TISA

Response by TISA to the FCA's consultation on the Senior Managers & Certification Regime Review (CP 25/21)

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About TISA

Supporting the financial journey through life

The Investing and Saving Alliance (TISA) is committed to improving the financial wellbeing of all UK consumers by working collectively with the financial services industry to deliver solutions and champion innovation, for the benefit of people, our industry, and the nation.

We do this by working with our member firms to deliver practical solutions and devise innovative, evidence-based strategic proposals for government, policy makers and regulators that address major consumer issues.

We care about the entire financial life of consumers: from their first savings account opened to ensuring people can age and retire with dignity. TISA believes that savings and investments play a significant role in the lives of people and small businesses. Consumers benefit when they put aside money for their future. Saving and investing can provide a buffer for emergencies; help people achieve big and small goals throughout their lifetime; and give people quality of life in later years.

TISA is a not-for-profit membership organisation and a trusted partner of key industry stakeholders in helping shape the future of the UK financial services and the environment in which we operate. We have approximately 270 member firms involved in the supply and distribution of savings and investment products and associated services.

Our work, your influence

Our policy work reflects TISA's broad scope of interests and aims on meeting the needs of UK consumers, members and our industry. From improving financial education, inclusion and accessibility, right through to savings, investments and retirement planning, the work we do with our members to **influence policy** is crucial in enhancing the industry we operate in and driving positive change.

As part of our commitment to delivering focused and impactful consumer outcomes, TISA's policy working groups have been structured into **four distinct workstreams**:

1. **Consumer Protection -** *Protecting the best interests of UK consumers in their financial journeys.*
2. **Consumer Access -** *Considering issues that could directly impact access to financial products.*
3. **Effective Products -** *Examining key considerations and legislation relating to products across the investing and saving landscape.*
4. **Corporate Responsibility**
   Exploring issues that directly impact society, the environment, and the economy.

All groups focus on both strategic and technical elements of policy/regulation. We provide a channel for firms to have their say on the policy we develop and present, contribute to our technical and regulatory interpretation work and, importantly, gain insights from other TISA members, policy makers, government and regulators.

Find out more about TISA here: **www.tisa.uk.com/about-tisa**

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Introduction

TISA welcomes the opportunity to respond to the FCA's consultation CP 25/21 on the Senior Managers & Certification Regime Review.

We support its aims to improve the efficiency and effectiveness of the Senior Managers & Certification Regime (SM&CR), with the purpose of streamlining processes and reducing burden on firms while maintaining the core principles and benefits of the regime.

Our members represent a wide range of firms subject to SM&CR across financial services, and we are committed to supporting reforms that preserve public trust while promoting competitiveness, proportionality, and international alignment.

TISA therefore welcomes this review as a unique opportunity to modernise the regime. We encourage the FCA to set out a clear roadmap linking Phases 1 and 2 to give firms visibility and confidence in planning governance and systems investment.

Our answers to the questions and recommendations are noted below.

Question responses

Question 1: To what extent do you support the further changes we are considering in phase 2 of the reform (summarised in paragraph 1.11). Are there any other changes you suggest? We would welcome views on the impact (positive or negative) of each potential change and on any suggested additional improvements.

TISA members would welcome consideration being given to each of the suggested areas for reform summarised in Paragraph 1.11 and would welcome the opportunity to engage further with the FCA when the phase 2 consultation commences.

In particular, TISA would welcome the FCA exploring the following themes in Phase 2:

- Rationalisation of certification categories and possible replacement of the statutory Certification Regime with a more flexible, rule-based model.
- Clarification and possible simplification of Prescribed Responsibility allocations, which currently constrain flexibility.
- Reform of the Statement of Responsibility framework, ensuring it reflects real-world governance structures without generating unnecessary updates.

Question 2a: Please provide feedback on your experience of applying for SMF approval, particularly where you have experienced unnecessary friction or uncertainty in the process and how this compares to other overseas jurisdictions.

TISA members would welcome any initiatives to simplify and make more efficient the existing SMF approval regime. While the FCA's performance against stated service levels continues to improve, members have noted that the FCA does not include the amount of lapsed time in its assessment, but instead the 3-month time period excludes time when the clock is stopped by the Authorisations team. In reality, the SMF authorisations process can take up to six months or more.

Comparatively, overseas regulators often deliver faster turnaround times, partly due to better digital systems. The FCA's digitalisation programme (referenced in this consultation) is therefore particularly welcome.

Therefore, we recommend that the FCA considers the following to help deliver a faster and more efficient service, promoting confidence and international competitiveness:

- Publish transparent service-level performance data (including total elapsed time).
- Provide interim feedback during reviews.
- Minimise duplicate documentation requests.
- Develop mechanisms for escalation in prolonged or complex cases.

Question 2b: On which priority areas would firms welcome more information, guidance, or changes to forms?

