



Getting to Grips with THE CERTIFICATION REGIME Scope

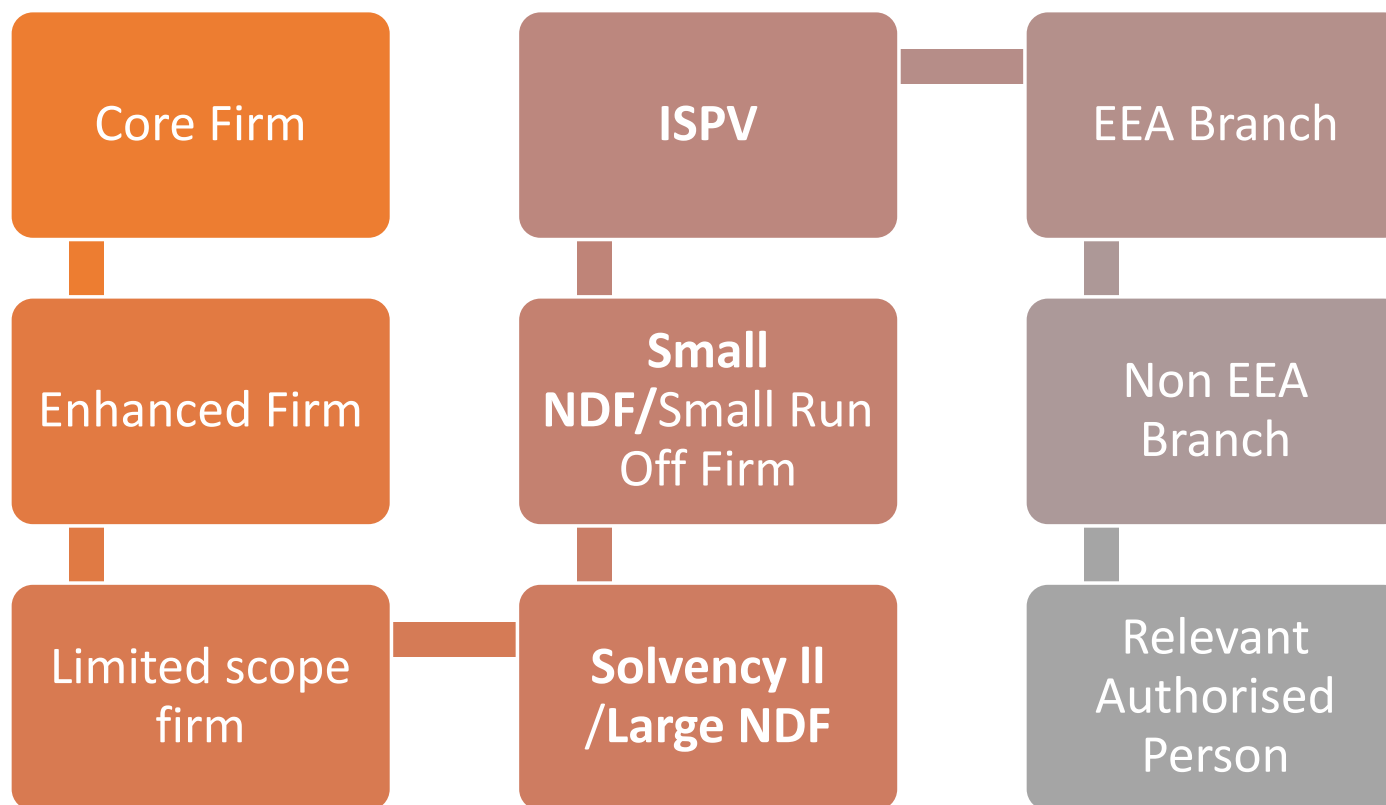
The three
elements of
the SMCR

Senior Managers
Regime

Certification Regime

The Code of Conduct

Certification Regime – are you affected?

