval*.

*commencement date*

means [the DATE appointed by the Treasury to commence the senior managers regime under the Financial Services (Banking Reform) Act].<sup>3</sup>

*current approved person approval*

means an approval granted to a person by the *PRA* or the *FCA* under section 59 of FSMA (Approval for particular arrangements) of the performance of a *controlled function* specified by the *FCA* or *PRA*.

*FCA function*

means any of the functions specified in column 3 (FCA senior management functions) of the table set out in 6.

*grandfathering approval*

means approval to perform a *PRA senior management function* under section 59 of FSMA, granted pursuant to a *grandfathering notification*.

*grandfathering Form*

means the form to be completed by each *firm* in respect of grandfathering *approved persons*, being Form K.

*grandfathering function*

means any of the *controlled functions* listed in column 1 of the table set out in 6.

*grandfathering notification*

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<sup>3</sup> The Treasury has now provided for the senior managers regime to commence on 7 March 2016 and the requirement to issue certificates to commence on 7 March 2017: (Financial Services (Banking Reform) Act 2013 Commencement Order No 9, SI 2015/490. In a Written Ministerial Statement on 3 March 2015, the Treasury announced that it would proceed with the proposed Order under section 71A FSMA and that it was intended that the regime for foreign branches should be operational on the same date as the new regime for UK banks.

means a notification on a grandfathering form submitted to the *PRA*, on or before the *notification period end date*, pursuant to 2.1.

*management responsibilities map*

has the meaning given in Allocation of Responsibilities 6.

*notification date*

means the date on which a *grandfathering notification* (or an update thereto) is first received by the *PRA*.

*notification period end date*

means [DATE] as set out in Treasury Order 2015.<sup>4</sup>

*PRA senior management approval application*

means an application for approval to perform a *PRA senior management function* under section 59 of FSMA.

*small credit union*

means a *credit union* with:

- (a) assets of 5 million or less; and
- (b) a total number of members of 5,000 or less.

*statement of responsibilities*

means a statement pursuant to [the Treasury Order 2015]<sup>5</sup> setting out the aspects of the affairs of the *firm* which it is intended that each relevant *person* will be responsible for managing, in performing the relevant *PRA senior management function(s)*.

*[third country CRR firm]*<sup>6</sup>

means an overseas firm that:

- (1) is not an EEA firm;
- (2) has its head office outside the European Economic Area; and
- (3) would be a CRR firm if it had been a UK undertaking, had carried on all of its business in the UK and had obtained whatever authorisations for doing so as are required under FSMA.]

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<sup>4</sup> 8 February 2016: see Article 2(1) Financial Services (Banking Reform) Act 2013 (Transitional and Savings Provisions) Order 2015 (SI 2015/492).

<sup>5</sup> Since CP28/14, HMT has made a Transitional and Savings Provisions Order (SI 2015/492)

<sup>6</sup> Consultation Paper PRA CP15/14/FCA CP14/14 “Strengthening the alignment of risk and reward: new remuneration rules”, Appendix 3.1, Annex B, contains a proposed glossary definition of this term, included here for convenience.

## 2 GENERAL

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- 2.1 The PRA directs that the *grandfathering notification* must be made using Form K in respect of all *approved persons* performing any *controlled function* which is listed in column 1 of the table set out in 6.

## 3 GRANDFATHERING NOTIFICATION REQUIREMENTS

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- 3.1 A firm must ensure that the *grandfathering notification* sets out, in respect of each *approved person*:
- (1) each of the *grandfathering functions* in respect of which each *approved person* has a *current approved persons approval* prior to the *commencement date*;
  - (2) each of the *PRA senior management functions* to be performed by each *approved person* on and from the *commencement date*;
  - (3) each *FCA function* (if any) which is to be:
    - (a) performed by an *approved person* on and from the *commencement date*; and
    - (b) included, pursuant to Senior Management Functions 2.4, in each *PRA senior management function* set out in the *grandfathering notification* in respect of the relevant *approved person*; and
  - (4) a statement of reasons if the *grandfathering notification* is not applying for the *approved person* to be grandfathered in respect of any of the *grandfathering functions* which the *approved person* is performing.
- 3.2 Where a *firm* is applying for approval for a *candidate* to perform a *grandfathering function*, the *firm* must ensure that the *grandfathering notification* sets out, in respect of each such *candidate*:
- (1) each of the *grandfathering functions* which the relevant *candidate* has applied to perform;
  - (2) each of the *PRA senior management functions* to be performed by the *candidate*, if approved, on and from the *commencement date* (or the date of approval of the *candidate*);
  - (3) each *FCA function* (if any) which, if the *candidate* is approved, is to be:
    - (a) performed by the *candidate* on and from the *commencement date* (or the date of approval of the *candidate*); and
    - (b) included, pursuant to Senior Management Functions 2.4, in each *PRA senior management function* set out in the *grandfathering notification* in respect of the relevant *candidate*; and
  - (4) a statement of reasons if the *grandfathering notification* is not applying for the *candidate* to be grandfathered in respect of any of the *grandfathering functions* for which approval is sought.
- 3.3 The PRA directs that the *grandfathering notification* must not specify a *PRA senior management function* or *FCA function* in respect of a *person* unless the *PRA senior management function* or *FCA function* are specified in the table in 6 in relation to a

*controlled function* performed by the relevant *person* pursuant to a *current approved persons approval*.

- 3.4 The PRA directs that:
- (1) the *statement of responsibilities* must be submitted with the grandfathering notification; and
  - (2) the firm must submit a *management responsibilities map*, showing the role of each *approved person* as at the *commencement date*, including the *person(s)* subject to the *grandfathering notification*.

#### **4 PROCEDURE FOR MAKING GRANDFATHERING NOTIFICATIONS**

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- 4.1 The PRA directs that, save as required by 5.2:
- (1) A *firm* other than a *credit union* must make any applications, notifications or submissions required by this Part using the *ONA system*; and
  - (2) a *credit union* must make any applications, notifications or submissions required by this Part in the manner set out in Notifications 7.
- 4.2 If, under any direction or rule in this Chapter,
- (1) a *firm* is required to make an application, notification or submission online; and
  - (2) the information technology systems used by the *PRA* fail, and online submission is unavailable for 24 hours or more,
- until such time as facilities for online submission are restored a *firm* may submit the specified form in accordance with Notifications 7 (Form and method of notification).

#### **5 WITHDRAWING OR UPDATING A GRANDFATHERING NOTIFICATION**

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- 5.1 This Chapter applies only before the *commencement date*.
- 5.2 The PRA directs that, after the notification period end date, a *firm* must make any update to the *grandfathering notification*, the *statement of responsibilities*, or the *management responsibilities map* in the manner set out by Notifications 7.
- 5.3 The PRA directs that if, before the commencement date, there has been a significant change to the matters covered by any statement of responsibilities or management responsibilities map provided pursuant to 3.4, the firm must provide a revised version to the PRA.

#### **6 TABLE OF FUNCTIONS FOR GRANDFATHERING**

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- 6.1 The *PRA senior management functions* set out in column 2 of the table are specified as relevant designated senior management functions for the purpose of the [Treasury Order 2015]<sup>7</sup>, in each case, in relation to the *grandfathering functions* set out in the relevant row of column 1 of the table below.

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<sup>7</sup> Financial Services (Banking Reform) Act 2013 (Transitional and Savings Provisions) Order 2015 (SI 2015/492). The grandfathering functions in column 1 are the “notified functions” under Article 2(2) of the Order and the senior management functions in column 2 are the “equivalent functions” specified for the purpose of Article 17.

6.2 The *FCA functions* set out in column 3 of the table are specified as relevant designated senior management functions for the purpose of the [Treasury Order 2015]<sup>8</sup>, in each case, in relation to the *grandfathering functions* set out in the relevant row of column 1 of the table below.

Column 1	Column 2	Column 3
PRA or FCA Controlled Function	PRA Senior Management Function	FCA Function
<b>All firms apart from small credit unions and UK branches of Third Country CRR Firms</b>		
Director (CF1) Partner (CF4) Director of unincorporated association (CF5)	Chief Finance function (SMF2) Chief Risk function (SMF4) Head of Internal Audit (SMF5) Head of Key Business Area (SMF6) Group Entity Senior Manager (SMF7)	Executive Director (SMF3)
Non-executive director (CF2)	Group Entity Senior Manager (SMF7) Chairman (SMF9) Chair of the Risk Committee (SMF11 <del>0</del> ) Chair of the Audit Committee (SMF10 <del>4</del> ) <sup>9</sup> Chair of the Remuneration Committee (SMF12) SID (SMF14)	Chair of the Nominations Committee (SMF13) [Non-Executive Director Function (SMF15)] <sup>10</sup>
Chief executive (CF3)	Chief executive (SMF1)	
Systems and Controls (CF28)	Chief Finance function (SMF2) Chief Risk function (SMF4) Head of Internal Audit (SMF5)	
Significant management (CF29)	Head of Key Business Area (SMF6) Group Entity Senior Manager (SMF7)	

<sup>8</sup> See footnote 8.

<sup>9</sup> There was a typographical error in CP7/15: Chair of the Audit committee is SMF10 and Chair of Risk is SMF 11 in CP 14/14.

<sup>10</sup> In CP7/15, the FCA announced that it would not approve Standard NEDs as Senior Managers in relevant authorised persons. The list of PRA and FCA functions in this table will be updated to reflect the corresponding final PRA and FCA rules.

Column 1	Column 2	Column 3
<b>Small credit unions</b>		
<b>PRA or FCA Controlled Function</b>	<b>PRA Senior Management Function</b>	<b>FCA Function</b>
Director (CF1)	Credit Union Senior Manager (SMF8)	Executive Director (SMF3)
Non-executive director (CF2)	Credit Union Senior Manager (SMF8)	Chair of the Nominations Committee (SMF13) [Non-Executive Director Function (SMF15)] <sup>11</sup>
Chief executive (CF3)	Chief executive (SMF1) Credit Union Senior Manager (SMF8)	
<b><u>UK Branches of Third country CRR firms</u></b>		
<b><u>PRA or FCA Controlled Function</u></b>	<b><u>PRA Senior Management Function</u></b>	<b><u>FCA Function</u></b>
<u>Director (CF1)</u>	<u>Group Entity Senior Manager (SMF7)</u> <u>Head of Overseas Branch (SMF19)</u>	<u>Overseas Branch Senior Manager (SMF20)</u>
<u>Non-executive director (CF2)</u>	<u>Group Entity Senior Manager (SMF7)</u>	
<u>Chief executive (CF3)</u>	<u>Head of Overseas Branch (SMF19)</u>	
<u>Compliance Oversight (CF10)</u>		<u>Compliance Oversight (SMF16)</u>
<u>Money laundering Reporting (CF11)</u>		<u>Money laundering Reporting (SMF17)</u>
<u>Systems and Controls (CF28)</u>	<u>Chief Finance function (SMF2)</u> <u>Chief Risk function (SMF4)</u> <u>Head of Internal Audit (SMF5)</u>	<u>Overseas Branch Senior Manager (SMF20)</u>
<u>Significant management (CF29)</u>	<u>Head of Overseas Branch (SMF19)</u>	<u>Overseas Branch Senior Manager (SMF20)</u>

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<sup>11</sup> See footnote 11.

- 6.3 The PRA directs that the *grandfathering notification* must not specify that any *person* shall perform any combination of *PRA senior management functions* which is prohibited by any other provision of the *PRA Rulebook* or the *FCA Handbook*.

## **7 FORMS**

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- 7.1 Form K may be found here<sup>12</sup>.

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<sup>12</sup> Form K was consulted on in Appendix 3 of CP28/14. The online version of the Form will include details of the senior management functions including those relevant for persons performing functions in relation to UK branches of third country CRR firms.



# Appendix 2

## FCA Handbook text

## ACCOUNTABILITY (FOREIGN BRANCHES) INSTRUMENT 2015

### Powers exercised

- A. The Financial Conduct Authority makes this instrument in the exercise of the following powers and related provisions in the Financial Services and Markets Act 2000 (“the Act”):
- (1) section 59 (Approval for particular arrangements);
  - (2) section 60 (Applications for approval);
  - (3) section 60A (Vetting candidates by relevant authorised persons);
  - (4) section 63ZD (Statement of policy relating to conditional approval and variation);
  - (5) section 63E (Certification of employees by relevant authorised persons);
  - (6) section 63F (Issuing of certificates);
  - (7) section 64A (Rules of conduct);
  - (8) section 137A (The FCA’s general rules);
  - (9) section 137T (General supplementary powers);
  - (10) section 139A (Power of the FCA to give guidance); and
  - (11) section 395 (The FCA’s and PRA’s procedures);
  - (12) articles [to follow] of the Financial Services (Banking Reform) Act 2013 (Transitional and Savings Provisions) Order (SI 2015/492).
- B. The rule-making powers listed above are specified for the purpose of section 138G (Rule-making instruments) of the Act.

### Commencement

- C. The instrument comes into force on [*date*].

### Amendments to the Handbook

- D. The modules of the FCA’s Handbook of rules and guidance listed in column (1) below are amended in accordance with the Annexes in this instrument listed in column (2) below:

(1)	(2)
Glossary of definitions	Annex A
Senior Management Arrangements, Systems and Controls (SYSC)	Annex B
Code of Conduct sourcebook (COCON)	Annex C
Supervision manual (SUP)	Annex D

### Amendments to material outside the Handbook

- E. The Perimeter Guidance Manual (PERG) is amended in accordance with Annex E to this instrument.

### Citation

- F. This instrument may be cited as the Accountability (Foreign Branches) Instrument 2015.

By order of the Board of the Financial Conduct Authority  
[*date*]

## Annex A

### Amendments to the Glossary

[*Editor's note:* The amendments shown below are to the text set out in the near final text of the SMR rules included in FCA CP15/9 at Appendix 1.

In this Annex, underlining indicates new text and striking through indicates deleted text, unless otherwise stated.

Insert the following new definitions in the appropriate alphabetical position. The text is not underlined.

<i>EEA branch senior manager function</i>	<i>FCA controlled function</i> SMF21 in Part 2 of the table in SUP 10C.4.3R (Table of FCA controlled functions for relevant authorised persons), described more fully in SUP 10C.8.4R.
<i>EEA relevant authorised person</i>	a <i>relevant authorised person</i> coming within paragraph (B) of the definition of <i>relevant authorised person</i> which, in summary, is a <i>relevant authorised person</i> which is an <i>incoming firm</i> with a <i>branch</i> in the <i>United Kingdom</i> .
<i>FCA branch function</i>	<i>FCA controlled functions</i> SMF20 and SMF21 in the table in SUP10C.4.3R (Table of FCA controlled functions for relevant authorised persons).
<i>non-UK relevant authorised person</i>	(1) an <i>EEA relevant authorised person</i> ; or (2) a <i>third-country relevant authorised person</i>
<i>overseas branch senior manager function</i>	<i>FCA controlled function</i> SMF20 in Part 3 of the table in SUP 10C.4.3R (Table of FCA controlled functions for relevant authorised persons), described more fully in SUP 10C.8.1R.
<i>third-country relevant authorised person</i>	a <i>relevant authorised person</i> coming within paragraph (C) of the definition of <i>relevant authorised person</i> which, in summary, is a <i>relevant authorised person</i> which is a non-UK institution with a <i>branch</i> in the <i>United Kingdom</i> , other than an <i>incoming firm</i> .

Amend the following definitions as shown.

<i>FCA governing function</i>	(B) (in the <i>FCA Handbook</i> ):  any of the following <i>FCA controlled functions</i> :  (1) (for UK <i>relevant authorised persons</i> ) <i>FCA controlled functions</i> for <i>relevant authorised persons</i> SMF3 and
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SMF13 in Part 1 of the table in SUP 10C.4.3R (Table of FCA controlled functions for relevant authorised persons); ~~and~~

(2) ~~[overseas firms to follow]~~

~~(3)~~ (for other firms) FCA controlled functions 1 to 6 in Part 1 of the table of FCA controlled functions.

*FCA required functions*

(B) (in the *FCA Handbook*):

any of the following *FCA controlled functions*:

(1) (for relevant authorised persons) FCA controlled functions for relevant authorised persons SMF16 and SMF17 in ~~Parts 1 of~~ the table in SUP 10C.4.3R (Table of FCA controlled functions for relevant authorised persons); and

...

*management responsibilities map*

the document describing the management arrangements of a relevant authorised person required by SYSC 4.5.4R and SYSC 4.6.8R.

*money laundering reporting function*

(in the *FCA Handbook*):

(1) (in the case of relevant authorised persons) FCA controlled function SMF17 in ~~Part 1 of~~ the table in SUP10C.4.3R (Table of FCA controlled functions for relevant authorised persons), described more fully in SUP 10C.6.2R; and

...

*relevant authorised person*

has the meaning in (A), ~~or~~ (B) or C:

...

(B) ~~[Non-UK country branches to follow]~~ an incoming firm which is a relevant authorised person in accordance with article 2 of the Financial Services and Markets Act 2000 (Relevant Authorised Persons) Order 2015 which, in summary, is an incoming EEA firm or incoming Treaty firm which:

(1) has a branch in the United Kingdom; and

(2) is not an institution that has permission under Part 4A, Schedule 3 or Schedule 4 of the Act for effecting contracts of insurance or carrying out contracts of insurance; and

- (3) meets one of the following conditions:
- (a) it is a *credit institution* which has a *permission* under Part 4A of the *Act* that includes *accepting deposits*; or
  - (b) it meets all the following conditions:
    - (i) the institution is an *investment firm*; and
    - (ii) it has a *permission* under Part 4A, Schedule 3 or Schedule 4 of the *Act* that includes *dealing in investments as principal*; and
    - (iii) when carried on by it, that activity is a *PRA-regulated activity*.
- (C) a non-UK *institution* other than an *incoming firm* which is a *relevant authorised person* in accordance with article 2 of the Financial Services and Markets Act 2000 (Relevant Authorised Persons) Order 2015 which, in summary, is a non-UK *institution* other than an *incoming firm* which:
- (1) has a *branch* in the *United Kingdom*; and
  - (2) is not an institution that has *permission* for *effecting contracts of insurance* or *carrying out contracts of insurance*; and
  - (3) meets one of the following conditions:
    - (a) it is a *credit institution* which has a *permission* under Part 4A of the *Act* that includes *accepting deposits*; or
    - (b) it meets all the following conditions:
      - (i) the institution is an *investment firm*; and
      - (ii) it has a *Part 4A permission* that includes *dealing in investments as principal*; and
      - (iii) when carried on by it, that activity is a *PRA-regulated activity*.



## Annex B

### Amendments to the Senior Management Arrangements, Systems and Controls sourcebook (SYSC)

[*Editor's note:* The amendments shown below are to the text set out in the near final text of the SMR rules set out on Appendix 1 of FCA CP15/9].

Insert SYSC 4.6 and 4.8 as new sections. All the text is new and is not underlined.

#### 4.6 Senior management responsibilities maps for non-UK relevant authorised persons

##### Application

- 4.6.1 R This section applies to:
- (1) *EEA relevant authorised persons;*
  - (2) *third-country relevant authorised persons.*
- 4.6.2 G *EEA relevant authorised persons and third-country relevant authorised person* are referred to as *non-UK relevant authorised persons*.
- 4.6.3 G The *rules* in this section relate to the activities of a *non-UK relevant authorised person* in relation to its *branches* in the *United Kingdom*.
- 4.6.4 R This section is not limited to *regulated activities* or other specific types of activities.

##### Territorial application

- 4.6.5 G (1) There is no territorial limitation on the application of SYSC 4.6, save as set out in SYSC 4.6.3.
- (2) This section is not intended to extend the application of the *common platform requirements* to matters which are reserved by an *EU instrument* to the *firm's Home State regulator* in relation to *EEA relevant authorised persons*.
- (3) SYSC 4.6.14R deals with the application of this section to *management responsibilities maps* for *branches* maintained by *EEA relevant authorised persons*.

##### Purpose

- 4.6.6 G (1) This section sets out the rules about *management responsibilities maps* for *branches* maintained in the *United Kingdom* by *non-UK relevant authorised persons*.



- (2) This section also applies parts of the *rules* and *guidance* in SYSC 4.5, with modifications for *branches*.

#### Scope of the senior management regime for branches

- 4.6.7 G (1) The senior management regime applies to *relevant authorised persons*.
- (2) The senior management regime applies to *branches* maintained in the *United Kingdom* by *non-UK relevant authorised persons*, as well as to *UK relevant authorised persons*.
- (3) Some of the *rules* for *branches* are different from those for *firms*. This is because of the differences between *firms* and *branches* and the requirements of EU law.
- (4) The main senior management regime *rules* and *guidance* for *branches* are set out in:
- (a) SYSC 4.6 and SYSC 4.8;
  - (b) COCON;
  - (c) FIT; and
  - (d) SUP 10C.

#### General rules about the management responsibilities map

- 4.6.8 R A *firm* must, at all times, have a comprehensive and up-to-date document (the *management responsibilities map*) that describes the management and governance arrangements for any *branch* it maintains in the *United Kingdom*, including:
- (1) details of the reporting lines and the lines of responsibility; and
  - (2) reasonable details about:
    - (a) the *persons* who are part of those arrangements; and
    - (b) their responsibilities.
- (See further requirements in SYSC 4.6.16R)
- 4.6.9 R The *firm's management responsibilities map* for a *branch* must show clearly how any responsibilities covered by that *management responsibilities map* are shared or divided between different *persons*.
- 4.6.10 G (1) One purpose of the *management responsibilities map* is to help the *firm* and the *FCA* satisfy themselves that the *branch* has a clear organisational structure (as required by SYSC, where applicable).

- (2) It also helps the FCA to identify who it needs to speak to about particular issues and who is accountable if something goes wrong.

#### Details about preparing the management responsibilities map

- 4.6.11 G (1) The *management responsibilities map* should be consistent with the *statements of responsibilities* provided by the *firm* in relation to the *branch*.
- (2) The *statements of responsibilities* and the *management responsibilities map* should all be prepared in a way that makes it simple to see how the responsibilities allocated in a particular *statement of responsibilities* fit into the overall system of management and governance of the *branch*.
- 4.6.12 G The *management responsibilities map* should include functions that are included in a *PRA controlled function* under SUP 10C.9 (Minimising overlap with the PRA approved persons regime).
- 4.6.13 G The *management responsibilities map* should include functions that are excluded from the *overseas branch senior manager function* under SUP 10C.8.1R(3) (Exclusion for approved person with approval to perform any other *designated senior management function* in relation to the *branch*).

#### Management responsibilities maps for branches maintained by EEA relevant authorised persons

- 4.6.14 R (1) This provision is about the application of this section to the *management responsibilities maps* for a *United Kingdom branch* of an *EEA relevant authorised person*.
- (2) An *EEA relevant authorised person* is only required to include in its *management responsibilities map* for the *branch* such information as is necessary to identify the responsibilities (of the *branch's SMF managers*) listed in (3), below, and how those responsibilities fit into the *branch's* management and governance arrangements as a whole.
- (3) The *SMF managers' responsibilities* listed in this paragraph are:
- (a) those which are *FCA controlled functions*; and
  - (b) those in the *statement of responsibilities* provided in relation to the *SMF managers*.

#### Management responsibilities maps for small branches

- 4.6.15 G (1) The *management responsibilities map* for a small and non-complex *branch* is likely to be simple and short. It may be no more than a single sheet of paper.

- (2) For the purposes of (1), a *branch* is likely to be small and non-complex if it:
- (a) conducts a limited number of simple business lines; and
  - (b) does not rely on group governance arrangements or on governance arrangements for other parts of the firm.

