PHASE 2 PROPOSAL	BENEFITS	CONSIDERATIONS
SMF5 and SMF10-15 roles become notified – no formal FCA application or approval required.	• Reduction in administrative burden in relation to submitting SMF applications to the FCA for these roles.	• Increased responsibility for firms to ensure the individuals holding these roles are fit and proper to do so and that SMFs align with regulatory expectations.
Remove FCA-only SMF18 and SMF22 roles	• Reduction in ongoing SM&CR administration in relation to submitting SMF applications, annual F&P assessments etc. for these specific roles.	• Current SMF18/SMF22 role holders will no longer be SMFs despite holding significant responsibilities within the firm. • Increase in responsibilities for other SMFs to whom the responsibilities of the SMF18 and SMF22 roles will be reallocated.
Clarify and narrow SMF7 definition for solo-regulated firms	• Clearer understanding of which individuals are SMF7 under the revised definition.	• Certain current SMF7 role holders will no longer be SMFs despite holding significant responsibilities within the firm. • Increase in responsibilities for other SMFs to whom the responsibilities of the exiting SMF7 roles will be reallocated.
Raising the threshold, so fewer firms are classified as Enhanced	• Significant reduction in ongoing SMCR related administration for firms moving from Enhanced to Core regime.	• Certain SMF roles will no longer apply but those individuals will remain in roles with significant responsibilities within the firm. They will need to be overseen by SMFs. • Remaining SMFs will see responsibilities increase as they will inherit additional oversight responsibilities from defunct SMF roles
Extension of the 12-week-rule to 18 weeks and replace the 'reasonably unforeseen' test with 'reasonable use'	• Increased flexibility to help manage absence and temporary cover for SMFs.	• Firms will still need to ensure that the absent SMFs responsibilities are reallocated and that there is clear accountability during the period of temporary cover.
Remove the requirement to submit revised Statements of Responsibility (SoR) to the FCA	• Reduction in administrative burden in relation to submitting SoRs to the FCA whenever an SMFs responsibilities change.	• Firms will need to keep SoRs up to date internally to ensure clear accountability and retain records of all iterations for at least 6 years.
Remove SoR requirements where one individual performs all SMF roles in a firm.	• Reduction in administrative burden in relation to submission of updated SoRs to FCA.	• The exclusion will be limited to firms where only one individual performs all SMF roles. A SoR may still need to be submitted to the FCA at the point of application to hold SMF roles.
Remove the requirement to submit revised Management Responsibilities Maps (MRMs) to the FCA	• Reduction in administrative burden through the removal of the requirement to relation to submit updated MRMs to FCA.	• Firms will need to keep MRMs up to date internally to ensure clear accountability and retain records of all iterations for at least 6 years.

PHASE 2 PROPOSAL	BENEFITS	CONSIDERATIONS
		• MRMs will still need to be submitted alongside SMF applications to illustrate the firm's intended governance arrangements following the appointment.
Remove 9 Prescribed Responsibilities (PR) retaining only PRs A, D & Z for Core firms and additionally PR J-3 for Enhanced firms	• Reduction in the number of PRs held by SMFs within the firm.	• 9 PRs are being removed but Overall, Local and Other responsibilities will still need to be captured in each SMFs SoR. • Whilst SoRs and MRMs do not need to be updated solely to reflect this change, firms may need to reallocate responsibilities due to other proposed changes and will therefore need to update SoRs and MRMs.
Removal of the Certification Regime. Relying on other FCA rules to achieve similar outcomes.	Significant reduction in administrative burden through the removal of the Certification Regime including: • Requirements Certify staff and perform annual assessments to certify fitness and propriety • The requirement to obtain regulatory references for Certified individuals • Reporting requirements relative to the Directory of Certified and assessed persons	• Certified individuals hold significant responsibility and influence over core activities within firms. They typically have a reporting line to an SMF. • The removal of the Certification Regime means SMFs will no longer have a regulatory rule requiring the assessment of fitness and propriety of individuals that hold significant responsibility within the firm.
Remove regulatory reference requirements for previously certified persons.		• Firms will remain responsible for assessing and vetting each candidate to determine competence and suitability for a role.
Retire the Directory and end associated reporting and attestation.		• The Directory is designed to allow consumers and businesses to verify the credentials and history of key individuals working for an authorised firm with confirmation that individual is fit and proper to provide financial services.
Replace the conduct rules training requirements with an obligation to notify staff of the applicable Conduct Rules and consequences of a breach.	• Reduced administration relative to the design and delivery of training to staff bespoke to each role	• Whilst firms will no longer be required to "take all reasonable steps' to ensure relevant staff understand the Conduct Rules and how they apply to their roles" they will still need to ensure that relevant staff understand the Conduct Rules that apply to them and the consequences of breaching those rules.
Raising the threshold for reporting breaches for most non-SMF staff	• Reduction in reporting so for non-SMF staff only disciplinary action	• Firms will still need to Report final disciplinary outcome within 14 months as opposed to the current

PHASE 2 PROPOSAL	BENEFITS	CONSIDERATIONS
	that results in a final written warning or dismissal is reported.	requirement to report annually via REP008
Bringing sole traders into scope of COCON.	• Increase in SMCR related administration as sole traders will become subject to COCON	• Proprietors of sole traders will become subject to the Senior Manager and Conduct Rules and will require training in relation to this