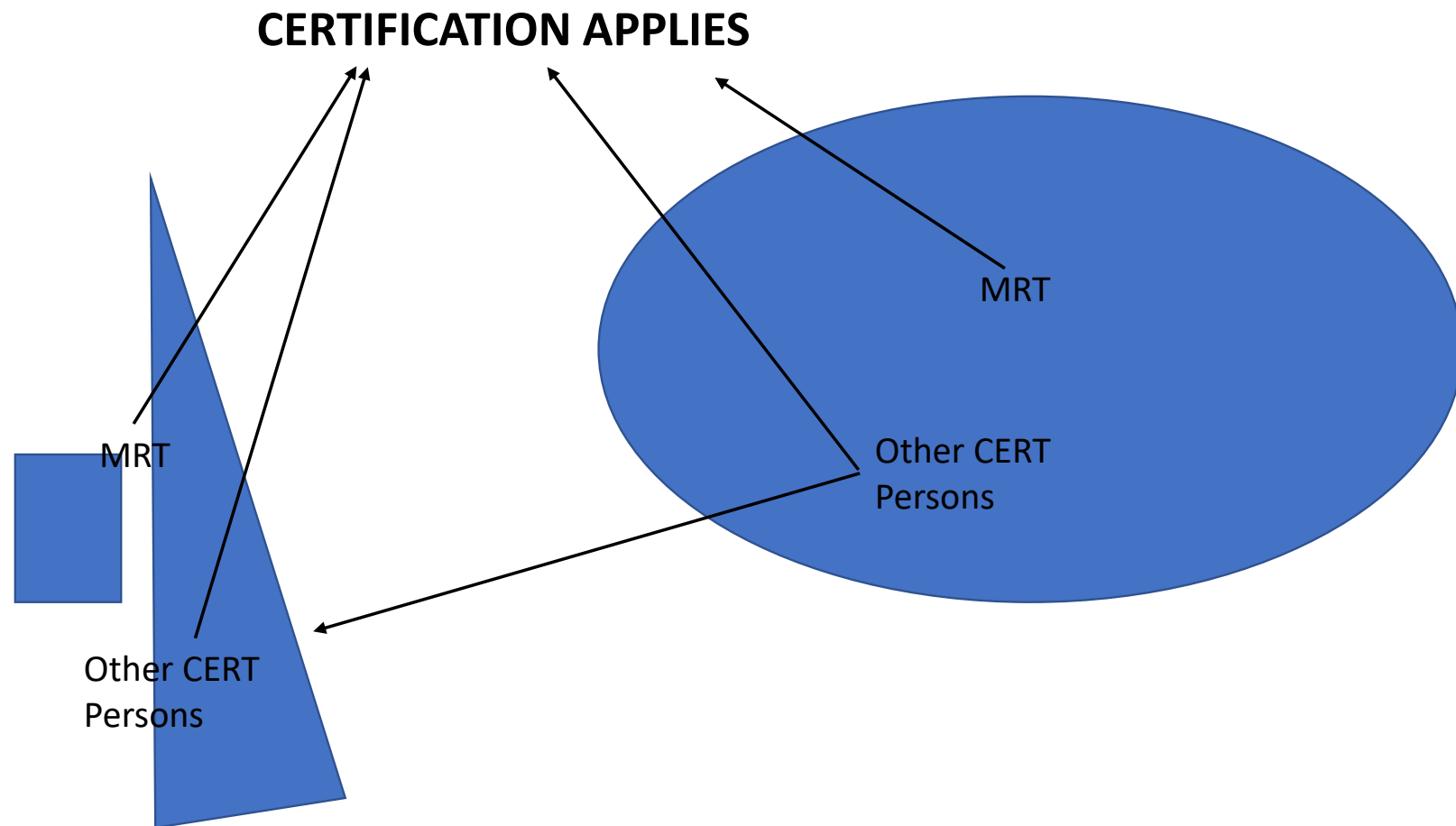


Only applies
to employees
– but what is
an employee?

