

A response to FCA CP 17/40

Individual Accountability: Transitioning FCA Firms and Individuals to the Senior Managers and Certification Regime

21 February 2018

Introduction

On behalf of our members, AFME and UK Finance welcome the opportunity to comment on FCA CP17/40 “Transitioning FCA Firms and Individuals to the Senior Managers and Certification Regime”.

UK Finance is a new trade association which was formed on 1 July 2017 to represent the finance and banking industry operating in the UK. It will represent around 300 firms in the UK providing credit, banking, markets and payment-related services. The new organisation brings together most of the activities previously carried out by the Asset Based Finance Association, the British Bankers’ Association, the Council of Mortgage Lenders, Financial Fraud Action UK, Payments UK and The UK Cards Association.

AFME represents a broad array of European and global participants in the wholesale financial markets. Its members comprise pan-EU and global banks as well as key regional banks, brokers, law firms, investors and other financial market participants. We advocate stable, competitive, sustainable European financial markets that support economic growth and benefit society. AFME is the European member of the Global Financial Markets Association (GFMA) a global alliance with the Securities Industry and Financial Markets Association (SIFMA) in the US, and the Asia Securities Industry and Financial Markets Association (ASIFMA) in Asia. AFME is listed on the EU Register of Interest Representatives, registration number 65110063986-76.

Comments on FCA CP17/25

AFME and UK Finance are very supportive of the general approach taken by the FCA in transitioning the industry into the Senior Managers and Certification Regime (SMCR). In particular, we appreciate the efforts made by the FCA to simplify and streamline the process where possible.

In response to the consultation paper, we would like to make the following comments:

- Firstly, our members are keen to understand in more detail how the supervision of Enhanced and Core firms under SMCR will fit with the FCA’s conduct supervision of ‘fixed portfolio’ and ‘flexible portfolio’ firms. We appreciate that this is a current area of focus for the FCA.
- Secondly, while we understand that HM Treasury has yet to make a decision as regards final timing of implementation, we would be supportive of a staggered approach and appreciate the efforts of the FCA to ensure a suitable period of time between publication of final rules and a start date for the extended Regime.
- Thirdly, we would like to flag an issue in relation to core and limited scope firms’ compliance with the Statement of Responsibility (SoR) provisions. The consultation paper states that these firms

must have SoRs for their Senior Managers but do not need to submit them to the FCA. However, the SoR template only exists on FCA Connect and cannot currently be downloaded as an editable document. We request that the FCA provides this functionality as part of the transition process.

- Finally, as discussed at a recent meeting with the FCA, we will be providing comments separately on a number of technical issues faced by our dual-regulated members under the current Regime. We would be happy to work with the FCA to resolve these before the Regime is extended.

Responsible executives

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