



SM&CR post-implementation forum

Thank you for joining.

The event will commence shortly at 13:30.

Sponsor



REGULATORY CHANGE MEETS BUSINESS ADVANTAGE

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Control panel



Visual pointers



to minimise/expand your screen view, use the monitor button in the control panel.



To minimise the control panel so it appears as a slim bar (like the example on the left), click on the orange arrow at the top (you can expand it again using the same button).

Audio



You have joined the webinar in “listen-only” mode to prevent any interference of the webinar audio. To ask a question, please use the “Question” feature in your control panel. Please note that you can direct them to the organiser or everyone on the webinar.

Handouts

You will see a copy of the agenda attached in the handouts section, which you can download at anytime.



Opening remarks from the event Chair

Graham Bateman,
Regulation Executive, TISA





**SM&CR:
A catalyst for culture
transformation in firms**

David Blunt, Head of the Conduct
Specialists Department in
Supervision, Financial Conduct
Authority



SM&CR

worksmart

REGULATORY CHANGE MEETS BUSINESS ADVANTAGE



An opportunity to embrace regulatory change through process improvements

1. Accountability

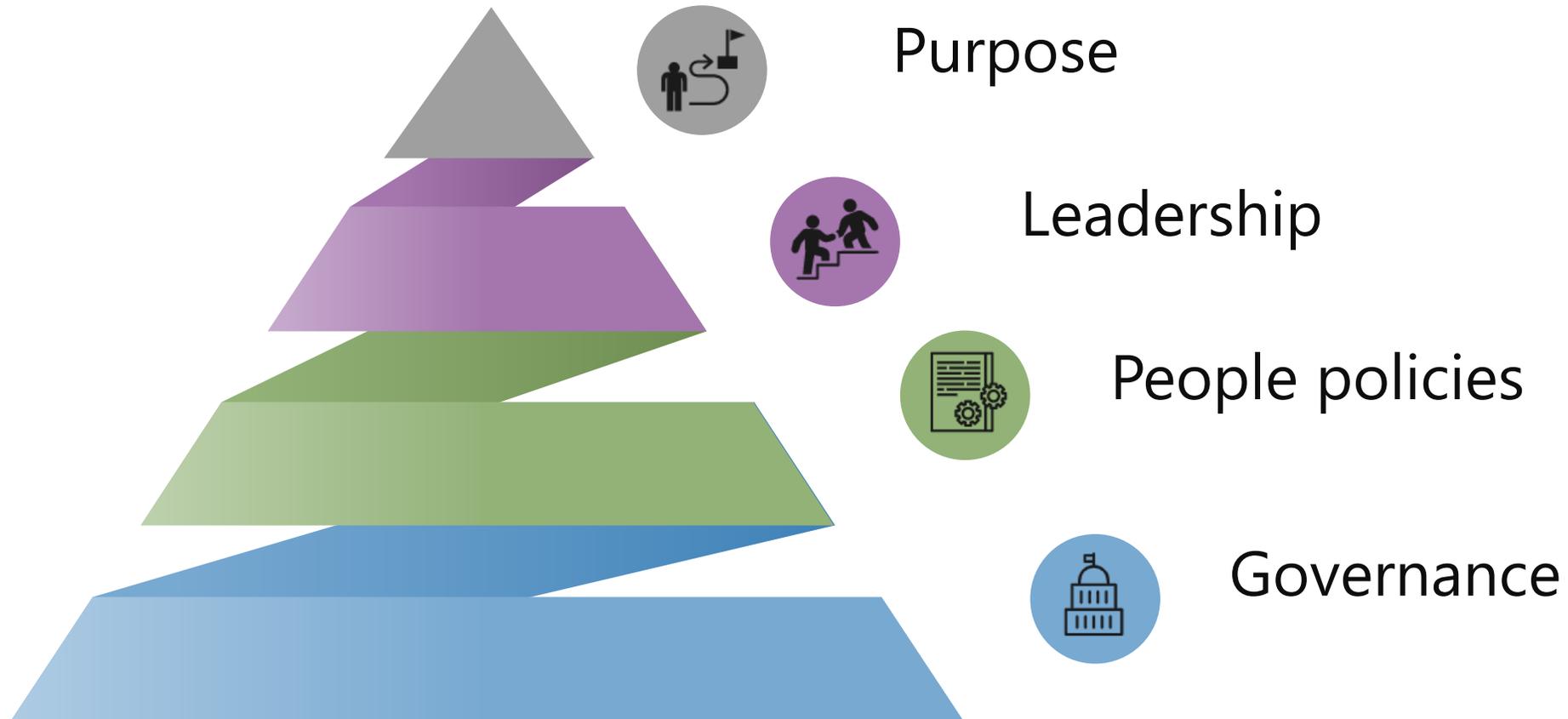
3. Certification – Managing
people risk

2. Competence & Capability

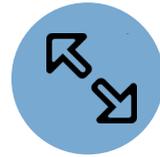
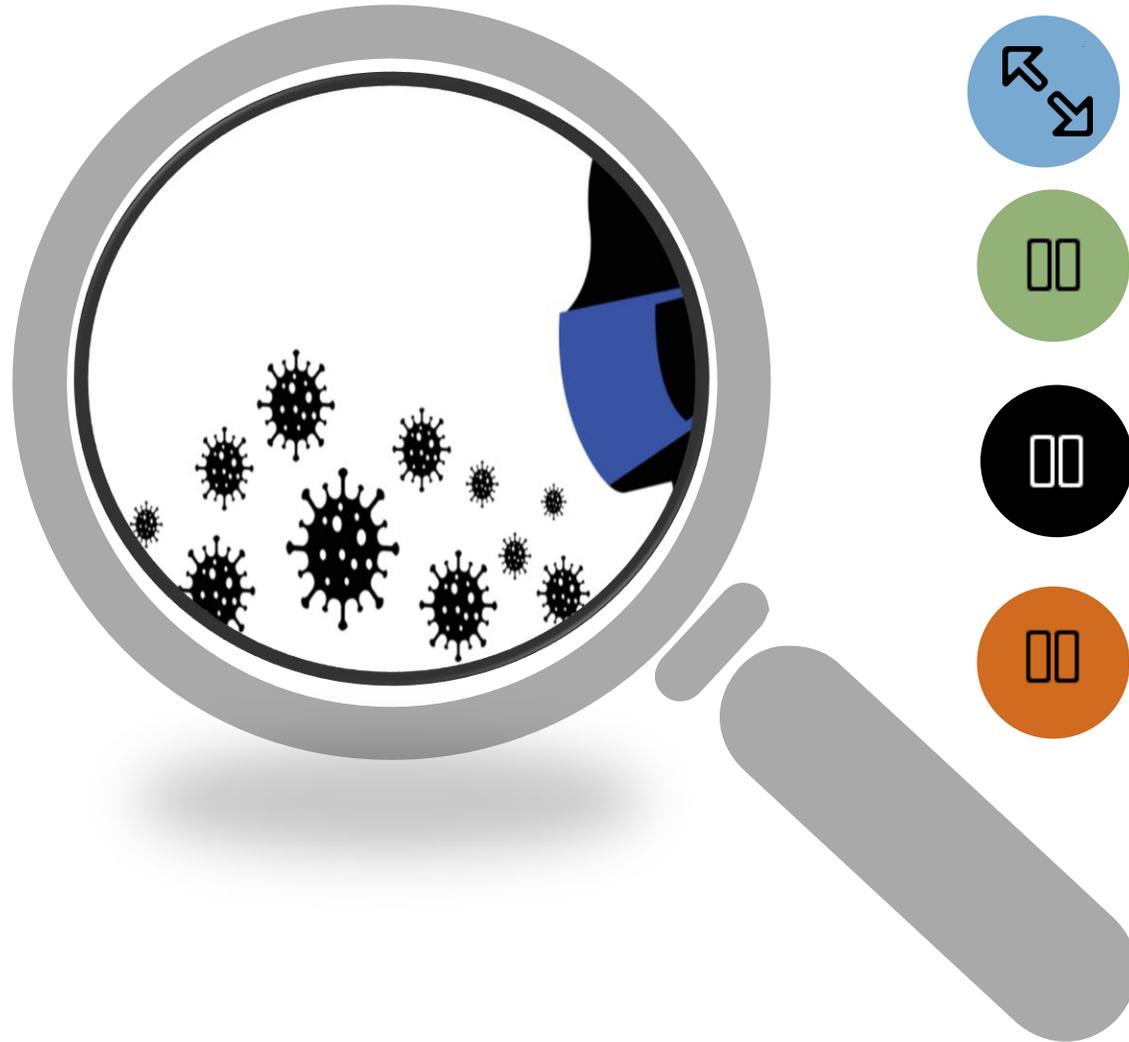
4. The Directory and the data challenge