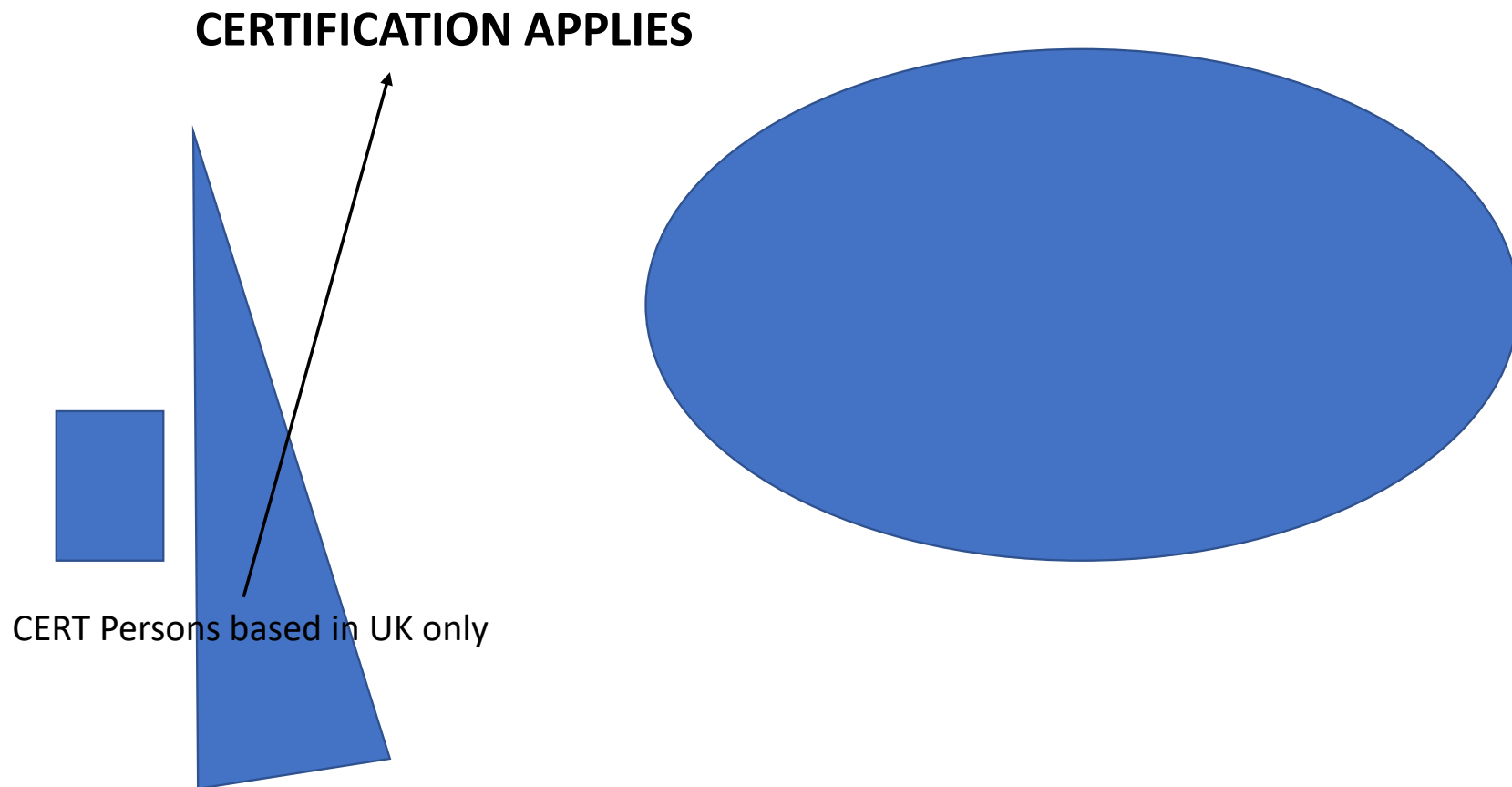
This is
a
person
who:-

- (a) personally provides, or is under an obligation personally to provide, services to the firm in question under an arrangement made between the firm and the person providing the services or another person
- (b) is subject to (or to the right of) supervision, direction or control by the firm as to the manner in which those services are provided

