
Questions to Consider

Senior Manager Responsibilities in the Ongoing COVID-19 Situation

June 2020

Executive Summary

Following the large-scale changes and challenges faced by firms during the initial phase of COVID-19, firms are beginning to consider what their operating model will be in the next phase and over the longer-term. For individuals who are Senior Managers under the UK Senior Managers and Certification Regime (SMCR), this will involve consideration of their personal responsibilities and what amounts to 'reasonable steps' for discharging these on an ongoing basis. This paper sets out some common considerations for Senior Managers.

Reasonable Steps under SMCR

One of the most commonly-posed questions in the context of SMCR is – what amounts to the taking of 'reasonable steps' by a Senior Manager?¹ As the answer to this question will of course be highly fact and circumstance specific, there is relatively limited regulatory guidance. For the most part, it therefore falls to firms to work out their own view of 'reasonable steps' in the particular situations that they face.

Common Questions for Senior Managers

The FCA and PRA have stated that there is no requirement for a firm's response to COVID-19 to be the responsibility of a single Senior Manager, but that the impacts should be allocated appropriately.² In any case, Senior Managers will be considering on an ongoing basis whether their firm's response has an impact on their role and their approach to discharging their responsibilities.

As part of that process, it may be helpful to think through the broad themes which Senior Managers might consider when taking on a role, and how they may be affected as circumstances change:

1. **Responsibilities:** Do everyone's responsibilities remain clear, and have there been any changes brought about by the way that the firm has adapted to the current circumstances?
2. **Reporting lines:** Are reporting lines above and below Senior Managers still clear, and have there been any changes (e.g. reports now made directly to a more senior level)? If there have been changes, temporary or permanent, have they been reflected in delegation/escalation procedures, structure charts and, if appropriate, the Management Responsibility Map?
3. **Dependencies:** Are Senior Managers comfortable with their level of resource? Are Senior Managers comfortable with the incident management/business continuity plans of their critical service providers? Are there new relationships with third parties, e.g. to host data or to provide IT support? Are these changes to information and systems appropriately documented?
4. **Risks and controls:** Have the risks inherent in Senior Manager responsibilities changed, reduced or intensified? Have existing controls been subject to change and/or has there been a need to introduce additional interim controls?

¹ See FCA Handbook COCON 4.2

² <https://www.fca.org.uk/news/statements/joint-fca-pra-statement-smcr-coronavirus-covid-19>

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5. Management Information (MI): Does the MI remain appropriate, especially in light of any changes to risks or controls? Are there any new trends in the data that need to be analysed?
6. Decisions: How has the context of COVID-19 impacted decision-making, particularly when it has resulted in variations from the norm (including variations from the firm's incident management framework)? What has the process been for reassessing the risks, controls and MI, and what does the Senior Manager involvement in the process look like?
7. Evidencing Decisions: How has Senior Manager involvement in decisions been documented (particularly if it has occurred outside formal meeting structures)? Are documents kept centrally, or are Senior Managers responsible for keeping their own records?

Forward-Looking Steps

The extent to which working practices will return to their pre-COVID-19 state, and the timeline in which this might happen, has been much discussed. There is general agreement that for many firms, a return to their former operating models in the near future is unlikely, with large numbers of staff continuing to work remotely.

Periodic review of what constitutes 'reasonable steps' in a particular role is likely to be commonplace for Senior Managers. Given the likelihood that COVID-19's effects on the workplace will be significantly longer-lasting than many may have anticipated, Senior Managers may wish to adapt their reviews to take into account the situation as it evolves.

The above themes may support this ongoing review, both for the period of continued remote working, and in the event that a firm decides to return, fully or partially, to its previous operating model.

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