Application of SYSC 4.5 to management responsibilities maps for branches

- 4.6.16 R The *rules and guidance* in SYSC 4.5 in column two of the in the table in SYSC 4.6.17R apply to a *management responsibilities map* for a *United Kingdom branch* of a *non-UK relevant authorised person*, subject to any modifications described in the table.
- 4.6.17 R Table: application of the *rules and guidance* in SYSC 4.5 to a *management responsibilities map* for a *branch* maintained in *the United Kingdom* by a *non-UK relevant authorised person*.

	<b>Application of rules and guidance in SYSC 4.5</b>	<b>Word or phrase in SYSC 4.5</b>	<b>Meaning in SYSC 4.6</b>
1	<i>SYSC 4.5.7R</i> (Specific requirements of the management responsibilities map)	<i>approved person</i>	<i>approved person</i> carrying out activities in relation to the <i>branch</i>
		<i>FCA prescribed senior management responsibilities</i>	<i>FCA prescribed senior management responsibilities</i> for <i>third-country relevant authorised persons</i>  (there are no <i>FCA prescribed senior management responsibilities</i> for <i>EEA relevant authorised persons</i> )
		the <i>firm's</i> activities, business areas and management functions	the <i>branch's</i> activities, business areas and management functions
		the <i>firm's</i> governing body	the <i>branch's</i> governing body or equivalent

		<i>the firm's management body</i>	<i>the branch's management body</i>
		<i>the firm's management and governance arrangements</i>	<i>the branch's management and governance arrangements</i>
		<i>functions allocated under SYSC 4.7.5R(3)</i>	<i>functions allocated under SYSC 4.8.6R(2)</i>
		<i>the firm's group</i>	<i>the firm's group including the rest of the firm</i>
		<i>senior management</i>	<i>the branch's senior management</i>
		<i>senior personnel</i>	<i>the branch's senior personnel</i>
2	<i>SYSC 4.5.12G (guidance on specific aspects of SYSC 4.5.7R)</i>	<i>the firm's SMF managers</i>	<i>the branch's SMF managers</i>
		<i>the firm's governing body</i>	<i>the branch's governing body or equivalent</i>
		<i>the firm's senior management</i>	<i>the branch's senior management</i>
		<i>the firm's senior personnel</i>	<i>the branch's senior personnel</i>
		<i>the firm's management responsibilities map</i>	<i>the branch's management responsibilities map</i>
3	<i>SYSC 4.5.14R to SYSC 4.5.15G (Management responsibilities map to be a single document)</i>	<i>the firm's management responsibilities map</i>	<i>the branch's management responsibilities map</i>
4	<i>SYSC 4.5.16G to SYSC 4.5.20G (The purpose of SYSC 4 Annex 1G) and SYSC 4 Annex 1G (The main business activities and functions of a</i>	<i>business activities and functions of the firm</i>	<i>business activities and functions of the branch</i>
		<i>the firm's management responsibilities map</i>	<i>the branch's management responsibilities map</i>
		<i>(non-) complex firm</i>	<i>(non-) complex branch</i>

	relevant authorised person)	<i>firm's governing body</i>	<i>governing body of the branch or equivalent</i>
5	SYSC 4.5.21G to SYSC 4.5.22G (Records)	<i>the firm's management and responsibilities map</i>	<i>the branch's management and responsibilities map.</i>

- 4.6.18 R SYSC 4.5.7R (as applied by SYSC 4.6.16R) does not require a *firm* to include the names of *approved persons* under SUP 10A.1.16R (*Appointed representatives*).

...

#### 4.8 Third-country relevant authorised persons: Allocation of responsibilities

##### Application

- 4.8.1 R This section applies to *third-country relevant authorised persons*.
- 4.8.2 G The *rules* and *guidance* in this section relate to the activities of a *third country relevant authorised person* in relation to its *branch* in the *United Kingdom*.
- 4.8.3 R There is no territorial limitation on the application of SYSC 4.8, save as set out in SYSC 4.8.2G.
- 4.8.4 R SYSC 4.8 is not limited to *regulated activities* or other specific types of activities.

##### Purpose of this section

- 4.8.5 G (1) The purpose of this section is to ensure that an *SMF manager* is responsible and accountable for every area of a *branch's* activities.
- (2) This section sets out *rules* about the allocation of responsibilities to *SMF managers* of a *United Kingdom branch* of a *third-country relevant authorised persons*.
- (3) This section also applies various parts of the *rules* and *guidance* in SYSC 4.7, with modifications for the purpose of such *branches*.

##### General rule about allocation of responsibilities

- 4.8.6 R (1) A *firm* must allocate each of the *FCA-prescribed senior management responsibilities* for *third-country relevant authorised persons* in the table in SYSC 4.8.8R to one or more *persons* who are *SMF managers* of the *branch*.

- (2) A *firm* must ensure that at all times the function of having local responsibility for each of the other activities, business areas and management functions of the *branch* is allocated to one or more of the *persons* below:
- (a) an *SMF manager*, other than a *person* who has been approved to perform the *overseas branch senior manager function*;
  - (b) an *SMF manager* (“P”) who meets one or more of the conditions below:
    - (i) P reports directly to the *person* performing the *Head of Overseas Branch function* or to the *branch’s governing body* or equivalent; or
    - (ii) P sits outside the management structure of the *branch* and does not report directly or indirectly to the *branch’s governing body* or equivalent.
- (3) (2) does not apply to:
- (a) the functions defined as [**to follow**] in the part of the *PRA* rulebook titled “Allocation of responsibilities”; or
  - (b) the *FCA-prescribed senior management responsibilities* for *third-country relevant authorised persons*.
- (4) A *firm* must make the allocations in (1) and (2) in such a way that it is clear who has which of those responsibilities.
- (5) The *FCA-prescribed senior management responsibilities* for *third-country relevant authorised persons* relate to the *third country relevant authorised person’s* activities in relation to its *branch* in the *United Kingdom*.
- (6) The *FCA-prescribed senior management responsibilities* for *third-country branches* are set out in the table in SYSC 4.8.8R.

- 4.8.7 G A *person* who is allocated the function of having responsibility for one or more of the activities, business areas and management functions of the *branch* under SYSC 4.8.6R(2) will:
- (1) be performing the *overseas branch senior manager function* (see SUP 10C.8.1R(2)(b)); and
  - (2) need to be approved as an *SMF manager* unless that *person* has approval to perform another *designated senior management function* in relation to the *branch*.
- 4.8.8 R Table: *FCA-prescribed senior management responsibilities* for *third-*

*country relevant authorised persons.*

<b>FCA-prescribed senior management responsibility in relation to the branch</b>	<b>Explanation</b>
(1) responsibility for the <i>firm's</i> performance of its obligations under the <i>senior management regime</i> , including implementation and oversight;	<p>The senior management regime means the requirements of the <i>regulatory system</i> applying to <i>relevant authorised persons</i> insofar as they relate to <i>SMF managers</i> performing <i>designated senior management functions</i>, including SUP 10C (FCA senior management regime for approved <i>persons</i> in relevant authorised <i>persons</i>).</p> <p>This responsibility includes:</p> <p>(1) compliance with conditions and time limits on approval;</p> <p>(2) compliance with the requirements about the <i>statements of responsibilities</i> (but not the allocation of responsibilities recorded in them); and</p> <p>(3) compliance by the <i>firm</i> with its obligations in relation to the <i>branch</i> under section 60A of the <i>Act</i> (Vetting of candidates by relevant authorised <i>persons</i>).</p>
(2) responsibility for the <i>firm's</i> performance of its obligations under the <i>certification rules</i> ;	<p>The certification regime means the requirements of sections 63E and 63F of the <i>Act</i> (Certification of employees) and all other requirements of the <i>regulatory system</i> about the matters dealt with in those sections, including SYSC 5.2 (Certification Regime).</p>
(3) responsibility for compliance with the <i>firm's</i> obligations in relation to its <i>management responsibilities map</i> ;	<p>This responsibility does not include allocating responsibilities recorded in it.</p>
(4) responsibility for management of the <i>firm's</i> risk management processes in the UK;	
(5) responsibility for the <i>firm's</i>	

<p>compliance with the <i>UK regulatory regime</i> applicable to the <i>firm</i>;</p>	
<p>(6) responsibility for the escalation of correspondence from the <i>PRA, FCA</i> and other <i>regulators</i> in respect of the <i>firm</i> to the <i>governing body</i> and or the <i>management body</i> of the <i>firm</i>, or ,where appropriate , of the <i>parent undertaking</i> or <i>holding company</i> of the <i>firm's group</i>;</p>	<p>This includes taking steps to ensure that the <i>senior management</i> of the <i>firm</i> and, where applicable, the <i>group</i>, are made aware of any views expressed by the <i>regulatory bodies</i> and any steps taken by them in relation to the <i>branch, firm</i> or <i>group</i>.</p>
<p>(7) responsibility for maintenance of the independence, integrity and effectiveness of the <i>firm's</i> policies and procedures on whistleblowing and for ensuring staff who raise concerns are protected from detrimental treatment;</p>	
<p>(8) Responsibility for the <i>firm's</i> policies and procedures for countering the risk that the <i>branch</i> might be used to further <i>financial crime</i>;</p>	<p>(A) This includes the function in SYSC 6.3.8R (<i>firm</i> must allocate to a <i>director</i> or <i>senior manager</i> overall responsibility within the <i>firm</i> for the establishment and maintenance of effective anti-money laundering systems and controls).</p> <p>(B) The <i>firm</i> may allocate this <i>FCA prescribed senior management responsibility</i> to the <i>MLRO</i> but does not have to.</p> <p>(C) If the <i>firm</i> does not allocate this <i>FCA prescribed senior management responsibility</i> to the <i>MLRO</i>, this <i>FCA-prescribed senior management responsibility</i> includes responsibility for supervision of the <i>MLRO</i>.</p>
<p>(9) Responsibility for the performance of the <i>branch's</i> policies and procedures for compliance with <i>CASS</i></p>	<p>(A) This responsibility does not apply to a <i>firm</i> to which <i>CASS</i> does not apply.</p> <p>(B) A <i>firm</i> may include in this <i>FCA-prescribed senior management responsibility</i> whichever of the following functions apply to it:</p> <p>(a) <i>CASS 1A.3.1R (CASS operational oversight</i></p>



	<p>for a <i>CASS small firm</i>);</p> <p>(b) <i>CASS 1A.3.1AR</i> (<i>CASS</i> operational oversight for a <i>CASS medium firm</i> or a <i>CASS large firm</i>);</p> <p>(c) <i>CASS 11.3.1R</i> (<i>CASS</i> operational oversight for certain <i>CASS small debt management firms</i>); or</p> <p>(d) <i>CASS 11.3.4R</i> (<i>CASS</i> operational oversight for a <i>CASS large debt management firm</i>);</p> <p>but it does not have to.</p> <p>(C) If the <i>firm</i> does not include the functions in (B) in this <i>FCA prescribed senior management responsibility</i>, this <i>FCA-prescribed senior management responsibility</i> includes responsibility for supervision of the person performing the functions in (B) that apply to the <i>firm</i>.</p>
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#### Meaning of local responsibility in relation to branches

- 4.8.9 R When *SYSC 4.8* refers to a *person* who has local responsibility for a function, it means a *person* who:
- (1) has responsibility for managing or supervising that function in relation to the *branch*; and
  - (2) (for a *person* in *SYSC 4.8.6R(2)(b)(i)*) has primary and direct responsibility for:
    - (a) briefing and reporting about that function:
      - (i) to the *person* performing the *Head of Overseas Branch function*; or
      - (ii) to the *branch's governing body* or equivalent; and
    - (b) putting matters for decision about that function to the *branch's governing body* or equivalent.
- 4.8.10 G Having local responsibility for a matter or function does not mean:
- (1) having ultimate authority over it; or

- (2) having day-to-day management control of it.
- 4.8.11 G (1) If a *firm* appoints someone to be head of a business unit, that *person* will not necessarily be performing a function under SYSC 4.8.6R(2).
- (2) For example, a *firm* appoints A to be head of sales. A is not on the *branch's governing body*. A reports to an executive director (B) and B reports to the *governing body* about the sales function. In this example B, rather than A, has local responsibility for sales under SYSC 4.8.6R(2)(b)(i).
- 4.8.12 G (1) A *person* who reports to another or is subject to oversight by another may still have local responsibility for a function.
- (2) For example, a head of compliance may report direct to the *branch's governing body* but be subject to performance appraisal by the *Head of Overseas Branch*. In this example, the head of compliance will still have local responsibility for compliance.
- (3) If a *person* (A):
- (a) reports directly to the *branch's governing body* about a particular matter; but
  - (b) is not a member of the *branch's governing body*; and
  - (c) reports to a member of the *branch's governing body* (B) about that matter;
- B may have local responsibility for that matter.
- (4) If:
- (a) a *person* (A) reports directly to the *branch's governing body* about a particular matter;
  - (b) A also reports to another *person* (B) about that matter;
  - (c) neither A nor B is a member of the *governing body*; and
  - (d) B also reports directly to the *branch's governing body* about that matter;
- B may still have local responsibility for that matter.
- (5) A member of the *branch's governing body* who reports to the *Head of Overseas Branch* may still have local responsibility for a function.

## Allocation of responsibility for transactions

- 4.8.13 G (1) When allocating responsibilities under this section, a *third-country relevant authorised person* should treat a transaction:
- (a) booked in its *branch* in the *United Kingdom* as a transaction of that *branch*, even if it is negotiated and arranged by another part of that *firm*;
  - (b) negotiated or arranged by its *branch* in the *United Kingdom* as a transaction of that *branch*, wherever it is booked.
- (2) The effect of (1) is that, when allocating responsibility to an *SMF manager* for transactions under SYSC 4.8.6R(2), a *firm* should include transactions where an element takes place in its *branch* in the *United Kingdom*.

## Who functions should be allocated to

- 4.8.14 G The *FCA* expects a *firm* to allocate all the functions in SYSC 4.8.6R(2) (allocation of local responsibility for each of the activities, business areas and management functions of the *branch*) to an individual and not to a legal *person*.
- 4.8.15 G The *FCA* would not consider it unusual if a *person* who has local responsibility for a particular function is allocated under SYSC 4.8.6R(2) was not a member of the *branch's governing body* or equivalent.
- 4.8.16 G (1) The *FCA* expects that anyone who has responsibility for a matter:
- (a) will be sufficiently senior and credible; and
  - (b) will have sufficient resources and authority;
- to be able to exercise their management and oversight responsibilities effectively.
- (2) In general, the *FCA* expects that a *person* to whom local responsibility for an area of a *branch* is allocated under SYSC 4.8.6R(2) will be the most senior employee or officer responsible for managing that area for the *branch*.
- (3) A *person* may satisfy the conditions in SYSC 4.8.6R(2)(b) even though that *person* also reports to a *person* outside the *branch*.
- 4.8.17 G SYSC 4.8.16G(2) and (3) also apply to someone who has responsibility for an FCA-prescribed senior management responsibility.

## Setting overall strategy for a branch

- 4.8.18 G (1) Generally, where one of the *firm's managers* (P) is:

- (a) not based in the *branch*; and
- (b) that *person's* responsibilities for the *branch* are limited to setting overall strategy for the *branch*;

the *FCA* would not expect the *firm* to allocate responsibility to P under SYSC 4.8.6R(2).

(2) However, where P:

- (a) is responsible for implementing the strategy for the *branch*; and
- (b) has not delegated that responsibility to an *SMF manager* in the *United Kingdom* under SYSC 4.8.6R(2)(a) or SYSC 4.8.6R(2)(b)(i);

it is likely that it will be necessary to allocate responsibility to P under SYSC 4.8.6R(2)(b)(ii).

#### Small and non-complex branches

- 4.8.19 G (1) This provision deals with a *firm* that allocates responsibility under SYSC 4.8.6R(2) within the *branch*.
- (2) It will be common for a small non-complex *branch* to divide local responsibility for its activities between members of its *branch governing body* or equivalent and not to assign responsibility for any activity to someone who is not a member.
- (3) However, when deciding how to divide up responsibility for its activities in relation to a *branch*, a *firm* should avoid assigning such a wide range of responsibilities to a *person* who is not able to carry out those responsibilities effectively.
- (4) Therefore, in a *branch* of a large or complex *firm*, the *FCA* will expect the local responsibility for some functions to be assigned to *persons* in the layer of management below the *branch's governing body* or equivalent (for persons who sit within the management structure of the *branch*).

#### Application of SYSC 4.7 to branches maintained by third-country relevant authorised persons

- 4.8.20 R The *rules and guidance* in SYSC 4.7.19G-25G apply, for the purposes of the allocation of responsibilities under this section, subject to the following modifications:
- (1) SYSC 4.7.5R means SYSC 4.8.6R;
  - (2) “overall responsibility” means “local responsibility”;

- (3) “the firm’s governing body means “the *firm’s governing body* and the *branch’s governing body* or equivalent” (except where the context indicates otherwise).

Link between the senior management regime and this section

- 4.8.21 G (1) A *firm* should allocate to its *SMF managers* responsibility for every area of its activities.
- (2) This is required by a mixture of:
- (a) SYSC 4.8.6R (allocation of responsibilities);
- (b) The *PRA’s* requirements about the allocation of [reference to *PRA’s* prescribed responsibilities to follow] to certain types of *SMF managers*.
- (3) The details of (2)(b) can be found in the part of the *PRA’s* rulebook titled [“Allocation of Responsibilities”].
- 4.8.22 G (1) Having responsibility for an activity, business area or management function of the *branch* under SYSC 4.8.6R(2) requires approval as an *SMF manager*, because a *person* who is allocated that responsibility will be performing either:
- (2) (a) a *designated senior management function* (other than the *overseas branch senior manager function*); or
- (b) the *overseas branch senior manager function*.
- (3) The *overseas branch senior manager function* applies because this is the effect of SUP 10C.8.1R(2)(b) (*overseas branch senior manager function*).
- 4.8.23 G SUP 10C.8.1R(3) says that the *overseas branch senior manager function* does not apply to a person who is approved to perform another *designated senior management function*.

Link between SYSC 4 Annex 1G and this section

- 4.8.24 G SYSC 4.7.28G to SYSC 4.7.29G provides guidance on the link between SYSC 4 Annex 1G and SYSC 4.7. That guidance is also relevant to this section.

Amend the following text as shown. New text is underlined>.

#### **4.9 Handover procedures and material**

...

- 4.9.1 R (1) This section applies to *UK relevant authorised persons* and to *third-country relevant authorised persons*.
- (2) For *third-country relevant authorised persons*, references in this section to an *SMF manager* are references to a *person* who is an *SMF manager* for the *firm's branch* in the *United Kingdom*.

...

[*Editor's note*: The amendments shown below are to the text proposed in CP14/13 *Strengthening accountability in banking: a new regulatory framework for individuals* (July 2014)].

## 5.2 Certification regime

...

- 5.2.16 R A function is an *FCA specified significant-harm function* only to the extent:
- (1) it is ~~either~~ performed by a *person* from an establishment maintained by a *relevant authorised person* (or by its *appointed representative*) in the *United Kingdom*; or
- (2) (for *UK relevant authorised persons* and *third-country relevant authorised persons*) the *person* performing that function is dealing with a *client* in the *United Kingdom* from an establishment overseas.

...

FCA specified significant-harm functions

- 5.2.20 R In accordance with section 63E(3) of the *Act*, the following are *FCA specified significant-harm functions*:

...

- (5) Functions requiring qualifications:
- ...
- (b) under this section, the functions specified in (a) apply to *persons* who:
- (i) are *employees of non-UK relevant authorised persons*; and
- (ii) are acting in their capacity as an *employee* of such

relevant authorised persons;

irrespective of whether the function in TC APP 1.1.1R applies to *incoming EEA firms* or *overseas firms* for the purposes of TC.

...

5.2.25A R For a *non-UK relevant authorised person's branch* in the *United Kingdom*, the significant management function is limited to the *firm's business units* which are operated by the *branch*.

...

### 5.3 References and accurate information

...

5.3.4 R (1) If a *firm* (A):

(a) is considering appointing a *person* (*P*) to perform any *FCA controlled function*;

...

B must, as soon as reasonably practicable, give to A all relevant information of which it is aware if the condition in paragraph (1A) is met.

(1A) The condition in this paragraph is that either:

- (a) B is a *UK relevant authorised person*; or
- (b) B is a *non-UK relevant authorised person* and, when P was employed by B, P was:
- (i) employed by B for the purposes of providing services in relation to the activities and affairs of a *branch* maintained by B in the *United Kingdom*; or
- (ii) subject to the direction and control of a *branch* maintained by B in the *United Kingdom*.

...

Insert a new SYSC 5.3.8AG after SYSC 5.3.8R

5.3.8A     G     Where an *EEA relevant authorised person* is required to obtain a reference under SYSC 5.3.8R, the reference only needs to cover the matters required by the *firm* for the purposes of undertaking an assessment under *FIT*.

...

Obligation on relevant authorised *person* to provide a reference

- 5.3.11     R     (1)     This *rule* applies when:
- (a)     a *relevant authorised person* (A) in connection with the appointment of a *person* (P) to a *designated senior management function* or a *specified significant-harm function* requests a reference from a current or previous *employer* (B) in respect of P; ~~and~~
  - (b)     B is a *relevant authorised person* ; and
  - (c)     either (d) or (e), below, is met.
  - (d)     B is a *UK relevant authorised person*; or
  - (e)     B is a *non-UK relevant authorised person* and, when P was employed by B, P was:
    - (i)     employed by B to provide services in relation to the activities and affairs of a *branch* maintained by B in the *United Kingdom*; or
    - (ii)    subject to the direction and control of a *branch* maintained by B in the *United Kingdom*.

...

...

[*Editor's Note*: the amendments shown below are to the text proposed in CP14/31: *Strengthening accountability in banking: forms, consequential and transitional aspects* (December 2014)]

Amend the following text as shown. New text is underlined.

## 6.2           **Internal audit**

...

6.2.2       G     ...



(3) For a UK relevant authorised person, the internal audit function is a *PRA controlled function* (SMF5).

...

**7.1 Risk control**

...

7.1.8 G ...

(4) For a UK relevant authorised person, the risk management function is a *PRA controlled function* (SMF4).

## Annex C

## Amendments to the Code of Conduct sourcebook (COCON)

[*Editor's note:* The amendments shown below are to the text proposed in CP14/13 *Strengthening accountability in banking: a new regulatory framework for individuals* (July 2014)].

In this Annex, underlining indicates new text and striking through indicates deleted text.

1 Application and purpose

1.1 Application

...

Where does it apply?

...

1.1.9 R ~~COCON~~ COCON only applies to the conduct of *persons* other than an *SMF manager* (or an *employee* who performs the function of an *SMF manager* as specified in ~~COCON~~ COCON 1.1.2R(1)(b)) if that conduct:

(a) is performed from an establishment maintained by that *person's* employer in the *United Kingdom*; or

(b) (for UK relevant authorised persons and third-country relevant authorised persons) involves dealing with a *client* in the *United Kingdom* from an establishment overseas.

...

1.1.11 ~~G~~ R A *person* will not be subject to ~~COCON~~ COCON to the extent that it would be contrary to the *UK's* obligations under a *Single Market Directive* or the *auction regulation*.

...

## 4.2 More specific guidance regarding senior manager conduct rules

...

4.2.2 G ...

4.2.2A G Strategy and plans for foreign branches in the United Kingdom will often be set by those parts of the firm which are based outside the United Kingdom.

- (1) If a *firm* proposes a significant strategy or change in strategy (“the proposal”) for a foreign *branch* in the *United Kingdom*, particularly to enter higher risk areas, the *SMF manager* responsible for the matters likely to be affected by the strategy should assess its impact on the *branch* in the *United Kingdom*.
- (2) The *SMF manager* should ensure that they, or another *SMF manager*, takes reasonable steps to influence the proposal if they consider it could have a significant impact on the *branch’s* business in the *United Kingdom*.
- ... (3) If the *firm* proposes to implement the proposal and the *SMF manager* considers that it is likely to be to the detriment of UK markets or customers, the *SMF manager* should promptly inform the *appropriate regulator*.

