

Extension of the Senior Managers and Certification Regime to insurers

October 2017



Overview

On 26 July 2017, the Prudential Regulation Authority (PRA) and the Financial Conduct Authority (FCA) issued complementary Consultation Papers, [CP14/17](#)¹ and [CP17/26](#)², respectively, setting out their proposals to extend the Senior Managers & Certification Regime (SMCR), which currently applies to the banking sector, to insurers. In this article, we provide an extended summary of the proposed changes that will apply to Solvency II insurers, Insurance Special Purpose Vehicles³ (ISPVs) and large⁴ Non-Directive Firms (NDFs).

The consultation for both papers closes on 3 November 2017, and final rules are expected to be published in 2018. It is anticipated that the new SMCR will come into force in 2018 for insurers; however, the implementation date is to be set by HM Treasury. Further consultation on related changes (such as arrangements for the transition to the SMCR for insurers and the approach to be applied to appointed representatives) is planned for the fourth quarter of 2017 and the first quarter of 2018.

Summary of the changes

Solvency II insurers, ISPVs and large NDFs are currently subject to:

- The PRA's Senior Insurance Managers Regime (SIMR), which superseded the PRA's Approved Persons regime in March 2016 and
- The FCA's Approved Person Regime (APR), which was revised to complement the PRA's SIMR

Under the proposals in the two Consultation Papers, the FCA's APR will be superseded by an insurance version of the SMCR, and the PRA's SIMR will be amended to align it with the SMCR. Appendix 1 of the FCA's Consultation Paper includes the draft FCA Handbook for its insurance SMCR, and Appendix 2 of the PRA's Consultation Paper includes the draft amendments to the PRA's SIMR framework. The key changes for Solvency II insurers, ISPVs and large NDFs are summarised in the following table.

Key changes

- The replacement of the FCA Significant Influence Functions (SIFs) and Customer Dealing Function with new FCA Senior Management Functions (FCA SMFs)
- The introduction of an annual internal Certification Regime for individuals that can cause significant harm to the business or its policyholders, other than Senior Managers and Non-Executive Directors (NEDs)
- The extension of the FCA and PRA Conduct Rules to individuals who are not PRA or FCA Senior Managers
- The requirement for firms to notify the regulators of any disciplinary action against an individual that relates to a breach of any conduct rule
- The ability for the PRA and FCA to hold insurance Senior Managers accountable if a regulatory breach occurs in their area of responsibility and they failed to take reasonable preventative measures to stop the breach
- The introduction of additional Prescribed Responsibilities that will need to be allocated to Senior Managers or NEDs
- The Scope of Responsibilities, which records the allocation of the Prescribed Responsibilities, is to be renamed as the "Statements of Responsibilities"
- The requirement for ISPVs to allocate certain Prescribed Responsibilities and record the allocation of these
- The ability for the regulators to apply conditions and time limits to Senior Manager approvals
- The requirement for firms to request references from a candidate's past employer(s) from the previous six years when appointing a Senior Manager, Certification Function or non-approved NED

¹ PRA: [CP14/17](#)

² FCA: [CP17/26](#)

³ PRA Rulebook: [ISPV definition](#)

⁴ Insurance firms that are out of scope of Solvency II, and having assets relating to all regulated activities, with a value of more than £25 million

The current regimes: SIMR and APR

Since its implementation, the SIMR framework, which is set out within PRA Supervisory Statement (SS) 35/15: “Strengthening individual accountability to insurance”, has been amended by Policy Statements from the PRA (PS 27/16 and PS12/17) and further amendments are being consulted on by the PRA in CP8/17, for which the consultation period closed on 22 September 2017. The proposals in CP8/17, which include the creation of two new Senior Insurance Management Functions (SIMFs), were summarised in another Milliman update.⁵

The PRA’s SIMR includes 18 SIMFs⁶ that require PRA pre-approval, including the two new SIMFs proposed in CP8/17, and it should be noted that the PRA does not propose any further additions to the list of SIMFs in CP14/17.

The FCA’s APR Controlled Functions currently consist of 12 SIFs and the Customer-Dealing Function, and individuals in these roles need to be approved by the FCA. As proposed in CP17/16, these are to be replaced by a new set of FCA SMFs; this is discussed in more detail below.