Territorial Scope – UK Firms



Territorial Scope – EEA & Non-EEA Branches



Certification Function



- One that requires the person performing it to be involved in one or more aspects of the firm's affairs, so far as relating to a regulated activity, and those aspects involve, or might involve, a risk of significant harm to the firm or any of its customers

Significant Management
Function

Proprietary Traders

Certain material risk
takers

FCA – customer facing
roles that are subject to
the qualification
requirement

CASS Oversight

Client Dealing function

Algorithmic Traders

Individuals who
supervise or manage
another person who is
covered by the
certification regime

Certification – scope FCA

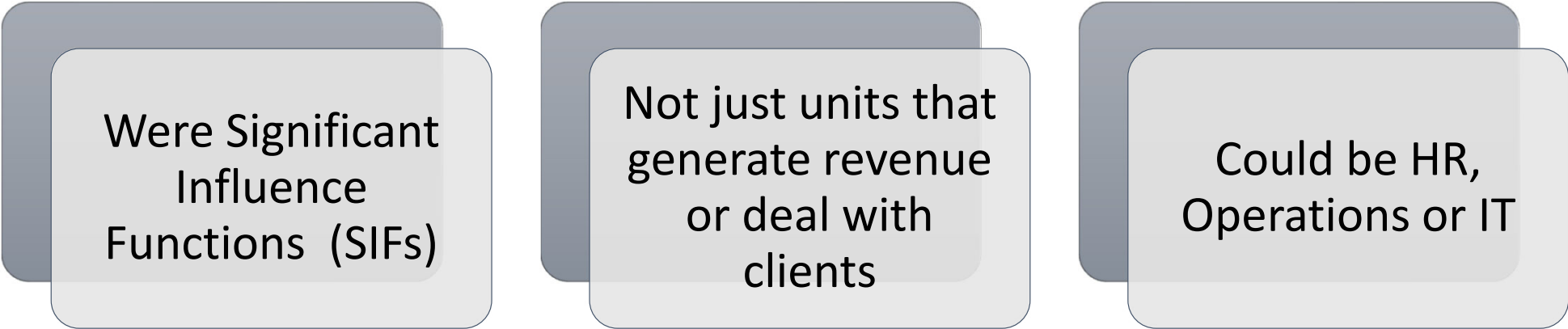


Bear in mind

- You can be both in the SMR and Certification Regime
- You can perform more than one Certification Function

Significant Management Function –

people below Senior Managers who are responsible for business units that because of their size, nature or impact , are considered significant by the firm



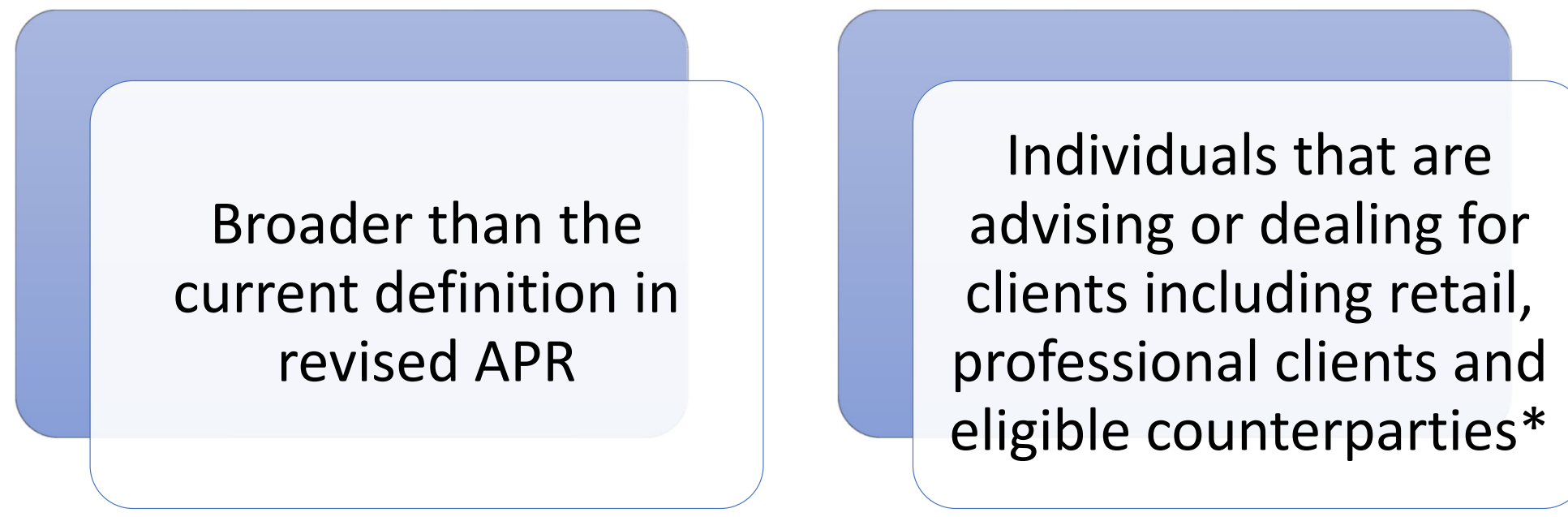
Were Significant
Influence
Functions (SIFs)