## Annex D

## Amendments to the Supervision manual (SUP)

In this Annex, underlining indicates new text and striking through indicates deleted text.

[*Editor's note:* The amendments shown below are to the text set out in the near final text of the SMR rules included in FCA CP15/9 at Appendix 1.

**10C FCA approved *persons* regime for relevant authorised *persons***

10C.1 Application

...

Overseas *firm*: UK services

10C.1.5 R An overseas firm will only be a third country relevant authorised person if it has a branch in the United Kingdom.

EEA relevant authorised persons: general application

10C.1.6 R This chapter does not apply to an EEA relevant authorised person if and insofar as the question of whether a person is fit and proper to perform a particular function in relation to that firm is reserved to an authority in a country or territory outside the United Kingdom under the legislation listed below:

(1) the Single Market Directives;

(2) the Treaty;

(3) the auction regulation.

10C.1.7 G SUP 10C.1.6 R reflects the provisions of section 59(8) of the Act and, where relevant, the Treaty.

(1) It preserves the principle of Home State prudential regulation.

(2) In relation to an EEA relevant authorised person, the effect is to reserve to the Home State regulator the assessment of fitness and propriety of a person performing a function in the exercise of an EEA right.

(3) Notwithstanding (1) and (2) an EEA relevant authorised person will have:

(a) had to consider the impact of the Host State rules with which it is required to comply when carrying on a passported activity or a Treaty activity through a branch in the United Kingdom;

- (b) been notified of those provisions under Part II of Schedule 3 to the Act in the course of satisfying the conditions for authorisation in the United Kingdom.
- (c) considered, for example, the position of a branch manager based in the United Kingdom who may also be performing a function in relation to the carrying on of a regulated activity not covered by the EEA right of the firm.

insofar as the function is within the description of an FCA controlled function, the firm will need to seek approval for that person to perform that FCA controlled function.

...

Amend the following provisions, as shown.

10C.4.3 R Table of FCA controlled functions for relevant authorised persons

...

<b>Part 2 <del>{to follow}</del> (EEA and Treaty relevant authorised persons)</b>		
<b>Type</b>	<b><del>CF</del> SMF</b>	<b>Description of FCA controlled function</b>
<u>FCA branch function</u>	<u>SMF21</u>	<u>EEA branch senior manager (EBSM)</u>
<u>FCA required function</u>	<u>SMF17</u>	<u>money laundering reporting function</u>

<b>Part 3 <del>{to follow}</del> (Third country relevant authorised persons)</b>		
<b>Type</b>	<b><del>CF</del> SMF</b>	<b>Description of FCA controlled function</b>
<u>FCA branch function</u>	<u>SMF20</u>	<u>overseas branch senior manager function (OBSM)</u>
<u>required functions</u>	<u>SMF16</u>	<u>compliance oversight function</u>
	<u>SMF17</u>	<u>money laundering reporting function</u>

Insert the following new chapter, SUP 10C.8, after SUP 10C.7. The text is not underlined.

- 10C.8 Overseas branch senior manager function (SMF20) and EEA branch senior manager functions (SMF21)
- Overseas branch senior manager function (SMF20)
- 10C.8.1 R (1) A person (P) performs the *overseas branch senior manager function* for a *branch* maintained in the *United Kingdom* by a *third-country relevant authorised person* if that *person*:
- (2) is:
- (a) acting in the capacity of a *director* of the *firm* (other than a *non-executive director*) in relation to the activities of the *branch*; or
- (b) performing an allocated function (defined in (4), below) in relation to activities of the *branch*; and
- (3) does not have an approval to perform any other *designated senior management function* in relation to the *branch*.
- (4) For (2)(b) above, an allocated function is a function which is allocated under SYSC 4.8.6R(2)(b) (allocation of local responsibility for each of the activities, business areas and management functions of the *branch*).
- 10C.8.2 G The table in SUP 10C.8.3G gives examples of how SUP 10C.8.1R(2) works.
- 10C.8.3 G Table: Examples of how the *overseas branch senior manager function* applies

Example	Comments
(1) A is allocated responsibility for one of a <i>branch's</i> main business lines. A is also appointed to perform the <i>PRA controlled function</i> for the same <i>branch</i> . B and C are appointed to perform the compliance oversight and money laundering reporting functions.	A only needs approval to perform the <i>PRA controlled function</i> .  B and C each need approval to perform the <i>compliance oversight and money laundering reporting functions</i> .
(2) A is based outside the <i>branch</i> and A's responsibilities for the <i>branch</i> are limited to setting overall strategy for the <i>branch</i> . A does not have responsibility for implementing that strategy.	A is not performing an <i>FCA controlled function</i> .
(3) A small branch undertakes two	A and B are both performing the

<p>business lines (wholesale lending and corporate investments). The heads (A and B) of both business lines sit on the branch management committee and neither performs any other <i>PRA</i> or <i>FCA controlled functions</i>. C and D are appointed to perform the <i>compliance oversight</i> and <i>money laundering reporting functions</i>.</p>	<p><i>overseas senior branch manager function</i>.</p> <p>C and D need approval to perform the <i>compliance oversight</i> and <i>money laundering reporting functions</i>.</p>
--	---

#### EEA branch senior manager function (SMF21)

- 10C.8.4 R (1) A *person* performs the EEA *branch* senior manager function in relation to the *branch* if that *person* has responsibility for one or more business units that carry on the activities listed in paragraph (2) from the *branch*.
- (2) The activities listed in this paragraph are:
- (a) *designated investment business* other than *dealing in investments as principal*, disregarding article 15 of the *Regulated Activities Order*;
  - (b) processing confirmations, payments, settlements, insurance claims, client money and similar matters, in so far as this relates to *designated investment business*; or
  - (c) the activity of *accepting deposits* from *banking customers* and activities substantially connected to that activity to the extent that it does not fall within (a) or (b), above.
- (3) In considering whether a *person* performs the functions above, only activities carried on from the *branch* are relevant.

...

[*Editor's note*: The amendments shown below are based on the current Handbook text].

#### 13A.6 Which rules will an incoming EEA firm be subject to?

...

- 13A.6.3 G (1) In particular, an *EEA firm* (other than an *EEA pure insurer*) or *Treaty firm* must comply with the *applicable provisions* in SUP 10A (Approved persons). An *EEA firm* or *Treaty firm* should also refer to SUP ~~10.1~~ 10A.1 (Application) which sets out the territorial provisions of the *approved persons* regime.

- (2) An EEA firm or Treaty firm which is an EEA relevant authorised person should also refer to SUP 10C (FCA senior management regime for approved persons in relevant authorised persons).

## 13A Annex 1G Application of the Handbook to Incoming EEA Firms

...		
<b>(1) Module of the Handbook</b>	<b>(2) Potential application to an incoming EEA firm with respect to activities carried on from an establishment of the firm (or its appointed representative) in the United Kingdom</b>	<b>(3) Potential application to an incoming EEA firm with respect to activities carried on other than from an establishment of the firm (or its appointed representative) in the United Kingdom</b>
...		
<i>COCON</i>	<i>COCON applies to employees of firms which are relevant authorised persons. See COCON 1.1 for detailed rules on the application of COCON.</i>	Does not apply.
<i>APER</i>	<i>APER applies to approved persons other than relevant authorised persons (APER 1.1A.1G). See below under SUP 10 as to whether controlled functions are performed, and approval therefore required.</i>	Not relevant because <i>SUP 10A</i> does not apply.
<i>FIT</i>	<i>FIT applies to a firm wishing to establish a branch in the United Kingdom or to apply for a top-up permission in respect of any application that it makes for the approval of a person to perform a controlled function (FIT 1.1). See under SUP 10A and SUP 10C below as to whether such approval is required.</i>  ...	Does not apply
<i>SUP</i>	...	



	<b>SUP 10A (Approved persons)</b> Applies, but the applicable <i>controlled functions</i> are limited. See SUP 10A.1 (Application) for more detailed <i>guidance</i> .	
	<b><u>SUP 10C (FCA senior management regime for approved persons in relevant authorised persons)</u></b>  <u>Applies to EEA incoming firms which are EEA relevant authorised persons, but the applicable controlled functions are limited. See SUP 10C.1 (Application) for more detailed guidance.</u>	
...		
<b>Notes to Annex 1</b>		
Note 1: The following modules or chapters are relevant to <i>firms</i> in both the <i>PRA Handbook</i> and the <i>FCA Handbook</i> : <i>PRIN, SYSC, COCON, APER, FIT, GEN, FEES, GENPRU, BIPRU, MIPRU, IPRU(INV), SUP 2 to 6, 8, 11, 13 to 16, 18 &amp; Appendix 2 and COMP.</i>		
...		

## 15 Application of SUP 15 to incoming EEA firms and incoming Treaty firms

### Annex 1R

...

Applicable sections		Application
...	...	...
<u>SUP 15.11</u>	<u>Notification of COCON breaches and disciplinary action</u>	<u>Applies in full</u>

[*Editor's Note: the amendments below are to the text proposed in CP14/31: Strengthening accountability in banking: forms, consequential and transitional aspects (December 2014)*]

Amend SUP TP 5 as shown. New text is underlined.

**TP 5 Financial Services (Banking Reform) Act 2013: Approved persons**

Grandfathering of approved *persons*: mapping of old functions onto new

- 5.2.1 R (1) Each pre-commencement controlled function in the first column of the table in SUP TP 5.2.2R is specified with respect to the *FCA designated senior management function* listed in column two of the same row of that table, in accordance with (2) to (4), below.
- (2) Part 1 of the table in SUP TP 5.2.2R applies to UK relevant authorised persons.
- (3) Part 2 of the table in SUP TP 5.2.2R applies to EEA relevant authorised persons.
- (4) Part 3 of the table in SUP TP 5.2.2R applies to third-country relevant authorised persons.
- 5.2.2 R Table: Old controlled functions mapped onto new FCA ones

<b><u>Part 1 (UK relevant authorised persons)</u></b>	
Current controlled function	New FCA senior management function
...	

<b><u>Part 2 (EEA relevant authorised persons)</u></b>	
<u>Current controlled function</u>	<u>New FCA senior management function</u>
<u>CF11 – Money laundering reporting</u>	<u>SMF17 – Money laundering reporting</u>
<u>CF29 – Significant management</u>	<u>SMF21 – EEA branch senior manager</u>

<b><u>Part 3 (third-country relevant authorised persons)</u></b>	
<u>Current controlled function</u>	<u>New FCA senior management function</u>
<u>CF1 – Director</u>	<u>SMF20 – Overseas branch senior manager</u>
<u>CF10 – Compliance oversight</u>	<u>SMF16 – Compliance oversight</u>

<u>CF11 – Money laundering reporting</u>	<u>SMF17 – Money laundering reporting</u>
<u>CF28 – Systems and controls</u>	<u>SMF20 – Overseas branch senior manager</u>
<u>CF29 – Significant management</u>	<u>SMF20 – Overseas branch senior manager</u>

## Annex E

### Amendments to the Perimeter Guidance Manual (PERG)

[*Editor's note:* The amendments shown below are based on the current Handbook text].

In this Annex, underlining indicates new text.

#### 13.7 The territorial application of MiFID

...

Q70. How are the high level standards, like the Principles, affected by MiFID?

	<b>Subject matter</b>	<b>References</b>	<b>Summary</b>
...			
4	Approved persons	<i>SUP</i> 10A.1, <u><i>SUP</i> 10C.1</u> , <i>APER</i> 1.1A.4G and <i>APER</i> 2.1A.2P	The territorial scope of some of the controlled functions under the approved persons regime and of the application of the Statements of Principle is modified as a result of MiFID.

# Appendix 3

## PRA and FCA forms



BANK OF ENGLAND  
PRUDENTIAL REGULATION  
AUTHORITY



Application number or IRN  
(for FCA/PRA use only)

# Senior Management Regime: Statement of Responsibilities (non-UK Relevant Authorised Persons only)

A statement provided under section 60(2A) of the *Act* (Applications for approval), including a statement revised under section 62A of the *Act* (Changes in responsibilities of senior managers).

For candidates for approval, this form **must** be submitted as an attachment to a Form A: application or a Form E application

For significant changes to an existing *statement of responsibilities*, this form **must** be submitted as an attachment to a Significant Change of Statement of Responsibilities Form.

*FCA Handbook* Reference: SUP 10C.10, SYSC 4.6, SYSC 4.8

*PRA Rulebook* Reference: Senior Managers Regime - Applications and Notifications  
[Date TBC]

Name of *individual*<sup>†</sup>  
(to be completed by *firm*)

Name of *firm*<sup>†</sup>  
(as entered in 2.01)

---

Financial Conduct Authority  
25 The North Colonnade  
Canary Wharf  
London E14 5HS  
United Kingdom  
Telephone +44 (0) 845 606 9966  
Facsimile +44 (0) 207 066 0017  
E-mail [iva@fca.org.uk](mailto:iva@fca.org.uk)  
Website <http://www.fca.org.uk>

Prudential Regulation Authority  
20 Moorgate  
London  
EC2R 6DA  
United Kingdom  
Telephone +44 (0) 203 461 7000  
Email [PRA.firmenquiries@bankofengland.co.uk](mailto:PRA.firmenquiries@bankofengland.co.uk)  
Website [www.bankofengland.co.uk/PRA](http://www.bankofengland.co.uk/PRA)

## Personal identifications details

## Section 1

1.01 Individual Reference Number (IRN) †

1.02 Title  
(e.g. Mr, Mrs, Ms, etc) †

1.03 Surname †

1.04 ALL forenames †

1.05 Date of birth †

1.06 National Insurance number †

## Firm identification details

## Section 2

2.01 Name of *firm*

2.02 *Firm* Reference Number (FRN)

2.03 a Who should the *FCA/PRA* contact at the *firm* in relation to this *statement of responsibilities*?

b Position

c Telephone

d Fax

e E-mail



I have supplied further information related to this page in Section 4

YES  NO



A *statement of responsibilities* should be drafted to clearly show the responsibilities that the *candidate* or senior manager is to perform as part of their *controlled function* and how they fit in with the *firm's* overall governance and management arrangements. A *statement of responsibilities* should also be consistent with the *firm's management responsibilities map*. (SUP 10C.10.7G)

A *statement of responsibilities* should be drafted in such a way as to be practical and useable by regulators. The *FCA* and the *PRA* consider that this would be achieved by succinct, clear statements for each responsibility which would not usually exceed a word limit of 300.

A *statement of responsibilities* must be a self-contained document. There should be one statement per senior manager per firm. Where an individual performs a senior manager function on behalf of more than one firm within a group, one *statement of responsibilities* is required for each firm. In addition, a statement of responsibilities must not cross refer to or include other documents, attachments or links.

A *statement of responsibilities* should include functions that are included in a *PRA controlled function* under SUP 10C.9 (Minimising overlap with the *PRA* approved persons regime). (10C.10.10 G)

If the appropriate regulator considers that the *statement of responsibilities* is not sufficiently clear to be practical and usable, it could be challenged as part of a candidate's application for approval, or in ongoing supervision.

Details of the individual's responsibilities should be set out in sections 3.2 to 3.4, as appropriate:

- Section 3.2 covers those responsibilities required by regulators to be allocated to one or more senior managers.
- Section 3.3 covers having overall responsibility for each of the business areas, activities, management functions and risks of the firm.
- Section 3.4 covers anything else, not otherwise included, for which a candidate or senior manager is to be responsible as part of their *FCA* and/or *PRA* senior management function(s) role.

### **3.1 Effective date and relevant Senior Manager Functions**

3.1.1 Please state the effective date of this *statement of responsibilities*: / /

Please note that where this is a revised *statement of responsibilities*, e.g. it requires an update as a result of a change in allocation of responsibilities within the firm, or the senior manager is applying for a new or additional senior manager function, then this *statement of responsibilities* supersedes any previous versions.

3.1.2 List all *senior management functions* which the *approved person* is to perform and the effective date the *person* commenced or will commence the performance of the functions. Please include those *FCA* functions that are included in a *PRA controlled function* under SUP 10C.9 (Minimising overlap with the *PRA* approved persons regime).

<b>SMF</b>	<b>Description</b>	<b>Tick SMF applied for or held</b>	<b>Tick FCA SMF where included in a PRA SMF (as a result of SUP 10C.8)</b>	<b>Effective Date</b>
SMF2	Chief Finance function*			
SMF4	Chief Risk function*			
SMF5	Head of Internal Audit*			
SMF7	Group Entity Senior Manager			
SMF16	Compliance Oversight*			
SMF17	Money Laundering Reporting*			
SMF19	Head of Overseas Branch			
SMF20	Overseas Branch Senior Manager			
SMF21	EEA Branch Senior Manager			

Please note that for those roles asterisked above, this *statement of responsibilities* is considered to automatically include the existing legal and regulatory obligations for these roles. For example, certain specific responsibilities of a director are set out in company law. Such responsibilities do not need to be recorded in this statement, but any additional responsibilities should be recorded in the sections below.

### 3.2 PRA Prescribed Responsibilities & FCA Senior Management Responsibility

This section applies to third country relevant authorised persons only.

This section deals with those responsibilities required by PRA and FCA rules to be allocated to one or more senior manager.

The allocation of responsibilities under a *statement of responsibilities* should not reduce or alter the scope of any applicable prescribed requirements.

If the responsibilities that the *candidate* or *senior manager* is to carry out as described in the *statement of responsibilities* go beyond those set out in this section, those additional responsibilities should not reduce or alter the scope of the prescribed requirements set out in this section.

(FCA SYSC 4.8.8R/PRA: Allocation of Responsibilities)

3.2.1 Please indicate below which of the responsibilities listed are/will be allocated to this individual. Where responsibilities are shared (for example, a responsibility may be shared as part of a job share or where departing and incoming senior managers work together temporarily as part of a handover), please provide details.

Ref	Prescribed Responsibilities	Tick if applicable
1	Responsibility for the branch's performance of its obligations under the senior management regime, including implementation and oversight	
	Is this responsibility shared with another senior manager? If 'yes' please provide further details in section 4:	
2	Responsibility for the branch's performance of its obligations under the Certification Rules	
	Is this responsibility shared with another senior manager? If 'yes' please provide further details in section 4:	
3	Responsibility for compliance with the branch's obligations in relation to its management responsibilities map	
	Is this responsibility shared with another senior manager? If 'yes' please provide further details in section 4:	
4	Management of the UK branch's risk management processes in the UK	
	Is this responsibility shared with another senior manager? If 'yes' please provide further details in section 4:	

5	Responsibility for the branch's compliance with the UK regulatory regime applicable to the branch	
	Is this responsibility shared with another senior manager? If 'yes' please provide further details in section 4:	
6	Responsibility for the escalation of correspondence from the PRA, FCA and other regulators in respect of the branch to the governing body and/or the management body of the firm or, where appropriate, of the parent undertaking or holding company of the firm's group	
	Is this responsibility shared with another senior manager? If 'yes', please provide further details in section 4:	
7	Responsibility for the maintenance of the integrity, independence and effectiveness of the branch's policies and procedures on whistleblowing and ensuring staff who raise concerns are protected from detriment	
	Is this responsibility shared with another senior manager? If 'yes', please provide further details in section 4:	
8	Responsibility for management of the branch's systems and controls in the UK	
	Is this responsibility shared with another senior manager? If 'yes', please provide further details in section 4:	
9	Responsibility for the allocation of all UK branch prescribed responsibilities	
	Is this responsibility shared with another senior manager? If 'yes' please provide further details in section 4:	
10	Responsibility for the management of the branch's liquidity or, where a liquidity waiver is in place, the submission of information to the PRA on the firm's liquidity position.	
	Is this responsibility shared with another senior manager? If 'yes' please provide further details in section 4:	
11	Responsibility for the production and integrity of the branch's financial information and its regulatory reporting in respect of its regulated activities, including the annual attestation to the PRA of the branch's compliance with its obligations under SYSC	
	Is this responsibility shared with another senior manager? If 'yes' please provide further details in section 4:	
12	Responsibility for the branch's policies and procedures for countering the risk that the branch might be used to further financial crime	
	Is this responsibility shared with another senior manager? If 'yes' please provide further details in section 4:	

13	Responsibility for the branch's policies and procedures for compliance with CASS	
	Is this responsibility shared with another senior manager? If 'yes' please provide further details in section 4:	



I have supplied further information  
related to this page in Section 4

YES

NO

### 3.3 FCA Local Responsibility for activities, business areas or management functions

This section applies to third country relevant authorised persons only.

This section deals with having local responsibility for each of the business areas, activities and management functions of the firm.

By local responsibility we mean the person who has responsibility for managing or supervising that function in relation to the branch, and, for a person who sits within the management or organisational structure of the branch, the person who has primary and direct responsibility for briefing and reporting about that function to the Head of Overseas Branch function or to the branch's governing body or equivalent and putting matters for decision about that function to the branch's governing body or equivalent.

(SYSC 4.8.6R/PRA: Allocation of Responsibilities)

3.3.1 If the individual has local responsibility for any or part of the activities, business areas or management functions of a branch, please indicate which and provide details in the table below.

Where responsibilities are shared (for example, a responsibility may be shared as part of a job share or where departing and incoming senior managers work together temporarily as part of a handover), please provide details.

Where responsibilities are divided (for example, retail sales may be divided between several people on the basis of product lines), please provide details.

If the individual does not have local responsibility for an activity, business area or management function of the branch, please go to section 4.

The FCA considers that most or all of these functions 1 to 27 in the table below will normally apply to a complex branch. Many of them may not be applicable in every branch.

Please note that the FCA does not require firms to organise themselves by these functions.

Ref	Business activities and functions	Select
1	Local responsibility for payment services	
	Is this responsibility shared with another senior manager? If 'yes' please provide further details in section 4:	
	Is this responsibility divided with another senior manager i.e. are you responsible for part of this function rather than all of it? If 'yes' please provide further details in section 4:	
	Please provide a description of your responsibilities under this function:	
2	Local responsibility for settlement	
	Is this responsibility shared with another senior manager?	