The new FCA Senior Management Functions

For Solvency II insurers and large NDFs, the FCA APR Controlled Functions will be replaced by the following eight FCA SMFs:

- Six Executive FCA SMFs:
 - SMF3–Executive Director
 - SMF16–Compliance Oversight
 - SMF17–Money Laundering Reporting Officer
 - SMF18–Other Overall Responsibility (every activity, business area and management function of a firm will need an SMF18 with overall responsibility for it; this should be the most senior person responsible for managing that area)
 - SM23b–Conduct Risk Oversight Officer (Lloyd’s only)
 - SMF27–Partner
- Two Non-Executive FCA SMFs:
 - SMF13–Chair of Nominations Committee
 - SMF15–Chair of the With-Profits Committee or person(s) responsible for the with-profits advisory arrangement

The FCA is to consult on how FCA Approved Persons will transition to the proposed FCA SMFs later in 2017.

The FCA SMFs applicable to ISPVs are a subset of the functions listed above, and these are discussed in more detail in the FCA’s Consultation Paper.

As a result of these changes, some of the roles currently requiring approval under the FCA’s APR will no longer need FCA approval (those roles will be subject to the Certification Regime—see below).

In line with the current APR, FCA SMFs will require pre-approval by the FCA unless the individual is applying to perform a PRA SIMF and FCA SMF at the same time; in this case, firms will not need to seek separate approval from both regulators and will instead only require approval from the PRA. However, if they initially only require PRA approval but later require FCA approval, for example, as a result of being appointed to the Board (SMF3), the firm will need to apply to the FCA for approval. For individuals who intend to hold more than one FCA SMF, separate approval applications will be required for each function, although these applications can be made at the same time using the same form.

Appendix 1 sets out the full list of the senior manager (PRA SIMF or FCA-SMF) roles that will apply.⁷

The Certification Regime

The proposals in CP14/17 and CP17/26 will add new Certification requirements to the PRA Rulebook and the FCA Handbook for individuals that can cause significant harm to the business or its policyholders, who are not Senior Managers under the PRA and FCA regimes. Under the proposals, the PRA and FCA will require insurers to annually assess and certify the fitness and propriety of these Certification Functions, which are defined slightly differently by the FCA and PRA. The PRA defines them as:

- The Key Function Holders⁸ (KFHs) for Solvency II insurers, large NDFs and ISPVs, other than Senior Managers and
- The Material Risk Takers⁹ (MRTs) of Solvency II insurers and large NDFs (not ISPVs) that are Large Firms, defined as firms with more than £1 billion of premium income or with assets over £10 billion, for each of the previous three years.

⁵ [PRA issues consultation papers on market risk sensitivities and changes to the SIMR](#)

⁶ [PRA-designated SIMFs](#)

⁷ It appears likely that the PRA’s SIMFs will be renamed Senior Management Functions, so there will be 18 PRA-SMFs and 10 FCA-SMFs.

⁸ [PRA Key Function Holders](#)

⁹ Employees of an insurer whose professional activities have a material impact on the firm’s risk profile

The PRA expects KFHS and MRTs to include those responsible for investment, claims, capital or liquidity management, underwriting, reinsurance, operational systems or controls, IT and (for large firms) those managing MRTs.

The FCA's proposed set of Certification Functions for Solvency II insurers, large NDFs and ISPVs includes:

- Significant Management Functions, i.e., those who would have discharged a SIF under the APR but who are not Senior Managers under the new FCA SMF regime, and people who are below Senior Managers but who are responsible for business units that, on account of their size, nature or impact, are considered "significant" by the firm
- Functions subject to qualification requirements as set out in the FCA's Training and Competence Sourcebook¹⁰
- Supervisors of Certification Functions (therefore ensuring a clear line of accountability between a junior Certification Function and the Senior Manager)
- MRTs
- The Client Dealing Function (expanded from the CF30 Function under the APR to include any person dealing with clients, including retail and professional clients, and eligible counterparties)
- Individuals undertaking algorithmic trading (unlikely to be applicable to many insurers)
- Individuals undertaking benchmark submission or administration (also unlikely to apply to insurers)
- Proprietary traders (current CF29) and
- The Client Assets Sourcebook¹¹ Oversight Function (current CF10a).