Q. What elements of SM&CR do you see as being most affected as a result of CV-19?

1. Effective governance forums
2. Effective delegation & oversight
3. Reasonable steps evidence – MRM's & SOR's
4. Effective (remote) Certification Processes
5. Effective (remote) role relevant COCON training
6. Getting Directory ready
7. All of the above



Covid 19 – Impact on regulation



Regulatory flexibility



Calls for Input delayed



CP closing dates delayed



Key SM&CR dates delayed (subject to PS)

Senior Managers

- Duty of Responsibility
- Reasonable Steps Defence
- Fitness & Propriety
- Financial & Non-Financial Conduct

Certified Staff

- Fitness & Propriety
- Significant Harm Function(s)
- Competence aligned to SHF
- Financial & Non-Financial Conduct

Wider Conduct Rules Application

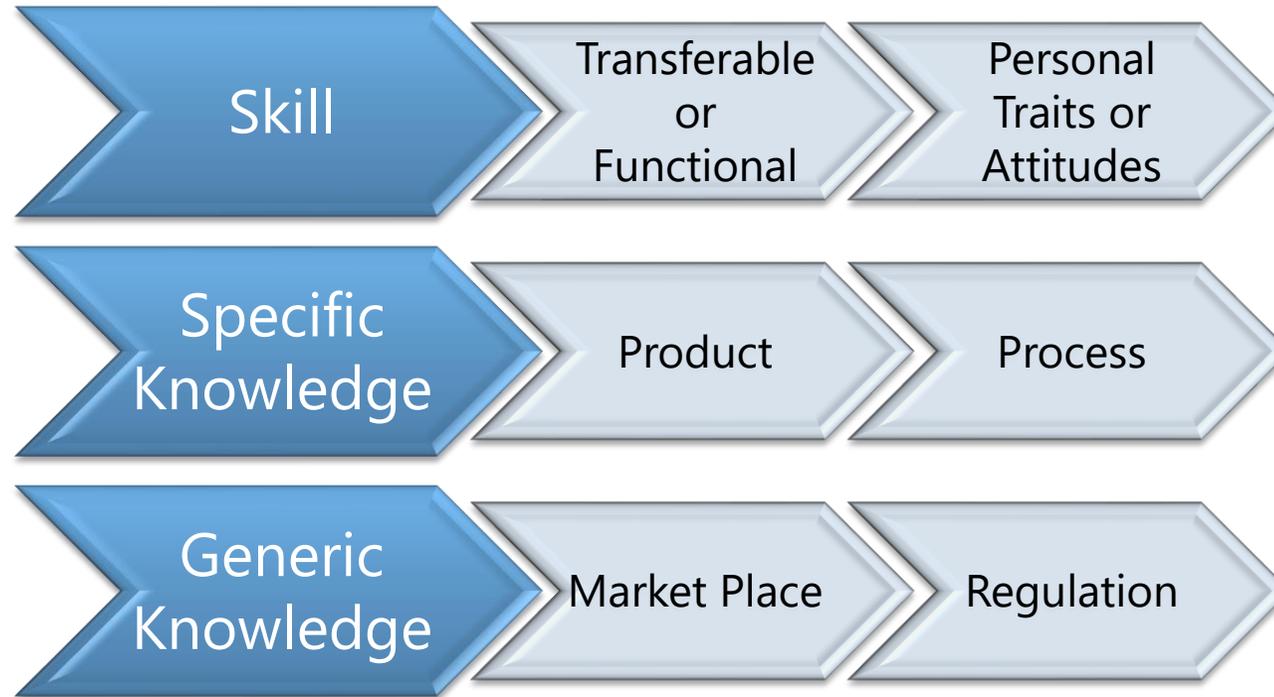
- Financial & Non-Financial Conduct

Personal Accountability





What are the elements that make up competence?



Certification Regime

Identification of populations

In firm approval

Who is accountable?

Evidence of competence

What MI do I need?

Conduct rules



Challenges for firms & individuals

01

Employees

Identification
Training
Accountability & Implications

Ownership

Who is responsible for what?
And accountable to whom?
Knowledge & expertise affect decisioning

02

Oversight

Who is covered & for what?
Gathering disparate data
Data flows & sign offs

03

Q. What element(s) of Certification do you see as being the most challenging?

1. Identification of SHF's
2. Contractual changes & implications
3. Ownership of the regime going forward
4. Resource for the onward management of the regime
5. Regulatory knowledge and application
6. Effective process management and oversight
7. A N Other – please share your view via the chat function

