

Chapter 4

General organisational requirements

4.1 General requirements

[**Note:** ESMA has also issued guidelines under article 16(3) of the ESMA Regulation covering certain aspects of the MiFID compliance function requirements. See <http://www.esma.europa.eu/content/Guidelines-certain-aspects-MiFID-compliance-function-requirements> .]

Application to a common platform firm

4.1.-2

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For a *common platform firm*:

- (1) the *MiFID Org Regulation* applies, as summarised in ■ SYSC 1 Annex 1 3.2G, ■ SYSC 1 Annex 1 3.2-AR and ■ SYSC 1 Annex 1 3.2-BR; and
- (2) the *rules and guidance* apply as set out in the table below:

Subject	Applicable rule or guidance
General requirements	SYSC 4.1.1R, SYSC 4.1.1CR, SYSC 4.1.2R, SYSC 4.1.2AAR
Business continuity	SYSC 4.1.6R, SYSC 4.1.7R, SYSC 4.1.8G
Audit committee	SYSC 4.1.11G, SYSC 4.1.13G, SYSC 4.1.14G
Persons who effectively direct the business	SYSC 4.2.1R, SYSC 4.2.2R, SYSC 4.2.3G, SYSC 4.2.4G, SYSC 4.2.5G, SYSC 4.2.6R
Responsibility of senior personnel	SYSC 4.3.3G
Management body	SYSC 4.3A.-1R to SYSC 4.3A.7R
Nominations committee	SYSC 4.3A.8R to SYSC 4.3A.11R

Application to a MiFID optional exemption firm and to a third country firm

4.1.-1

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For a *MiFID optional exemption firm* and a *third country firm*:

- (1) the *rules* and *guidance* in this chapter apply to them as if they were *rules* or as *guidance* in accordance with ■ SYSC 1 Annex 1 3.2CR(1); and
- (2) those articles of the *MiFID Org Regulation* in ■ SYSC 1 Annex 1 2.8AR and 3.2CR apply to them as if they were *rules* or as *guidance* in accordance with ■ SYSC 1 Annex 1 3.2CR(2).

General requirements

4.1.1

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- (1) A *firm* must have robust governance arrangements, which include a clear organisational structure with well defined, transparent and consistent lines of responsibility, effective processes to identify, manage, monitor and report the risks it is or might be exposed to, and internal control mechanisms, including sound administrative and accounting procedures and effective control and safeguard arrangements for information processing systems.

(2) [deleted]

[Note: article 74 (1) of *CRD*, article 16(5) second paragraph of *MiFID*, article 12(1)(a) of the *UCITS Directive*, and article 18(1) of *AIFMD*]

- (3) Without prejudice to the ability of the *FCA* or any other relevant *competent authority* to require access to communications in accordance with *MiFID* and *MiFIR*, a *common platform firm* must have sound security mechanisms in place for the following, while maintaining the confidentiality of the data at all times:
 - (a) to guarantee the security and authentication of the means of transfer of information;
 - (b) to minimise the risk of data corruption and unauthorised access; and
 - (c) to prevent information leakage.

[Note: article 16(5) third paragraph of *MiFID*]

4.1.1A

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A *full-scope UK AIFM* must comply with the *AIFM Remuneration Code*.

[Note: article 13(1) of *AIFMD*]

4.1.1B

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A *full-scope UK AIFM* must, in particular:

- (1) have rules for personal transactions by its *employees* or for the holding or management of investments it invests on its own account;
- (2) ensure that each transaction involving the *AIFs* may be reconstructed according to its origin, the parties to it, its nature, and the time and place at which it was effected; and

(3) ensure that the assets of the *AIFs* managed by the *AIFM* are invested in accordance with the *instrument constituting the fund* and the legal provisions in force.

[Note: article 18(1) second paragraph of *AIFMD*]

4.1.1C **R** A *BIPRU firm* and a *third country BIPRU firm* must comply with the *BIPRU Remuneration Code*.

4.1.1D **R** A *UK UCITS management company* must comply with the *UCITS Remuneration Code* if it:

- (1) manages a *UCITS scheme*; or
- (2) manages an *EEA UCITS scheme*.

[Note: article 14a(1) of the *UCITS Directive*]

4.1.1E **R** A *UK UCITS management company* must have appropriate procedures for its employees to report potential or actual breaches of national provisions transposing the *UCITS Directive* internally through a specific, independent and autonomous channel.

[Note: article 99d(5) of the *UCITS Directive*]

4.1.1F **G** ■ SYSC 18 (Guidance on Public Interest Disclosure Act: Whistleblowing) contains further *guidance* on the effect of the Public Interest Disclosure Act 1998 in the context of the relationship between *firms* and the *FCA*.

4.1.2 **R** For a *common platform firm*, the arrangements, processes and mechanisms referred to in ■ SYSC 4.1.1 R must be comprehensive and proportionate to the nature, scale and complexity of the risks inherent in the business model and of the *common platform firm's* activities and must take into account the specific technical criteria described in article 21(3) of the *MiFID Org Regulation*, ■ SYSC 5.1.7 R, ■ SYSC 7 and whichever of the following as applicable:

(for a *firm* to which ■ SYSC 19A applies) ■ SYSC 19A (*IFPRU Remuneration Code*);

(for a *full-scope UK AIFM*) ■ SYSC 19B (*AIFM Remuneration Code*);

(for a *firm* to which ■ SYSC 19C applies) ■ SYSC 19C (*BIPRU Remuneration Code*);

(for a *firm* to which ■ SYSC 19D applies) ■ SYSC 19D (*Dual-regulated firms Remuneration Code*); or

(for a *firm* to which the remuneration part of the *PRA Rulebook* applies) the remuneration part of the *PRA Rulebook*.

[Note: article 74 (2) of *CRD*]

4.1.2A **G** Other *firms* should take account of the comprehensiveness and proportionality *rule* (■ SYSC 4.1.2 R) as if it were *guidance* (and as if "should" appeared in that *rule* instead of "must") as explained in ■ SYSC 1 Annex 1 3.3 R(1).

4.1.2AA **R** Where ■ SYSC 4.1.2 R applies to a *BIPRU firm*, it must take into account the specific technical criteria described in ■ SYSC 19C.

4.1.2B **R** For a *management company* or a *full-scope UK AIFM*, the arrangements, processes and mechanisms referred to in ■ SYSC 4.1.1 R and ■ SYSC 4.1.1A R must also take account of the *UCITS schemes* and *EEA UCITS schemes* managed by the *management company* or the *AIFs* managed by the *full-scope UK AIFM*.

[Note: article 12(1) second paragraph of the *UCITS Directive* and article 18(1) second paragraph of *AIFMD*]

Resources for management companies and AIFMs

4.1.2C **R** A *management company*, a *full-scope UK AIFM* and an *incoming EEA AIFM branch* must have, and employ effectively, the resources and procedures that are necessary for the proper performance of its business activities.

[Note: articles 12(1)(a) and 14(1)(c) of the *UCITS Directive* and article 12(1)(c) of *AIFMD*]

4.1.2D **R** A *full-scope UK AIFM* must use, at all times, adequate and appropriate human and technical resources that are necessary for the proper management of *AIFs*.

[Note: article 18(1) first paragraph of *AIFMD*]

Subordinate measures relating to provisions implementing article 12(1) of AIFMD

4.1.2E **G** Articles 16 to 29 of the *AIFMD level 2 regulation* provide detailed rules supplementing the provisions of article 12(1) of *AIFMD*, articles 57 to 66 of the *AIFMD level 2 regulation* provide detailed rules supplementing articles 12 and 18 of *AIFMD*.

