

Senior managers and certification regime: Overall and local responsibility

## Chapter 26

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certification regime: Overall  
and local responsibility



## **26.10 Group management arrangements and outsourcing**

- 26.10.1** G (1) This chapter requires overall or local responsibility for various aspects of a *firm's* affairs to be allocated to an *SMF manager*.
- (2) This requirement does not prevent a *firm* from relying on an employee of a company in the same group to perform the function.
- (3) A *firm* has two main choices about how to fit such arrangements into the senior managers regime for *SMCR firms*.
- (a) The group employee is appointed by the *firm* (usually by its *governing body* if it has one) to perform the function. This means that the *firm* will have entered into an arrangement with that *person*. As explained in ■ SUP 10C.3.9G, an arrangement with the *firm* is one of the factors that makes the senior managers regime for *SMCR firms* apply. The result is that the group official will be performing a *controlled function* and will need to be approved as an *SMF manager*.
- (b) The *firm* appoints someone (A) to supervise what the group employee does (so far as it concerns the *firm*) and allocates responsibility for the function to A, leaving day-to-day activities to the group employee. A will need to be approved as an *SMF manager*.
- 26.10.2** G ■ SYSC 26.10.1G also applies to a *firm* that outsources functions to a third party and is relying on an individual from the outsourced services provider to carry out the functions in those paragraphs.
- 26.10.3** G (1) This chapter does not cover responsibility for an aspect of a *firm's* affairs managed by an individual approved to perform the Group Entity Senior Manager or the Group Entity Senior Insurance Manager *PRA-designated senior management function* (see ■ SYSC 26.4.2R (Exclusions where other requirements apply)).
- (2) Where a responsibility is held by someone approved to perform one of those *PRA-designated senior management functions* for the *firm*, there is no need to appoint that person under this chapter and apply the arrangements in ■ SYSC 26.10.1G.

- (3) (a) The *statement of responsibilities* for the individual performing the *PRA-designated senior management function*; and
- (b) the *firm's management responsibilities map*;
- should clearly show what responsibilities are held by that individual.