The draft FCA Handbook includes factors that firms should consider when considering whether a business unit is "significant".

Any individuals who discharge PRA SIMFs, FCA Controlled Functions or are NEDs are excluded from the Certification Functions.

As part of the Certification Regime:

- Firms will be required to issue certificates on an annual basis to the Certification Function individuals to show they are satisfied that they are fit and proper.
- Where a certificate is not issued to an individual holding a Certification Function, firms will be required to document the reasons, decide on the appropriate steps to be taken and inform the individual of these.
- Firms must keep a record of the certificates issued and, although they are not required to be filed with the regulators, firms may be required provide the certificates as part of the information provision process when applying for approval of the individual to hold a SIMF/Key Function/FCA SMF.
- Large Firms will be required to keep records of the MRTs, including the reasoning for how they have been identified.

Under the provisions of the PRA Rulebook, Solvency II insurers and large NDFs are already required to identify their KFHS. In addition to this, regular internal fitness and propriety assessments for KFHS are already required¹² by the PRA; however, neither of these is the case for MRTs nor for many of the individuals that will be classed as a Certification Function under the FCA.

It should be noted that KFHS are currently, and will continue to be, approved by the regulators (SIMFs and FCA SMFs pre-appointment, others post-appointment); however, all other Certification Functions, including MRTs (that are not KFHS) are/will not, therefore leaving the onus on firms to ensure that these individuals are fit and proper to fill their positions on an ongoing basis.

The FCA states in its Consultation Paper that the fit and proper assessments should take into account current FCA rules around the qualifications, training, competence and personal characteristics required for that role, and that no new rules are proposed at this stage.

¹⁰ FCA Handbook - Training and Competence Sourcebook

¹¹ FCA Handbook - Client Assets Sourcebook

¹² Insurance - Fitness and Propriety - Fitness and Propriety Assessments by Firms

PRA Conduct Rules

The PRA Rulebook includes three generic conduct standards¹³ (integrity; due skill, care and diligence; and openness and co-operation with the regulator) and five Senior Insurance Manager Conduct Standards¹⁴ for Solvency II insurers, ISPVs and large NDFs. At the time of writing, only the individuals in these firms who are approved by the PRA (excluding KFHS who are not SIMFs) or FCA in relation to a relevant Senior Management Function¹⁵ (i.e., who are approved by the FCA for a function that the PRA is satisfied is a SIMF) are required to comply with these. In its Consultation Paper, the PRA proposes (in respect of these firms) that:

- All KFHS, not just those that are SIMFs or relevant Senior Management Functions, will need to comply with both the generic and Senior Insurance Manager Conduct Standards. Currently, KFHS who are not a SIMF or relevant Senior Management Function are only required to observe these conduct standards.
- All Certification Function employees will need to comply with the three generic conduct standards (i.e., the MRTs as KFHS will be required to do this as a result of proposal in the paragraph above). There are currently no requirements on the MRTs to comply with or observe these standards.
- Any individuals performing a SIMF or relevant Senior Management Function on a temporary basis or who should have been approved for a SIMF or relevant Senior Management Function will also need to comply with the three generic conduct standards.

As a result of these proposals, firms will be required by the Bank of England and Financial Services Act 2016¹⁶ to take necessary steps to ensure that these individuals understand how these conduct rules apply to them, which will include the provision of training. Individuals who are required to comply with the conduct standard may suffer a financial penalty, or the other sanction from the regulator, upon a breach. However, this is not the case for individuals who are required to observe the conduct standards.

FCA Conduct Rules

The FCA's Code of Conduct Sourcebook¹⁷, which currently applies to insurers, includes five individual conduct rules and four Senior Manager conduct rules. The first three individual conduct rules are identical to the PRA's three generic conduct standards, with the additional two covering paying due regard to the interests of customers/treating them fairly, and observing proper standards of market conduct. These currently apply to all staff approved by the FCA or PRA. The FCA's four Senior Manager conduct rules are identical to the first four of the PRA's Senior Insurance Manager Conduct Standards, and currently apply to all FCA SIF holders and PRA SIMFs.