Mechanisms and procedures for a firm

4.1.3 **G**

4.1.4 **R** A *firm* (with the exception of a *common platform firm* and a *sole trader* who does not employ any *person* who is required to be approved under section 59 of the *Act* (Approval for particular arrangements)) must, taking into account the nature, scale and complexity of the business of the *firm*, and the nature and range of the financial services, *claims management services* and other activities undertaken in the course of that business:

- (1) (if it is a *management company*) establish, implement and maintain decision-making procedures and an organisational structure which

clearly and in a documented manner specifies reporting lines and allocates functions and responsibilities;

- (2) establish, implement and maintain adequate internal control mechanisms designed to secure compliance with decisions and procedures at all levels of the *firm*;
- (3) establish, implement and maintain effective internal reporting and communication of information at all relevant levels of the *firm*; and
- (4) (if it is a *management company*) establish, implement and maintain effective internal reporting and communication of information at all relevant levels of the *management company* as well as effective information flows with any third party involved.

[**Note:** articles 4(1) final paragraph, 4(1)(a), 4(1)(c) and 4(1)(d) of the *UCITS implementing Directive*]

4.1.4A G A *firm* that is not a *common platform firm* or a *management company* should take into account the decision-making procedures and effective internal reporting *rules* (■ SYSC 4.1.4R (1), ■ (3) and ■ (4)) as if they were *guidance* (and as if "should" appeared in those *rules* instead of "must") as explained in ■ SYSC 1 Annex 1 3.3 R(1).

4.1.5 R A *management company* must establish, implement and maintain systems and procedures that are adequate to safeguard the security, integrity and confidentiality of information, taking into account the nature of the information in question.

[**Note:** article 4(2) of the *UCITS implementing Directive*]

Business continuity.....

4.1.6 R A *common platform firm* must take reasonable steps to ensure continuity and regularity in the performance of its *regulated activities*. To this end the *common platform firm* must employ appropriate and proportionate systems, resources and procedures.

[**Note:** article 16(4) of *MiFID*]

4.1.7 R A *CRR firm* and a *management company* must establish, implement and maintain an adequate business continuity policy aimed at ensuring, in the case of an interruption to its systems and procedures, that any losses are limited, the preservation of essential data and functions, and the maintenance of its *regulated activities*, or, in the case of a *management company*, its *collective portfolio management* activities, or, where that is not possible, the timely recovery of such data and functions and the timely resumption of those activities.

[**Note:** article 4(3) of the *UCITS implementing Directive* and article 85(2) of *CRD*]

4.1.7A G Other *firms* should take account of the business continuity *rules* (■ SYSC 4.1.6 R and ■ 4.1.7 R) as if they were *guidance* (and as if "should"

appeared in those *rules* instead of "must") as explained in ■ SYSC 1 Annex 1 3.3 R(1).

4.1.8

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The matters dealt with in a business continuity policy should include:

- (1) resource requirements such as people, systems and other assets, and arrangements for obtaining these resources;
- (2) the recovery priorities for the *firm's* operations;
- (3) communication arrangements for internal and external concerned parties (including the *FCA*, *clients* and the press);
- (4) escalation and invocation plans that outline the processes for implementing the business continuity plans, together with relevant contact information;
- (5) processes to validate the integrity of information affected by the disruption; and
- (6) regular testing of the business continuity policy in an appropriate and proportionate manner in accordance with ■ SYSC 4.1.10R and for a *common platform firm* with article 21(5) of the *MiFID Org Regulation*.

Operators of electronic systems in relation to lending: arrangements to administer loans in the event of platform failure

4.1.8A

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An operator of an electronic system in relation to lending must take reasonable steps to ensure that arrangements are in place to ensure that *P2P agreements* facilitated by it will continue to be managed and administered, in accordance with the contract terms, if at any time it ceases to carry on the activity of operating an electronic system in relation to lending.

4.1.8B

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Any arrangements made under ■ SYSC 4.1.8A R must be notified to lenders under *P2P agreements*:

- (1) when such arrangements are made; or
- (2) if later, when the lender first becomes a lender under a *P2P agreement* with that operator; or
- (3) if the arrangements are changed, when that change is made; and
- (4) if the arrangement involves another *firm* taking over the management and administration of *P2P agreements* if the operator ceases to operate the electronic system in relation to lending, the notification to lenders must inform lenders of the identity of the *firm* with which the arrangements have been made and how that *firm* will hold the lenders' money.

4.1.8C

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Arrangements to ensure *P2P agreements* facilitated by the *firm* continue to be managed and administered may include:

- (1) entering into an arrangement with another *firm* to take over the management and administration of *P2P agreements* if the operator ceases to *operate the electronic system in relation to lending*; or
- (2) holding sufficient collateral in a segregated account to cover the cost of management and administration while the loan book is wound down; or
- (3) entering into an arrangement for another *firm* to act as guarantor for the *P2P agreements* which includes a legally enforceable arrangement to meet the costs of the guarantee in full; or
- (4) managing the loan book in a way that ensures that income from *P2P agreements* facilitated by the *firm* is sufficient to cover the costs of managing and administering those agreements during the winding down process, taking into account the reduction of the loan pool and fee income from it.

4.1.8D G When designing its arrangements, a *firm* should take into account insolvency law to ensure that the insolvency of the *firm* does not prejudice the operation of arrangements that the *firm* has put in place.

Operators of electronic systems in relation to lending: title transfer

4.1.8E R

- (1) An operator of an electronic system in relation to lending must not accept, take, or receive the transfer of full ownership of money relating to *P2P agreements*.
- (2) If an operator of an electronic system in relation to lending has made a *client money* election under ■ CASS 7.10.7AR, when it is operating an electronic system in relation to *non-P2P agreements* it must also not accept, take, or receive the transfer of full ownership of money relating to *non-P2P agreements*.

Accounting policies: management company

4.1.9 R A *management company* must establish, implement and maintain accounting policies and procedures that enable it, at the request of the *FCA*, to deliver in a timely manner to the *FCA* financial reports which reflect a true and fair view of its financial position and which comply with all applicable accounting standards and rules.

[Note: article 4(4) of the *UCITS implementing Directive*]

Regular monitoring: management company

4.1.10 R A *management company* must monitor and, on a regular basis, evaluate the adequacy and effectiveness of its systems, internal control mechanisms and arrangements established in accordance with ■ SYSC 4.1.4 R to ■ SYSC 4.1.9 R and take appropriate measures to address any deficiencies.

[Note: article 4(5) of the *UCITS implementing Directive*]

Regular monitoring: other firms

4.1.10A **G** Other *firms* should take account of the regular monitoring *rule* (■ SYSC 4.1.10 R) as if it were *guidance* (and as if "should" appeared in that *rule* instead of "must") as explained in ■ SYSC 1 Annex 1 3.3 R(1), but ignoring the cross-reference to ■ SYSC 4.1.5 R and ■ SYSC 4.1.9R.

Audit committee

4.1.11 **G** Depending on the nature, scale and complexity of its business, it may be appropriate for a *firm* to form an audit committee. An audit committee could typically examine management's process for ensuring the appropriateness and effectiveness of systems and controls, examine the arrangements made by management to ensure compliance with requirements and standards under the *regulatory system*, oversee the functioning of the internal audit function (if applicable) and provide an interface between management and external auditors. It should have an appropriate number of *non-executive directors* and it should have formal terms of reference.

4.1.12 **G** [deleted]

Risk control: additional guidance

4.1.13 **G** *Firms* should also consider the additional *guidance* on risk-centric governance arrangements for effective risk management contained in ■ SYSC 21.