	If 'yes' please provide further details in section 4:	
	Is this responsibility divided with another senior manager i.e. are you responsible for part of this function rather than all of it? If 'yes' please provide further details in section 4:	
	Please provide a description of your responsibilities under this function:	
3	Local responsibility for investment management	
	Is this responsibility shared with another senior manager? If 'yes' please provide further details in section 4:	
	Is this responsibility divided with another senior manager i.e. are you responsible for part of this function rather than all of it? If 'yes' please provide further details in section 4:	
	Please provide a description of your responsibilities under this function:	
4	Local responsibility for financial or investment advice	
	Is this responsibility shared with another senior manager? If 'yes' please provide further details in section 4:	
	Is this responsibility divided with another senior manager i.e. are you responsible for part of this function rather than all of it? If 'yes' please provide further details in section 4:	
	Please provide a description of your responsibilities under this function:	
5	Local responsibility for mortgage advice	
	Is this responsibility shared with another senior manager? If 'yes' please provide further details in section 4:	
	Is this responsibility divided with another senior manager i.e. are you responsible for part of this function rather than all of it? If 'yes' please provide further details in section 4:	

	Please provide a description of your responsibilities under this function:	
6	Local responsibility for corporate investments	
	Is this responsibility shared with another senior manager? If 'yes' please provide further details in section 4:	
	Is this responsibility divided with another senior manager i.e. are you responsible for part of this function rather than all of it? If 'yes' please provide further details in section 4:	
	Please provide a description of your responsibilities under this function:	
7	Local responsibility for wholesale sales	
	Is this responsibility shared with another senior manager? If 'yes' please provide further details in section 4:	
	Is this responsibility divided with another senior manager i.e. are you responsible for part of this function rather than all of it? If 'yes' please provide further details in section 4:	
	Please provide a description of your responsibilities under this function:	
8	Local responsibility for retail sales	
	Is this responsibility shared with another senior manager? If 'yes' please provide further details in section 4:	
	Is this responsibility divided with another senior manager i.e. are you responsible for part of this function rather than all of it? If 'yes' please provide further details in section 4:	
	Please provide a description of your responsibilities under this function:	
9	Local responsibility for trading for clients	



	<p>Is this responsibility shared with another senior manager? If 'yes' please provide further details in section 4:</p>	
	<p>Is this responsibility divided with another senior manager i.e. are you responsible for part of this function rather than all of it? If 'yes' please provide further details in section 4:</p>	
	<p>Please provide a description of your responsibilities under this function:</p>	
10	<p>Local responsibility for market making</p>	
	<p>Is this responsibility shared with another senior manager? If 'yes' please provide further details in section 4:</p>	
	<p>Is this responsibility divided with another senior manager i.e. are you responsible for part of this function rather than all of it? If 'yes' please provide further details in section 4:</p>	
	<p>Please provide a description of your responsibilities under this function:</p>	
11	<p>Local responsibility for investment research</p>	
	<p>Is this responsibility shared with another senior manager? If 'yes' please provide further details in section 4:</p>	
	<p>Is this responsibility divided with another senior manager i.e. are you responsible for part of this function rather than all of it? If 'yes' please provide further details in section 4:</p>	
	<p>Please provide a description of your responsibilities under this function:</p>	
12	<p>Local responsibility for origination/syndication and underwriting</p>	
	<p>Is this responsibility shared with another senior manager? If 'yes' please provide further details in section 4:</p>	
	<p>Is this responsibility divided with another senior manager i.e. are you responsible for part of this function rather than all of it?</p>	

	If 'yes' please provide further details in section 4:	
	Please provide a description of your responsibilities under this function:	
13	Local responsibility for retail lending decisions	
	Is this responsibility shared with another senior manager? If 'yes' please provide further details in section 4:	
	Is this responsibility divided with another senior manager i.e. are you responsible for part of this function rather than all of it? If 'yes' please provide further details in section 4:	
	Please provide a description of your responsibilities under this function:	
14	Local responsibility for wholesale lending decisions	
	Is this responsibility shared with another senior manager? If 'yes' please provide further details in section 4:	
	Is this responsibility divided with another senior manager i.e. are you responsible for part of this function rather than all of it? If 'yes' please provide further details in section 4:	
	Please provide a description of your responsibilities under this function:	
15	Local responsibility for design and manufacture of products intended for wholesale customers	
	Is this responsibility shared with another senior manager? If 'yes' please provide further details in section 4:	
	Is this responsibility divided with another senior manager i.e. are you responsible for part of this function rather than all of it? If 'yes' please provide further details in section 4:	
	Please provide a description of your responsibilities under this function:	

16	Local responsibility for design and manufacture of produces intended for retail customers	
	Is this responsibility shared with another senior manager? If 'yes' please provide further details in section 4:	
	Is this responsibility divided with another senior manager i.e. are you responsible for part of this function rather than all of it? If 'yes' please provide further details in section 4:	
	Please provide a description of your responsibilities under this function:	
17	Local responsibility for production and distribution of marketing materials and communications	
	Is this responsibility shared with another senior manager? If 'yes' please provide further details in section 4:	
	Is this responsibility divided with another senior manager i.e. are you responsible for part of this function rather than all of it? If 'yes' please provide further details in section 4:	
	Please provide a description of your responsibilities under this function:	
18	Local responsibility for customer service	
	Is this responsibility shared with another senior manager? If 'yes' please provide further details in section 4:	
	Is this responsibility divided with another senior manager i.e. are you responsible for part of this function rather than all of it? If 'yes' please provide further details in section 4:	
	Please provide a description of your responsibilities under this function:	
19	Local responsibility for customer complaints handling	
	Is this responsibility shared with another senior manager? If 'yes' please provide further details in section 4:	

	<p>Is this responsibility divided with another senior manager i.e. are you responsible for part of this function rather than all of it? If 'yes' please provide further details in section 4:</p>	
	<p>Please provide a description of your responsibilities under this function:</p>	
20	<p>Local responsibility for collection and recovering amounts owed to a firm by its customers/dealing with customers in arrears</p>	
	<p>Is this responsibility shared with another senior manager? If 'yes' please provide further details in section 4:</p>	
	<p>Is this responsibility divided with another senior manager i.e. are you responsible for part of this function rather than all of it? If 'yes' please provide further details in section 4:</p>	
	<p>Please provide a description of your responsibilities under this function:</p>	
21	<p>Local responsibility for middle office</p>	
	<p>Is this responsibility shared with another senior manager? If 'yes' please provide further details in section 4:</p>	
	<p>Is this responsibility divided with another senior manager i.e. are you responsible for part of this function rather than all of it? If 'yes' please provide further details in section 4:</p>	
	<p>Please provide a description of your responsibilities under this function:</p>	
22	<p>Local responsibility for the firm's information technology</p>	
	<p>Is this responsibility shared with another senior manager? If 'yes' please provide further details in section 4:</p>	
	<p>Is this responsibility divided with another senior manager i.e. are you responsible for part of this function rather than all of it? If 'yes' please provide further details:</p>	

	Please provide a description of your responsibilities under this function:	
23	Local responsibility for business continuity planning	
	Is this responsibility shared with another senior manager? If 'yes' please provide further details in section 4:	
	Is this responsibility divided with another senior manager i.e. are you responsible for part of this function rather than all of it? If 'yes' please provide further details in section 4:	
	Please provide a description of your responsibilities under this function:	
24	Local responsibility for human resources	
	Is this responsibility shared with another senior manager? If 'yes' please provide further details in section 4:	
	Is this responsibility divided with another senior manager i.e. are you responsible for part of this function rather than all of it? If 'yes' please provide further details in section 4:	
	Please provide a description of your responsibilities under this function:	
25	Local responsibility for incentive schemes for the firm's staff).	
	Is this responsibility shared with another senior manager? If 'yes' please provide further details in section 4:	
	Is this responsibility divided with another senior manager i.e. are you responsible for part of this function rather than all of it? If 'yes' please provide further details in section 4:	
	Please provide a description of your responsibilities under this function:	

26	Local responsibility for providing information in relation to a specified benchmark	
	Is this responsibility shared with another senior manager? If 'yes' please provide further details in section 4:	
	Is this responsibility divided with another senior manager i.e. are you responsible for part of this function rather than all of it? If 'yes' please provide further details in section 4:	
	Please provide a description of your responsibilities under this function:	
27	Local responsibility for administering a specified benchmark	
	Is this responsibility shared with another senior manager? If 'yes' please provide further details in section 4:	
	Is this responsibility divided with another senior manager i.e. are you responsible for part of this function rather than all of it? If 'yes' please provide further details in section 4:	
	Please provide a description of your responsibilities under this function:	
28	Local responsibility for any other activities, business areas or management functions of the firm, in addition to those set out above.	
	Is this responsibility shared with another senior manager? If 'yes' please provide further details in section 4:	
	Is this responsibility divided with another senior manager i.e. are you responsible for part of this function rather than all of it? If 'yes' please provide further details in section 4: Please provide a description of your responsibilities under this function:	



I have supplied further information related to this page in Section 4

YES

NO

### 3.4 Other Responsibilities

3.4.1 This section applies to all non-UK relevant authorised persons. Please set out below anything else, not otherwise included in this statement, for which a candidate or senior manager is to be responsible as part of their *FCA* and/or *PRA* controlled function(s) role.

	Is this responsibility shared with another senior manager? If 'yes' please provide further details in section 4:	
	Is this responsibility divided with another senior manager i.e. are you responsible for part of this responsibility rather than all of it? If 'yes' please provide further details in section 4:	
	Please provide a description of your responsibilities:	

→ I have supplied further information related to this page in Section 4 YES  NO

4.1 This section applies to all UK establishments of overseas firms. Is there any other information the *individual* or the *firm* considers to be relevant?

YES NO 

If yes, please provide details below or on a separate sheet of paper and clearly identify the section and question to which the additional information relates.

Question	Information

4.2 How many additional sheets are being submitted?





BANK OF ENGLAND  
PRUDENTIAL REGULATION  
AUTHORITY



Application number  
(for FCA/PRA use only)

The FCA and PRA have produced notes which will assist both the applicant and the *candidate* in answering the questions in this form. Please read these notes, which are available on both FCA and PRA websites at:  
[http://media.fshandbook.info/Forms/notes/imap\\_forma\\_notes.doc](http://media.fshandbook.info/Forms/notes/imap_forma_notes.doc)  
<http://www.bankofengland.co.uk/PRA>

Both the applicant and the *candidate* will be treated by the FCA and PRA as having taken these notes into consideration when completing this form.

## Long Form A – UK Firms (UK Relevant Authorised Persons and third country Relevant Authorised Persons only)

### Application to perform senior management functions

FCA Handbook Reference: SUP 10C Annex 4D

PRA Rulebook Reference: Senior Managers Regime - Applications and Notifications

[DATE TBC]

Name of *candidate*<sup>†</sup>  
(to be completed by applicant firm)

Name of *firm*<sup>†</sup>  
(as entered in 2.01)

*Firm* reference number<sup>†</sup>  
(as entered in 2.02)

Financial Conduct Authority  
25 The North Colonnade  
Canary Wharf  
London E14 5HS  
United Kingdom

Telephone +44 (0) 845 606 9966

Facsimile +44 (0) 207 066 0017

E-mail [iva@fca.org.uk](mailto:iva@fca.org.uk)

Website <http://www.fca.org.uk>

Registered as a Limited Company in England and Wales No 1920623. Registered Office as above

Prudential Regulation Authority

20 Moorgate

London

EC2R 6DA

United Kingdom

Telephone +44 (0) 203 461 7000

E-mail [PRA.firmenquiries@bankofengland.co.uk](mailto:PRA.firmenquiries@bankofengland.co.uk)

Website [www.bankofengland.co.uk/PRA](http://www.bankofengland.co.uk/PRA)

Registered as a Limited Company in England and Wales No 07854923. Registered Office: 8 Lothbury Road, London, EC2R 7HH

<sup>†</sup> The above question(s) should be completed whether submission of this form is online or in one of the other ways set out in SUP 15.7 or in 'Senior Managers Regime - Applications and Notifications' in the PRA Rulebook  
Long Form A – UK firms (Relevant Authorised Persons only) and third country Relevant Authorised Persons  
Application to perform senior management functions

## Personal identification details

**1.01 a** *Candidate* Individual Reference Number (IRN) †

**b** OR name of previous regulatory body †

**c** AND previous reference number (if applicable) †

**1.02** Title (e.g. Mr, Mrs, Ms, etc) †

**1.03** Surname †

**1.04** ALL forenames †

**1.05** Name commonly known by †

**1.06** Date of birth (dd/mm/yyyy) †

**1.07** National Insurance number †

**1.08** Previous name †

**1.09** Date of name change †

**1.10 a** Nationality †

**b** Passport number (if National Insurance number not available) †

**1.11** Place of birth †



I have supplied further information related to this page in Section 6 †

YES

NO

† The above question(s) should be completed whether submission of this form is online or in one of the other ways set out in SUP 15.7 or in 'Senior Managers Regime - Applications and Notifications' in the PRA Rulebook  
Long Form A – UK firms (Relevant Authorised Persons only) and third country Relevant Authorised Persons  
Application to perform senior management functions

1.12 a Private address<sup>†</sup>

[Redacted address]

b Postcode<sup>†</sup>

c Dates resident at this address (mm/yyyy)<sup>†</sup> From / To PRESENT

(If address has changed in the last three years, please provide addresses for the previous three years.)

1.13 a Previous address 1<sup>†</sup>

[Redacted address]

b Postcode<sup>†</sup>

c Dates resident at this address (mm/yyyy)<sup>†</sup> From / To /

1.14 a Previous address 2<sup>†</sup>

[Redacted address]

<sup>1</sup> b Postcode<sup>†</sup>

c Dates resident at this address (mm/yyyy)<sup>†</sup> From / To /



I have supplied further information related to this page in Section 6<sup>†</sup>

YES

NO

<sup>†</sup> The above question(s) should be completed whether submission of this form is online or in one of the other ways set out in SUP 15.7 or in 'Senior Managers Regime - Applications and Notifications' in the PRA Rulebook  
Long Form A – UK firms (Relevant Authorised Persons only) and third country Relevant Authorised Persons  
Application to perform senior management functions

2.01	Name of <i>firm</i> making the application	
2.02	Firm Reference Number (FRN)	
2.03 a	Who should the <i>FCA/PRA</i> contact at the <i>firm</i> in relation to this application?	
b	Position	
c	Telephone	
d	Fax	
e	E-mail	



I have supplied further information related to this page in Section 6<sup>†</sup>

YES

NO

<sup>†</sup> The above question(s) should be completed whether submission of this form is online or in one of the other ways set out in SUP 15.7 or in 'Senior Managers Regime - Applications and Notifications' in the *PRA* Rulebook  
 Long Form A – UK firms (Relevant Authorised Persons only) and third country Relevant Authorised Persons  
 Application to perform senior management functions

**3.01** Nature of the arrangement between the candidate and the applicant.

<i>a</i>	<i>Employee</i>	<input type="checkbox"/>
<hr/>		
<i>b</i>	<i>Group employee</i>	<input type="checkbox"/>
	Name of <i>group</i>	
<hr/>		
<i>c</i>	Contract for services	<input type="checkbox"/>
<hr/>		
<i>d</i>	<i>Partner</i>	<input type="checkbox"/>
<hr/>		
<i>e</i>	Other	<input type="checkbox"/>
	Give details	
<hr/>		

† The above question(s) should be completed whether submission of this form is online or in one of the other ways set out in SUP 15.7 or in 'Senior Managers Regime - Applications and Notifications' in the PRA Rulebook  
 Long Form A – UK firms (Relevant Authorised Persons only) and third country Relevant Authorised Persons  
 Application to perform senior management functions

**3.02** For applications from a single *firm*, please tick the boxes that correspond to the *senior management functions* to be performed. If the *senior management functions* are to be performed for more than one *firm*, please go to question **3.04**

Function	Description of a Senior Manager function	Tick (if applicable)	Effective Date
SMF 1	Chief Executive function		
SMF 2	Chief Finance function		
SMF 3	Executive Director		
SMF 4	Chief Risk function		
SMF 5	Head of Internal Audit		
SMF 6	Head of Key Business Area		
SMF 7	Group Entity Senior Manager		
SMF 8	Credit Union SMF (small Credit Unions only)		
SMF 9	Chairman		
SMF10	Chair of the Risk Committee		
SMF11	Chair of the Audit Committee		
SMF12	Chair of the Remuneration Committee		
SMF13	Chair of the Nominations Committee		
SMF14	Senior Independent Director		
SMF16	Compliance Oversight		
SMF17	Money Laundering Reporting		
SMF18	Significant Responsibility SMF		
SMF19	Head of Overseas Branch		
SMF20	Overseas Branch Senior Manager		

3.03 Job title

**Insurance mediation**

Will the *candidate* be responsible for Insurance mediation at the firm?

YES  NO

((Note: Yes can only be selected if the individual is applying for a governing function (other than a non-executive director function) (MiPRU 2.2.2))



I have supplied further information related to this page in Section 6<sup>†</sup>

YES  NO

<sup>†</sup> The above question(s) should be completed whether submission of this form is online or in one of the other ways set out in SUP 15.7 or in 'Senior Managers Regime - Applications and Notifications' in the PRA Rulebook Long Form A – UK firms (Relevant Authorised Persons only) and third country Relevant Authorised Persons Application to perform senior management functions

**3.04 Complete this section only if the application is on behalf of more than one firm.**

List all *firms* within the *group* (including the *firm* entered in 2.01) for which the *candidate* requires approval and the requested *senior management function* for that *firm*.<sup>†</sup>

	<b>Firm Reference Number</b>	<b>Name of firm</b>	<b>Senior Management function</b>	<b>Job title</b>	<b>Effective date</b>
<b>a</b>					//
<b>b</b>					//
<b>c</b>					//
<b>d</b>					//
<b>e</b>					//



I have supplied further information related to this page in Section 6

YES

NO

<sup>†</sup> The above question(s) should be completed whether submission of this form is online or in one of the other ways set out in SUP 15.7 or in 'Senior Managers Regime - Applications and Notifications' in the PRA Rulebook  
 Long Form A – UK firms (Relevant Authorised Persons only) and third country Relevant Authorised Persons  
 Application to perform senior management functions

N.B.: ALL gaps must be accounted for

**4.01 Employment details (1) †**

<b>a</b>	Period (mm/yyyy)	From		/		To																			
<b>b</b>	Nature of employment	<table border="0" style="width: 100%;"> <tr> <td style="width: 5%;"><i>a</i></td> <td style="width: 80%;">Employed</td> <td style="width: 15%; text-align: center;"><input type="checkbox"/></td> </tr> <tr> <td><i>b</i></td> <td>Self-employed</td> <td style="text-align: center;"><input type="checkbox"/></td> </tr> <tr> <td><i>c</i></td> <td>Not employed</td> <td style="text-align: center;"><input type="checkbox"/></td> </tr> <tr> <td><i>d</i></td> <td>Full-time education</td> <td style="text-align: center;"><input type="checkbox"/></td> </tr> </table>						<i>a</i>	Employed	<input type="checkbox"/>	<i>b</i>	Self-employed	<input type="checkbox"/>	<i>c</i>	Not employed	<input type="checkbox"/>	<i>d</i>	Full-time education	<input type="checkbox"/>						
<i>a</i>	Employed	<input type="checkbox"/>																							
<i>b</i>	Self-employed	<input type="checkbox"/>																							
<i>c</i>	Not employed	<input type="checkbox"/>																							
<i>d</i>	Full-time education	<input type="checkbox"/>																							
	If c or d is ticked, please give details																								
<b>c</b>	Name of employer																								
<b>d</b>	Nature of business																								
<b>e</b>	Previous / other names of employer																								
<b>f</b>	Last known address of employer																								
<b>g</b>	Is/was employer regulated by a regulatory body?	YES <input type="checkbox"/>	NO <input type="checkbox"/>	Name of regulatory body																					
<b>h</b>	Is/was employer an <i>appointed representative/tied agent</i> ?	YES <input type="checkbox"/>	NO <input type="checkbox"/>	If yes, of which <i>firm</i> ?																					
<b>i</b>	Position held																								
<b>j</b>	Responsibilities																								
<b>k</b>	Reason for leaving:	<table border="0" style="width: 100%;"> <tr> <td style="width: 5%;"><i>a</i></td> <td style="width: 80%;">Resignation</td> <td style="width: 15%; text-align: center;"><input type="checkbox"/></td> </tr> <tr> <td><i>b</i></td> <td>Redundancy</td> <td style="text-align: center;"><input type="checkbox"/></td> </tr> <tr> <td><i>c</i></td> <td>Retirement</td> <td style="text-align: center;"><input type="checkbox"/></td> </tr> <tr> <td><i>d</i></td> <td>Termination/dismissal</td> <td style="text-align: center;"><input type="checkbox"/></td> </tr> <tr> <td><i>e</i></td> <td>End of contract</td> <td style="text-align: center;"><input type="checkbox"/></td> </tr> <tr> <td><i>f</i></td> <td>Other</td> <td style="text-align: center;"><input type="checkbox"/></td> </tr> </table>						<i>a</i>	Resignation	<input type="checkbox"/>	<i>b</i>	Redundancy	<input type="checkbox"/>	<i>c</i>	Retirement	<input type="checkbox"/>	<i>d</i>	Termination/dismissal	<input type="checkbox"/>	<i>e</i>	End of contract	<input type="checkbox"/>	<i>f</i>	Other	<input type="checkbox"/>
<i>a</i>	Resignation	<input type="checkbox"/>																							
<i>b</i>	Redundancy	<input type="checkbox"/>																							
<i>c</i>	Retirement	<input type="checkbox"/>																							
<i>d</i>	Termination/dismissal	<input type="checkbox"/>																							
<i>e</i>	End of contract	<input type="checkbox"/>																							
<i>f</i>	Other	<input type="checkbox"/>																							
	Specify																								

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 Long Form A – UK firms (Relevant Authorised Persons only) and third country Relevant Authorised Persons  
 Application to perform senior management functions



**4.02 Employment details (2) †**

<b>a</b>	Period (mm/yyyy)	From		/		To		/																			
<b>b</b>	Nature of employment	<table border="0" style="width: 100%;"> <tr> <td style="width: 20px;"><i>a</i></td> <td>Employed</td> <td style="text-align: right;"><input type="checkbox"/></td> </tr> <tr> <td><i>b</i></td> <td>Self-employed</td> <td style="text-align: right;"><input type="checkbox"/></td> </tr> <tr> <td><i>c</i></td> <td>Not employed</td> <td style="text-align: right;"><input type="checkbox"/></td> </tr> <tr> <td><i>d</i></td> <td>Full-time education</td> <td style="text-align: right;"><input type="checkbox"/></td> </tr> </table>								<i>a</i>	Employed	<input type="checkbox"/>	<i>b</i>	Self-employed	<input type="checkbox"/>	<i>c</i>	Not employed	<input type="checkbox"/>	<i>d</i>	Full-time education	<input type="checkbox"/>						
<i>a</i>	Employed	<input type="checkbox"/>																									
<i>b</i>	Self-employed	<input type="checkbox"/>																									
<i>c</i>	Not employed	<input type="checkbox"/>																									
<i>d</i>	Full-time education	<input type="checkbox"/>																									
	If c or d is ticked, please give details																										
<b>c</b>	Name of employer																										
<b>d</b>	Nature of business																										
<b>e</b>	Previous / other names of employer																										
<b>f</b>	Last known address of employer																										
<b>g</b>	Is/was employer regulated by a regulatory body?	YES <input type="checkbox"/>	NO <input type="checkbox"/>	Name of regulatory body																							
<b>h</b>	Is/was employer an <i>appointed representative/tied agent</i> ?	YES <input type="checkbox"/>	NO <input type="checkbox"/>	If yes, of which <i>firm</i> ?																							
<b>i</b>	Position held																										
<b>j</b>	Responsibilities																										
<b>k</b>	Reason for leaving:	<table border="0" style="width: 100%;"> <tr> <td style="width: 20px;"><i>a</i></td> <td>Resignation</td> <td style="text-align: right;"><input type="checkbox"/></td> </tr> <tr> <td><i>b</i></td> <td>Redundancy</td> <td style="text-align: right;"><input type="checkbox"/></td> </tr> <tr> <td><i>c</i></td> <td>Retirement</td> <td style="text-align: right;"><input type="checkbox"/></td> </tr> <tr> <td><i>d</i></td> <td>Termination/dismissal</td> <td style="text-align: right;"><input type="checkbox"/></td> </tr> <tr> <td><i>e</i></td> <td>End of contract</td> <td style="text-align: right;"><input type="checkbox"/></td> </tr> <tr> <td><i>f</i></td> <td>Other</td> <td style="text-align: right;"><input type="checkbox"/></td> </tr> </table>								<i>a</i>	Resignation	<input type="checkbox"/>	<i>b</i>	Redundancy	<input type="checkbox"/>	<i>c</i>	Retirement	<input type="checkbox"/>	<i>d</i>	Termination/dismissal	<input type="checkbox"/>	<i>e</i>	End of contract	<input type="checkbox"/>	<i>f</i>	Other	<input type="checkbox"/>
<i>a</i>	Resignation	<input type="checkbox"/>																									
<i>b</i>	Redundancy	<input type="checkbox"/>																									
<i>c</i>	Retirement	<input type="checkbox"/>																									
<i>d</i>	Termination/dismissal	<input type="checkbox"/>																									
<i>e</i>	End of contract	<input type="checkbox"/>																									
<i>f</i>	Other	<input type="checkbox"/>																									
	Specify																										



I have supplied further information related to this page in Section 6† YES  NO

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**Long Form A – UK firms (Relevant Authorised Persons only) and third country Relevant Authorised Persons**  
**Application to perform senior management functions**

**Disclosure Note:**

We require firms to disclose all relevant information relating to a *candidate's* fitness and propriety. If there is any doubt about the relevance of the information, the information should be disclosed. The FCA/PRA takes non-disclosure very seriously and may consider it to be evidence of dishonesty and/or lack of integrity. In all circumstances, disclosures should be full, frank and unambiguous; if in doubt, disclose. In the event that a *candidate* discloses adverse information to applicant firm (or the applicant firm knows of adverse information by some other means) the applicant firm has a duty to disclose that information candidly to the FCA/PRA and explain why the applicant firm considers this does not affect the *candidate's* fitness and propriety (this paragraph should be read in conjunction with the information on disclosure in the guidance notes corresponding to this form).