In respect of Solvency II insurers, large NDFs and ISPVs, the FCA proposes applying its conduct rules to:

- All FCA SMFs and PRA SIMFs
- All Certification Staff (individual conduct standards only)
- All NEDs who are not Senior Managers (individual conduct standards and the Senior Manager conduct rule 4 only)
- All other employees, except ancillary staff who do not perform a role specific to financial services (e.g., receptionists, catering staff etc.)

Therefore, the FCA's conduct rules proposals are arguably somewhat more onerous than the PRA's as all other employees are required to comply with the individual conduct standards.

As for the PRA conduct rules, firms will also be required to ensure that individuals understand how these FCA conduct rules apply to them and to train them where necessary.

Notification of disciplinary action

The PRA and FCA propose to require firms to notify them of any disciplinary action against an individual that relates to a breach of any conduct rule for which compliance is required; however, the requirements vary slightly between the PRA and FCA. For the PRA, notification is required within seven business days, and those in scope are for this requirement are Certification Functions, including KFHS (SIMFs and non-SIMFs) and MRTs, and to employees to whom the conduct rules apply, which as a result of the PRA Conduct Rule changes described above, will also include individuals performing a SIMF on a temporary basis, or who should have been approved for a SIMF.

The FCA, however, states within its Consultation Paper that the seven-day notification rule is applicable to Senior Managers only with a once-a-year notification rule for other staff.

¹³ Insurance-Conduct Standards

¹⁴ Insurance-Conduct Standards

¹⁵ PRA Rulebook-Relevant Senior Management Function

¹⁶ Bank of England and Financial Services Act 2016

¹⁷ FCA Handbook-Code of Conduct Sourcebook

Duty of Responsibility

By virtue of the Bank of England and Financial Services Act 2016¹⁸, Senior Managers within the banking sector have been subject to the “Duty of Responsibility” since 10 May 2016. This means that the PRA and FCA are able to take enforcement action against Senior Managers if they are responsible for the management of any activities in their firm in relation to which their firm contravenes a regulatory requirement, and they do not take such steps as a person in their position could reasonably be expected to take to avoid the contravention occurring or continuing.

As a result of the proposed extension of the SMCR to Solvency II insurers, ISPVs and large NDFs, the Senior Managers within these firms will also be subject to the Duty of Responsibility. The PRA has therefore proposed amendments to the SIMR framework (SS35/15), which set out its expectations of how the new statutory Duty of Responsibility should be observed by Senior Managers at insurers.

The FCA’s draft handbook also includes details of the Duty of Responsibility and links to the Decision and Procedure and Penalties Manual which documents the processes and conditions for taking action against a Senior Manager. These changes will enable the PRA and FCA to hold insurance Senior Managers accountable if a regulatory breach occurs in their area of responsibility and they failed to take reasonable preventative measures to stop the breach. The PRA is consulting on what may constitute reasonable steps and how firms can document them, and the FCA is to consult on enforcing the Duty of Responsibility later in 2017.

Prescribed Responsibilities

Under the SIMR, the PRA has set out Prescribed Responsibilities which are specific responsibilities that a firm must give to SIMF holders and NEDs of Solvency II insurers¹⁹ and large NDFs.²⁰ In its Consultation Paper, the PRA has proposed:

- Some amendments to the current Prescribed Responsibility for ensuring that the firm meets certain obligations under Insurance-Fitness and Propriety, dividing this into four specified responsibilities
- That firms continue to allocate its Prescribed Responsibilities to the holders of a SIMF or FCA Controlled Function that is a “relevant senior manager function” (i.e., those who are approved by the FCA for a function that the PRA is satisfied is a SIMF) and to record these allocated prescribed responsibilities for each individual

In its Consultation Paper, the FCA has proposed additional Prescribed Responsibilities to those in the SIMR, giving a total of 19, of which nine are PRA only, three are FCA only and seven are shared (these are summarised in Appendix 2). The FCA also proposes that the Senior Manager that is allocated a Prescribed Responsibility should be the most senior person responsible for that area of the firm.