Apportionment of responsibilities: the role of the non-executive director

4.1.14 **G** The role undertaken by a *non-executive director* will vary from one *firm* to another. Where a *non-executive director* is an *approved person*, for example where the *firm* is a *body corporate*, his responsibility and therefore liability will be limited by the role that he undertakes.

4.1.15 **R**

4.2 Persons who effectively direct the business

General requirement

4.2.1 **R** The *senior personnel* of a *common platform firm*, a *management company*, a *full-scope UK AIFM*, or of the *UK branch* of a *non-EEA bank* must be of sufficiently good repute and sufficiently experienced as to ensure the sound and prudent management of the *firm*.

[Note: article 9(1)(4) of *MiFID*, article 7(1)(b) of the *UCITS Directive*, article 8(1)(c) of *AIFMD* and article 91(1) of *CRD*]

4.2.1A **G** Other *firms* should take account of the *senior personnel rule* (■ SYSC 4.2.1 R) as if it were *guidance* (and as if "should" appeared in that *rule* instead of "must") as explained in ■ SYSC 1 Annex 1 3.3 R(1).

Responsibility of senior personnel of an AIFM

4.2.1B **R** For a *full-scope UK AIFM*, the *senior personnel* must, in complying with ■ SYSC 4.2.1 R, be sufficiently experienced in relation to the investment strategies pursued by the *AIFs* it manages.

[Note: article 8(1)(c) of *AIFMD*]

Composition of management

4.2.2 **R** A *common platform firm*, a *management company*, a *full-scope UK AIFM* and the *UK branch* of a *non-EEA bank* must ensure that its management is undertaken by at least two persons meeting the requirements laid down in ■ SYSC 4.2.1 R and :

(a) for a *full-scope UK AIFM*, ■ SYSC 4.2.7R; or

(b) for a *common platform firm*, ■ SYSC 4.3A.3R.

[Note: article 9(6) first paragraph of *MiFID*, article 7(1)(b) of the *UCITS Directive*, article 8(1)(c) of *AIFMD* and article 13(1) of *CRD*]

4.2.3 **G** In the case of a *body corporate*, the persons referred to in SYSC 4.2.2 R should either be executive *directors* or persons granted executive powers by, and reporting immediately to, the *governing body*. In the case of a *partnership*, they should be active *partners*.

4.2.4 **G** At least two independent minds should be applied to the formulation and implementation of the policies of a *common platform firm*, a *management company*, a *full-scope UK AIFM* and the *UK branch of a third country firm*. Where a *firm* nominates just two individuals to direct its business, the *FCA* will not regard them as both effectively directing the business where one of them makes some, albeit significant, decisions relating to only a few aspects of the business. Each should play a part in the decision-making process on all significant decisions. Both should demonstrate the qualities and application to influence strategy, day-to-day policy and its implementation. This does not require their day-to-day involvement in the execution and implementation of policy. It does, however, require involvement in strategy and general direction, as well as knowledge of, and influence on, the way in which strategy is being implemented through day-to-day policy.

4.2.5 **G** Where there are more than two individuals directing the business of a *common platform firm*, a *management company*, a *full-scope UK AIFM* or the *UK branch of a third country firm*, the *FCA* does not regard it as necessary for all of these individuals to be involved in all decisions relating to the determination of strategy and general direction. However, at least two individuals should be involved in all such decisions. Both individuals' judgement should be engaged so that major errors leading to difficulties for the *firm* are less likely to occur. Similarly, each individual should have sufficient experience and knowledge of the business and the necessary personal qualities and skills to detect and resist any imprudence, dishonesty or other irregularities by the other individual. Where a single individual, whether a chief executive, managing *director* or otherwise, is particularly dominant in such a *firm* this will raise doubts about whether SYSC 4.2.2 R is met.

Alternative arrangements.....

4.2.6 **R** If a *common platform firm*, (other than a *credit institution* or *AIFM investment firm*) or the *UK branch of a third country firm*, is:

- (1) a natural person; or
- (2) a legal person managed by a single natural person;

then:

- (3) it must have alternative arrangements in place which ensure:
 - (a) sound and prudent management of the *firm*; and
 - (b) adequate consideration of the interests of *clients* and the integrity of the market; and
- (4) the natural persons concerned must be of sufficiently good repute, possess sufficient knowledge, skills and experience and commit sufficient time to perform their duties.

it must have alternative arrangements in place which ensure sound and prudent management of the *firm*.

[Note: article 9(6) second paragraph of *MiFID*]

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- 4.2.7 **R** A *full-scope UK AIFM* must notify the *FCA* of the names of the *senior personnel* of the *firm* and of every person succeeding them in office.
[Note: article 8(1)(c) of *AIFMD*]
- 4.2.8 **G** Where the *senior personnel* of a *full-scope UK AIFM* will carry out a *FCA governing function* and the *firm* has applied for the *FCA*'s approval under section 59 of the *Act*, this will be considered sufficient to comply with **SYSC 4.2.7 R**.



4.3 Responsibility of senior personnel

- 4.3.1** **R** *A firm* (with the exception of a *common platform firm* and a *sole trader* who does not employ any *person* who is required to be approved under section 59 of the *Act* (Approval for particular arrangements)), when allocating functions internally, must ensure that *senior personnel* and, where appropriate, the *supervisory function*, are responsible for ensuring that the *firm* complies with its obligations under the *regulatory system*. In particular, *senior personnel* and, where appropriate, the *supervisory function* must assess and periodically review the effectiveness of the policies, arrangements and procedures put in place to comply with the *firm's* obligations under the *regulatory system* and take appropriate measures to address any deficiencies.
 [Note: articles 9(1) and 9(3) of the *UCITS implementing Directive*]
- 4.3.2** **R** A *management company*, must ensure that:
- (1) its *senior personnel* receive on a frequent basis, and at least annually, written reports on the matters covered by ■ SYSC 6.1.2 R to ■ SYSC 6.1.5 R, ■ SYSC 6.2.1 R, ■ SYSC 7.1.2 R, ■ SYSC 7.1.3 R and ■ SYSC 7.1.5 R to ■ SYSC 7.1.7 R, indicating in particular whether the appropriate remedial measures have been taken in the event of any deficiencies; and
 - (2) the *supervisory function*, if any, receives on a regular basis written reports on the same matters.
- [Note: articles 9(4) and 9(6) of the *UCITS implementing Directive*]
- 4.3.2A** **G** Other *firms* should take account of the written reports rule (■ SYSC 4.3.2 R) as if it were *guidance* (and as if "should" appeared in that *rule* instead of "must") as explained in ■ SYSC 1 Annex 1 3.3 R(1).
- 4.3.3** **G** The *supervisory function* does not include a general meeting of the shareholders of a *firm*, or equivalent bodies, but could involve, for example, a separate supervisory board within a two-tier board structure or the establishment of a non-executive committee of a single-tier board structure.
- 4.3.4** **G** [deleted]

4.3A Management body and nomination committee

Management body

4.3A.-1 **R** In ■ SYSC 4.3A.6 R and ■ SYSC 4.3A.8 R a *common platform firm* that is significant means a *significant IFPRU firm*.

