

SM&CR ROUNDUP

TISA'S SM&CR NEWSLETTER



Welcome to the SM&CR Roundup – your guide to the help, updates and resources available from TISA to assist you with implementation. We hope you find it useful, please do give us your feedback and let us know if you have colleagues who would benefit from receiving a copy.

This edition focuses on Prescribed Responsibilities (PRs). PRs are specific responsibilities that Core and Enhanced firms must give to a Senior Manager where they are applicable to that firm.

Prescribed Responsibilities for Core Firms

There are 5 PRs for Core firms and an additional PR for Authorised Fund Managers (AFMs).

- Performance by the firm of its obligations under the SMR, including implementation and oversight.
- Performance by the firm of its obligations under the Certification Regime.
- Performance by the firm of its obligations in respect of notifications and training of the Conduct Rules.
- Responsibility for the firm's policies and procedures for countering the risk that the firm might be used to further financial crime.
- Responsibility for the firm's compliance with CASS (if applicable).
- Responsibility for an AFM's assessment of value, independent director representation and acting in investors' best interests. This PR only applies to AFMs.

Prescribed Responsibilities for Enhanced Firms

The 5 PRs (and 1 for AFM) also apply to Enhanced firms, plus an additional 7 PRs.

- Compliance with the rules relating to the firm's Responsibilities Map.
- Safeguarding and overseeing the independence and performance of the internal audit function.
- Safeguarding and overseeing the independence and performance of the compliance function.
- Safeguarding and overseeing the independence and performance of the risk function.
- If the firm outsources its internal audit function, taking reasonable steps to ensure that every person involved in the performance of the service is independent from the persons who perform external audit, including:
 - Supervision and management of the work of outsourced internal auditors.
 - Management of potential conflicts of interest between the provision of external audit and internal audit services.

- Developing and maintaining the firm's business model.
- Managing the firm's internal stress-tests and ensuring the accuracy and timeliness of information provided to the FCA for the purpose of stress testing.

Allocating Prescribed Responsibilities

Firms should review which PRs, if any apply to their firm and determine which Senior Manager they should be allocated to.

PRs should be allocated to the Senior Manager who is the most senior person responsible for that activity or area. They need to have the right level of skills, capability, knowledge and competence in relation to that activity and have sufficient authority over that area. In practice this might not be the individual who performs the activity, rather it may be the Senior Manager responsible for that area.

The allocation of PRs doesn't need to be pre-approved by the FCA but it must be appropriately recorded in the Senior Managers Statements of Responsibilities (SoRs). When a firm moves a PR from one Senior Manager to another the changes have to be submitted to the FCA.

Shared Prescribed Responsibilities

PRs should normally be held by only one person but can be divided or shared in limited circumstances. If a PR is divided or shared it should be for a justifiable reason (e.g. job share) and there must be no gaps with clear explanation in the relevant SoRs. Generally each Senior Manager will be jointly accountable for shared responsibilities.

Don't miss our upcoming SM&CR events!

We are planning a number of SM&CR events in the lead up to implementation. Details of our next events are shown below.

Join us on April 24th for our roundtable discussion of the recent TISA SM&CR publications **SM&CR Roundtable – Reasonable steps & Employee lifecycle** attendees will pick apart the bones of the content and put into context how they can apply the principles in their business.

Watch your inbox for details of our soon to be announced June Conduct Workshop & Seminar.

If you have any queries or comments on the Roundup, please email enquiries@tisa.uk.com

Don't wish to receive these emails? Please email nicola.robbs@tisa.uk.com