Which individuals are classified as directory persons

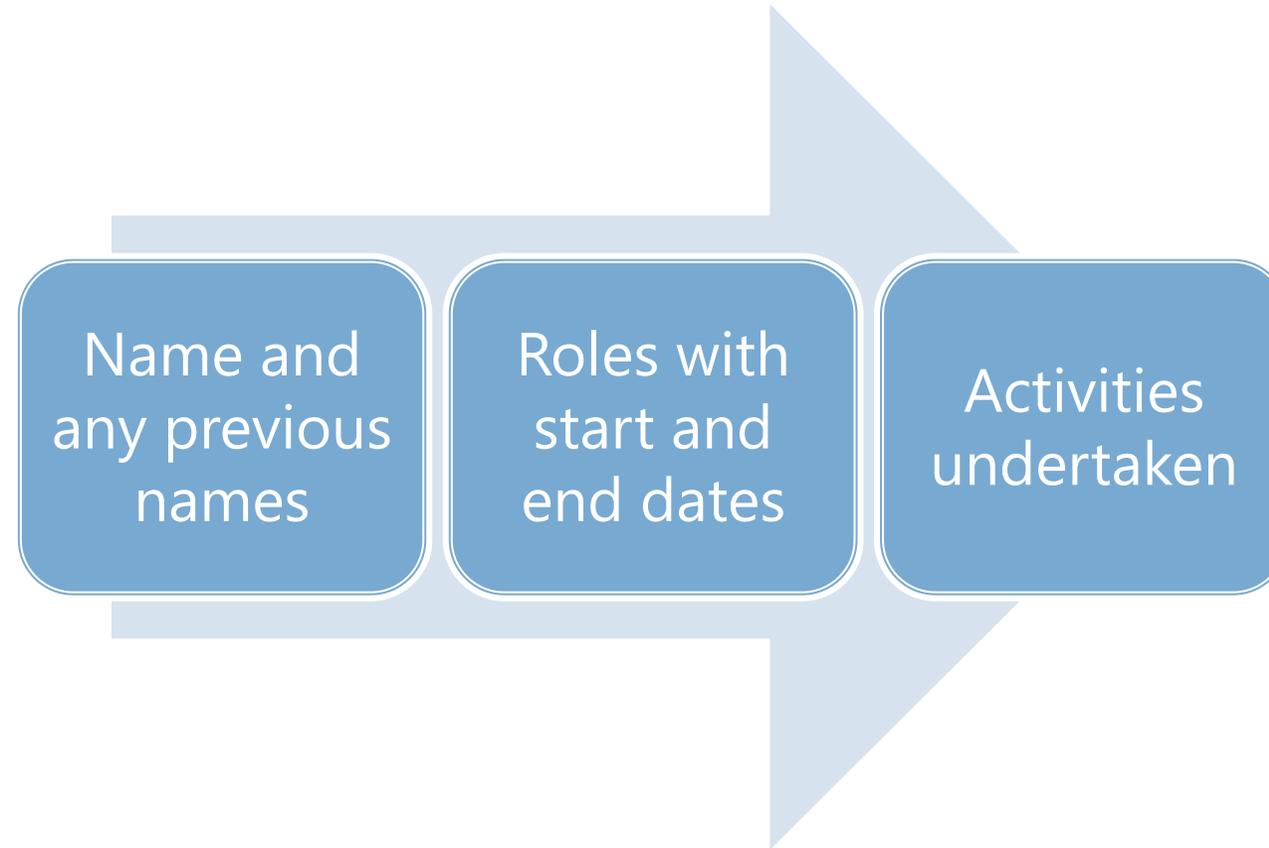


Data challenges



	Data field	Format	Required?		
Firm details	FRN	Numeric – 6 to 7 characters			
	IRN	AlphaNumeric – 8 characters			
Personal details	Title	Predefined drop-down list			
	First name(s)	Free Text field			
	Last name	Free Text field			
	Commonly used names	Free Text field			
	Previous name	Title	Free Text field	Optional when providing previous name	
		First Name	Free Text field	Mandatory when providing previous name	
		Last Name	Free Text field	Mandatory when providing previous name	
		Date of change	Numeric – (dd/mm/yyyy)	Mandatory when providing previous name	
	Date of birth	Numeric – (dd/mm/yyyy)			
	National Insurance Number ^{^1}	AlphaNumeric – 2 Alpha followed by 6 numeric followed by 1 Alpha			
Passport number ^{^1}	Free Text field				
Nationality	Predefined drop-down list	Mandatory when providing passport number			
Directory Person role details	Relevant roles currently held	Predefined drop-down list – More than one can be selected			
	Date started role	Numeric – (dd/mm/yyyy) – Can be up to 3 months in the future			
	Role end date	Numeric – (dd/mm/yyyy) – Can be up to 3 months in the future but must be after the start date			
			For customer engagement roles requiring qualification	Other roles	
	Activities which the directory person carries out	Predefined drop-down list – More than one can be selected			
	Customer engagement method(s)	Predefined drop-down list – More than one can be selected			
	Workplace location(s) ^{^2}	AlphaNumeric – 8 characters – Up to 5 postcodes can be provided			
Relevant Accredited Body the directory person is a Member of for customer engagement roles requiring qualification only	Predefined drop-down list – More than one can be selected				
Key Always required Where applicable Not required					

Data requirements for firms



Directory updates

ADD

New person
New role
New activity
New accreditation
New workplace location
New customer engagement method

