

THE NEW NORMAL WITH SMCR CONSIDERATIONS FOR YOUR POST-GO-LIVE WAYS OF WORKING

Shortly, the FCA will publish final rules for the extension of the Senior Managers & Certification Regime ('SMCR') to include all financial services firms, already in effect for banks since 2016.

The FCA has stated that firms newly implementing SMCR should begin planning now for these operational impact, with this view shared by those who have already implemented.

To get started with planning for your firm's 'new normal' after the arrival of SMCR, it may be helpful to keep in mind the following:

- **Integrate SMCR considerations into your existing operations wherever possible.** Taking this approach will enable more natural integration into existing ways of working. For example, definition and ongoing assessment of Certified Persons may integrate with existing recruitment and professional certification tracking processes. Another example is inclusion of Conduct Rules breach investigations within broader disciplinary investigation and assessment.
- **Review your governance committee accountability, scope, membership and practice.** Senior Managers will rely upon governance committee papers as part of the evidence that 'reasonable steps' have been taken to discharge responsibilities. Excepting Board/Board Committees, all other governance committees or management meetings will operate as an advisory committee to one individual. Committee scope and membership should align accordingly, and will require preparation of all papers to a high standard.
- **Culture, customer and conduct considerations should be found within your evidence of reasonable steps.** In addition to governance committee papers, these considerations should also be apparent for example in MI, customer product pricing, and customer care.
- **Management and oversight of delegates.** Senior Managers should have current job descriptions and annual objectives and appraisals for themselves and for each individual upon whom the Senior

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Manager will rely to aid the discharge of his/her responsibilities day to day, with each delegate providing explicit agreement.

- **Reasonable steps agree your 'version 1.0' approach up-front.** Define the scope of and framework within which reasonable steps evidence will be captured and stored, including reliance upon existing data sharing arrangements for committees, MI, etc.
- **Establish your central team with SMCR expertise.** This central team will facilitate and handhold the Senior Manager appointment process, including Senior Manager applications and the Management Responsibilities Map; assure effective operation of Certification and Conduct Rules processes; and, provide SMCR subject matter expertise.

Additional SMCR Themes articles share further considerations regarding governance, delegation, and operational impact - please get in touch to shape your way forward with SMCR.



Permutto Consulting

+44 (0) 7864 026 028
info@permuttoconsulting.com
www.permuttoconsulting.com



Permutto Consulting

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