4.3A.1 **R** A *common platform firm* must ensure that the *management body* defines, oversees and is accountable for the implementation of governance arrangements that ensure effective and prudent management of the *firm*, including the segregation of duties in the organisation and the prevention of conflicts of interest, and in a manner that promotes the integrity of the market and the interests of *clients*. The *firm* must ensure that the *management body*:

- (1) has overall responsibility for the *firm*;
- (2) approves and oversees implementation of the *firm's* strategic objectives, risk strategy and internal governance;
- (3) ensures the integrity of the *firm's* accounting and financial reporting systems, including financial and operational controls and compliance with the *regulatory system*.
- (4) oversees the process of disclosure and communications;
- (5) has responsibility for providing effective oversight of *senior management*;
- (6) monitors and periodically assesses:
 - (a) the adequacy and the implementation of the *firm's* strategic objectives in the provision of *investment services and/or activities* and *ancillary services*;
 - (b) the effectiveness of the *firm's* governance arrangements; and
 - (c) the adequacy of the policies relating to the provision of services to *clients*, and
 takes appropriate steps to address any deficiencies; and
- (7) has adequate access to information and documents which are needed to oversee and monitor management decision-making.

[Note: article 88(1) of CRD and articles 9(1) and 9(3) of MiFID]

- 4.3A.1A** **R** Without prejudice to **■ SYSC 4.3A.1R**, a *common platform firm* must ensure that the *management body* defines, approves and oversees:
- (1) the organisation of the *firm* for the provision of *investment services and/or activities* and *ancillary services*, including the skills, knowledge and expertise required by personnel, the resources, the procedures and the arrangements for the provision of services and activities, taking into account the nature, scale and complexity of its business and all the requirements the *firm* has to comply with;
 - (2) a policy as to services, activities, products and operations offered or provided, in accordance with the risk tolerance of the *firm* and the characteristics and needs of the *firm's clients* to whom they will be offered or provided, including carrying out appropriate stress testing, where appropriate; and
 - (3) a remuneration policy of persons involved in the provision of services to *clients* aiming to encourage responsible business conduct, fair treatment of *clients* as well as avoiding conflict of interest in the relationships with *clients*.

[Note: article 9(3) of *MiFID*]

- 4.3A.2** **R** A *common platform firm* must ensure that the chairman of the *firm's management body* does not exercise simultaneously the *PRA's* Chief Executive function (*controlled function SMF1*) or *chief executive function* within the same *firm*.

[Note: article 88(1)(e) of *CRD* and article 9(1) of *MiFID*]

- 4.3A.2A** **G** A *firm* may apply to the *FCA* under section 138A of the *Act* to waive **■ SYSC 4.3A.2R**.

- 4.3A.3** **R** A *common platform firm* must ensure that the members of the *management body* of the *firm*:

- (1) are of sufficiently good repute;
- (2) possess sufficient knowledge, skills and experience to perform their duties;
- (3) possess adequate collective knowledge, skills and experience to understand the *firm's* activities, including the main risks;
- (4) reflect an adequately broad range of experiences;
- (5) commit sufficient time to perform their functions in the *firm*; and
- (6) act with honesty, integrity and independence of mind to effectively assess and challenge the decisions of *senior management* where necessary and to effectively oversee and monitor management decision-making.

[Note: article 91(1)-(2) and (7)-(8) of *CRD* and article 9(1) and 9(4) of *MiFID*]

- 4.3A.4** **R** A *common platform firm* must devote adequate human and financial resources to the induction and training of members of the *management body*.
- [Note: article 91(9) of *CRD* and article 9(1) of *MiFID*]
- 4.3A.5** **R** A *common platform firm* must ensure that the members of the *management body* of the *firm* do not hold more directorships than is appropriate taking into account individual circumstances and the nature, scale and complexity of the *firm's* activities.
- [Note: article 91(3) of *CRD* and article 9(1) of *MiFID*]
- 4.3A.6** **R**
- (1) A *common platform firm* that is significant must ensure that the members of the *management body* of the *firm* do not hold more than one of the following combinations of directorship in any organisation at the same time:
 - (a) one executive directorship with two non-executive directorships; and
 - (b) four non-executive directorships.
 - (2) Paragraph (1) does not apply to members of the *management body* that represent the *United Kingdom*.
- [Note: article 91(3) of *CRD* and article 9(1) of *MiFID*]
- 4.3A.6A** **G**
- 4.3A.6B** **G**
- 4.3A.7** **R** For the purposes of **■ SYSC 4.3A.5 R** and **■ SYSC 4.3A.6 R**:
- (1) directorships in organisations which do not pursue predominantly commercial objectives shall not count; and
 - (2) the following shall count as a single directorship:
 - (a) executive or non-executive directorships held within the same *group*; or
 - (b) executive or non-executive directorships held within:
 - (i) *firms* that are members of the same institutional protection scheme provided that the conditions set out in article 113(7) of the *EU CRR* are fulfilled; or
 - (ii) *undertakings* (including non-financial entities) in which the *firm* holds a *qualifying holding*.
- [Note: article 91(4) and (5) of *CRD* and article 9(1) of *MiFID*]

Nomination Committee

4.3A.8

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A *common platform firm* that is significant must:

- (1) establish a nomination committee composed of members of the *management body* who do not perform any executive function in the *firm*;
- (2) ensure that the nomination committee is able to use any forms of resources the nomination committee deems appropriate, including external advice; and
- (3) ensure that the nomination committee receives appropriate funding.

[Note: article 88(2) of *CRD* and article 9(1) of *MiFID*]

4.3A.8A

G

4.3A.9

R

A *common platform firm* that has a nomination committee must ensure that the nomination committee:

- (1) engages a broad set of qualities and competences when recruiting members to the *management body* and for that purpose puts in place a policy promoting diversity on the *management body*;
- (2) identifies and recommends for approval, by the *management body* or by general meeting, candidates to fill *management body* vacancies, having evaluated the balance of knowledge, skills, diversity and experience of the *management body*;
- (3) prepares a description of the roles and capabilities for a particular appointment, and assesses the time commitment required;
- (4) decides on a target for the representation of the underrepresented gender in the *management body* and prepares a policy on how to increase the number of the underrepresented gender in the *management body* in order to meet that target;
- (5) periodically, and at least annually, assesses the structure, size, composition and performance of the *management body* and makes recommendations to the *management body* with regard to any changes;
- (6) periodically, and at least annually, assesses the knowledge, skills and experience of individual members of the *management body* and of the *management body* collectively, and reports this to the *management body*;
- (7) periodically reviews the policy of the *management body* for selection and appointment of *senior management* and makes recommendations to the *management body*; and
- (8) in performing its duties, and to the extent possible, on an ongoing basis, takes account of the need to ensure that the *management body's* decision making is not dominated by any one individual or

small group of individuals in a manner that is detrimental to the interest of the *firm* as a whole.

[Note: article 88(2) and article 91(10) of *CRD* and article 9(1) of *MiFID*]

4.3A.10

R

A *common platform firm* that does not have a nomination committee must engage a broad set of qualities and competences when recruiting members to the *management body*. For that purpose a *common platform firm* that does not have a nomination committee must put in place a policy promoting diversity on the *management body*.

[Note: article 91(10) of *CRD* and article 9(1) of *MiFID*]

Website

4.3A.11

R

A *CRR firm* that maintains a website must explain on the website how it complies with the requirements of ■ SYSC 4.3A.1 R to ■ SYSC 4.3A.3 R and ■ SYSC 4.3A.4 R to ■ SYSC 4.3A.11 R.