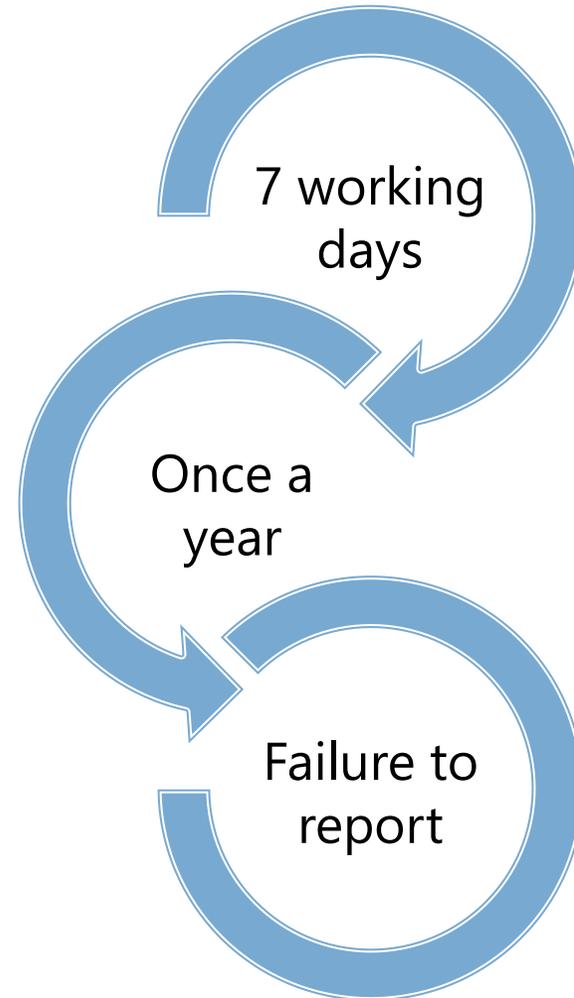
AMEND

End date existing role
Overwrite the following:
Existing activities
Existing workplace locations
Customer engagement method
Start date

SINGLE
AMENDS

Personal details such as name
Remove an activity that is the only one registered to the individual
Remove an accreditation that is the only one registered to the individual
Remove a workplace location that is the only one registered to the individual

Reporting requirements



Directory Persons

The screenshot shows the top of the Financial Services Register website. At the top left is the FCA logo (Financial Conduct Authority). To its right is the text 'The Financial Services Register'. Below this is a dark teal navigation bar with a home icon and links for 'Individual prohibitions', 'Fund search', 'Other registers', and 'Data and downloads' with a dropdown arrow. The main content area has a white background with the heading 'Welcome to the Financial Services Register'. Below this is a short paragraph explaining the register's purpose. Underneath is another heading 'How to use the Register' followed by three teal-colored boxes, each containing a key instruction and a brief explanation.

FCA FINANCIAL CONDUCT AUTHORITY

The Financial Services Register

Home Individual prohibitions Fund search Other registers Data and downloads ▾

Welcome to the Financial Services Register

In the UK, nearly all financial service activities must be authorised by the Financial Conduct Authority. You can search our Register for firms and individuals and the activities firms have permissions for.

How to use the Register

- Always check the firm you're dealing with is listed on the Register**

The Register lists all the firms and current/previously approved individuals that are involved with regulated activities. You can find out what they are regulated to do and your protections when doing business with them.
- Make sure they have permissions for the regulated activities you need**

Always check that permissions/activities of the firm match the service it's providing to you.
- Only use the contact details listed on the Register**

Many scammers pretend to be a legitimate firm. Use the contact details on the Register to confirm you're dealing with the genuine firm before doing business with them.

Sept 20 V 8

This card features the FCA logo at the top right. The main title is 'User guide: Adding or amending multiple directory persons data' in white text on a dark blue background. Below the title is a short paragraph explaining the guide's purpose, and at the bottom, another paragraph mentioning the upcoming publication of directory persons information on the Financial Services Register (FS Register).

FCA FINANCIAL CONDUCT AUTHORITY

User guide: Adding or amending multiple directory persons data

This user guide helps firms to either submit new directory persons data or amend existing directory persons information, in bulk.

