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# SENIOR MANAGERS & CERTIFICATION REGIME
## TOOLKIT

**In July 2018, the Financial Conduct Authority (FCA) published an extension to the Senior Managers and Certification Regime (SMCR). The SMCR is part of UK regulators' aim to improve culture, governance and accountability within financial services firms. It seeks to deter misconduct by improving individual accountability and awareness of conduct issues across firms.**

The SMCR will apply to all FCA-regulated firms from 9 December 2019 replacing accountability rules for staff under the FCA's current Approved Persons Regime.

Under the new regime, only senior individuals performing key roles will need FCA approval before starting work and they will receive a 'statement of responsibilities' that clearly says what they are responsible and accountable for.

One of their core duties will be to certify on an annual basis the staff carrying out 'significant harm functions' in their business units who will become 'certified persons'. The FCA hopes the regime will strengthen market integrity by making by making individuals more accountable.

## HOW WE CAN HELP

The Financial Services Regulation team's SMRC-related HR product will enable our clients operating in financial services to be prepared for the extension of the SMCR regime.

## OUR HR PRODUCT

Our product is available in two versions: SMCR HR audit with a set of template documents (SMRC Essential); and tailored-made advice (SMRC Advanced).

**1. SMRC Essential**

This product is focused on the audit and analysis of the client's SMRC needs. It consists of the audit questionnaire, to which a client provides answers, including categorising the firm.

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When taking instructions from clients, we will be able to give a fixed fee for SMCR Essential.

We will provide:

- **a letter of advice based on the information provided in the questionnaire**
- **a set of template documents**
- **our recommendation on the next courses of action.**

**2. SMRC Advanced**

This version includes full tailor-made advice to the client about how SMRC will affect its business. Our corporate regulatory lawyers can also provide a broader range of advice including the categorisation of the firm, mapping across the controlled functions to Senior Manager Functions and a responsibilities map.

The product will exclude any compliance aspects of the new regimes. Any compliance aspects can be dealt with on an individual basis by members of our financial regulatory team or referred to a third-party compliance organisation.

We will give a table of fees for the work agreed under SMCR Advanced.

## TEMPLATE DOCUMENTS

A set of template documents will cover any new SMRC-compliant HR documents and the changes to the client's existing documentation. The set will be based on a 'one size fits all' basis but it can be adjusted and, consequently, released to the client, in accordance with the client's replies to the audit questionnaire.

A table below shows a suggested set of template documents for each type of firm.

| Core firms | Limited scope firms | Enhanced firms |
|---|---|---|
| ▪ employment contracts<br>▪ employment policies<br>▪ employee records<br>▪ training materials | ▪ statement of responsibilities<br>▪ employment contracts<br>▪ employment policies<br>▪ employee records<br>▪ training materials | ▪ statement of responsibilities<br>▪ employment contracts<br>▪ employment policies<br>▪ employee records<br>▪ training materials |




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