



FINANCIAL REGULATION

Regulatory Risk and Compliance Practice Group

SENIOR MANAGERS AND CERTIFICATION REGIME SUPPORT

The challenges you face

The new Senior Managers and Certification Regime (SMR) is being extended to all financial services firms in 2018 and is likely to be a key strategic regulatory project for many organisations in 2017. To be compliant with the new regime, firms will need to review your compliance systems and controls as well as corporate governance arrangements. They will also need to ensure that their organisation's human resources function is prepared for some of the more onerous requirements of the new regime.

We understand both the detail and practical impacts of the SMR and are confident in our ability to support you in a manner which is proportionate, compliant and consistent with your organisation's ethos and organisational structure.

What we offer

We are well placed to support you across the whole of your SMR implementation and roll-out project in a variety of ways including:

- ▶ Gap analysis – helping to survey your current arrangements;
- ▶ Governance systems and controls – assessing and implementing appropriate systems and controls related to policies, regulatory reporting, training, assignment of responsibility for production of reports;
- ▶ Statements of responsibility – drafting statements for those carrying on a senior managers function, including aligning contracts of employment;
- ▶ Risk aversion – providing training to support individuals who will be subject to the SMR;
- ▶ Employment law impact – reviewing HR policies, amending employment contracts and procedures, D&O type insurance, notification of disciplinaries to regulators, handing of reference requests;
- ▶ Regulatory notifications – reviewing procedures for whistle blowing, process for notifying regulators where there has been a breach of firm's Code of Conduct
- ▶ Remuneration structures – considering how the responsibilities interact with applicable Remuneration Code responsibilities; and
- ▶ Bespoke training – designing and/or delivering training for SMF holders (including the board) and certified persons on their obligations.

Our team can advise you on all areas support you as and when needed.

Working with you

Our approach is flexible and can be tailored to suit specific client needs and demands. We suggest that a project of this size and complexity could be approached by delivering it in phases:

- ▶ Health check and planning – to ensure we have a detailed understanding of your current organisational and governance framework.
- ▶ Mobilisation – reviewing output of the health check and holding a series of workshops to agree and articulate an appropriate high level project plan and identify workstreams and responsibilities.
- ▶ Supported implementation – implementing the tasks identified in the workstreams.

Our expertise

As the guidance concerning the SMR is evolving, you will need clear and focused advice on what the regime means for it in practice. As an integrated financial services team, we work closely across all of our relevant specialisms. We set out below some brief details of some of the key areas of expertise across our team that will be relevant to the SMR project.

Financial Services Regulation

Our financial services regulation team has considerable experience of partnering with our clients in navigating this high pressure regulatory environment with its exposure to financial, strategic and reputational risk. We advise on conduct of business, compliance, risk, governance, supervisory and prudential issues. We are on the panels for many credit card providers; providing regulatory advice to them and a significant number of other financial services clients. We have managed and/or advised on a variety of significant regulatory change projects. For example, we have advised a major retail bank on its implementation of the SMR regime (e.g. drawing up process maps for the lifecycle of the regime).

Our specialist regulatory investigations and enforcement team has considerable experience of dealing with issues relating to approved persons. We have been involved in a number of FCA enforcement cases against senior management, both acting for firms and individuals. This has given us considerable insight into the issues which can contribute to firms being censured in relation to their senior management arrangements. In addition, we have recently recruited from within the FCA supervision team and therefore are able to offer a genuine insight into the FCA's supervisory approach to SMR. We would use this expertise to risk assess the SMR structures.

Employment

We have an extensive client base in the financial services sector which includes: Skipton, Nationwide, Yorkshire Building Society, Aviva, Bank of America/Merrill Lynch (BAML), Barclays, Goldman Sachs, Lloyds Banking Group, Morgan Stanley, National Australia Group Europe and Newedge. This breadth gives us a significant insight into the handling of employment issues in this sector and some of the issues that can arise, particularly in the current climate. We have therefore built up expertise in helping banks and building societies with SMR implementation.

Who to contact

If you would like to know more or would like us to come and talk to you further about what we can offer, please contact:

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