It should be noted that the FCA has proposed that some of the Prescribed Responsibilities will be applicable to ISPVs (currently, ISPVs are not required to allocate the current SIMR Prescribed Responsibilities). In accordance with the FCA’s proposals, the PRA proposes that ISPVs will be required to allocate to a holder of a SIMF or FCA Controlled Function that is a “relevant senior manager function”, individual responsibility for the Senior Management Regime, the Certification Regime and the Management Responsibilities Map—three new Prescribed Responsibilities proposed by the PRA for ISPVs.

In addition, the PRA proposes to introduce an Overall Responsibility requirement for insurers. This will require firms to ensure that a senior manager with overall responsibility is assigned to every activity, business area and management function of the firm. The intention is to ensure that it is clear to whom the governing body has delegated responsibility for each area of the firm’s business.

Statement of Responsibilities

The Scope of Responsibilities, which is a record of the allocation of the Prescribed Responsibilities, is to be renamed as the “Statements of Responsibilities” in the PRA Rulebook and FCA Handbook. Solvency II insurers and large NDFs are currently required to keep these records, but not ISPVs; however, as a result of the proposed introduction of ISPV Prescribed Responsibilities, the Statements of Responsibilities will also be applicable to ISPVs under the latest proposals. The regulators propose that, should there be a significant change in the Statements of Responsibilities for a Senior Manager, then a copy of the revised statement will need to be submitted. The regulators also propose that the Statements of Responsibilities will need to be submitted with a Senior Manager approval application.

Management Responsibilities Maps

The Governance Maps for Solvency II insurers and large NDFs, which document the Senior Managers/KFHs and their lines of accountability/responsibility (including their Prescribed Responsibilities), are to be renamed “Management Responsibilities Maps” in the PRA Rulebook and FCA Handbook. Under the latest proposals, Management Responsibility Maps will not be a requirement for ISPVs.

¹⁸ Bank of England and Financial Services Act 2016

¹⁹ Insurance-Allocation of Responsibilities

²⁰ Large Non-Solvency II Firms-Allocation of Responsibilities

Approval conditions and time limits

The Bank of England and Financial Services Act 2016²¹ allows the PRA and FCA to apply conditions and time limits to Senior Manager approvals. Appendix 3 of the PRA's Consultation Paper contains its proposed amendments to the "Conditions, time limits and variations of approval" Statement of Policy, which was originally issued to the banking sector in May 2017. This Statement of Policy covers:

- The PRA's ability to reject Senior Manager applications and withdraw Senior Manager approval
- The circumstances in which pre-approval of a SIMF is not required (temporary/unforeseen and for less than 12 weeks in a 12-month period)
- The circumstances in which the PRA may approve an interim individual subject to a time limit
- The use of probationary time limits for the approval of Senior Managers who are responsible for dealing with unusual or severe challenges in the future
- The use of role-scale limited approvals for Senior Managers (where a firm is expanding, transforming its business model or its risk profile, and the duration of approval is linked to identifiable upcoming milestones) and
- The use of conditional approvals for Senior Managers for whom the completion of an action or development point would advance the regulators' objectives

The FCA's draft Handbook text (Section 10C.12) also includes the above approval conditions/time limits for FCA SMF approvals.

Regulatory references

The FCA and PRA put in place new rules on regulatory references that came into force in March 2017. Currently, only small NDFs are required to provide past employee references upon request; however, the PRA and FCA now propose that:

- All Solvency II insurers and large NDFs will be required to provide references upon request.
- All insurers will be required, when seeking to appoint a SIMF, FCA SMF, Certification Function or non-approved NED, to request references from the candidate's past employer(s) from the past six years.
- Firms share mandatory information on these regulatory references, by way of a standard template.
- Firms disclose any other information relevant to assessing whether the individual is fit and proper.
- Firms retain records of disciplinary, and fit and proper findings.