**5.01 Criminal Proceedings**

When answering the questions in this section *candidate* should include matters whether in the UK or overseas. By virtue of the Rehabilitation of Offenders Act 1974 (Exceptions) Order 1975, if the *candidate* is subject to the law of England and Wales, *candidate* must disclose spent convictions and cautions (other than a protected conviction or caution). (In the following questions, *candidate* should include all matters even when the arrest, charge, prosecution or investigation did not result in a conviction, and, in respect of 5.01 even where the *candidate* them self was not the subject of the investigation.)

<b>5.01.1a</b>	Has the <i>candidate</i> <b>ever</b> been convicted of any criminal offence (whether spent or not and whether or not in the <i>United Kingdom</i> ):	YES <input type="checkbox"/>	NO <input type="checkbox"/>
i.	involving fraud, theft, false accounting, offences against the administration of public justice (such as perjury, perverting the course of justice and intimidation of witnesses or jurors), serious tax offences or other dishonesty or		
ii.	relating to <i>companies, building societies, industrial and provident societies, credit unions, friendly societies, insurance, banking or other financial services, insolvency, consumer credit or consumer protection, money laundering, market manipulations or insider dealing?</i>		
<b>b</b>	Is the <i>candidate</i> , or has the <i>candidate</i> ever been, the subject of any criminal proceedings, whether in the UK or elsewhere?	YES <input type="checkbox"/>	NO <input type="checkbox"/>
<b>c</b>	Has the <i>candidate</i> <b>ever</b> been given a caution in relation to any criminal offence?	YES <input type="checkbox"/>	NO <input type="checkbox"/>
<b>5.01.2</b>	Has the <i>candidate</i> any convictions for any offences other than those in 5.01.1 above (excluding traffic offences that did not result in a ban from driving or did not involve driving without insurance)?	YES <input type="checkbox"/>	NO <input type="checkbox"/>
<b>5.01.3</b>	Has the <i>candidate</i> ever been arrested or charged with any criminal offence or been the subject of any criminal investigation? ( <i>Candidate</i> should include all matters even if the arrest, charge or investigation did not result in a conviction.)	YES <input type="checkbox"/>	NO <input type="checkbox"/>
<b>5.01.4</b>	Has the <i>candidate</i> ever been ordered to produce documents pursuant to any criminal investigation or been the subject of a search (with or without a warrant) pursuant to any criminal investigation?	YES <input type="checkbox"/>	NO <input type="checkbox"/>



I have supplied further information related to this page in Section 6<sup>†</sup> YES  NO

<sup>†</sup> The above question(s) should be completed whether submission of this form is online or in one of the other ways set out in SUP 15.7 or in 'Senior Managers Regime - Applications and Notifications' in the PRA Rulebook Long Form A – UK firms (Relevant Authorised Persons only) and third country Relevant Authorised Persons Application to perform senior management functions

**5.01.5** Has any firm at which the *candidate* holds or has held a position of influence ever:  
(Please check the guidance notes for the meaning of 'position of influence' in the context of the questions in this part of the form.)

YES  NO

**a** Been convicted of any criminal offence?

YES  NO

**b** Been summonsed, charged with or otherwise investigated or prosecuted for any criminal offence?

YES  NO

**c** Been the subject of any criminal proceeding which has not resulted in a conviction?

YES  NO

**d** Been ordered to produce documents in relation to any criminal investigation or been the subject of a search (with or without a warrant) in relation to any criminal investigation?

YES  NO



I have supplied further information related to this page in Section 6<sup>†</sup>

YES  NO

---

<sup>†</sup> The above question(s) should be completed whether submission of this form is online or in one of the other ways set out in SUP 15.7 or in 'Senior Managers Regime - Applications and Notifications' in the *PRA* Rulebook  
Long Form A – UK firms (Relevant Authorised Persons only) and third country Relevant Authorised Persons  
Application to perform senior management functions

## 5.02 Civil Proceedings

<b>5.02.1</b>	Has the <i>candidate</i> , <b>ever</b> been the subject of a judgement debt or award against the <i>candidate</i> ?	YES <input type="checkbox"/>	NO <input type="checkbox"/>
	Please give a full explanation of the events in questions, ensuring that it adheres to the Disclosure Note at the beginning of this form.  <i>Candidate</i> should include all Count Court Judgement(s) (CCJs) made against the <i>candidate</i> , whether satisfied or not); and i) the sum and date of all judgements debts, awards or CCJs (whether satisfied or not); and ii) the total number of all judgment debts, awards or CCJs ordered.		
<b>5.02.2</b>	Has the <i>candidate</i> ever been party to any civil proceedings which resulted in any order against the <i>candidate</i> (other than a judgement debt or award referred to in 5.02.1 above)? ( <i>candidate</i> should include, for example, injunctions and employment tribunal proceedings.)	YES <input type="checkbox"/>	NO <input type="checkbox"/>
<b>5.02.3</b>	Is the <i>candidate</i> aware of:		
<b>a</b>	Any proceedings that have begun, or anyone's intention to begin proceedings against the <i>candidate</i> , for a CCJ or another judgement debt?	YES <input type="checkbox"/>	NO <input type="checkbox"/>
<b>b</b>	More than one set of proceedings, or anyone's intention to begin more than one set of proceedings, that may lead to a CCJ or other judgement debt?	YES <input type="checkbox"/>	NO <input type="checkbox"/>
<b>c</b>	Anybody's intention to claim more than £1,000 of CCJs or judgement debts in total from the <i>candidate</i> ?	YES <input type="checkbox"/>	NO <input type="checkbox"/>
<b>5.02.4</b>	Does the <i>candidate</i> have any <b>current</b> judgment debts (including CCJs) made under a court order still outstanding, whether in full or in part?	YES <input type="checkbox"/>	NO <input type="checkbox"/>
<b>5.02.5</b>	Has the <i>candidate</i> <b>ever</b> failed to satisfy any such judgment debts (including CCJs) made under a court order still outstanding, whether in full or part, within one year of the order being made?	YES <input type="checkbox"/>	NO <input type="checkbox"/>



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<b>5.02.6</b>	Has the <i>candidate</i> ever:	YES <input type="checkbox"/>	NO <input type="checkbox"/>
<b>a</b>	Filed for the <i>candidate</i> 's own bankruptcy or had a bankruptcy petition served on the <i>candidate</i> ?	YES <input type="checkbox"/>	NO <input type="checkbox"/>
<b>b</b>	Been adjudged bankrupt?	YES <input type="checkbox"/>	NO <input type="checkbox"/>
<b>c</b>	Been the subject of a bankruptcy restrictions order (including an interim bankruptcy restrictions order) or offered a bankruptcy restrictions undertaking?	YES <input type="checkbox"/>	NO <input type="checkbox"/>
<b>d</b>	Made any arrangements with the <i>candidate</i> 's creditors, for example a deed of arrangement or an individual voluntary arrangement (or in Scotland a trust deed)?	YES <input type="checkbox"/>	NO <input type="checkbox"/>
<b>e</b>	Had assets sequestrated?	YES <input type="checkbox"/>	NO <input type="checkbox"/>
<b>f</b>	Been involved in any proceedings relating to the above matters even if such proceedings did not result in the making of any kind of order against the <i>candidate</i> or result in any kind of agreement with the <i>candidate</i> ?	YES <input type="checkbox"/>	NO <input type="checkbox"/>
<b>5.02.7</b>	Does the <i>candidate</i> , or any undertaking under their management, have any outstanding financial obligations arising from <i>regulated activities</i> , which have been carried out in the past? (whether or not in the UK or overseas)?	YES <input type="checkbox"/>	NO <input type="checkbox"/>
<b>5.02.8</b>	Has the <i>candidate</i> ever been adjudged by a court or tribunal (whether criminal, civil or administrative) for any fraud, misfeasance, negligence, wrongful trading or other misconduct?	YES <input type="checkbox"/>	NO <input type="checkbox"/>
<b>5.02.9</b>	Is the <i>candidate</i> currently:		
<b>a</b>	Party to any civil proceedings? (including those covered in 5.02.7 above)	YES <input type="checkbox"/>	NO <input type="checkbox"/>
<b>b</b>	Aware of anybody's intention to begin civil proceedings against the <i>candidate</i> ? ( <i>candidate</i> should include any ongoing disputes whether or not such dispute is likely to result in any order against the <i>candidate</i> .)	YES <input type="checkbox"/>	NO <input type="checkbox"/>
<b>5.02.10</b>	Has any firm at which the <i>candidate</i> holds or has held a position of influence ever been:	YES <input type="checkbox"/>	NO <input type="checkbox"/>
<b>a</b>	Adjudged by a court civilly liable for any fraud, misfeasance, wrongful trading or other misconduct?	YES <input type="checkbox"/>	NO <input type="checkbox"/>
<b>b</b>	The subject of a judgement debt or award against the firm? ( <i>candidate</i> should include all CCJs made against the firm, whether satisfied or not.)	YES <input type="checkbox"/>	NO <input type="checkbox"/>
<b>c</b>	Party to any other civil proceedings which resulted in an order against the firm other than in relation to matters covered in 5.02.10a and 5.02.10b above?	YES <input type="checkbox"/>	NO <input type="checkbox"/>



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**5.02.11** Is any firm at which the *candidate* currently holds or has held, within the last 12 months from the date of the submission of this form, a position of influence currently:

**a** a party to civil proceedings?

YES  NO

**b** aware of anyone's intention to begin civil proceedings against them?

YES  NO

**5.02.12** Has any company, partnership or unincorporated association of which the *candidate* is or has been a controller, director, senior manager, partner or company secretary, in the United Kingdom or elsewhere, at any time during their involvement, or within one year of such an involvement, been put into liquidation, wound up, ceased trading, had a receiver or administrator appointed or entered into any voluntary arrangement with its creditors?

YES  NO



I have supplied further information related to this page in Section 6<sup>†</sup>

YES  NO

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### 5.03 Business and Employment Matters

<b>5.03.1</b>	Has the <i>candidate</i> ever been:	
<b>a</b>	Disqualified from acting as a director or similar position (one where the <i>candidate</i> acts in a management capacity or conducts the affairs of any company, partnership or unincorporated association)?	YES <input type="checkbox"/> NO <input type="checkbox"/>
<b>b</b>	The subject of any proceedings of a disciplinary nature (whether or not the proceedings resulted in any finding against the <i>candidate</i> )?	YES <input type="checkbox"/> NO <input type="checkbox"/>
<b>c</b>	The subject of any investigation which has led or might lead to disciplinary proceedings?	YES <input type="checkbox"/> NO <input type="checkbox"/>
<b>d</b>	Notified of any potential proceedings of a disciplinary nature against the <i>candidate</i> ?	YES <input type="checkbox"/> NO <input type="checkbox"/>
<b>e</b>	The subject of an investigation into allegations of misconduct or malpractice in connection with any business activity? (this question covers internal investigation by an authorised firm, as well as investigation by a regulatory body, at any time.)	YES <input type="checkbox"/> NO <input type="checkbox"/>
<b>5.03.2</b>	Has the <i>candidate</i> ever been refused entry to , or been dismissed, suspended or requested to resign from, any professional, vocation, office or employment, or from any fiduciary office or position of trust whether or not remunerated?	YES <input type="checkbox"/> NO <input type="checkbox"/>
<b>5.03.3</b>	Does the <i>candidate</i> have any material written complaints made against the <i>candidate</i> by the <i>candidate</i> 's clients or former clients in the last five years which the <i>candidate</i> has accepted, or which are awaiting determination, or have been upheld – by an ombudsman or complaints scheme?	YES <input type="checkbox"/> NO <input type="checkbox"/>



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**5.04 Regulatory Matters**

- 5.04.1** In relation to activities regulated by the *FCA* and/or *PRA* or any other regulatory body (see note section 5), has:
- The *candidate*, or
  - Any company, partnership or unincorporated associate of which the *candidate* is or has been a controller, director, senior manager, partner or company secretary, during the *candidate's* association with the entity and for a period of three years after the *candidate* ceased to be associated with it, ever –
- a** Been refused, had revoked, restricted, been suspended from or terminated, any licence, authorisations, registration, notification, membership or any other permission granted by any such body?
- b** Been criticised, censured, disciplined, suspended, expelled, fined or been the subject of any other disciplinary or interventional action by any such body?
- c** Received a warning (whether public or private) that such disciplinary or interventional action may be taken against the *candidate* or the firm?
- d** Been the subject of an investigation by any regulatory body, whether or not such an investigation resulted in a finding against the *candidate* or the firm?
- e** Been required or requested to produce documents or any other information to any regulatory body in connection with such an investigation (whether against the firm or otherwise)?
- f** Been investigated or been involved in an investigation by an inspector appointed under companies or any other legislation, or required to produce documents to the Secretary of State, or any other authority, under any such legislation?
- g** Ceased operating or resigned whilst under investigation by any such body or been required to cease operating or resign by any regulatory body?
- h** Decided, after making an application for any licence, authorisation, registration, notification, membership or any permission granted by any such body, not to proceed with it?
- i** Been the subject of any civil action related to any regulated activity which has resulted in a finding by a court?
- j** Provided payment services or distributed or redeemed e-money on behalf of a regulated firm or itself under any contractual agreement where that agreement was terminated by the regulated firm?
- k** Been convicted of any criminal offence, censured, disciplined or publicly criticised by any inquiry, by the Takeover Panel or any governmental or statutory authority or any other regulatory body (other than as indicated in this group of questions).

YES <input type="checkbox"/> NO <input type="checkbox"/>
YES <input type="checkbox"/> NO <input type="checkbox"/>
YES <input type="checkbox"/> NO <input type="checkbox"/>
YES <input type="checkbox"/> NO <input type="checkbox"/>
YES <input type="checkbox"/> NO <input type="checkbox"/>
YES <input type="checkbox"/> NO <input type="checkbox"/>
YES <input type="checkbox"/> NO <input type="checkbox"/>
YES <input type="checkbox"/> NO <input type="checkbox"/>
YES <input type="checkbox"/> NO <input type="checkbox"/>
YES <input type="checkbox"/> NO <input type="checkbox"/>
YES <input type="checkbox"/> NO <input type="checkbox"/>



I have supplied further information related to this page in Section 6<sup>†</sup>    YES       NO

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**5.04.2**

In relation to activities regulated by the *FCA/PRA* or any other regulatory body, has the *candidate* or any firm at which the *candidate* holds or has held a position of influence at any time during and within one year of the *candidate*'s association with the firm ever:

- a** Been found to have carried on activities for which authorisation or registration by the *FCA/PRA* or any other regulatory body is required without the requisite authorisations?
- b** Been investigated for the possible carrying on of activities requiring authorisation or registration by the *FCA/PRA* or any other regulatory body without the requisite authorisation whether or not such investigation resulted in a finding against the *candidate*?
- c** Been found to have performed a senior management function or other controlled function (or an equivalent function requiring approval by the *FCA/PRA* or any other regulatory body) without the requisite approval?
- d** Been investigated for the possible performance of a senior management function or other controlled function (or an equivalent function requiring approval by the *FCA/PRA* or any other regulatory body) without the requisite approval, whether or not such investigation resulted in a finding against the *candidate*?
- e** Been found to have failed to comply with an obligation under the Electronic Money Regulations 2011 or Payment Services Regulations 2009 to notify the *FCA/PRA* of the identity of a person acting in a position of influence over its electronic money or payment services business?
- f** Been the subject of disqualification direction under section 59 of the Financial Services Act 1986 or a prohibition order under section 56 FSMA, or received a warning notice proposing that such a direction or order be made, or received a private warning?

YES  NO

YES  NO

YES  NO

YES  NO

YES  NO

YES  NO



I have supplied further information related to this page in Section 6<sup>†</sup>

YES  NO

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## 5.05 Other Matters

**5.05.1** Is the *candidate*, in the role to which the application relates, aware of any business interests, employment obligations, or any other circumstance which may conflict with the performance of the senior management functions for which approval is now being sought?

YES  NO

**5.05.2** Are the *candidate or the firm* aware of any other information relevant to this notification that we might reasonably expect from the *candidate*?

YES  NO

**5.05.3** Has the *firm* undertaken a criminal records check in accordance with the requirements of the *FCA* or *PRA*?

Please note that a *firm* is required to *obtain* the fullest information that it is lawfully able to obtain about the *candidate* under Part V of the Police Act 1997 (Certificates of Criminal records, etc) and related subordinated legislation of the *UK* or any part of the *UK* before making the application. (SUP 10C.10.16R and Senior Managers Regime - Applications and Notifications in the *PRA* Rulebook)

YES  NO

If yes, please enter date the check was undertaken

Date (dd/mm/yy):

*Note: if date is more than 3 months prior to current date or 3 months prior to date of application submission or the check has not been undertaken, please provide details why in section 6.*



I have supplied further information related to this page in Section 6<sup>†</sup>

YES  NO

**5.05.4** Has / Have a reference or references been obtained from previous employer(s) in accordance with the requirements of the *FCA* or *PRA*?  
If No, please provide details why the reference or references has/have not been obtained.

*Please note that a firm is required to use reasonable efforts to obtain a reference from any previous employer of the candidate during the last 5 years (see SYSC 5.3.8R and Fitness and Propriety 2 in the PRA Rulebook. However, reference(s) may not be necessary if the individual is applying for an additional senior management function within the same firm.*

YES  NO

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# Supplementary information for Senior Management Functions

## Section 6

6.00

- If there is any other information the *candidate* or the *firm* considers to be relevant to the application, it must be included here.
- Please provide full details of
  - why the *candidate* is competent and capable to carry out the senior management function(s) applied for.
  - why the appointment complements the firm's business strategy, activity and market in which it operates.
  - how the appointment was agreed including details of any discussions at governing body level (where applicable).
- Provide a copy of the *candidate's*:-
  - *Statement of Responsibilities* with this form
  - Roles description
  - Curriculum Vitae (C.V)
  - Organisational chart
- Provide a copy of the firm's *management responsibilities map* (SYSC 4.5 to SYSC 4.8 and SUP 10C.9.10G, and Allocation of Responsibilities in the *PRA* Rulebook
- A *firm* should include any handover certificate and a reasonable summary of any other handover material (as referred to in SYSC4.9.1R to SYSC 4.9.8G and Senior Management Functions Chapter 2 in the *PRA* Rulebook.
- Please also include here any additional information indicated in previous sections of the Form.
- **Please include a list of all directorships currently or previously held by the *candidate* in the past 10 years (where *director* has the meaning given in the *Glossary*.)**
- If there is insufficient space, please continue on a separate sheet of paper and clearly identify the section and question to which the additional information relates.
- **Full details must be provided here if there were any issues that could affect the Fitness and Propriety of the individual that arose when leaving an employer listed in section 4 or if any question has been answered 'yes' in section 5.**

Question	Information

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**Declaration of *Candidate***

It is a criminal offence, knowingly or recklessly, to give the *FCA* and/or *PRA* information that is materially false, misleading or deceptive (see sections 398 and 400 Financial Services and Markets Act 2000). Even if you believe or know that information has been provided to the *FCA* and/or *PRA* before (whether as part of another application or otherwise) or is in the public domain, you must nonetheless disclose it clearly and fully in this form and as part of this application – you should not assume that the *FCA* and/or *PRA* will itself identify such information during the assessment of this application. If there is any doubt about the relevance of information, it should be included.

There will be a delay in processing the application if information is inaccurate or incomplete, and it may call into question the suitability of the applicant and/or lead to the *FCA* and/or *PRA* exercising its powers (including but not limited to taking disciplinary/ Enforcement action). You must notify the *FCA* and/or *PRA* immediately if there is a change to the information in this form and/or if inaccurate information has been provided (insofar as the *FCA* and/or *PRA* is reasonably likely to consider the information material).

The candidate confirms that the information provided in this application is accurate and complete to the best of his/her knowledge and that he or she has read the notes to this form. The *candidate* will notify the *FCA* and/or *PRA* immediately if there is a material change to the information provided.

The candidate authorises the *FCA* and/or *PRA* to make such enquiries and seek such further information as it thinks appropriate to identify and verify information that it considers relevant to the assessment of this application.

The *candidate* acknowledges and agrees that these checks may include credit reference checks or information pertaining to fitness and propriety, and is aware that the results of these enquiries may be disclosed to the employer/Applicant.

The *candidate* agrees that he or she may be required to apply for a search to be made as to whether any criminal records are held in relation to him or her and to obtain a certificate (where such certificate can be obtained) and to disclose the result of that search to the firm submitting this application.

The *candidate* agrees that the *FCA* and/or *PRA* may use the address specified for the *candidate* in this Form as the proper address for service in the United Kingdom as defined in Financial Services and Markets Act 2000 (Service of Notice) Regulations (SI 2001/1420) to serve any notices on that signatory.

For the purposes of complying with the Data Protection Act, the personal information provided in this Form will be used by the *FCA* and *PRA* to discharge its statutory functions under the Financial Services and Markets Act 2000 and other relevant legislation, and will not be disclosed for any other purpose without the permission of the applicant.

The *candidate* confirms that he or she understands the regulatory responsibilities of my proposed role as set out in the rules of conduct in the *FCA*'s C-CON and/or *PRA* Conduct Rules (as applicable).

The *candidate* confirms that the Statement of Responsibilities submitted with this form accurately reflects the aspects of the affairs of the Firm which it is intended that the *candidate* will be responsible for managing.

The *candidate* is aware that, while advice may be sought from a third party (e.g. legal advice), responsibility for the accuracy of information, as well as the disclosure of relevant information, on the Form is ultimately the responsibility of those who sign the application.

In addition to other regulatory responsibilities, firms, and approved persons have a responsibility to disclose to the *FCA* and/or *PRA* matters of which it would reasonably expect to be notified. Failure to notify the *FCA* and/or *PRA* of such information may lead to the *FCA* and/or *PRA* taking disciplinary or other action against the firm and/or individuals.

Tick here to confirm you have read and understood this declaration: ∞

**7.01** *Candidates* full name†

**7.02** Signature

Date

† The above question(s) should be completed whether submission of this form is online or in one of the other ways set out in SUP 15.7 or in 'Senior Managers Regime - Applications and Notifications' in the *PRA* Rulebook  
Long Form A – UK firms (Relevant Authorised Persons only) and third country Relevant Authorised Persons  
Application to perform senior management functions

## Declaration of Firm

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There will be a delay in processing the application if information is inaccurate or incomplete, and it may call into question the suitability of the applicant and/or lead to the *FCA* and/or *PRA* exercising its powers (including but not limited to taking disciplinary/ Enforcement action). You must notify the *FCA* and/or *PRA* immediately if there is a change to the information in this form and/or if inaccurate information has been provided (insofar as the *FCA* and/or *PRA* is reasonably likely to consider the information material).

In addition to other regulatory responsibilities, firms, and approved persons have a responsibility to disclose to the *FCA* and/or *PRA*, matters of which it would reasonably expect to be notified. Failure to notify the *FCA* and/or *PRA* of such information may lead to the *FCA* and/or *PRA* taking disciplinary or other action against the firm and/or individuals.