[Note: article 96 of *CRD*]



4.4 Apportionment of responsibilities

Application

4.4.1

R

4.4.1A

R

This section applies to:

- (1) an *authorised professional firm* in respect of its *non-mainstream regulated activities* unless the *firm* is also conducting other *regulated activities* and has appointed *approved persons* to perform the *FCA governing functions* with equivalent responsibilities for the *firm's non-mainstream regulated activities* and other *regulated activities*;
- (2) activities carried on by a *firm* whose principal purpose is to carry on activities other than *regulated activities* and which is:
 - (a) an *oil market participant*; or
 - (b) a *service company*; or
 - (c) an *energy market participant*; or
 - (d) a wholly-owned subsidiary of:
 - (i) a local authority; or
 - (ii) a registered social landlord; or
 - (e) a *firm* with *permission* to carry on *insurance distribution activity* in relation to *non-investment insurance contracts* but no other *regulated activity* (except *advising on P2P agreements*);
- (3) a *credit firm* which holds only a *limited permission* (other than a *not-for-profit debt advice body*) with respect to the relevant credit activity (as defined in paragraph 2G of Schedule 6 to the Act) for which it has *limited permission*;
- (4) an *incoming Treaty firm*, an *incoming EEA firm* or a *UCITS qualifier* (but only **■ SYSC 4.4.5R (2)** applies for these *firms*); and
- (5) a *sole trader*, but only if he employs any *person* who is required to be approved under section 59 of the Act (Approval for particular arrangements).

4.4.2

G

This section does not apply to a *common platform firm*.

4.4.2A

R

For the purposes of this section, a *regulated claims management activity* is treated as an *unregulated activity*.

Maintaining a clear and appropriate apportionment

4.4.3

R

A *firm* must take reasonable care to maintain a clear and appropriate apportionment of significant responsibilities among its *directors* and *senior managers* in such a way that:

- (1) it is clear who has which of those responsibilities; and
- (2) the business and affairs of the *firm* can be adequately monitored and controlled by the *directors*, relevant *senior managers* and *governing body* of the *firm*.

4.4.4

G

[deleted]

Allocating functions of apportionment and oversight

4.4.5

R

A *firm* must appropriately allocate to one or more individuals, in accordance with the following table, the functions of:

- (1) dealing with the apportionment of responsibilities under ■ SYSC 4.4.3 R; and
- (2) overseeing the establishment and maintenance of systems and controls under ■ SYSC 4.1.1 R.

1: Firm type	2: Allocation of both functions must be to the following individual, if any (see Note):	3: Allocation to one or more individuals selected from this column is compulsory if there is no allocation to an individual in column 2, but is otherwise optional and additional:
(1) A <i>firm</i> which is a <i>body corporate</i> and is a member of a <i>group</i> , other than a <i>firm</i> in row (2)	(1) the <i>firm's chief executive</i> (and all of them jointly, if more than one); or (2) a <i>director</i> or <i>senior manager</i> responsible for the overall management of: (a) the <i>group</i> ; or (b) a <i>group</i> division within which some or all of the <i>firm's regulated activities</i> fall	the <i>firm's</i> and its <i>group's</i> : (1) <i>directors</i> ; and (2) <i>senior managers</i>
(2) An <i>incoming EEA firm</i> or <i>incoming Treaty firm</i> (note: only the functions in SYSC 4.4.5R (2) must be allocated)	(not applicable)	the <i>firm's</i> and its <i>group's</i> : (1) <i>directors</i> ; and (2) <i>senior managers</i>
(3) Any other <i>firm</i>	the <i>firm's chief executive</i> (and all of them jointly, if more than one)	the <i>firm's</i> and its <i>group's</i> : (1) <i>directors</i> ; and (2) <i>senior managers</i>

1: Firm type	2: Allocation of both functions must be to the following individual, if any (see Note):	3: Allocation to one or more individuals selected from this column is compulsory if there is no allocation to an individual in column 2, but is otherwise optional and additional:
Note: Column 2 does not require the involvement of the <i>chief executive</i> or other executive <i>director</i> or <i>senior manager</i> in an aspect of corporate governance if that would be contrary to generally accepted principles of good corporate governance.		

4.4.6

G Frequently asked questions about allocation of functions in ■ SYSC 4.4.5 R

Question	Answer
1 Does an individual to whom a function is allocated under SYSC 4.4.5 R need to be an <i>approved person</i> ?	An individual to whom a function is allocated under SYSC 4.4.5 R will be performing the <i>apportionment and oversight function</i> (CF 8, see SUP 10A.7.1 R) and an application must be made under section 59 of the Act for approval of the individual before the function is performed. There are exceptions from this in SUP 10A.1 (Approved persons - Application).
2 If the allocation is to more than one individual, can they perform the functions, or aspects of the functions, separately?	If the functions are allocated to joint <i>chief executives</i> under SYSC 4.4.5 R, column 2, they are expected to act jointly. If the functions are allocated to an individual under SYSC 4.4.5 R, column 2, in addition to individuals under SYSC 4.4.5 R, column 3, the former may normally be expected to perform a leading role in relation to the functions that reflects his position. Otherwise, yes.
3 What is meant by "appropriately allocate" in this context?	The allocation of functions should be compatible with delivering compliance with <i>Principle 3</i> , SYSC 4.4.3 R and SYSC 4.1.1 R. The FCA considers that allocation to one or two individuals is likely to be appropriate for most <i>firms</i> .
4 If a committee of management governs a <i>firm</i> or <i>group</i> , can the functions be allocated to every member of that committee?	Yes, as long as the allocation remains appropriate (see Question 3). If the <i>firm</i> also has an individual as <i>chief executive</i> , then the functions must be allocated to that individual as well under SYSC 4.4.5 R, column 2 (see Question 7).
5 Does the definition of <i>chief executive</i> include the possessor of equivalent responsibilities with another title, such as a managing <i>director</i> or managing <i>partner</i> ?	Yes.

Question	Answer
<p>6 Is it possible for a <i>firm</i> to have more than one individual as its <i>chief executive</i>?</p>	<p>Although unusual, some <i>firms</i> may wish the responsibility of a <i>chief executive</i> to be held jointly by more than one individual. In that case, each of them will be a <i>chief executive</i> and the functions must be allocated to all of them under SYSC 4.4.5 R, column 2 (see also Questions 2 and 7).</p>
<p>7 If a <i>firm</i> has an individual as <i>chief executive</i>, must the functions be allocated to that individual?</p>	<p>Normally, yes, under SYSC 4.4.5 R, column 2.</p> <p>But if the <i>firm</i> is a <i>body corporate</i> and a member of a <i>group</i>, the functions may, instead of being allocated to the <i>firm's chief executive</i>, be allocated to a <i>director</i> or <i>senior manager</i> from the <i>group</i> responsible for the overall management of the <i>group</i> or of a relevant <i>group</i> division, so long as this is appropriate (see Question 3). Such individuals may nevertheless require approval under section 59 (see Question 1).</p> <p>If the <i>firm</i> chooses to allocate the functions to a <i>director</i> or <i>senior manager</i> responsible for the overall management of a relevant <i>group</i> division, the <i>FCA</i> would expect that individual to be of a seniority equivalent to or greater than a <i>chief executive</i> of the <i>firm</i> for the allocation to be appropriate.</p> <p>See also Question 14.</p>