Not just units that
generate revenue
or deal with
clients

Could be HR,
Operations or IT

Size of UK business, number of employees, certification functions in the unit, number of customers –
see SYSC 27.7

Client Dealing Functions



Broader than the
current definition in
revised APR

Individuals that are
advising or dealing for
clients including retail,
professional clients and
eligible counterparties*

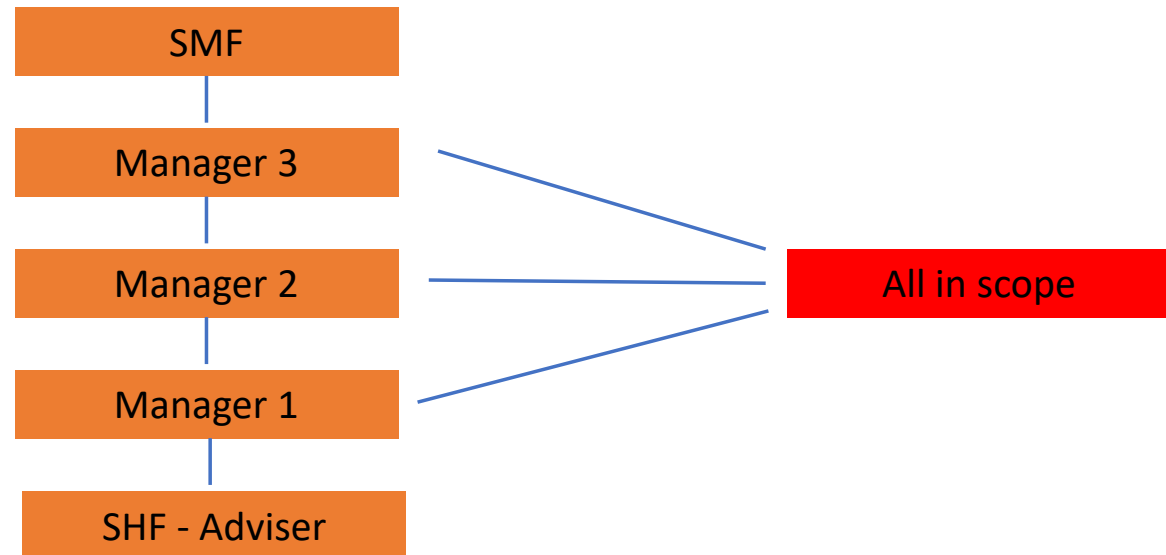
*Individuals who have no scope to choose, decide or reach a judgement, doesn't require them to exercise significant skill- does not include people who perform pure administration