²¹ Bank of England and Financial Services Act 2016

SIMF terminology and acronyms

The PRA is considering aligning the terminology and acronyms within its updated Senior Manager Regime with the SMCR for banking, and will include the renaming of SIMFs to Senior Management Functions. This will not affect the current approved status of the current approved SIMFs and the PRA has stated its intention to issue an additional Consultation Paper on this in the second half of 2017, which will likely contain:

- The terminology proposals
- Updates to the forms that enable application of the SMCR to both the insurance and banking sectors and
- Details of any potential transitional measures

Other

The PRA and FCA both propose:

- A new rule which will result in Solvency II insurers and large NDFs (not ISPVs) being required to ensure all new Senior Managers are provided with all necessary information and materials to perform a SIMF/SMF effectively and
- A policy to be in place, explaining how it complies with this requirement

In addition to these, the PRA proposes to enable approved Senior Managers within a banking firm to transfer to an equivalent SIMF role within an insurance firm through the submission of a form to the PRA, and the FCA proposes that firms undertake criminal record checks as part of Senior Manager approval applications.

SMCR for small NDFs

The PRA and FCA propose to continue to apply a streamlined set of requirements for small NDFs.²² These requirements are documented in detail within Chapter 3 of the PRA's Consultation Paper and Chapter 3 of the FCA's Consultation Paper.

SMCR for EEA branches and non-EEA branches

The Consultation Papers also discuss the changes for European Economic Area (EEA) branches²³ and non-EEA branches (third-country branches) to some extent, but we have not covered these in this article.

²² Insurance firms that are out of scope of Solvency II, and having assets relating to all regulated activities, with a value of less than £25 million

²³ EEA branches are branches of insurance firms that are headquartered in the EEA and that are subject to the Solvency II Directive.

Appendix 1: PRA Senior Insurance Manager Functions and FCA Senior Manager Functions applicable to Solvency II insurers, large NDFs, small NDFs and ISPV

	DESCRIPTION	SOLVENCY II INSURERS	LARGE NDFS	SMALL NDFS	ISPVs
PRA SIMF 1	CHIEF EXECUTIVE FUNCTION	✓	✓	x	✓
PRA SIMF 2	CHIEF FINANCE OFFICER FUNCTION	✓	✓	x	✓
FCA SMF 3	EXECUTIVE DIRECTOR FUNCTION	✓	✓	✓	✓
PRA SIMF 4	CHIEF RISK OFFICER FUNCTION	✓	✓	x	✓
PRA SIMF 5	HEAD OF INTERNAL AUDIT FUNCTION	✓	✓	x	✓
PRA SIMF 6	HEAD OF KEY BUSINESS AREA FUNCTION*	✓	✓	x	x
PRA SIMF 7	GROUP ENTITY SENIOR INSURANCE MANAGER FUNCTION	✓	✓	x	✓
PRA SIMF 9 (NED ROLE)	CHAIRMAN FUNCTION	✓	✓	x	✓
PRA SIMF 10 (NED ROLE)	CHAIRMAN OF THE RISK COMMITTEE FUNCTION	✓	✓	x	x
PRA SIMF 11 (NED ROLE)	CHAIRMAN OF THE AUDIT COMMITTEE FUNCTION	✓	✓	x	x
PRA SIMF 12 (NED ROLE)	CHAIRMAN OF THE REMUNERATION COMMITTEE FUNCTION	✓	✓	x	x
FCA SMF 13 (NED ROLE)	CHAIRMAN OF THE NOMINATIONS COMMITTEE FUNCTION	✓	✓	x	x
PRA SIMF 14 (NED ROLE)	SENIOR INDEPENDENT DIRECTOR FUNCTION	✓	✓	x	x
FCA SMF 15 (NED ROLE)	CHAIRMAN OF THE WITH-PROFITS COMMITTEE FUNCTION	✓	✓	x	x
FCA SMF16	COMPLIANCE OVERSIGHT FUNCTION	✓	✓	✓	✓
FCA SMF 17	MONEY LAUNDERING REPORTING OFFICER FUNCTION	✓	✓	✓	x
FCA SMF 18	OTHER OVERALL RESPONSIBILITY FUNCTION	✓	✓	x	x
PRA SIMF 19	HEAD OF THIRD COUNTRY BRANCH FUNCTION	✓	x	x	x
PRA SIMF 20	CHIEF ACTUARY FUNCTION	✓	✓	✓	✓
PRA SIMF 21	WITH-PROFITS ACTUARY FUNCTION	✓	✓	✓	x
FCA SMF 21	EEA BRANCH SENIOR MANAGER FUNCTION	x	x	x	x
PRA SIMF 22	CHIEF UNDERWRITING OFFICER FUNCTION	✓	✓	x	x
FCA SMF 22	OTHER LOCAL RESPONSIBILITY FUNCTION	x	x	x	x
PRA SIMF 23	UNDERWRITING RISK OVERSIGHT FUNCTION (LLOYD'S ONLY)	✓	x	x	✓
FCA SMF 23B	CONDUCT RISK OVERSIGHT (LLOYD'S) FUNCTION	✓	x	x	x
PRA SIMF 24	CHIEF OPERATIONS FUNCTION*	✓	✓	x	x
PRA SIMF 25	SMALL INSURER SENIOR MANAGER FUNCTION (SMALL NDFS ONLY)	x	x	✓	x
FCA SMF 27 (FOR PARTNERSHIPS)	PARTNER FUNCTION (FOR PARTNERS WITHOUT MANAGEMENT RESPONSIBILITIES)	✓	✓	✓	x

