

## Chapter 10C

FCA senior managers regime  
for approved persons in  
SMCR firms



## 10C.7 Other overall responsibility function (SMF18)

### Application

**10C.7.1-2** **R** This section applies to a *firm*:

- (1) to which **SYSC 26** (Senior managers and certification regime: Overall and local responsibility) applies; and
- (2) that is a *UK SMCR firm*.

**10C.7.1-1** **G** The effect of **SUP 10C.7.1-2R** is that this section only applies to one of the following types of *UK SMCR firm*:

- (1) an *SMCR banking firm*; and
- (2) a *Solvency II firm* (including a *large non-directive insurer*) but excluding an *insurance special purpose vehicle* and certain *firms in run-off*.

### Definition

**10C.7.1** **R** A *person* performs the *other overall responsibility function* in relation to a *firm* if that *person*:

- (1) is performing:
  - (a) a function allocated to that *person* under **SYSC 26.3.1R** (Main rules) in relation to the *firm*; or
  - (b) *FCA-prescribed senior management responsibility (z)* in the table in **SYSC 24.2.6R** (functions in relation to CASS) allocated to that *person* under **SYSC 24.2** (Allocation of FCA-prescribed senior management responsibilities: Main allocation rules); and
- (2) does not have an approval to perform any other *designated senior management function* in relation to the *firm*.

The other overall responsibility function does not apply if approved for another function

**10C.7.2** **G** The table in **SUP 10C.7.3G** gives examples of how **SUP 10C.7.1R(2)** works.

10C.7.3 **G** Table: Examples of how the other overall responsibility function applies

Example	Comments
<p>(1) 'A' is appointed to perform the <i>executive director function</i> and to perform a potential <i>other overall responsibility function</i> for the same <i>firm</i>.</p>	<p>A only needs approval to perform the <i>executive director function</i>.</p>
<p>(2) 'A' is approved to perform the <i>other overall responsibility function</i>. Later, A is appointed to perform the <i>executive director function</i> for the same <i>firm</i>.</p>	<p>A requires approval for the <i>other overall responsibility function</i> when A is first appointed. When A is later approved to perform the <i>executive director function</i>, A stops performing the <i>other overall responsibility function</i>. The <i>firm</i> should use Form E to apply for approval for A to perform the <i>executive director function</i> and to notify the FCA that A is no longer performing the <i>other overall responsibility function</i>.</p>
<p>(3) 'A' is appointed to perform the PRA's Head of Key Business Area <i>designated senior management function</i> for Firm X and to perform a potential <i>other overall responsibility function</i> for the same <i>firm</i>. Firm X is an <i>SMCR banking firm</i>.</p>	<p>A only needs approval to perform the PRA's Head of Key Business Area <i>designated senior management function</i>. It does not make any difference whether the potential <i>other overall responsibility function</i> that A performs is connected to the PRA's Head of Key Business Area <i>designated senior management function</i>.</p>
<p>(4) 'A' is approved to perform the <i>other overall responsibility function</i> for Firm X. Firm X is an <i>SMCR banking firm</i>. Later, A is appointed to perform the PRA's Head of Key Business Area <i>designated senior management function</i> for the same <i>firm</i>.</p>	<p>A requires approval for the <i>other overall responsibility function</i> when A is first appointed. When A is later approved to perform the PRA's Head of Key Business Area <i>designated senior management function</i>, A stops performing the <i>other overall responsibility function</i>.</p>
<p>(5) 'A' is appointed to perform:</p> <p>(a) the <i>compliance oversight function</i> for one <i>firm</i> (Firm X) in a group (which may or may not be an <i>SMCR firm</i> to which the <i>other overall responsibility function</i> applies); and</p> <p>(b) a function coming within the scope of the <i>other overall responsibility function</i> for another <i>firm</i> (which is a an <i>SMCR firm</i> to which the <i>other overall responsibility function</i> applies) in the same group (Firm Y).</p>	<p>A needs approval to perform the <i>compliance oversight function</i> for Firm X and the <i>other overall responsibility function</i> for Firm Y.</p>
<p>(6) 'A' is appointed to be head of sales for Firm X and to report directly to the <i>firm's governing body</i> about this. This function also comes within the PRA's Head of Key Business Area <i>designated senior management function</i>. Firm X is an <i>SMCR banking firm</i>.</p>	<p>A only needs approval to perform the PRA's Head of Key Business Area <i>designated senior management function</i>.</p>