Managers of certification employees

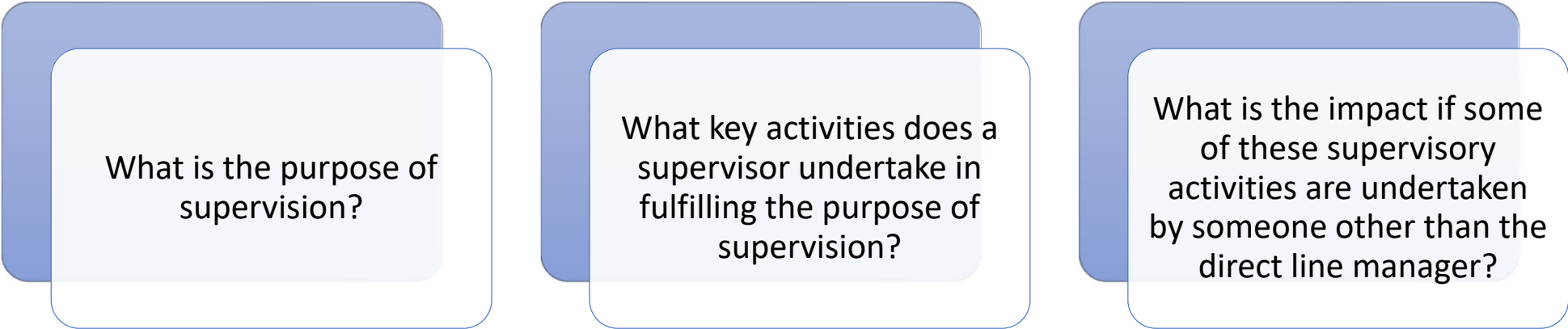
(1) The function of managing or supervising a certification employee, directly or indirectly, is an FCA –certification function

(2) A function in (1) is not an FCA –certification function for that firm if it is performed by an SMF manager of that firm

Managers of certification employees



What is supervision?



What is the purpose of supervision?

What key activities does a supervisor undertake in fulfilling the purpose of supervision?

What is the impact if some of these supervisory activities are undertaken by someone other than the direct line manager?



1

Ensure ongoing competence of direct reports.



2

Supervisors of Appendix 1 activities must have coaching and assessment skills – this would suggest to check advice skills – both documenting and explaining.