The Applicant confirms that the information provided in this application is accurate and complete to the best of its knowledge and that it has read the notes to this form. The Applicant will notify the *FCA* and/or *PRA* immediately if there is a material change to the information provided.

The Applicant authorises the *FCA* and/or *PRA* to make such enquiries and seek such further information as it thinks appropriate to identify and verify information that it considers relevant to the assessment of this application.

The Applicant confirms that it has obtained the fullest information that it is lawfully able to obtain about the Individual under Part V of the Police Act 1997 and any related subordinate legislation of the UK or any part of the UK, and has given due consideration to that information in determining that Individual to be fit and proper.

In making this application the *firm* believes on the basis of due and diligent enquiry and, where applicable, by reference to the criteria in FIT that the *candidate* is a fit and proper person to perform the controlled function(s) listed in section 3. The firm also believes, on the basis of due and diligent enquiry, that the *candidate* is competent to fulfil the duties required in the performance of such function(s).

The Applicant confirms that it has complied with its obligations under Equality and Diversity legislation when selecting the Individual to perform the function(s) applied for.

The Applicant confirms that it has made the Individual aware of their regulatory responsibilities as set out in the rules of conduct in the *FCA*'s C-CON and/or *PRA* Conduct Rules (as applicable).

The Applicant confirms that the Statement of Responsibilities submitted with this form accurately reflects the aspects of the affairs of the Firm which it is intended that the *candidate* will be responsible for managing.

The Applicant is aware that, while advice may be sought from a third party (e.g. legal advice), responsibility for the accuracy of information, as well as the disclosure of relevant information, on the Form is ultimately the responsibility of those who sign the application.

In signing this form on behalf of the firm:

**I confirm that the information in this Form is accurate and complete to the best of my knowledge and belief and that I have read the notes to this Form.**

I confirm that I have authority to make this application and provide the declarations given by the firm, and sign this Form, on behalf of the firm identified in section 2.01 and/or each *firm* identified in section 3.04. I also confirm that a copy of this Form, as submitted to the *FCA* and/or *PRA*, will be sent to each of those *firms* at the same time as submitting the Form to the *FCA* and/or *PRA*.

**7.03** Name of the *firm* submitting the application†

**7.04** Name of *person* signing on behalf of the *firm* †

**7.05** Job title †

† The above question(s) should be completed whether submission of this form is online or in one of the other ways set out in SUP 15.7 or in 'Senior Managers Regime - Applications and Notifications' in the *PRA* Rulebook Long Form A – UK firms (Relevant Authorised Persons only) and third country Relevant Authorised Persons Application to perform senior management functions

**7.06** Signature\*  
Date †

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Long Form A – UK firms (Relevant Authorised Persons only) and third country Relevant Authorised Persons  
Application to perform senior management functions



Application number  
(for FCA/PRA use only)

The FCA and PRA have produced notes which will assist both the applicant and the candidate in answering the questions in this form. Please read these notes, which are available on both FCA and PRA websites at:

[http://media.fshandbook.info/Forms/notes/imap\\_forma\\_notes.doc](http://media.fshandbook.info/Forms/notes/imap_forma_notes.doc)

<http://www.bankofengland.co.uk/PRA>

Both the applicant and the candidate will be treated by the FCA and PRA as having taken these notes into consideration when completing this form.

## Short Form A – UK Firms (UK Relevant Authorised Persons and third country Relevant Authorised Persons only)

### Application to perform senior management functions

FCA Handbook Reference: SUP 10C Annex 4D

PRA Rulebook Reference: Senior Managers Regime - Applications and Notifications

[DATE TBC]

Name of *candidate*<sup>†</sup>  
(to be completed by applicant firm)

Name of *firm*<sup>†</sup>  
(as entered in 2.01)

*Firm* reference number<sup>†</sup>  
(as entered in 2.02)

Financial Conduct Authority  
25 The North Colonnade  
Canary Wharf  
London E14 5HS  
United Kingdom

Telephone +44 (0) 845 606 9966

Facsimile +44 (0) 207 066 0017

E-mail [iva@fca.org.uk](mailto:iva@fca.org.uk)

Website <http://www.fca.org.uk>

Registered as a Limited Company in England and Wales No 1920623. Registered Office as above

Prudential Regulation Authority  
20 Moorgate  
London  
EC2R 6DA  
United Kingdom

Telephone +44 (0) 203 461 7000

E-mail [PRA.firmenquiries@bankofengland.co.uk](mailto:PRA.firmenquiries@bankofengland.co.uk)

Website [www.bankofengland.co.uk/PRA](http://www.bankofengland.co.uk/PRA)

Registered as a Limited Company in England and Wales No 07854923. Registered Office: 8 Lothbury Road, London, EC2R 7HH

<sup>†</sup> The above question(s) should be completed whether submission of this form is online or in one of the other ways set out in SUP 15.7 or in Senior Managers Regime - Applications and Notifications in the PRA Rulebook  
Short Form A – UK firms (UK Relevant Authorised Persons and third country Relevant Authorised Persons only) Application to perform senior management functions

<b>1.01 a</b>	<i>Candidate</i> Individual Reference Number (IRN) †	
<b>b</b>	OR name of previous regulatory body†	
<b>c</b>	AND previous reference number (if applicable) †	
<b>1.02</b>	Title (e.g. Mr, Mrs, Ms, etc) †	
<b>1.03</b>	Surname†	
<b>1.04</b>	ALL forenames†	
<b>1.05</b>	Name commonly known by†	
<b>1.06</b>	Date of birth (dd/mm/yyyy) †	/ /
<b>1.07</b>	National Insurance number†	
<b>1.08</b>	Previous name †	
<b>1.09</b>	Date of name change†	/ /
<b>1.10 a</b>	Nationality†	
<b>b</b>	Passport number (if National Insurance number not available) †	
<b>1.11</b>	Place of birth†	


**I have supplied further information related to this page in Section 6†**
 YES  NO

† The above question(s) should be completed whether submission of this form is online or in one of the other ways set out in SUP 15.7 or in Senior Managers Regime - Applications and Notifications in the PRA Rulebook  
 Short Form A – UK firms (UK Relevant Authorised Persons and third country Relevant Authorised Persons only) Application to perform senior management functions



1.12 a Private address<sup>†</sup>

[Redacted address field]

b Postcode<sup>†</sup>

c Dates resident at this address (mm/yyyy)<sup>†</sup> From / To PRESENT

(If address has changed in the last three years, please provide addresses for the previous three years.)

1.13 a Previous address 1<sup>†</sup>

[Redacted address field]

b Postcode<sup>†</sup>

c Dates resident at this address (mm/yyyy)<sup>†</sup> From / To /

1.14 a Previous address 2<sup>†</sup>

[Redacted address field]

<sup>1</sup> b Postcode<sup>†</sup>

c Dates resident at this address (mm/yyyy)<sup>†</sup> From / To /



I have supplied further information related to this page in Section 6<sup>†</sup>

YES

NO

\_\_\_\_\_

<sup>†</sup> The above question(s) should be completed whether submission of this form is online or in one of the other ways set out in SUP 15.7 or in Senior Managers Regime - Applications and Notifications in the PRA Rulebook Short Form A – UK firms (UK Relevant Authorised Persons and third country Relevant Authorised Persons only) Application to perform senior management functions

2.01	Name of <i>firm</i> making the application	
2.02	Firm Reference Number (FRN)	
2.03 a	Who should the <i>FCA/PRA</i> contact at the <i>firm</i> in relation to this application?	
b	Position	
c	Telephone	
d	Fax	
e	E-mail	



I have supplied further information related to this page in Section 6<sup>†</sup>

YES

NO

<sup>†</sup> The above question(s) should be completed whether submission of this form is online or in one of the other ways set out in SUP 15.7 or in Senior Managers Regime - Applications and Notifications in the PRA Rulebook  
 Short Form A – UK firms (UK Relevant Authorised Persons and third country Relevant Authorised Persons only) Application to perform senior management functions

**3.01** Nature of the arrangement between the candidate and the applicant.

<i>a</i>	<i>Employee</i>	<input type="checkbox"/>
<hr/>		
<i>b</i>	<i>Group employee</i>	<input type="checkbox"/>
	Name of group	<div style="background-color: #cccccc; width: 100%; height: 15px;"></div>
<hr/>		
<i>c</i>	Contract for services	<input type="checkbox"/>
<hr/>		
<i>d</i>	<i>Partner</i>	<input type="checkbox"/>
<hr/>		
<i>e</i>	Other	<input type="checkbox"/>
	Give details	<div style="background-color: #cccccc; width: 100%; height: 15px;"></div>
<hr/>		

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 Short Form A – UK firms (UK Relevant Authorised Persons and third country Relevant Authorised Persons only) Application to perform senior management functions

**3.02**

For applications from a single *firm*, please tick the boxes that correspond to the *senior management functions* to be performed. If the *senior management functions* are to be performed for more than one *firm*, please go to question **3.04**

Function	Description of a Senior Manager function	Tick (if applicable)	Effective Date
SMF 1	Chief Executive function		
SMF 2	Chief Finance function		
SMF 3	Executive Director		
SMF 4	Chief Risk function		
SMF 5	Head of Internal Audit		
SMF 6	Head of Key Business Area		
SMF 7	Group Entity Senior Manager		
SMF 8	Credit Union SMF (small Credit Unions only)		
SMF 9	Chairman		
SMF10	Chair of the Risk Committee		
SMF11	Chair of the Audit Committee		
SMF12	Chair of the Remuneration Committee		
SMF13	Chair of the Nominations Committee		
SMF14	Senior Independent Director		
SMF16	Compliance Oversight		
SMF17	Money Laundering Reporting		
SMF18	Significant Responsibility SMF		
SMF19	Head of Overseas Branch		
SMF20	Overseas Branch Senior Manager		

3.03 Job title

**Insurance mediation**

Will the candidate be responsible for Insurance mediation at the firm? YES  NO

((Note: Yes can only be selected if the individual is applying for a governing function (other than a non-executive director function) (MiPRU 2.2.2))



I have supplied further information related to this page in Section 6<sup>†</sup> YES  NO

<sup>†</sup> The above question(s) should be completed whether submission of this form is online or in one of the other ways set out in SUP 15.7 or in Senior Managers Regime - Applications and Notifications in the PRA Rulebook  
**Short Form A – UK firms (UK Relevant Authorised Persons and third country Relevant Authorised Persons only) Application to perform senior management functions**

**3.04 Complete this section only if the application is on behalf of more than one firm.**

List all *firms* within the *group* (including the *firm* entered in 2.01) for which the *candidate* requires approval and the requested *senior management function* for that *firm*.<sup>†</sup>

	<b>Firm Reference Number</b>	<b>Name of firm</b>	<b>Senior Management function</b>	<b>Job title</b>	<b>Effective date</b>
<b>a</b>					//
<b>b</b>					//
<b>c</b>					//
<b>d</b>					//
<b>e</b>					//



I have supplied further information related to this page in Section 6

YES

NO

<sup>†</sup> The above question(s) should be completed whether submission of this form is online or in one of the other ways set out in SUP 15.7 or in Senior Managers Regime - Applications and Notifications in the PRA Rulebook  
 Short Form A – UK firms (UK Relevant Authorised Persons and third country Relevant Authorised Persons only) Application to perform senior management functions

This section has been removed. However if there has been a change to the detail in this section since your last approval, you must submit a Long Form A as opposed to a Short Form A informing the *FCA* and/or *PRA* of the revised detail.

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Short Form A – UK firms (UK Relevant Authorised Persons and third country Relevant Authorised Persons only) Application to perform senior management functions

This section has been removed. However if there has been a change to the detail in this section since your last approval, you must submit a Long Form A as opposed to a Short Form A informing the *FCA* and/or *PRA* of the revised detail.

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Short Form A – UK firms (UK Relevant Authorised Persons and third country Relevant Authorised Persons only) Application to perform senior management functions

6.00

- If there is any other information the *candidate* or the *firm* considers to be relevant to the application, it must be included here.
- Please provide full details of
  - why the candidate is competent and capable to carry out the senior management function(s) applied for.
  - why the appointment complements the firm's business strategy, activity and market in which it operates.
  - how the appointment was agreed including details of any discussions at governing body level (where applicable).
- Provide a copy of the candidate's:-
  - *statement of responsibilities* with this form
  - Roles description
  - Curriculum vitae (C.V)
  - Organisational chart
- Provide a copy of the firm's *management responsibilities map* (SYSC 4.5 to SYSC 4.8 and SUP 10C.9.10G and Allocation of Responsibilities in the *PRA* Rulebook
- A *firm* should include any handover certificate and a reasonable summary of any other handover material (as referred to in SYSC 4.9.1R to SYSC 4.9.8G and Senior Management Functions Chapter 2 in the *PRA* Rulebook.
- Please also include here any additional information indicated in previous sections of the Form.
- **Please include a list of all directorships currently or previously held by the *candidate* in the past 10 years (where *director* has the meaning given in the *Glossary*.)**
- If there is insufficient space, please continue on a separate sheet of paper and clearly identify the section and question to which the additional information relates.
- **Full details must be provided here if there were any issues that could affect the Fitness and Propriety of the individual that arose when leaving an employer listed in section 4 or if any question has been answered 'yes' in section 5.**

Question	Information

† The above question(s) should be completed whether submission of this form is online or in one of the other ways set out in SUP 15.7 or in Senior Managers Regime - Applications and Notifications in the *PRA* Rulebook  
 Short Form A – UK firms (UK Relevant Authorised Persons and third country Relevant Authorised Persons only) Application to perform senior management functions



**Declaration of Candidate**

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The Candidate confirms that the information provided in this application is accurate and complete to the best of his/her knowledge and that he or she has read the notes to this form. The Candidate will notify the appropriate regulator immediately if there is a material change to the information provided.

The Candidate authorises the appropriate regulator to make such enquiries and seek such further information as it thinks appropriate to identify and verify information that it considers relevant to the assessment of this application.

The Candidate acknowledges and agrees that these checks may include credit reference checks or information pertaining to fitness and propriety, and is aware that the results of these enquiries may be disclosed to the employer/Applicant.

The Candidate agrees that he or she may be required to apply for a search to be made as to whether any criminal records are held in relation to him or her and to obtain a certificate (where such certificate can be obtained) and to disclose the result of that search to the firm submitting this application.

The Candidate agrees that the *FCA* and/or *PRA* may use the address specified for the Candidate in this Form as the proper address for service in the United Kingdom as defined in Financial Services and Markets Act 2000 (Service of Notice) Regulations (SI 2001/1420) to serve any notices on that signatory.

For the purposes of complying with the Data Protection Act, the personal information provided in this Form will be used by the *FCA* and *PRA* to discharge its statutory functions under the Financial Services and Markets Act 2000 and other relevant legislation, and will not be disclosed for any other purpose without the permission of the applicant.

The Candidate confirms that he or she understands the regulatory responsibilities of my proposed role as set out in the rules of conduct in the *FCA*'s C-CON and/or *PRA* Conduct Rules (as applicable).

The Candidate confirms that the Statement of Responsibility submitted with this form accurately reflects the aspects of the affairs of the Firm which it is intended that the Candidate will be responsible for managing.

The Candidate is aware that, while advice may be sought from a third party (e.g. legal advice), responsibility for the accuracy of information, as well as the disclosure of relevant information, on the Form is ultimately the responsibility of those who sign the application.

In addition to other regulatory responsibilities, firms, and approved persons have a responsibility to disclose to the *FCA* and/or *PRA* matters of which it would reasonably expect to be notified. Failure to notify the appropriate regulator of such information may lead to the *FCA* and/or *PRA* taking disciplinary or other action against the firm and/or individuals.

Tick here to confirm you have read and understood this declaration: ∞

**7.01** Candidate's full name†

**7.02** Signature

Date

† The above question(s) should be completed whether submission of this form is online or in one of the other ways set out in SUP 15.7 or in Senior Managers Regime - Applications and Notifications in the *PRA* Rulebook  
Short Form A – UK firms (UK Relevant Authorised Persons and third country Relevant Authorised Persons only) Application to perform senior management functions

## Declaration of Firm

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In addition to other regulatory responsibilities, firms, and approved persons have a responsibility to disclose to the appropriate regulator, matters of which it would reasonably expect to be notified. Failure to notify the appropriate regulator of such information may lead to the appropriate regulator taking disciplinary or other action against the firm and/or individuals.

The Applicant confirms that the information provided in this application is accurate and complete to the best of its knowledge and that it has read the notes to this form. The Applicant will notify the appropriate regulator immediately if there is a material change to the information provided.

The Applicant authorises the appropriate regulator to make such enquiries and seek such further information as it thinks appropriate to identify and verify information that it considers relevant to the assessment of this application.

The Applicant confirms that it has obtained the fullest information that it is lawfully able to obtain about the Individual under Part V of the Police Act 1997 and any related subordinated legislation of the UK or any part of the UK, and has given due consideration to that information in determining that Individual to be fit and proper.

In making this application the *firm* believes on the basis of due and diligent enquiry and, where applicable, by reference to the criteria in FIT that the candidate is a fit and proper person to perform the controlled function(s) listed in section 3. The firm also believes, on the basis of due and diligent enquiry, that the candidate is competent to fulfil the duties required in the performance of such function(s).

The Applicant confirms that it has complied with its obligations under Equality and Diversity legislation when selecting the Individual to perform the function(s) applied for.

The Applicant confirms that it has made the Individual aware of their regulatory responsibilities as set out in the rules of conduct in the *FCA's C-CON* and/or *PRA* Conduct Rules (as applicable).

The Applicant confirms that the Statement of Responsibility submitted with this form accurately reflects the aspects of the affairs of the Firm which it is intended that the Candidate will be responsible for managing.

The Applicant is aware that, while advice may be sought from a third party (e.g. legal advice), responsibility for the accuracy of information, as well as the disclosure of relevant information, on the Form is ultimately the responsibility of those who sign the application.

In signing this form on behalf of the firm:

**I confirm that the information in this Form is accurate and complete to the best of my knowledge and belief and that I have read the notes to this Form.**

I confirm that I have authority to make this application and provide the declarations given by the firm, and sign this Form, on behalf of the firm identified in section 2.01 and/or each *firm* identified in section 3.04. I also confirm that a copy of this Form, as submitted to the *FCA* and/or *PRA*, will be sent to each of those *firms* at the same time as submitting the Form to the *FCA* and/or *PRA*.

**7.03** Name of the *firm* submitting the application †

**7.04** Name of *person* signing on behalf of the *firm* †

**7.05** Job title †

**7.06** Signature\*

Date †

† The above question(s) should be completed whether submission of this form is online or in one of the other ways set out in SUP 15.7 or in Senior Managers Regime - Applications and Notifications in the *PRA* Rulebook  
Short Form A – UK firms (UK Relevant Authorised Persons and third country Relevant Authorised Persons only) Application to perform senior management functions

† The above question(s) should be completed whether submission of this form is online or in one of the other ways set out in SUP 15.7 or in Senior Managers Regime - Applications and Notifications in the *PRA* Rulebook  
Short Form A – UK firms (UK Relevant Authorised Persons and third country Relevant Authorised Persons only) Application to perform senior management functions



Application number  
(for FCA/PRA use only)

The FCA and PRA have produced notes which will assist both the applicant and the candidate in answering the questions in this form. Please read these notes, which are available on the FCA and PRA's websites at [http://media.fshandbook.info/Forms/notes/imap\\_forme\\_notes.doc](http://media.fshandbook.info/Forms/notes/imap_forme_notes.doc) and [www.bankofengland.co.uk/PRA](http://www.bankofengland.co.uk/PRA).

Both the applicant and the candidate will be treated by the FCA and PRA as having taken these notes into consideration when completing this form.

## Form E

### Internal transfer of an approved person (for firms and individuals subject to the senior management regime)

FCA Handbook Reference: SUP 10C Annex 4D

PRA Rulebook Reference: Senior Managers Regime - Applications and Notifications

DATE TBC

Name of *candidate*<sup>†</sup>  
(to be completed by applicant *firm*)

Name of *firm*<sup>†</sup>  
(as entered in 2.01)

Financial Conduct Authority  
25 The North Colonnade  
Canary Wharf  
London E14 5HS  
United Kingdom  
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Registered as a Limited Company in England and Wales No 1920623. Registered Office as above

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20 Moorgate  
London  
EC2R 6DA  
United Kingdom  
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Email [PRA.firmenquiries@bankofengland.co.uk](mailto:PRA.firmenquiries@bankofengland.co.uk)  
Website [www.bankofengland.co.uk/PRA](http://www.bankofengland.co.uk/PRA)  
Registered as a Limited Company in England and Wales No 07854923. Registered Office: 8 Lothbury Road, London, EC2R 7HH

<sup>†</sup> The above question(s) should be completed whether submission of this form is online or in one of the other ways set out in SUP15.7 of the FCA Handbook and/or Senior Managers Regime - Applications and Notifications of the PRA Rulebook as applicable

## Personal identification details

## Section 1

1.01 Individual Reference Number (IRN)<sup>†</sup>

1.02 Title  
(e.g. Mr, Mrs, Ms, etc)<sup>†</sup>

1.03 Surname<sup>†</sup>

1.04 ALL forenames<sup>†</sup>

1.05 Date of birth<sup>†</sup>

1.06 National Insurance number<sup>†</sup>

## Firm identification details

## Section 2

2.01 Name of *firm*

2.02 *Firm* Reference Number (FRN)

2.03 a Who should the *FCA/PRA* contact at the *firm* in relation to this application?

b Position

c Telephone

d Fax

e E-mail



I have supplied further information related to this page in Section 6

YES

NO

<sup>†</sup> The above question(s) should be completed whether submission of this form is online or in one of the other ways set out in SUP15.7 of the *FCA Handbook* and/or *Senior Managers Regime - Applications and Notifications of the PRA Rulebook* as applicable

**3.01** List all *senior management functions* which the approved person is ceasing to perform. The effective date is the date the *person* will cease to perform the functions.

	FRN <sup>†</sup>	Name of firm <sup>†</sup>	Senior Management function <sup>†</sup>	Effective date <sup>†</sup>
a				//
b				//
c				//
d				//
e				//



I have supplied further information related to this page in Section 7 YES

---

<sup>†</sup> The above question(s) should be completed whether submission of this form is online or in one of the other ways set out in SUP15.7 of the *FCA Handbook* and/or *Senior Managers Regime - Applications and Notifications of the PRA Rulebook* as applicable  
 Form E – Internal transfer of an approved person (for firms and individuals subject to the senior management regime) **Page 3**

**4.01** Nature of the arrangement between the candidate and the applicant.

*a Employee*

*b Group employee*

Name of group

*c Contract for services*

*d Partner*

*e Other*

Give details

**4.02** For applications from a single *firm*, please tick the boxes that correspond to the *senior management functions* to be performed.