From later this year, directory persons information will start being published on the Financial Services Register (FS Register), a public register showing details of key people

Countdown to March 2021



OCTOBER

Focus on trial Runs

Trial your Certification processes



NOVEMBER

Finalise your COCON Training



DECEMBER

Undertake Certification where possible



QUARTER 1 2021

Finalise Certification, complete COCON training and submit Directory Data



So, In Summary



SM&CR – It's here to stay



A mechanism for Cultural Change



It will drive process improvement and governance enhancements if you let it



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TISA Conduct Rules Training and Conduct Scenarios

17 September 2020

Katharine Harle, Dentons

David Mapplebeck, Northern Trust

Agenda

- Recap of rules and training requirements
- What good and bad looks like
- Devising Conduct Rules training in-house
- How TISA is supporting firms on this
- Example worked Conduct Scenario
- Questions

The Conduct Rules

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	You must pay due regard to the interests of customers and treat them fairly.
Rule 5	You must observe proper standards of market conduct.

Senior Manager Conduct Rules

SC 1	You must take reasonable steps to ensure that the business of the firm for which you are responsible is controlled effectively.
SC 2	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.
SC 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
SC 4	You must disclose appropriately any information of which the FCA or PRA would reasonably expect notice.

Conduct Rules training requirements

- Firms required to train staff on how the Conduct Rules apply to their role
- A Senior Manager will have PR (b-1) Performance by the firm of its obligations in respect of notifications and training in relation to the Conduct Rules
- Requirements on the responsible senior manager and FCA expectations regarding oversight
- SMs and Certified Staff are already subject to the Conduct Rules; other Conduct Rules staff become subject to them from next year and need to be trained
- Firms are also required to report breaches which have resulted in disciplinary action:
 - For SMs: within 7 business days
 - For other individuals: annually via REP008

What does good and bad look like

Recent 5 Conduct Questions Feedback to banks from the FCA highlights some areas to consider:

1. make training relevant to the day-to-day experience
2. go beyond the well-understood topics
3. consider non-financial misconduct and remote working issues
4. use real-life scenarios and recent cases in the UK and elsewhere
5. engage face to face where opportunities allow

Developing Conduct Rules training

How do you approach this in-house from a practical and cost-effective perspective?



TISA Conduct Scenarios

- TISA's SMCR Working Group has developed a selection of Conduct Scenarios aimed primarily at Senior Managers to:
 - help with setting Conduct Rules breach policies
 - assist firms in considering how to handle potential conduct issues
 - provide ideas and material for firms to use in their own Conduct Rules training
- The Conduct Scenarios: <https://www.tisa.uk.com/policy-technical/smcr-groups-resources-2/>
- Next stage –
 - development of further Conduct Scenarios for Conduct Rules and Certification staff
 - consider interest in scenarios tailored to roles/departments

Example Conduct Scenario

- A SMF colleague has appeared to you to be under increasingly severe stress and unable to cover all elements of their role in the run up to a regulatory visit.
- A month before the visit you are told that the SMF has been signed off with a heart condition and you are asked to step in to cover their SMF areas of responsibility.
- You do not have time to engage on the preparations for the FCA visit but are confident that the team knows what it is doing.
- There is no handover documentation available to you and you don't want to disrupt the visit preparation by having the team conduct a separate review.
- The visit goes badly and results in a s166 investigation and findings that the area is poorly organised and lacking skill care and diligence during the period from shortly before you took over the SMF responsibility.

Example Conduct Scenario talking points

- What Reasonable Steps should have been performed when taking on the additional responsibilities?
- How do firms ensure that handover materials are up to date and available?
- How should firms support SMFs asked to take on additional roles at short notice?



THANK YOU

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BREAK
15:05 - 15:35

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Panel Discussion

Post-implementation challenges and best practices



Natasha Cork
EMEA Head of Asset
Management
Regulatory Compliance
**HSBC Global Asset
Management**



Katharine Harle
Partner
Dentons



Jeremy Herman
Managing Director
and Senior Counsel
Goldman Sachs



Closing remarks from the event Chair

Graham Bateman,
Regulation Executive, TISA





With thanks to our event sponsor





www.tisa.uk.com

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