Question	Answer
<p>8 If a <i>firm</i> has a <i>chief executive</i>, can the functions be allocated to other individuals in addition to the <i>chief executive</i>?</p>	<p>Yes. SYSC 4.4.5 R, column 3, permits a <i>firm</i> to allocate the functions, additionally, to the <i>firm's</i> (or where applicable the <i>group's</i>) <i>directors</i> and <i>senior managers</i> as long as this is appropriate (see Question 3).</p>
<p>9 What if a <i>firm</i> does not have a <i>chief executive</i>?</p>	<p>Normally, the functions must be allocated to one or more individuals selected from the <i>firm's</i> (or where applicable the <i>group's</i>) <i>directors</i> and <i>senior managers</i> under SYSC 4.4.5 R, column 3.</p> <p>But if the <i>firm</i>:</p> <p>(1) is a <i>body corporate</i> and a member of a <i>group</i>; and</p> <p>(2) the <i>group</i> has a <i>director</i> or <i>senior manager</i> responsible for the overall management of the <i>group</i> or of a relevant <i>group</i> division;</p> <p>then the functions must be allocated to that individual (together, optionally, with individuals from column 3 if appropriate) under SYSC 4.4.5 R, column 2.</p>
<p>10 What do you mean by "<i>group</i> division within which some or all of the <i>firm's regulated activities</i> fall"?</p>	<p>A "<i>division</i>" in this context should be interpreted by reference to geographical operations, product lines or any other method by which the <i>group's</i> business is divided.</p> <p>If the <i>firm's regulated activities</i> fall within more than one division and the <i>firm</i> does not wish to allocate the functions to its <i>chief executive</i>, the allocation must, under SYSC 4.4.5 R, be to:</p> <p>(1) a <i>director</i> or <i>senior manager</i> responsible for the overall management of the <i>group</i>; or (2) a <i>director</i> or <i>senior manager</i> responsible for the overall management of one of those divisions;</p> <p>together, optionally, with individuals from column 3 if appropriate. (See also Questions 7 and 9.)</p>

Question	Answer
<p>11 How does the requirement to allocate the functions in SYSC 4.4.5 R apply to an <i>overseas firm</i> which is not an <i>incoming EEA firm</i>, <i>incoming Treaty firm</i> or <i>UCITS qualifier</i>?</p>	<p>The <i>firm</i> must appropriately allocate those functions to one or more individuals, in accordance with SYSC 4.4.5 R, but:</p> <p>(1) The responsibilities that must be apportioned and the systems and controls that must be overseen are those relating to activities carried on from a <i>UK</i> establishment with certain exceptions (see SYSC 1 Annex 1.1.8R). Note that SYSC 1 Annex 1.1.10R does not extend the territorial scope of SYSC 4.4 for an <i>overseas firm</i>.</p> <p>(2) The <i>chief executive</i> of an <i>overseas firm</i> is the <i>person</i> responsible for the conduct of the <i>firm's</i> business within the <i>United Kingdom</i> (see the definition of "<i>chief executive</i>"). This might, for example, be the manager of the <i>firm's UK</i> establishment, or it might be the <i>chief executive</i> of the <i>firm</i> as a whole, if he has that responsibility.</p>
<p>12 How does the requirement to allocate the functions in SYSC 4.4.5 R apply to an <i>incoming EEA firm</i> or <i>incoming Treaty firm</i>?</p>	<p>(1) Such a <i>firm</i> is not required to allocate the function of dealing with apportionment in SYSC 4.4.5R (1).</p> <p>(2) Such a <i>firm</i> is required to allocate the function of oversight in SYSC 4.4.5R (2). However, the systems and controls that must be overseen are those relating to matters which the <i>FCA</i>, as <i>Host State regulator</i>, is entitled to regulate (there is <i>guidance</i> on this in SUP 13A Annex 2). Those are primarily, but not exclusively, the systems and controls relating to the conduct of the <i>firm's</i> activities carried on from its <i>UK branch</i>.</p> <p>(3) Such a <i>firm</i> need not allocate the function of oversight to its</p>

Question	Answer
	<p><i>chief executive</i>; it must allocate it to one or more <i>directors</i> and <i>senior managers</i> of the <i>firm</i> or the <i>firm's group</i> under SYSC 4.4.5 R, row (2).</p> <p>(4) An <i>incoming EEA firm</i> which has provision only for <i>cross border services</i> is not required to allocate either function if it does not carry on <i>regulated activities</i> in the <i>United Kingdom</i>; for example if they fall within the overseas persons exclusions in article 72 of the <i>Regulated Activities Order</i>.</p> <p>See also Questions 1 and 15.</p>
<p>13 What about a <i>firm</i> that is a <i>partnership</i> or a <i>limited liability partnership</i>?</p>	<p>The <i>FCA</i> envisages that most if not all <i>partners</i> or members will be either <i>directors</i> or <i>senior managers</i>, but this will depend on the constitution of the <i>partnership</i> (particularly in the case of a <i>limited partnership</i>) or <i>limited liability partnership</i>. A <i>partnership</i> or <i>limited liability partnership</i> may also have a <i>chief executive</i> (see Question 5). A <i>limited liability partnership</i> is a <i>body corporate</i> and, if a member of a <i>group</i>, will fall within SYSC 4.4.5 R, row (1) or (2).</p>
<p>14 What if generally accepted principles of good corporate governance recommend that the <i>chief executive</i> should not be involved in an aspect of corporate governance?</p>	<p>The Note to SYSC 4.4.5 R provides that the <i>chief executive</i> or other executive director or <i>senior manager</i> need not be involved in such circumstances. For example, the <i>UK Corporate Governance Code</i> recommends that the board of a listed company should establish an audit committee of independent, non-executive directors to be responsible (among other things) for overseeing the effectiveness of the audit process and the objectivity and independence of the external auditor. That aspect of the oversight function may therefore be allocated to the members of such a committee without involving the <i>chief executive</i>. Such individuals may require approval under section 59 in relation to that function (see Question 1).</p>
<p>15 What about <i>incoming electronic commerce activities</i> carried on from an <i>establishment</i> in another</p>	<p>SYSC does not apply to an <i>incoming ECA provider</i> acting as such.</p>

Question	Answer
<i>EEA State with or for a person in the United Kingdom?</i>	



4.5

- 4.5.1 **R** [deleted] [*Editor's note:* The text of this provision has been moved to **SYSC 25.1.1R**]
- 4.5.2 **R** [deleted] [*Editor's note:* The text of this provision has been moved to **SYSC 25.1.3R**]
- 4.5.3 **R** [deleted] [*Editor's note:* The text of this provision has been moved to **SYSC 25.1.2R**]
- 4.5.4 **R** [deleted] [*Editor's note:* The text of this provision has been moved to **SYSC 25.2.1R**]
- 4.5.5 **R** [deleted] [*Editor's note:* The text of this provision has been moved to **SYSC 25.2.2R**]
- 4.5.6 **G**
 - (1) [deleted] [*Editor's note:* The text of this provision has been moved to **SYSC 25.1.6G(1)**]
 - (2) [deleted] [*Editor's note:* The text of this provision has been moved to **SYSC 25.1.6G(2)**]
- 4.5.7 **R** [deleted] [*Editor's note:* The text of this provision has been moved to **SYSC 25.2.3R**]
- 4.5.8 **R** [deleted] [*Editor's note:* The text of this provision has been moved to **SYSC 25.2.4R**]
- 4.5.9 **G**
 - (1) [deleted] [*Editor's note:* The text of this provision has been moved to **SYSC 25.4.1G**]
 - (2) [deleted] [*Editor's note:* The text of this provision has been moved to **SYSC 25.4.2G**]
- 4.5.10 **G** [deleted] [*Editor's note:* The text of this provision has been moved to **SYSC 25.4.3G**]