If the *senior management functions* are to be performed for more than one *firm*, please go to question 4.04

Function	Description of a Senior Manager function	Tick (if applicable)	Effective Date
SMF 1	Chief Executive function		
SMF 2	Chief Finance function		
SMF 3	Executive Director		
SMF 4	Chief Risk function		
SMF 5	Head of Internal Audit		
SMF 6	Head of Key Business Area		
SMF 7	Group Entity Senior Manager		
SMF 8	Credit Union SMF (small Credit Unions only)		
SMF 9	Chairman		
SMF10	Chair of the Risk Committee		
SMF11	Chair of the Audit Committee		
SMF12	Chair of the Remuneration Committee		
SMF13	Chair of the Nominations Committee		
SMF14	Senior Independent Director		
SMF16	Compliance Oversight		
SMF17	Money Laundering Reporting		
SMF18	Significant Responsibility SMF		
SMF19	Head of Overseas Branch		
SMF20	Overseas Branch Senior Manager		
SMF21	EEA Branch Senior Manager		

† The above question(s) should be completed whether submission of this form is online or in one of the other ways set out in SUP15.7 of the *FCA Handbook* and/or *Senior Managers Regime - Applications and Notifications of the PRA Rulebook* as applicable



4.03 Has the *firm* undertaken a criminal records check in accordance with the requirements of the *FCA* and/ or *PRA*?

Please note that a *firm is required to obtain* the fullest information that it is lawfully able to obtain about the *candidate* under Part V of the Police Act 1997 (Certificates of Criminal records, etc) and related subordinated legislation of the *UK* or any part of the *UK* before making the application. (SUP 10C.10.16R and Senior Managers Regime - Applications and Notifications in the *PRA* Rulebook )

If yes, please enter date the check was undertaken

Date (dd/mm/yy):

**Note: if date is more than 3 months prior to current date or 3 months prior to date of application submission or the check has not been undertaken, please provide details why in section 5.**



I have supplied further information related to this page in Section 5

YES

NO

† The above question(s) should be completed whether submission of this form is online or in one of the other ways set out in SUP15.7 of the *FCA* Handbook and/or Senior Managers Regime - Applications and Notifications of the *PRA* Rulebook as applicable

**4.04**

List all *firms* within the *group* (including the *firm* entered in 2.01) for which the applicant requires approval and the requested *senior management function* for that *firm*.<sup>†</sup>

	<b>Firm Reference Number</b>	<b>Name of firm</b>	<b>Senior Management function</b>	<b>Job title (mandatory)</b>	<b>Effective date</b>
<b>a</b>					//
<b>b</b>					//
<b>c</b>					//
<b>d</b>					//
<b>e</b>					//



I have supplied further information related to this page in Section 5

YES

NO



---

<sup>†</sup> The above question(s) should be completed whether submission of this form is online or in one of the other ways set out in SUP15.7 of the *FCA Handbook* and/or *Senior Managers Regime - Applications and Notifications of the PRA Rulebook* as applicable

# Supplementary information for Senior Management Functions

## Section 5

- 5.00
- If there is any other information the *candidate* or the *firm* considers to be relevant to the application, it must be included here.
  - Please provide full details of
    - why the candidate is competent and capable to carry out the senior management function(s) applied for.
    - why the appointment complements the firm's business strategy, activity and market in which it operates.
    - how the appointment was agreed including details of any discussions at governing body level (where applicable).
  - Provide a copy of the candidate's:-
    - *statement of responsibilities* with this form
    - Roles description
    - Curriculum Vitae (C.V)
    - Organisational chart
  - Provide a copy of the firm's *management responsibilities map* (SYSC 4.5 to SYSC 4.8 and SUP 10C.9.10G, and Allocation of Responsibilities in the *PRA* Rulebook
  - A *firm* should include any handover certificate and a reasonable summary of any other handover material (as referred to in SYSC 4.9.1R to SYSC 4.9.8G and Senior Management Functions Chapter 2 in the *PRA* Rulebook.

Question	Information

† The above question(s) should be completed whether submission of this form is online or in one of the other ways set out in SUP15.7 of the *FCA Handbook* and/or *Senior Persons Regime - Applications and Notifications of the PRA Rulebook* as applicable

Form E – Internal transfer of an approved person (for firms and individuals subject to the senior management regime)

**Declaration of Candidate**

Knowingly or recklessly giving the *FCA* and/or *PRA* information which is false or misleading in a material particular may be a criminal offence (section 398 of the Financial Services and Markets Act 2000). It should not be assumed that information is known to the *FCA* and/or *PRA* merely because it is in the public domain or has previously been disclosed to the *FCA* and/or *PRA* or another regulatory body. If there is any doubt about the relevance of information, it should be included.

In addition to other regulatory responsibilities, firms, senior managers and other approved persons have a responsibility to disclose to the *FCA* and/or *PRA* matters of which it would reasonably expect to be notified. Failure to notify the *FCA* and/or *PRA* of such information may lead to the *FCA* and/or *PRA* taking disciplinary or other action against the firm and/or individuals.

For the purposes of complying with the Data Protection Act, the personal information provided in this Form will be used by the *FCA* and/or *PRA* to discharge its statutory functions under the Financial Services and Markets Act 2000 and other relevant legislation, and will not be disclosed for any other purpose without the permission of the applicant.

With reference to the above, the *FCA* and/or *PRA* may seek to verify the information given in this Form including answers pertaining to fitness and propriety. This may include a credit reference check. In signing the form below:

**a) I authorise the *FCA* and/or *PRA* to make such enquiries and seek such further information as it thinks appropriate in the course of verifying the information given in this Form. *Candidates* may be required to apply for a criminal records search to be made as to whether any criminal records are held in relation to them and to obtain a certificate (where such certificate can be obtained) and to disclose the result of that search to the *firm* submitting this application.**

**b) I confirm that the information in this Form is accurate and complete to the best of my knowledge and belief and that I have read the notes to this Form.**

**c) I confirm that I understand the regulatory responsibilities of my proposed role as set out in the rules of conduct in the *FCA*'s Conduct Rules (C-CON) and/or *PRA* Conduct Rules (as applicable).**

**d) I confirm that the Statement of Responsibility submitted with this form accurately reflects the aspects of the affairs of the Firm which it is intended that I will be responsible for managing**

**[Hyperlinks to C-CON /PRA conduct rules to follow]**

Tick here to confirm you have read and understood this declaration: ∞

**6.01** Candidate's full name†

**6.02** Signature

Date

† The above question(s) should be completed whether submission of this form is online or in one of the other ways set out in SUP15.7 of the *FCA* Handbook and/or Senior Persons Regime - Applications and Notifications of the *PRA* Rulebook as applicable

## Declaration of Firm

Knowingly or recklessly giving the *FCA* and/or *PRA* information which is false or misleading in a material particular may be a criminal offence (sections 398 and 400 of the Financial Services and Markets Act 2000). *SUP* 15.6.1R and *SUP* 15.6.4R of the *FCA* Handbook and Notification 6 of the *PRA* Rulebook require an *authorised person* to take reasonable steps to ensure the accuracy and completeness of information given to the *FCA* and/or *PRA* and to notify the *FCA* and/or *PRA* immediately if materially inaccurate information has been provided.

In addition to other regulatory responsibilities, firms, senior managers and other approved persons have a responsibility to disclose to the *FCA* and/or *PRA* matters of which it would reasonably expect to be notified. Failure to notify the *FCA* and/or *PRA* of such information may lead to the *FCA* and/or *PRA* taking disciplinary or other action against the firm and/or individuals.

It should not be assumed that information is known to the *FCA* and/or *PRA* merely because it is in the public domain or has previously been disclosed to the *FCA* and/or *PRA* or another regulatory body. If there is any doubt about the relevance of information, it should be included.

In making this application the *firm* believes on the basis of due and diligent enquiry and by reference to the criteria in FIT that the candidate is a fit and proper person to perform the controlled function(s) listed in section 3. The firm also believes, on the basis of due and diligent enquiry, that the candidate is competent to fulfil the duties required in the performance of such function(s).

### **IF UNDERTAKING ANY NON MiFID BUSINESS FOR WHICH THE FIRM HAS NOT PREVIOUSLY APPLIED FOR AUTHORISATION, PLEASE ALSO COMPLETE THE FOLLOWING**

The *firm* also believes, on the basis of due and diligent enquiry, that the *candidate* is competent to fulfil the duties required of such function(s). YES NO

If the *firm* confirms that it has had sight of a criminal records certificate prepared within the past 3 months in relation to the Individual and has given due consideration to the information contained in that certificate in determining that Individual to be fit and proper. Alternatively, where a certificate is not obtained the firm has provided an explanation in section 5.

In signing this form on behalf of the firm:

a) I confirm that the information in this Form is accurate and complete to the best of my knowledge and belief and that I have read the notes to this Form.

b) I confirm that I have authority to make this application and provide the declarations given by the firm, and sign this Form, on behalf of the firm identified in section 2.01 and/or each *firm* identified in section 3.04. I also confirm that a copy of this Form, as submitted to the *FCA* and/or *PRA*, will be sent to each of those *firms* at the same time as submitting the Form to the *FCA* and/or *PRA*.

c) I confirm the candidate has been made aware of the regulatory responsibilities of the proposed role as set out in the rules of conduct in the *FCA*'s Conduct Rules (C-CON) and/or *PRA* Conduct Rules (as applicable).

d) I confirm that that the Statement of Responsibility submitted with this form accurately reflects the aspects of the affairs of the Firm which it is intended that the candidate will be responsible for managing

[[hyperlink to FCA C-CON and PRA Conduct Rules to follow](#)]

6.03 Name of the *firm* submitting the application †

6.04 Name of *person* signing on behalf of the *firm* †

6.05 Job title †

6.06 Signature

Date †

† The above question(s) should be completed whether submission of this form is online or in one of the other ways set out in SUP15.7 of the *FCA* Handbook and/or Senior Persons Regime - Applications and Notifications of the *PRA* Rulebook as applicable

# Appendix 4

## FCA-only forms



Application number  
(for FCA/PRA use only)

The FCA has produced notes which will assist both the applicant and the candidate in answering the questions in this form. Please read these notes, which are available on the FCA website at:

[http://media.fshandbook.info/Forms/notes/imap\\_forma\\_notes.doc](http://media.fshandbook.info/Forms/notes/imap_forma_notes.doc)

Both the applicant and the candidate will be treated by the FCA as having taken these notes into consideration when completing their answers to the questions in this form.

## Long Form A –Incoming EEA Relevant Authorised Persons only

### Application to perform senior management functions

FCA Handbook Reference: SUP 10C Annex 4D

[DATE TBC]

Name of candidate  
(to be completed by applicant firm)

Name of firm  
(as entered in 2.01)

Firm reference number  
(as entered in 2.02)

Financial Conduct Authority  
25 The North Colonnade  
Canary Wharf  
London E14 5HS  
United Kingdom

Telephone +44 (0) 845 606 9966  
Facsimile +44 (0) 207 066 0017  
E-mail [iva@fca.org.uk](mailto:iva@fca.org.uk)  
Website <http://www.fca.org.uk>

Registered as a Limited Company in England and Wales No 1920623. Registered Office as above

1.01	a	<i>Candidate</i> Individual Reference Number (IRN) †	
	b	OR name of previous regulatory body †	
	c	AND previous reference number (if applicable) †	
1.02		Title (e.g. Mr, Mrs, Ms, etc) †	
1.03		Surname †	
1.04		ALL forenames †	
1.05		Name commonly known by †	
1.06		Date of birth (dd/mm/yyyy) †	
1.07		National Insurance number †	
1.08		Previous name †	
1.09		Date of name change †	
1.10	a	Nationality †	
	b	Passport number (if National Insurance number not available) †	
1.11		Place of birth †	



I have supplied further information related to this page in Section 6 †    YES     NO



1.12 a Private address<sup>†</sup>

[Redacted address field]

b

Postcode<sup>†</sup>

c

Dates resident at this address (mm/yyyy)<sup>†</sup>

From

[Redacted date field]

To

PRESENT

(If address has changed in the last three years, please provide addresses for the previous three years.)

1.13 a Previous address 1<sup>†</sup>

[Redacted address field]

b

Postcode

c

Dates resident at this address (mm/yyyy)<sup>†</sup>

From

[Redacted date field]

To

[Redacted date field]

1.14 a Previous address 2<sup>†</sup>

[Redacted address field]

<sup>1</sup>

b

Postcode<sup>†</sup>

c

Dates resident at this address (mm/yyyy)<sup>†</sup>

From

[Redacted date field]

To

[Redacted date field]



I have supplied further information related to this page in Section 6

YES

NO

2

\_\_\_\_\_

2.01	Name of <i>firm</i> making the application	
2.02	Firm Reference Number (FRN)	
2.03 a	Who should the <i>FCA/PRA</i> contact at the <i>firm</i> in relation to this application?	
b	Business Address	
c	Position	
d	Telephone	
e	E-mail	



I have supplied further information related to this page in Section 6

**YES**

**NO**

**3.01** Nature of the arrangement between the candidate and the applicant.

a Employee

b Group employee

Name of group

c Contract for services

d Partner

g Other

Give details

**3.02** For applications from a single firm, please tick the boxes that correspond to the senior management functions to be performed.

If the senior management functions are to be performed for more than one firm, please go to question 3.04

Function	Description of a Senior Manager function	Tick applicable (if applicable)	Effective Date
SMF17	Money Laundering Reporting		
SMF21	EEA Branch Senior Manager		

**3.03** Job title

**Insurance mediation**

Will the candidate be responsible for Insurance mediation at the firm?

YES

NO

((Note: Yes can only be selected if the individual is applying for a governing function (other than a non-executive director function) (MiPRU 2.2.2)



I have supplied further information related to this page in Section 6<sup>†</sup>

YES

NO

N.B.: ALL gaps must be accounted for

**4.01**

**Employment details (1) †**

<b>a</b>	Period (mm/yyyy)	From		To	
<b>b</b>	Nature of employment	<i>a</i>	Employed		<input type="checkbox"/>
		<i>b</i>	Self-employed		<input type="checkbox"/>
		<i>c</i>	Not employed		<input type="checkbox"/>
		<i>d</i>	Full-time education		<input type="checkbox"/>
	If <i>c</i> or <i>d</i> is ticked, please give details				
<b>c</b>	Name of employer				
<b>d</b>	Nature of business				
<b>e</b>	Previous / other names of employer				
<b>f</b>	Last known address of employer				
<b>g</b>	Is/was employer regulated by a regulatory body?	YES <input type="checkbox"/>	NO <input type="checkbox"/>	Name of regulatory body	
<b>h</b>	Is/was employer an <i>appointed representative/tied agent</i> ?	YES <input type="checkbox"/>	NO <input type="checkbox"/>	If yes, of which <i>firm</i> ?	
<b>i</b>	Position held				
<b>j</b>	Responsibilities				
<b>k</b>	Reason for leaving:	<i>a</i>	Resignation		<input type="checkbox"/>
		<i>b</i>	Redundancy		<input type="checkbox"/>
		<i>c</i>	Retirement		<input type="checkbox"/>
		<i>d</i>	Termination/dismissal		<input type="checkbox"/>
		<i>e</i>	End of contract		<input type="checkbox"/>
		<i>f</i>	Other		<input type="checkbox"/>
	Specify				

† The above question(s) should be completed whether submission of this form is online or in one of the other ways set out in SUP 15.7 Long Form A – Incoming EEA (Relevant Authorised Persons only)  
Application to perform senior management functions

**4.02 Employment details (2) †**

**a** Period (mm/yyyy) From  /  To  /

**b** Nature of employment

<i>a</i>	Employed	<input type="checkbox"/>
<i>b</i>	Self-employed	<input type="checkbox"/>
<i>c</i>	Not employed	<input type="checkbox"/>
<i>d</i>	Full-time education	<input type="checkbox"/>

If *c* or *d* is ticked, please give details

**c** Name of employer

**d** Nature of business

**e** Previous / other names of employer

**f** Last known address of employer

**g** Is/was employer regulated by a regulatory body? YES  NO  Name of regulatory body

**h** Is/was employer an *appointed representative/tied agent*? YES  NO  If yes, of which *firm*?

**i** Position held

**j** Responsibilities

**k** Reason for leaving:

<i>a</i>	Resignation	<input type="checkbox"/>
<i>b</i>	Redundancy	<input type="checkbox"/>
<i>c</i>	Retirement	<input type="checkbox"/>
<i>d</i>	Termination/dismissal	<input type="checkbox"/>
<i>e</i>	End of contract	<input type="checkbox"/>
<i>f</i>	Other	<input type="checkbox"/>

Specify

 I have supplied further information related to this page in Section 6† YES  NO

**5.01 Criminal Proceedings**

When answering the questions in this section you should include matters whether in the UK or overseas. By virtue of the Rehabilitation of Offenders Act 1974 (Exceptions) Order 1975, if the candidate is subject to the law of England and Wales, you must disclose spent convictions and cautions (other than a protected conviction or caution). (In the following questions, you should include all matters even when the arrest, charge, prosecution or investigation did not result in a conviction, and, in respect of 5.01.4, even where the candidate was not the subject of the investigation.)

<b>5.01.1a</b>	Has the <i>candidate</i> <b>ever</b> been convicted of any criminal offence (whether spent or not and whether or not in the <i>United Kingdom</i> ):	
	i. involving fraud, theft, false accounting, offences against the administration of public justice (such as perjury, perverting the course of justice and intimidation of witnesses or jurors), serious tax offences or other dishonesty or	YES <input type="checkbox"/> NO <input type="checkbox"/>
	ii. relating to <i>companies, building societies, industrial and provident societies, credit unions, friendly societies, insurance, banking or other financial services, insolvency, consumer credit or consumer protection, money laundering, market manipulations or insider dealing?</i>	
<b>b</b>	Is the <i>candidate</i> , or has the <i>candidate</i> ever been, the subject of any criminal proceedings, whether in the UK or elsewhere?	YES <input type="checkbox"/> NO <input type="checkbox"/>
<b>c</b>	Has the <i>candidate</i> <b>ever</b> been given a caution in relation to any criminal offence?	YES <input type="checkbox"/> NO <input type="checkbox"/>
<b>5.01.2</b>	Has the <i>candidate</i> any convictions for any offences other than those in 5.01.1 above (excluding traffic offences that did not result in a ban from driving or did not involve driving without insurance)?	YES <input type="checkbox"/> NO <input type="checkbox"/>
<b>5.01.3</b>	Has the <i>candidate</i> ever been arrested or charged with any criminal offence or been the subject of any criminal investigation? (You should include all matters even if the arrest, charge or investigation did not result in a conviction.)	YES <input type="checkbox"/> NO <input type="checkbox"/>
<b>5.01.4</b>	Has the <i>candidate</i> ever been ordered to produce documents pursuant to any criminal investigation or been the subject of a search (with or without a warrant) pursuant to any criminal investigation?	YES <input type="checkbox"/> NO <input type="checkbox"/>



I have supplied further information related to this page in Section 6<sup>†</sup> YES  NO

---

**5.01.5** Has any firm at which the *candidate* holds or has held a position of influence ever:

(Please check the guidance notes for the meaning of 'position of influence' in the context of the questions in this part of the form.)

- |          |  |                              |                             |
|----------|--|------------------------------|-----------------------------|
| <b>a</b> | Been convicted of any criminal offence?  | YES <input type="checkbox"/> | NO <input type="checkbox"/> |
| <b>b</b> | Been summonsed, charged with or otherwise investigated or prosecuted for any criminal offence?   | YES <input type="checkbox"/> | NO <input type="checkbox"/> |
| <b>c</b> | Been the subject of any criminal proceeding which has not resulted in a conviction?  | YES <input type="checkbox"/> | NO <input type="checkbox"/> |
| <b>d</b> | Been ordered to produce documents in relation to any criminal investigation or been the subject of a search (with or without a warrant) in relation to any criminal investigation? | YES <input type="checkbox"/> | NO <input type="checkbox"/> |



I have supplied further information related to this page in Section 6<sup>†</sup> YES  NO

---

## 5.02 Civil Proceedings

**5.02.1** Has the candidate, **ever** been the subject of a judgement debt or award against the candidate? YES  NO

Please give a full explanation of the events in questions, ensuring that it adheres to the Disclosure Note at the beginning of this form.

*Candidate* should include all County Court Judgement(s) (CCJs) made against the candidate, whether satisfied or not); and

i) the sum and date of all judgements debts, awards or CCJs (whether satisfied or not); and

ii) the total number of all judgment debts, awards or CCJs ordered.

**5.02.2** Has the *candidate* ever been party to any civil proceedings which resulted in any order against the candidate (other than a judgement debt or award referred to in 5.02.1 above)? (You should include, for example, injunctions and employment tribunal proceedings.) YES  NO

**5.02.3** Is the candidate aware of:

**a** Any proceedings that have begun, or anyone's intention to begin proceedings against the candidate, for a CCJ or another judgement debt? YES  NO

**b** More than one set of proceedings, or anyone's intention to begin more than one set of proceedings, that may lead to a CCJ or other judgement debt? YES  NO

**c** Anybody's intention to claim more than £1,000 of CCJs or judgement debts in total from the candidate? YES  NO

**5.02.4** Does the candidate have any **current** judgment debts (including CCJs) made under a court order still outstanding, whether in full or in part? YES  NO

**5.02.5** Has the *candidate* **ever** failed to satisfy any such judgment debts (including CCJs) made under a court order still outstanding, whether in full or part, within one year of the order being made? YES  NO



I have supplied further information related to this page in Section 6<sup>†</sup> YES  NO

---



<b>5.02.6</b>	Has the <i>candidate</i> ever:	
<b>a</b>	Filed for the candidate's own bankruptcy or had a bankruptcy petition served on the candidate?	YES <input type="checkbox"/> NO <input type="checkbox"/>
<b>b</b>	Been adjudged bankrupt?	YES <input type="checkbox"/> NO <input type="checkbox"/>
<b>c</b>	Been the subject of a bankruptcy restrictions order (including an interim bankruptcy restrictions order) or offered a bankruptcy restrictions undertaking?	YES <input type="checkbox"/> NO <input type="checkbox"/>
<b>d</b>	Made any arrangements with the candidate's creditors, for example a deed of arrangement or an individual voluntary arrangement (or in Scotland a trust deed)?	YES <input type="checkbox"/> NO <input type="checkbox"/>
<b>e</b>	Had assets sequestrated?	YES <input type="checkbox"/> NO <input type="checkbox"/>
<b>f</b>	Been involved in any proceedings relating to the above matters even if such proceedings did not result in the making of any kind of order against the candidate or result in any kind of agreement with the candidate?	YES <input type="checkbox"/> NO <input type="checkbox"/>
<b>5.02.7</b>	Does the <i>candidate</i> , or any undertaking under their management, have any outstanding financial obligations arising from <i>regulated activities</i> , which have been carried out in the past? (whether or not in the UK or overseas)?	YES <input type="checkbox"/> NO <input type="checkbox"/>
<b>5.02.8</b>	Has the <i>candidate</i> ever been adjudged by a court or tribunal (whether criminal, civil or administrative) for any fraud, misfeasance, negligence, wrongful trading or other misconduct?	YES <input type="checkbox"/> NO <input type="checkbox"/>
<b>5.02.9</b>	Is the <i>candidate</i> currently:	
<b>a</b>	Party to any civil proceedings? (including those covered in 5.02.7 above)	YES <input type="checkbox"/> NO <input type="checkbox"/>
<b>b</b>	Aware of anybody's intention to begin civil proceedings against the candidate? (You should include any ongoing disputes whether or not such dispute is likely to result in any order against the candidate.)	YES <input type="checkbox"/> NO <input type="checkbox"/>
<b>5.02.10</b>	Has any firm at which the <i>candidate</i> holds or has held a position of influence ever been:	
<b>a</b>	Adjudged by a court civilly liable for any fraud, misfeasance, wrongful trading or other misconduct?	YES <input type="checkbox"/> NO <input type="checkbox"/>
<b>b</b>	The subject of a judgement debt or award against the firm? (You should include all CCJs made against the firm, whether satisfied or not.)	YES <input type="checkbox"/> NO <input type="checkbox"/>
<b>c</b>	Party to any other civil proceedings which resulted in an order against the firm other than in relation to matters covered in 5.02.10a and 5.02.10b above?	YES <input type="checkbox"/> NO <input type="checkbox"/>



I have supplied further information related to this page in Section 6<sup>†</sup> YES  NO

---

**5.02.11** Is any firm at which the *candidate* currently holds or has held, within the last 12 months from the date of the submission of this form, a position of influence currently:

**a** a party to civil proceedings?

YES  NO

**b** aware of anyone's intention to begin civil proceedings against them?

YES  NO

**5.02.12** Has any company, partnership or unincorporated association of which the *candidate* is or has been a controller, director, senior manager, partner or company secretary, in the United Kingdom or elsewhere, at any time during their involvement, or within one year of such an involvement, been put into liquidation, wound up, ceased trading, had a receiver or administrator appointed or entered into any voluntary arrangement with its creditors?