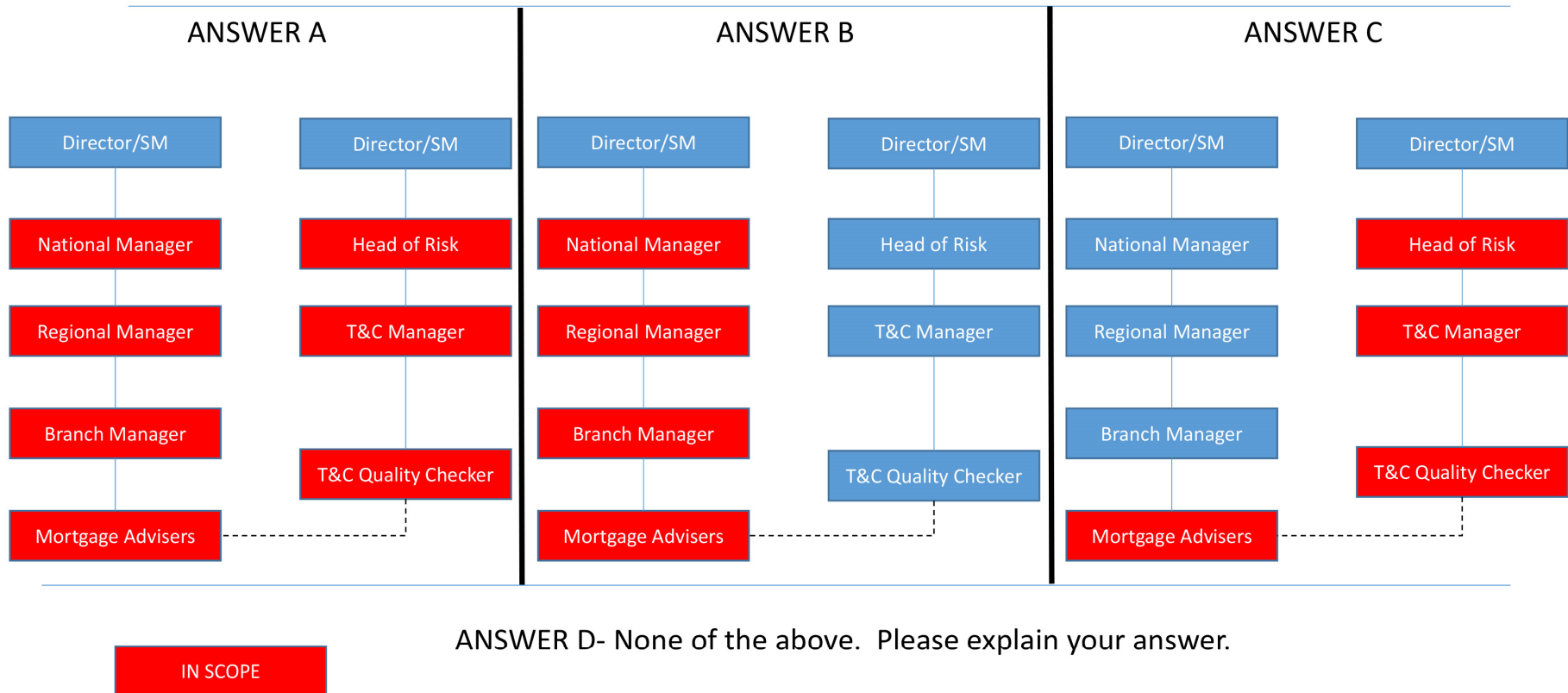
3

Supervisors also expected to have technical knowledge and for a RIA a L4 qualification

Purpose of supervision?

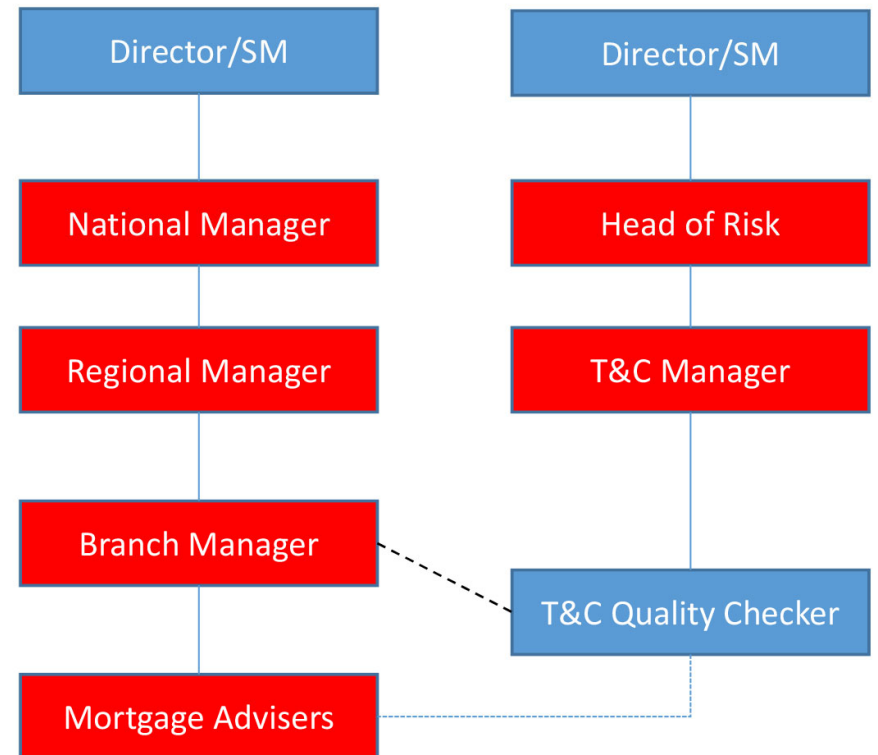
Certification Regime Scope – Which model is correct?

FCA specified significant harm functions include the function of managing or supervising a certification employee, whether directly or indirectly. In a split supervision model (where T&C activities are supervised or supported outside the line) which of the following correctly shows who falls within scope of the certification regime?



Split supervision

ANSWER D



| Borderline
cases?

Include them?

If not make a
note why not

When?

Sooner the better

By 09 December population
identified and trained on
the code of conduct