- 4.5.11** **G** [deleted] *Editor's note:* The text of this provision has been moved to ■ SYSC 25.4.4G]
- 4.5.12** **G**
- (1) [deleted]
 - (2) [deleted] *Editor's note:* The text of this provision has been moved to ■ SYSC 25.4.5G]
 - (3) [deleted] *Editor's note:* The text of this provision has been moved to ■ SYSC 25.4.6G]
 - (4) [deleted] *Editor's note:* The text of this provision has been moved to ■ SYSC 25.4.7G]
 - (5) [deleted] *Editor's note:* The text of this provision has been moved to ■ SYSC 25.4.8G]
 - (6) [deleted] *Editor's note:* The text of this provision has been moved to ■ SYSC 25.4.11G]
 - (7) [deleted] *Editor's note:* The text of this provision has been moved to ■ SYSC 25.4.9G]
 - (8) [deleted] *Editor's note:* The text of this provision has been moved to ■ SYSC 25.4.10G]
 - (9) [deleted] *Editor's note:* The text of this provision has been moved to ■ SYSC 25.4.12G]
- 4.5.13** **G**
- (1) [deleted] *Editor's note:* The text of this provision has been moved to ■ SYSC 25.4.14G(1)]
 - (2) [deleted] *Editor's note:* The text of this provision has been moved to ■ SYSC 24.3.5G]
- 4.5.14** **R** [deleted] *Editor's note:* The text of this provision has been moved to ■ SYSC 25.5.1R]
- 4.5.15** **G**
- (1) [deleted] *Editor's note:* The text of this provision has been moved to ■ SYSC 25.5.2G(1)]
 - (2) [deleted] *Editor's note:* The text of this provision has been moved to ■ SYSC 25.5.2G(2)]
 - (3) [deleted] *Editor's note:* The text of this provision has been moved to ■ SYSC 25.5.2G(3)]
 - (4) [deleted] *Editor's note:* The text of this provision has been moved to ■ SYSC 25.5.2G(4)]
 - (5) [deleted] *Editor's note:* The text of this provision has been moved to ■ SYSC 25.5.3G]

- 4.5.16** **G** (1) [deleted]
- (2) [deleted] [*Editor's note:* The text of this provision has been moved to ■ SYSC 25.7.2G(1)]
- (3) [deleted] [*Editor's note:* The text of this provision has been moved to ■ SYSC 25.7.2G(1)]
- (4) [deleted] [*Editor's note:* The text of this provision has been moved to ■ SYSC 25.7.4G]
- (5) [deleted] [*Editor's note:* The text of this provision has been moved to ■ SYSC 25.7.3G]
- 4.5.17** **G** [deleted]
- 4.5.18** **G** [deleted] [*Editor's note:* The text of this provision has been moved to ■ SYSC 25.7.6G]
- 4.5.19** **G** [deleted] [*Editor's note:* The text of this provision has been moved to ■ SYSC 25.7.7G]
- 4.5.20** **G** [deleted] [*Editor's note:* he text of this provision has been moved to ■ SYSC 25.7.8G]
- 4.5.21** **G** [deleted] [*Editor's note:* The text of this provision has been moved to ■ SYSC 25.8.1G]
- 4.5.22** **G** [deleted] [*Editor's note:* The text of this provision has been moved to ■ SYSC 25.8.2G]



4.6

- 4.6.1 **R** [deleted] *[Editor's note: The text of this provision has been moved to SYSC 25.1.4R]*
- 4.6.2 **R** [deleted]
- 4.6.3 **R** [deleted]
- 4.6.4 **G** [deleted]
- 4.6.5 **G** (1) [deleted]
(2) [deleted] *[Editor's note: The text of this provision has been moved to SYSC 25.6.3G]*
- 4.6.6 **R** [deleted]
- 4.6.7 **R** [deleted]
- 4.6.8 **G** [deleted]
- 4.6.9 **R** (1) [deleted]
(2) [deleted] *Editor's note: The text of this provision has been moved to SYSC 25.1.5R]*
- 4.6.10 **R** [deleted]
- 4.6.11 **R** [deleted]
- 4.6.12 **G** [deleted]
- 4.6.13 **G** [deleted]

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4.6.17	G	<p>(1) [deleted] <i>Editor's note:</i> The text of this provision has been moved to ■ SYSC 25.6.2G(1)</p> <p>(2) [deleted] <i>Editor's note:</i> The text of this provision has been moved to ■ SYSC 25.6.2G(2)</p> <p>(3) [deleted] <i>Editor's note:</i> The text of this provision has been moved to ■ SYSC 25.1.6G(3)</p> <p>(4) [deleted] <i>Editor's note:</i> The text of this provision has been moved to ■ SYSC 25.6.2G(4)</p>
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4.6.20	R	[deleted] <i>Editor's note:</i> The text of this provision has been moved to ■ SYSC 25.6.5R]
4.6.21	G	[deleted] <i>Editor's note:</i> The text of this provision has been moved to ■ SYSC 25.6.6G]
4.6.22	G	[deleted] <i>Editor's note:</i> The text of this provision has been moved to ■ SYSC 25.6.7G]
4.6.23	G	[deleted] <i>Editor's note:</i> The text of this provision has been moved to ■ SYSC 25.6.8G]
4.6.24	G	[deleted] <i>Editor's note:</i> The text of this provision has been moved to ■ SYSC 25.6.9G]
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4.6.26	G	[deleted] <i>Editor's note:</i> The text of this provision has been moved to ■ SYSC 25.6.10G]
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4.6.29 **G** [deleted]



4.7

- 4.7.1 **R** [deleted] *Editor's note:* The text of this provision has been moved to ■ SYSC 24.1.1R].
- 4.7.2 **R** [deleted] *Editor's note:* The text of this provision has been moved to ■ SYSC 24.1.3R]
- 4.7.3 **R** [deleted] *Editor's note:* The text of this provision has been moved to ■ SYSC 24.1.2R]
- 4.7.4 **G** [deleted]
- 4.7.5 **R**
 - (1) [deleted] *Editor's note:* The text of this provision has been moved to ■ SYSC 24.2.1R]
 - (2) [deleted]
 - (3) [deleted]
 - (4) [deleted]
 - (5) [deleted] *Editor's note:* The text of this provision has been moved to ■ SYSC 24.2.3R(1)]
 - (6) [deleted] *Editor's note:* The text of this provision has been moved to ■ SYSC 24.2.3R(2)]
 - (7) [deleted] *Editor's note:* The text of this provision has been moved to ■ SYSC 24.2.4R]
- 4.7.6 **R** [deleted] [*Editor's note:* The text of this provision has been moved to ■ SYSC 24.2.5R]
- 4.7.7 **R** [deleted] [*Editor's note:* The text of this provision has been moved to ■ SYSC 24.2.6R]
- 4.7.8 **R**
 - (1) [deleted] *Editor's note:* The text of this provision has been moved to ■ SYSC 26.3.1R]

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		(3) [deleted] <i>Editor's note:</i> The text of this provision has been moved to ■ SYSC 26.3.4R]
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4.7.14	G	[deleted] [<i>Editor's note:</i> The text of this provision has been moved to ■ SYSC 26.7.5G]
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4.7.17	G	[deleted]
4.7.18	G	[deleted] <i>Editor's note:</i> The text of this provision has been moved to ■ SYSC 26.4.5R]
4.7.19	G	[deleted]
4.7.20	G	[deleted]
4.7.21	G	(1) [deleted] (2) [deleted] [<i>Editor's note:</i> The text of this provision has been moved to ■ SYSC 26.9.1G]
4.7.22	G	[deleted]

- 4.7.23 G (1) [deleted] *Editor's note:* The text of this provision has been moved to ■ SYSC 26.9.4G]

- 4.7.24 G (1) [deleted] *Editor's note:* The text of this provision has been moved to ■ SYSC 24.3.2G]

- (2) [deleted] [*Editor's note:* The text of this provision has been moved to ■ SYSC 24.3.3G]