Example	Comments
<p>(7) 'A' is appointed to take on some functions that come within the <i>other overall responsibility function</i>. Later, A is appointed as chief risk officer.</p> <p>The <i>firm</i> is one of those for which being chief risk officer is a <i>PRA-designated senior management function</i>.</p>	<p>On A's first appointment, A will need to be approved to perform the <i>other overall responsibility function</i>.</p> <p>On being appointed as chief risk officer, A will stop performing the <i>other overall responsibility function</i>.</p>
<p>(8) 'A' is appointed to a role for Firm X that comes within the <i>other overall responsibility function</i>. Firm X is an <i>SMCR banking firm</i>. Later, the firm reorganises and A's role comes within the <i>PRA's Head of Key Business Area designated senior management function</i>. A's role does not otherwise change.</p>	<p>On A's first appointment, A will need to be approved to perform the <i>other overall responsibility function</i>.</p> <p>When A is later approved to perform the <i>PRA's Head of Key Business Area designated senior management function</i>, A stops performing the <i>other overall responsibility function</i>.</p>
<p>(9) 'A' is appointed to a role for Firm X that comes within the <i>PRA's Head of Key Business Area designated senior management function</i>. It is also a potential <i>other overall responsibility function</i>. Later, the <i>firm</i> reorganises—A's role stays the same but now it falls outside the <i>PRA's Head of Key Business Area designated senior management function</i>.</p>	<p>On A's first appointment, A only needs approval to perform the <i>PRA's Head of Key Business Area designated senior management function</i>. Following the reorganisation, the <i>firm</i> has three months to get approval for A to perform the <i>other overall responsibility function</i>. This three-month period applies because the relevant <i>PRA</i> rules keep the <i>PRA's Head of Key Business Area designated senior management function</i> in place, which means that the <i>other overall responsibility function</i> does not apply during that period.</p> <p>The relevant <i>PRA</i> rules can be found in Chapter 2 of the part of the <i>PRA Rulebook</i> titled 'Senior Management Functions'.</p> <p>This example only applies if Firm X is an <i>SMCR banking firm</i>. If Firm X is an insurer it will need to obtain <i>FCA</i> approval before the reorganisation takes effect as the relevant <i>PRA</i> insurance rules are different from the ones for <i>SMCR banking firms</i>.</p>
<p>(10) 'A' is appointed to a role for Firm X that comes within the <i>PRA's Head of Key Business Area designated senior management function</i>. A also performs a potential <i>other overall responsibility function</i>. Later, A gives up the <i>PRA</i> role but carries on with the potential <i>other overall responsibility function</i>.</p>	<p>The answer to example (9) applies.</p>
<p>(11) 'A' is appointed as an executive director. A then resigns and takes</p>	<p>On A's first appointment, A will need to be approved to perform</p>

Example	Comments
up a job with the same <i>firm</i> coming within the <i>other overall responsibility function</i> .	the <i>executive director function</i> . A will need to get approval to perform the <i>other overall responsibility function</i> before A takes up their new responsibilities.
<p>Note (1): A potential <i>other overall responsibility function</i> means a function that would have come within the <i>other overall responsibility function</i> but is excluded by SUP 10C.7.1R(2).</p> <p>Note (2): A potential <i>other overall responsibility function</i> should be recorded in A's <i>statement of responsibilities</i> and in the <i>firm's management responsibilities map</i>.</p>	

**Non-executive directors**

10C.7.4 **G** For the reasons described in ■ SYSC 26.4.5G, the FCA does not expect that a *non-executive director* will ever perform the *other overall responsibility function*.

**Temporary absences**

10C.7.5 **R** A *person* does not perform the *other overall responsibility function* in relation to a *firm* by performing a function allocated to that *person* under ■ SYSC 26.4.6R (Exclusion where the 12-week rule applies) in relation to the *firm*.

**Head of the legal function**

10C.7.6 **R** A *person* does not perform the *other overall responsibility function* by having overall responsibility for the *SMCR legal function* under ■ SYSC 26.3.

10C.7.7 **G** The purpose of ■ SUP 10C.7.6R (together with ■ SYSC 26.4.9R(2)) is to ensure that a *firm* can allocate overall responsibility for its legal function to someone who is not an *SMF manager*. That means that the head of its legal function need not be an *SMF manager*.

However, that does not mean that the head of a *firm's* legal function cannot be an *SMF manager*. For example, they could be an executive director performing the *executive director function*.