YES  NO



I have supplied further information related to this page in Section 6<sup>†</sup>

YES  NO

---

**5.03 Business and Employment Matters**

**5.03.1** Has the *candidate* ever been:

**a** Disqualified from acting as a director or similar position (one where the candidate acts in a management capacity or conducts the affairs of any company, partnership or unincorporated association)?

YES  NO

**b** The subject of any proceedings of a disciplinary nature (whether or not the proceedings resulted in any finding against the *candidate*)?

YES  NO

**c** The subject of any investigation which has led or might lead to disciplinary proceedings?

YES  NO

**d** Notified of any potential proceedings of a disciplinary nature against the candidate?

YES  NO

**e** The subject of an investigation into allegations of misconduct or malpractice in connection with any business activity? (This question covers internal investigation by an authorised firm, as well as investigation by a regulatory body, at any time.)

YES  NO

**5.03.2** Has the *candidate* ever been refused entry to , or been dismissed, suspended or requested to resign from, any professional, vocation, office or employment, or from any fiduciary office or position of trust whether or not remunerated?

YES  NO

**5.03.3** Does the *candidate* have any material written complaints made against the candidate by the candidate’s clients or former clients in the last five years which the candidate has accepted, or which are awaiting determination, or have been upheld – by an ombudsman or complaints scheme?

YES  NO



I have supplied further information related to this page in Section 6<sup>†</sup>

YES  NO

---

## 5.04 Regulatory Matters

**5.04.1** In relation to activities regulated by the FCA and/or PRA or any other regulatory body (see section 5 guidance notes), has:

- The *candidate*, or
- Any company, partnership or unincorporated associate of which the candidate is or has been a controller, director, senior manager, partner or company secretary, during the candidate's association with the entity and for a period of three years after the candidate ceased to be associated with it, ever –

<b>a</b>	Been refused, had revoked, restricted, been suspended from or terminated, any licence, authorisations, registration, notification, membership or any other permission granted by any such body?	YES <input type="checkbox"/>	NO <input type="checkbox"/>
<b>b</b>	Been criticised, censured, disciplined, suspended, expelled, fined or been the subject of any other disciplinary or interventional action by any such body?	YES <input type="checkbox"/>	NO <input type="checkbox"/>
<b>c</b>	Received a warning (whether public or private) that such disciplinary or interventional action may be taken against the candidate or the firm?	YES <input type="checkbox"/>	NO <input type="checkbox"/>
<b>d</b>	Been the subject of an investigation by any regulatory body, whether or not such an investigation resulted in a finding against the candidate or the firm?	YES <input type="checkbox"/>	NO <input type="checkbox"/>
<b>e</b>	Been required or requested to produce documents or any other information to any regulatory body in connection with such an investigation (whether against the firm or otherwise)?	YES <input type="checkbox"/>	NO <input type="checkbox"/>
<b>f</b>	Been investigated or been involved in an investigation by an inspector appointed under companies or any other legislation, or required to produce documents to the Secretary of State, or any other authority, under any such legislation?	YES <input type="checkbox"/>	NO <input type="checkbox"/>
<b>g</b>	Ceased operating or resigned whilst under investigation by any such body or been required to cease operating or resign by any regulatory body?	YES <input type="checkbox"/>	NO <input type="checkbox"/>
<b>h</b>	Decided, after making an application for any licence, authorisation, registration, notification, membership or any permission granted by any such body, not to proceed with it?	YES <input type="checkbox"/>	NO <input type="checkbox"/>
<b>i</b>	Been the subject of any civil action related to any regulated activity which has resulted in a finding by a court?	YES <input type="checkbox"/>	NO <input type="checkbox"/>
<b>j</b>	Provided payment services or distributed or redeemed e-money on behalf of a regulated firm or itself under any contractual agreement where that agreement was terminated by the regulated firm?	YES <input type="checkbox"/>	NO <input type="checkbox"/>
<b>k</b>	Been convicted of any criminal offence, censured, disciplined or publicly criticised by any inquiry, by the Takeover Panel or any governmental or statutory authority or any other regulatory body (other than as indicated in this group of questions).	YES <input type="checkbox"/>	NO <input type="checkbox"/>



I have supplied further information related to this page in Section 6<sup>†</sup> YES  NO

**5.04.2**

In relation to activities regulated by the FCA/PRA or any other regulatory body, has the *candidate* or any firm at which the *candidate* holds or has held a position of influence at any time during and within one year of the candidate's association with the firm ever:

- a** Been found to have carried on activities for which authorisation or registration by the FCA/PRA or any other regulatory body is required without the requisite authorisations? YES  NO
- b** Been investigated for the possible carrying on of activities requiring authorisation or registration by the FCA/PRA or any other regulatory body without the requisite authorisation whether or not such investigation resulted in a finding against the candidate? YES  NO
- c** Been found to have performed a senior management function or other controlled function (or an equivalent function requiring approval by the FCA/PRA or any other regulatory body) without the requisite approval? YES  NO
- d** Been investigated for the possible performance of a senior management function or other controlled function (or an equivalent function requiring approval by the FCA/PRA or any other regulatory body) without the requisite approval, whether or not such investigation resulted in a finding against the candidate? YES  NO
- e** Been found to have failed to comply with an obligation under the Electronic Money Regulations 2011 or Payment Services Regulations 2009 to notify the FCA/PRA of the identity of a person acting in a position of influence over its electronic money or payment services business? YES  NO
- f** Been the subject of disqualification direction under section 59 of the Financial Services Act 1986 or a prohibition order under section 56 FSMA, or received a warning notice proposing that such a direction or order be made, or received a private warning? YES  NO



I have supplied further information related to this page in Section 6<sup>†</sup>

YES  NO

---

**5.05 Other Matters**

**5.05.1** Is the *candidate*, in the role to which the application relates, aware of any business interests, employment obligations, or any other circumstance which may conflict with the performance of the senior management functions for which approval is now being sought

YES  NO

**5.05.2** Are you aware of any other information relevant to this notification that we might reasonably expect from the *candidate*?

YES  NO

**5.05.3** Has the *firm* undertaken a criminal records check in accordance with the requirements of the *FCA* or *PRA*?

Please note that a *firm* is required to *obtain* the fullest information that it is lawfully able to obtain about the *candidate* under Part V of the Police Act 1997 (Certificates of Criminal records, etc) and related subordinated legislation of the *UK* or any part of the *UK* before making the application. (SUP 10C.10.16R and Senior Managers Regime - Applications and Notifications in the *PRA* Rulebook])

YES  NO

If yes, please enter date the check was undertaken

Date (dd/mm/yy):

*Note: if date is more than 3 months prior to current date or 3 months prior to date of application submission or the check has not been undertaken, please provide details why in section 6.*

**5.05.4** Has / Have a reference or references been obtained from previous employer(s) in accordance with the requirements of the *FCA* or *PRA*?

If No, please provide details why the reference or references has/have not been obtained.

*Please note that a firm is required to use reasonable efforts to obtain a reference from any previous employer of the candidate during the last 5 years (see SYSC 5.3.8R and Fitness and Propriety 2 in the PRA Rulebook. However, reference(s) may not be necessary if the individual is applying for an additional senior management function within the same firm.*

YES  NO



I have supplied further information related to this page in Section 6<sup>†</sup>

YES  NO

---

- 6.00
- If there is any other information the *candidate* or the *firm* considers to be relevant to the application, it must be included here.
  - Please provide full details of
    - why the candidate is competent and capable to carry out the senior management function(s) applied for.
    - why the appointment complements the firm's business strategy, activity and market in which it operates.
    - how the appointment was agreed including details of any discussions at governing body level (where applicable).
  - Provide a copy of the *candidate's*:-
    - *Statement of Responsibilities* with this form
    - Roles description
    - Curriculum Vitae (C.V)
    - Organisational chart
  - Provide a copy of the firm's *management responsibilities map* (SYSC 4.6 and SUP 10C.9.10G, and Allocation of Responsibilities in the *PRA* Rulebook
  - Please also include here any additional information indicated in previous sections of the Form.
  - **Please include a list of all directorships currently or previously held by the *candidate* in the past 10 years (where *director* has the meaning given in the *Glossary*.)**
  - If there is insufficient space, please continue on a separate sheet of paper and clearly identify the section and question to which the additional information relates.
  - **Full details must be provided here if there were any issues that could affect the Fitness and Propriety of the individual that arose when leaving an employer listed in section 4 or if any question has been answered 'yes' in section 5.**

Question	Information

† The above question(s) should be completed whether submission of this form is online or in one of the other ways set out in SUP 15.7 Long Form A – Incoming EEA (Relevant Authorised Persons only)  
Application to perform senior management functions





**Declaration of Candidate**

Knowingly or recklessly giving the *FCA* information which is false or misleading in a material particular may be a criminal offence (section 398 of the Financial Services and Markets Act 2000).

It should not be assumed that information is known to the *FCA* merely because it is in the public domain or has previously been disclosed to the *FCA* or another regulatory body. If there is any doubt about the relevance of information, it should be included.

For the purposes of complying with the Data Protection Act, the personal information provided in this Form will be used by the *FCA* to discharge its statutory functions under the Financial Services and Markets Act 2000 and other relevant legislation, and will not be disclosed for any other purpose without the permission of the applicant.

With reference to the above, the *FCA* may seek to verify the information given in this Form including answers pertaining to fitness and propriety. This may include a credit reference check.

In signing the form below:

- a) I authorise the *FCA* to make such enquiries and seek such further information as it thinks appropriate in the course of verifying the information given in this Form. Individual candidates may be required to apply to the Disclosure and Barring Service for a search to be made as to whether any criminal records are held in relation to them and to disclose the result of that search to us. I also understand that the results of these checks may be disclosed to the firm submitting this application.**
- b) I confirm that the information in this Form is accurate and complete to the best of my knowledge and belief and that I have read the notes to this Form.**
- c) I confirm that I understand the regulatory responsibilities of my proposed role as set out in C-CON**

7.01 Candidate's full name<sup>†</sup>

7.02 Signature<sup>\*</sup>

Date<sup>†</sup>



---

<sup>†</sup> The above question(s) appears on an electronic form submission and a paper form submission

<sup>\*</sup> The above question(s) appears on a paper form submission only. That question does not appear on an electronic form submission.

<sup>†</sup> The above question(s) should be completed whether submission of this form is online or in one of the other ways set out in SUP 15.7 Long Form A – Incoming EEA (Relevant Authorised Persons only)  
Application to perform senior management functions

**Declaration of Firm**

Knowingly or recklessly giving the *FCA* information which is false or misleading in a material particular may be a criminal offence (sections 398 and 400 of the Financial Services and Markets Act 2000). *SUP* 15.6.1R and *SUP* 15.6.4R require an *authorised person* to take reasonable steps to ensure the accuracy and completeness of information given to the *FCA* and to notify the *FCA* immediately if materially inaccurate information has been provided.

Where an *approved person* is responsible for reporting matters to the *FCA*, failure to inform the *FCA* of materially significant information of which he is aware is a breach of *C-CON*. Contravention of these requirements may lead to disciplinary sanctions or other enforcement action by the *FCA*. It should not be assumed that information is known to the *FCA* merely because it is in the public domain or has previously been disclosed to the *FCA* or another regulatory body. If there is any doubt about the relevance of information, it should be included.

**In making this application the firm believes on the basis of due and diligent enquiry-that the candidate is a fit and proper person to perform the controlled function(s) listed in section 3. FOR FIRMS UNDERTAKING ANY NON MiFID BUSINESS PLEASE ALSO COMPLETE THE FOLLOWING**

**The firm also believes, on the basis of due and diligent enquiry, that the candidate is competent to fulfil the duties required in the performance of such function(s).**

YES  NO

With reference to the above, the *FCA* may seek to verify the information given in this Form including answers pertaining to fitness and propriety. This may include a credit reference check.

**In signing this form on behalf of the firm:**

**a) I confirm that the information in this Form is accurate and complete to the best of my knowledge and belief and that I have read the notes to this Form.**

**b) I confirm that I have authority to make this application, and sign this Form, on behalf of each firm identified in section 3.05. I also confirm that a copy of this Form, as submitted to the FCA, will be sent to each of those firms at the same time as submitting the Form to the FCA.**

**c) I confirm the candidate has been made aware of the regulatory responsibilities of proposed role as set out in C-CON**

7.03	Name of the <i>firm</i> submitting the application <sup>†</sup>	
7.04	Name of <i>person</i> signing on behalf of the <i>firm</i> <sup>†</sup>	
7.05	Job title <sup>†</sup>	
7.06	Signature <sup>*</sup>	
	Date <sup>†</sup>	

<sup>†</sup> The above question(s) appears on an electronic form submission and a paper form submission

<sup>\*</sup> The above question(s) appears on a paper form submission only. That question does not appear on an electronic form submission.

<sup>†</sup> The above question(s) should be completed whether submission of this form is online or in one of the other ways set out in *SUP* 15.7 Long Form A – Incoming EEA (Relevant Authorised Persons only)  
Application to perform senior management functions



Application number  
(for FCA/PRA use only)

The *FCA* has produced notes which will assist both the applicant and the candidate in answering the questions in this form. Please read these notes, which are available on the *FCA* website at:

[http://media.fshandbook.info/Forms/notes/imap\\_forma\\_notes.doc](http://media.fshandbook.info/Forms/notes/imap_forma_notes.doc)

Both the applicant and the candidate will be treated by the *FCA* as having taken these notes into consideration when completing this form.

## Short Form A - Incoming EEA Relevant Authorised Persons Only

### Application to perform senior management functions

*FCA Handbook* Reference: SUP 10C Annex 4D  
[DATE TBC]

Name of *candidate*<sup>†</sup>  
(to be completed by applicant firm)

Name of *firm*<sup>†</sup>  
(as entered in 2.01)

*Firm* reference number<sup>†</sup>  
(as entered in 2.02)

Financial Conduct Authority  
25 The North Colonnade  
Canary Wharf  
London E14 5HS  
United Kingdom  
Telephone +44 (0) 845 606 9966  
Facsimile +44 (0) 207 066 0017  
E-mail [iva@fca.org](mailto:iva@fca.org)  
Website <http://www.fca.org>  
Registered as a Limited Company in England and  
Wales No 1920623. Registered Office as above

<sup>†</sup> The above question(s) should be completed whether submission of this form is online or in one of the other ways set out in SUP 15.7

<b>1.01 a</b>	<i>Candidate</i> Individual Reference Number (IRN)	
<b>b</b>	OR name of previous regulatory body	
<b>c</b>	AND previous reference number (if applicable)	
<b>1.02</b>	Title (e.g. Mr, Mrs, Ms, etc)	
<b>1.03</b>	Surname	
<b>1.04</b>	ALL forenames	
<b>1.05</b>	Name commonly known by	
<b>1.06</b>	Date of birth (dd/mm/yyyy)	
<b>1.07</b>	National Insurance number	
<b>1.08</b>	Previous name	
<b>1.09</b>	Date of name change	
<b>1.10 a</b>	Nationality	
<b>b</b>	Passport number (if National Insurance number not available)	
<b>1.11</b>	Place of birth	



I have supplied further information related to this page in Section 6 YES  NO

† The above question(s) should be completed whether submission of this form is online or in one of the other ways set out in SUP 15.7

1.12 a Private address

[Redacted address field]

b

Postcode

c Dates resident at this address (mm/yyyy)

From

[Redacted date field]

To

PRESENT

(If address has changed in the last three years, please provide addresses for the previous three years.)

1.13 a Previous address 1

[Redacted address field]

b

Postcode

c Dates resident at this address (mm/yyyy)

From

[Redacted date field]

To

[Redacted date field]

1.14 a Previous address 2

[Redacted address field]

b

Postcode

c Dates resident at this address (mm/yyyy)

From

[Redacted date field]

To

[Redacted date field]



I have supplied further information related to this page in Section 6

YES

NO

† The above question(s) should be completed whether submission of this form is online or in one of the other ways set out in SUP 15.7

Short Form A - Incoming EEA (Relevant Authorised Persons only)

Application to perform senior management function

<b>2.01</b>	Name of <i>firm</i> making the application	
<b>2.02</b>	Firm Reference Number (FRN)	
<b>2.03 a</b>	Who should the <i>FCA/PRA</i> contact at the <i>firm</i> in relation to this application?	
<b>b</b>	Position	
<b>c</b>	Telephone	
<b>d</b>	Fax	
<b>e</b>	E-mail	



I have supplied further information related to this page in Section 6 YES  NO

† The above question(s) should be completed whether submission of this form is online or in one of the other ways set out in SUP 15.7

**3.01** Nature of the *arrangement* between the *candidate* and the applicant.

- a *Employee*

---

  - b *Group employee*
- Name of *group*
- 
- c Contract for services

---

  - d *Partner*

---

  - g Other

Give details

**3.02** For applications from a single *firm*, please tick the boxes that correspond to the *senior management functions* to be performed.

If the *senior management functions* are to be performed for more than one *firm*, please go to question **3.04**

Function	Description of a Senior Manager function	Tick (if applicable)	Effective Date
SMF17	Money Laundering Reporting	<input type="checkbox"/>	<input type="checkbox"/>
SMF21	EEA Branch Senior Manager	<input type="checkbox"/>	<input type="checkbox"/>

3.03 Job title

**Insurance mediation**

Will the candidate be responsible for Insurance mediation at the firm?

YES  NO

((Note: Yes can only be selected if the individual is applying for a governing function (other than a non-executive director function) (MiPRU 2.2.2))



I have supplied further information related to this page in Section 6<sup>†</sup>

YES  NO

<sup>†</sup> The above question(s) should be completed whether submission of this form is online or in one of the other ways set out in SUP 15.7

- 6.00
- If there is any other information the *candidate* or the *firm* considers to be relevant to the application, it must be included here.
  - If this application relates to a senior management function then please provide full details of
    - why the candidate is competent and capable to carry out the senior management function(s) applied for.
    - why the appointment complements the firm's business strategy, activity and market in which it operates.
    - how the appointment was agreed including details of any discussions at governing body level (where applicable).
  - Provide a copy of the candidate's:
    - *Statement of responsibilities* with this form
    - *Roles description*
    - Curriculum vitae (C.V)
    - Organisational chart
  - Provide a copy of the firm's *management responsibilities map* (SYSC 4.6 and SUP 10C.9.10G)
  - Please also include here any additional information indicated in previous sections of the Form.
  - **Please include a list of all directorships currently or previously held by the *candidate* in the past 10 years (where *director* has the meaning given in the *Glossary*.)**
  - If there is insufficient space, please continue on a separate sheet of paper and clearly identify the section and question to which the additional information relates.
  - **Full details must be provided here if there were any issues that could affect the Fitness and Propriety of the individual that arose when leaving an employer listed in section 4 or if any question has been answered 'yes' in section 5.**

† The above question(s) should be completed whether submission of this form is online or in one of the other ways set out in SUP 15.7



Question	Information

† The above question(s) should be completed whether submission of this form is online or in one of the other ways set out in SUP 15.7

**Short Form A - Incoming EEA (Relevant Authorised Persons only)**  
**Application to perform senior management function**

**Declaration of Candidate**

Knowingly or recklessly giving the *FCA* information which is false or misleading in a material particular may be a criminal offence (sections 398 and 400 of the Financial Services and Markets Act 2000).

It should not be assumed that information is known to the *FCA* merely because it is in the public domain or has previously been disclosed to the *FCA* and/or *PRA* or another regulatory body. If there is any doubt about the relevance of information, it should be included.

For the purposes of complying with the Data Protection Act, the personal information provided in this Form will be used by the *FCA* to discharge its statutory functions under the Financial Services and Markets Act 2000 and other relevant legislation, and will not be disclosed for any other purpose without the permission of the applicant.

With reference to the above, the *FCA* may seek to verify the information given in this Form including answers pertaining to fitness and propriety. This may include a credit reference check.

**In signing this form on behalf of the firm:**

**a) I authorise the *FCA* to make such enquiries and seek such further information as it thinks appropriate in the course of verifying the information given in this Form. Individual candidates may be required to apply to the Criminal Records Bureau for a search to be made as to whether any criminal records are held in relation to them and to disclose the result of that search to us. I also understand that the results of these checks may be disclosed to the firm submitting this application'**

**b) I confirm that the information in this Form is accurate and complete to the best of my knowledge and belief and that I have read the notes to this Form.**

**c) I confirm that I understand the regulatory responsibilities of my proposed role as set out in C-CON**

7.01 Candidate's full name<sup>†</sup>

7.02 Signature<sup>\*</sup>

Date<sup>†</sup>

<sup>†</sup> The above question(s) should be completed whether submission of this form is online or in one of the other ways set out in SUP 15.7

<sup>\*</sup> The above question(s) should only be completed if the form is being submitted in one of the ways set out in SUP 15.7 other than online submission. It should not be completed if submission of this form is online.

<sup>†</sup> **The above question(s) should be completed whether submission of this form is online or in one of the other ways set out in SUP 15.7**

## Declaration of Firm

Knowingly or recklessly giving the *FCA* information which is false or misleading in a material particular may be a criminal offence (sections 398 and 400 of the Financial Services and Markets Act 2000). *SUP* 15.6.1R and *SUP* 15.6.4R require an *authorised person* to take reasonable steps to ensure the accuracy and completeness of information given to the *FCA* and/or *PRA* and to notify the *FCA* immediately if materially inaccurate information has been provided.

Where an *approved person* is responsible for reporting matters to the *FCA*, failure to inform the *FCA* of materially significant information of which he is aware is a breach of C-CON. Contravention of these requirements may lead to disciplinary sanctions or other enforcement action by the *FCA*. It should not be assumed that information is known to the *FCA* merely because it is in the public domain or has previously been disclosed to the *FCA* or another regulatory body. If there is any doubt about the relevance of information, it should be included.

**In making this application the firm believes on the basis of due and diligent enquiry that the candidate is a fit and proper person to perform the controlled function(s) listed in section 3.**  
**FOR FIRMS UNDERTAKING ANY NON MiFID BUSINESS PLEASE ALSO COMPLETE THE FOLLOWING**

**The firm also believes, on the basis of due and diligent enquiry, that the candidate is competent to fulfil the duties required in the performance of such function(s).**

YES  NO

With reference to the above, the *FCA* may seek to verify the information given in this Form including answers pertaining to fitness and propriety. This may include a credit reference check.

**In signing this form on behalf of the firm:**

**a) I confirm that the information in this Form is accurate and complete to the best of my knowledge and belief and that I have read the notes to this Form.**

**b) I confirm that I have authority to make this application, and sign this Form, on behalf of each firm identified in section 3.05. I also confirm that a copy of this Form, as submitted to the *FCA*, will be sent to each of those firms at the same time as submitting the Form to the *FCA*.**

**c) I confirm the candidate has been made aware of the regulatory responsibilities of proposed role as set out in C-CON**

Tick here to confirm you have read and understood this declaration: <sup>∞</sup>

**7.03** Name of the *firm* submitting the application<sup>†</sup>

**7.04** Name of *person* signing on behalf of the *firm*<sup>†</sup>

**7.05** Job title<sup>†</sup>

**7.06** Signature<sup>\*</sup>

Date<sup>†</sup>

<sup>†</sup> The above question(s) should be completed whether submission of this form is online or in one of the other ways set out in *SUP* 15.7

<sup>\*</sup> The above question(s) should only be completed if the form is being submitted in one of the ways set out in *SUP* 15.7 other than online submission. It should not be completed if submission of this form is online.

<sup>†</sup> The above question(s) should be completed whether submission of this form is online or in one of the other ways set out in *SUP* 15.7



BANK OF ENGLAND  
PRUDENTIAL REGULATION  
AUTHORITY



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