- (3) [deleted] *Editor's note:* The text of this provision has been moved to ■ SYSC 24.3.1G]

- (4) [deleted]

- (4) [deleted] [*Editor's note:* The text of this provision has been moved to ■ SYSC 24.3.4G]

- 4.7.25 G (1) [deleted] [*Editor's note:* The text of this provision has been moved to ■ SYSC 24.3.7G]

- (2) [deleted] [*Editor's note:* The text of this provision has been moved to ■ SYSC 24.3.8G]

- 4.7.26 G [deleted] [*Editor's note:* The text of this provision has been moved to ■ SYSC 24.3.9G]

- 4.7.27 G [deleted] [*Editor's note:* The text of this provision has been moved to ■ SYSC 24.3.10G]

- 4.7.28 G [deleted] [*Editor's note:* The text of this provision has been moved to ■ SYSC 24.3.11G]

- 4.7.29 G [deleted] [*Editor's note:* The text of this provision has been moved to ■ SYSC 24.3.12G]

- 4.7.30 G [deleted] [*Editor's note:* The text of this provision has been moved to ■ SYSC 24.3.13G]

- 4.7.31 G [deleted] [*Editor's note:* The text of this provision has been moved to ■ SYSC 26.10.1G]

- 4.7.32 G [deleted] [*Editor's note:* The text of this provision has been moved to ■ SYSC 26.10.3G]

- 4.7.33 G [deleted]

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- 4.7.34 **G** [deleted] [*Editor's note:* The text of this provision has been moved to ■ SYSC 26.10.2G]
 - 4.7.35 **G** [deleted]
 - 4.7.36 **G** [deleted] [*Editor's note:* The text of this provision has been moved to ■ SYSC 26.11.1G(1) to (3)]
 - 4.7.37 **G** [deleted] [*Editor's note:* The text of this provision has been moved to ■ SYSC 26.11.2G]
 - 4.7.38 **G** [deleted] [*Editor's note:* The text of this provision has been moved to ■ SYSC 26.11.3G]



4.8

- 4.8.1 **R** [deleted]
- 4.8.2 **R** [deleted] *[Editor's note: The text of this provision has been moved to ■ SYSC 26.1.5R]*
- 4.8.3 **R** [deleted] *[Editor's note: The text of this provision has been moved to ■ SYSC 26.1.4R]*
- 4.8.4 **R** [deleted] *[Editor's note: The text of this provision has been moved to ■ SYSC 26.1.2R]*
- 4.8.5 **G** [deleted] *[Editor's note: The text of this provision has been moved to ■ SYSC 26.2.1G]*
- 4.8.6 **R** [deleted]
- 4.8.7 **R** [deleted]
- 4.8.8 **G** [deleted] *[Editor's note: The text of this provision has been moved to ■ SYSC 24.3.14G]*
- 4.8.9 **R** [deleted]
- 4.8.10 **R**
 - (1) [deleted] *[Editor's note: The text of this provision has been moved to ■ SYSC 26.3.2R(1)]*
 - (2) [deleted] *[Editor's note: The text of this provision has been moved to ■ SYSC 26.3.2R(2)]*
 - (3) [deleted] *[Editor's note: The text of this provision has been moved to ■ SYSC 26.3.2R(3)]*
 - (4) [deleted] *[Editor's note: The text of this provision has been moved to ■ SYSC 26.3.3R]*
 - (5) [deleted]

- (6)

G

[deleted] [*Editor's note:* The text of this provision has been moved to ■ SYSC 26.4.3R]
- (7)

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[deleted]
- 4.8.11

G

(1) [deleted]

(2) [deleted] [*Editor's note:* The text of this provision has been moved to ■ SYSC 26.6.4G(1)]

(3) [deleted] [*Editor's note:* The text of this provision has been moved to ■ SYSC 26.6.4G(2)]

(4) [deleted]

(5) [deleted]

(6) [deleted]
- 4.8.12

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[deleted] [*Editor's note:* The text of this provision has been moved to ■ SYSC 26.6.6G]
- 4.8.13

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(1) [deleted]

(2) [deleted] [*Editor's note:* The text of this provision has been moved to ■ SYSC 26.4.4G]
- 4.8.14

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[deleted]
- 4.8.15

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[deleted]
- 4.8.16

G

[deleted]
- 4.8.17

G

[deleted] [*Editor's note:* The text of this provision has been moved to ■ SYSC 26.7.3G]
- 4.8.18

G

[deleted] [*Editor's note:* The text of this provision has been moved to ■ SYSC 26.7.6G]
- 4.8.19

G

[deleted]
- 4.8.20

G

(1) [deleted] [*Editor's note:* The text of this provision has been moved to ■ SYSC 26.8.1G]

(2) [deleted]

- (3) [deleted] [*Editor's note:* The text of this provision has been moved to ■ SYSC 26.8.2G]
- (4) [deleted]
- 4.8.21 **G** [deleted]
- 4.8.22 **G** [deleted] [*Editor's note:* The text of this provision has been moved to ■ SYSC 26.9.2G]
- 4.8.23 **G** [deleted]
- 4.8.24 **G** [deleted]
- 4.8.25 **G** [deleted]
- 4.8.26 **G** [deleted] [*Editor's note:* The text of this provision has been moved to ■ SYSC 26.8.4G]
- 4.8.27 **G** [deleted] [*Editor's note:* The text of this provision has been moved to ■ SYSC 26.8.3G]
- 4.8.28 **G**
 - (1) [deleted]
 - (2) [deleted]
 - (3) [deleted]
 - (4) [deleted]
 - (5) [deleted] [*Editor's note:* The text of this provision has been moved to ■ SYSC 26.9.5G]
- 4.8.29 **G** [deleted]
- 4.8.30 **G** [deleted] [*Editor's note:* The text of this provision has been moved to ■ SYSC 26.5.3G]
- 4.8.31 **R** [deleted]
- 4.8.32 **G** [deleted]

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- 4.8.33 **G** (1) [deleted]
- (2) [deleted] [*Editor's note:* The text of this provision has been moved to ■ SYSC 26.11.1G(4)]
- 4.8.34 **G** [deleted] [*Editor's note:* The text of this provision has been moved to ■ SYSC 26.11.1G(5)]
- 4.8.35 **G** [deleted]
- 4.8.35 **R**



4.9

- 4.9.1** **R** (1) [deleted] [*Editor's note:* The text of this provision has been moved to ■ SYSC 25.9.1R]
(2) [deleted] [*Editor's note:* The text of this provision has been moved to ■ SYSC 25.9.2R]
- 4.9.2** **R** [deleted]
- 4.9.3** **R** [deleted]
- 4.9.4** **R** (1) [deleted] [*Editor's note:* The text of this provision has been moved to ■ SYSC 25.9.4R]
- 4.9.5** **R** [deleted] [*Editor's note:* The text of this provision has been moved to ■ SYSC 25.9.5R]
- 4.9.6** **G** [deleted] [*Editor's note:* The text of this provision has been moved to ■ SYSC 25.9.6G]
- 4.9.7** **G** [deleted] [*Editor's note:* The text of this provision has been moved to ■ SYSC 25.9.7G]
- 4.9.8** **G** [deleted] [*Editor's note:* The text of this provision has been moved to ■ SYSC 25.9.8G]
- 4.9.9** **G** [deleted] [*Editor's note:* The text of this provision has been moved to ■ SYSC 25.9.9G]

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4 Annex 1

4

G

[*Editor's note:* The text of this provision has been moved to ■ SYSC 25 Annex 1G]