*As proposed by the PRA in CP8/17

Appendix 2: List of Prescribed Responsibilities

HANDBOOK REFERENCE	PRA, FCA OR SHARED	PRESCRIBED RESPONSIBILITIES
A	SHARED	SENIOR MANAGEMENT REGIME
B	SHARED	EMPLOYEE CERTIFICATION REGIME
C	SHARED	RESPONSIBILITIES MAP
F	SHARED	INDUCTION, TRAINING AND PROFESSIONAL DEVELOPMENT OF ALL MEMBERS OF THE FIRM'S GOVERNING BODY
G	SHARED	INDUCTION, TRAINING AND PROFESSIONAL DEVELOPMENT OF ALL PERSONS PERFORMING DESIGNATED SENIOR MANAGEMENT FUNCTIONS ON BEHALF OF THE FIRM OTHER THAN MEMBERS OF THE GOVERNING BODY AND KEY FUNCTION HOLDERS
J-2	SHARED	OVERSIGHT OF INTERNAL AUDIT (IA) AT FIRMS THAT OUTSOURCE THEIR IA TO A THIRD PARTY
N	SHARED	WHISTLEBLOWING
B-1	FCA	RESPONSIBILITY FOR THE FIRM'S PERFORMANCE OF ITS OBLIGATIONS UNDER THE CODE OF CONDUCT (COCON) (IN TERMS OF TRAINING AND REGULATORY REPORTING)
D	FCA	FOR THE FIRM'S POLICIES AND PROCEDURES FOR COUNTERING THE RISK THAT THE FIRM MIGHT BE USED TO FURTHER FINANCIAL CRIME
Z	FCA	COMPLIANCE WITH CASS
H	PRA	OVERSEEING THE ADOPTION OF THE FIRM'S CULTURE
I	PRA	LEADING THE DEVELOPMENT OF THE FIRM'S CULTURE BY THE GOVERNING BODY AS A WHOLE
M-1	PRA	REMUNERATION POLICIES AND PRACTICES
O	PRA	MANAGEMENT OF THE ALLOCATION AND MAINTENANCE OF THE FIRM'S CAPITAL AND LIQUIDITY
Q	PRA	PRODUCTION AND INTEGRITY OF THE FIRM'S FINANCIALS AND ITS REGULATORY REPORTING
T	PRA	DEVELOPMENT AND MAINTENANCE OF THE FIRM'S BUSINESS MODEL BY THE GOVERNING BODY
T-2	PRA	PERFORMANCE OF THE FIRM'S OWN RISK AND SOLVENCY ASSESSMENT (ORSA)
U	PRA	INSURANCE FITNESS AND PROPRIETY
X	PRA	OUTSOURCED OPERATIONAL FUNCTIONS INCLUDING SYSTEMS AND TECHNOLOGY

How can we help?

Training

- The SMCR and what it means for insurers
- Senior Manager training
- Conduct Rule training

Implementation

- Assistance with framework design
- Certification Function identification
- Allocation of Prescribed Responsibilities

Review and assurance

- Implementation plans and framework design
- Policy updates and other relevant documentation
- Gap analyses



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