

SENIOR MANAGERS AND CERTIFICATION REGIME (SMCR)

HR 'TOUCH-POINTS'

Contractual considerations

- Employment offer conditionality
 - F&P
 - FCA approval (for Senior Manager candidates)
- Amend or re-paper existing contracts - consider:
 - On-going obligation on individual to notify firm if any reason to doubt ongoing F&P
 - Explicit references to:
 - Statement of Responsibilities (Senior Managers)
 - Conduct Rules (and Duty of Responsibility)
 - F&P requirements
 - Training obligations
 - Breach notification requirements
 - Handover obligations

Departures

- Review approach to negotiated / bad leaver exits (including approach to settlement/compromise agreements) – to ensure consistency with SMCR and FCA expectations
- Re-allocation of Senior Manager responsibilities?
- Revisions to Statements of Responsibilities and Responsibilities Maps
- Allocate responsibility for handover administration and oversight
- Ascribe responsibility for regulatory notifications
- Ensure consistency of the following in response to a departure:
 - Form C
 - Reference
 - Compromise agreement (if any)
 - Other FCA notification(s) (if any)

Process / infrastructure considerations

- Determine process for reviewing background checks and references received
 - Ultimate decision-maker(s)?
- Establish process for providing and updating references
- Formulate process for identifying in-scope staff that have been subject to 'disciplinary action'
- Devise process for determining whether Conduct Rule breach where disciplinary action taken
- Consider IT system requirements (and specification) for:
 - F&P assessment framework
 - Record-keeping obligations
 - Training – both delivery and record-keeping
 - Extent to which existing infrastructure can be utilised
- System(s) to update regulatory references where new relevant information comes to light

SMCR: HR 'Touch-Points'**Operational considerations**

- Establish role and remit of HR function within overall implementation project → resource / budget implications?
- Identification of potentially applicable SMFs
- Identification of relevant cohorts:
 - Senior Managers, together with provisional allocation of SMF(s) and Prescribed Responsibilities (including any proposed shared or divided Prescribed Responsibilities)
 - Certified employees
 - Conduct Rules staff
 - Any potential 'off-shore' Senior Managers or Certified employees
- Formulation of Statements of Responsibility
- Preparation of Responsibilities Map {Enhanced firms only}
- Devise induction / on-boarding programme for Senior Managers [and Certified employees]
- Training to HR staff on relevant issues – at outset, with periodic refreshers
- Wider SMCR familiarisation exercise for other key stakeholders?
- [Where applicable] Determine conceptual approach to be taken where group contains mix of Core and Enhanced firms

Performance management / F&P considerations

- Revisit approach to appraisal & performance management
 - Link to F&P assessments
 - Balanced 'scorecards'?
- Re-evaluate F&P assessment framework
 - Determine and ensure right 'feeds' into determination (including, for example, breaches)
 - Ensure necessary coordination with other functions (e.g. Compliance and Business)
 - Identify ultimate decision maker(s)?
 - Incorporate notification obligation triggers
- Routinely assess whether disciplinary action(s) and/or breach(es) → notification requirement?
- Identify what supporting evidence to be retained
- In relation to Training and Competence programme, consider:
 - Tailored content
 - Assessment component
 - Monitoring / responsibility for oversight
 - Non-compliance protocol
 - Identify qualification, training or competence requirements for Senior Managers and Certification employees
 - Produce practical guides for Senior Managers [and Certified employees]

Policies and procedures

- Revisions to disciplinary procedures and performance management procedures?
- Formulate / review F&P certification policy
- Review employee handbook
- Consider Senior Manager on-boarding policy
- Revisions to whistle-blowing policy?
- Formulate breach notification policy
 - Including rationale(s) for reporting / not reporting disciplinary action taken against Conduct Rules staff
- Formulate handover policy
- Devise regulatory reference protocol / policy
- Review (and revise) record retention policy
- Consider personal record-keeping protocol
- Formulate house policy approach to requests for access to information by departed Senior Managers
- Review training and competence policy
- Determine house approach to payment for legal representation for prospective Senior Managers
- Determine stance on Senior Manager indemnification
- Review scope of D&O policy

Note: In practice, it is likely that many of these issues / action points will be undertaken in conjunction with other relevant business functions.