TISA members would welcome clarity on the use of Form J and what might constitute a 'significant change' necessitating a submission requirement. In addition, there continues to be confusion between the FCA Connect system and the new portal to submit Form As.

We also support the proposals to simplify Statement of Responsibilities and Management Responsibilities Map updates, but we are not clear that this will reduce the internal burden of mapping responsibilities and ensuring no overlap.

Question 3: Do you agree to our proposals for changes to criminal record checks and disclosures?

The proposed changes to criminal record checks and disclosures are a positive development with the six-month validity period being a pragmatic solution to avoid unnecessary challenges where information is being sourced from outside the UK.

Removing the requirement to undertake criminal record checks when an existing SMF holder is applying for a different SMF within the same firm or group would also be helpful.

one unresolved area is guidance on when firms should disclose suspected misconduct if an employee departs before investigation outcome.

Question 4: Do you agree with our proposed changes to the 12-week rule?

Yes, subject to safeguards, TISA members are supportive of the extension to the time-period proposed. Recruitment for senior roles can take 6 months or more when notice period are factored in. The additional time will help firms manage such changes more effectively. However, the FCA should monitor for potential misuse.

Making individuals appointed under a revised 12-week rule subject to the Senior Manager Conduct Rules will, however, result in considerable challenges for firms and may discourage potential role holders from putting themselves forward. There is also likely to be a degree of ambiguity over the enforceability on the part of the FCA. Additional guidance would be an alternative and proportionate solution.

Question 5: Do you agree with our proposals on SMF7?

The use of the SMF7 designation is relatively uncommon among TISA members. Of those firms that do have individuals playing such a role, the key factor has been the role played by the SMF7 in implementing strategy within the firm as opposed to setting strategy at group level.

Effectively removing SMF7 for most group roles is welcome as it will help clarify the boundary between group governance and regulated entity governance and reinforce that accountability should follow actual decision-making and control, not corporate structure.

However, we recommend that the FCA should encourage firms to document how cross-border or group oversight is handled under governance frameworks and ensure clear governance mapping remains in place.

Question 6: Do you agree with our proposals on SMF18?

TISA members support the proposed changes to SMF18 and welcome the additional guidance. Such guidance would also be welcome in relation to the SMF22 role, which is very similar in nature to the SMF18. The overlap between SMF designations, such as SMF6, 18 and 22 suggests there is opportunity to further simplify the SMR without losing any of the benefits associated with it.

Question 7: Do you agree with our proposals on Prescribed Responsibilities?

TISA members are in favour of the FCA's proposals on Prescribed Responsibilities. Having flexibility to split PRs to reflect how firms manage themselves would be particularly welcomed, as would proportionality when determining which PRs are essential versus which can be optional or merged.

Question 8: Do you agree with our proposals on raising the thresholds for becoming an Enhanced SM&CR firm?

TISA members support these proposals but would suggest that the thresholds should be reviewed on a more frequent basis.

We would also question whether the criteria for Significant SYSC firms remain appropriate, given that these firm are captured by Enhanced SM&CR at far lower thresholds.

Firms close to the thresholds should be given a reasonable transition period to adjust governance, reporting, and compliance systems if their classification changes.

Question 9: Do you agree with our proposals on SoRs and MRMs?

Yes – TISA members are supportive of the proposed changes to SoRs and MRMs, albeit that the need for firms to maintain up-to-date SoRs and MRMs at all times will mean no difference to the internal resourcing required.

Question 10: Do you agree with our proposal to align with the PRA on SoR submission requirements for dual-regulated firms?

Alignment between the PRA and FCA will be of assistance to TISA firms that are regulated by both.

Question 11: Do you agree with our proposals on certification?

TISA members believe that there is merit in streamlining the categories of certificated roles. Rationalisation will enhance clarity and accountability while reducing operational friction and overlap in responsibilities. The current model allows for overlap and duplication , as well as the inclusion of roles of individuals who do not

deal with retail consumers or who are involved in governance decisions, e.g. the managers of certification employees.

Question 12: Do you agree with our proposal to change the timescales for updating the Directory?

While TISA members support the proposal to change the timescales for updating the Directory, the time period should be further extended, e.g. 30 or even 60 days.

Question 13: Do you agree with our proposals on regulatory references? Question 14: Do you agree with the proposed guidance on the Conduct Rules

The obtaining of regulatory references is a challenge to many firms, particularly those involved in fintech or recruiting from overseas, where the concept of regulatory references is largely unknown and requests are therefore ignored. Extending the period for obtaining the requests is helpful, but TISA members would suggest a broader review of the use of regulatory references is required.

14. Do you agree with the proposed guidance on the Conduct Rules?

TISA members welcome the proposed guidance on the Conduct Rules. Our members would welcome the FCA publishing practical examples illustrating what constitutes compliance and breach for different levels of responsibility.