



Thursday, 27 July 2017

Senior Managers & Certification Regime: extension to all FCA firms – CP17/25

On 26 July 2017, the FCA published two consultation papers (CPs) on its proposals for extending the Senior Managers & Certification Regime (SMCR) to all FCA firms. [CP17/26](#) relates to insurers only; [CP 17/25](#) is relevant to broadly all other FCA authorised firms. In this briefing, we set out a summary of the key elements of CP 17/25.

The SMCR will replace the existing Approved Persons Regime (APR) (except, for the time being, in the case of appointed representatives). We set out the background to the SMCR in our [earlier client briefing](#) in December 2016.

WHAT SHOULD FIRMS DO NOW?

The CP is thoughtful, well-written and accessible. The FCA has taken on board a number of the points that the industry raised during its pre-consultation phase and appears genuinely open to further engagement.

Firms should now work out their categorisation under the proposed extended SMCR (i.e. whether they are a core, enhanced or limited scope firm – see below), read

THE HEADLINE POINTS

- SMCR will replace the current approved persons regime for all non-bank and non-insurer FCA-authorized firms "in 2018" (precise date yet to be confirmed by HM Treasury, but likely to be in H2 2018)
- A 'core regime' will apply to all FCA solo-regulated firms. An 'enhanced regime' will impose additional requirements on a small number of large firms
- Conversely, certain specific categories of firms will be subject to a lighter "limited scope" regime
- All employees within the firm, except those performing only ancillary roles, will be subject to new conduct rules and will need to be trained on them
- Senior managers will need FCA pre-approval
- Each senior manager will need a Statement of Responsibilities setting out his/her areas of responsibility and firms will need to allocate prescribed responsibilities to their senior managers
- There will be no requirement for a firm-wide responsibility map, except for firms under the enhanced regime
- Other employees who perform functions considered by regulators to pose a significant risk of harm to the firm or customers will need to be certified annually by the firm as fit and proper, but will not need FCA pre-approval. (For core firms, this includes the current CF28, CF29 and CF30 functions)
- Grandfathering and/or transitional arrangements are expected to follow in a second CP later in 2017

the CP and engage with trade associations on their responses to their consultation.

Provided that the industry engages in relation to any residual areas of uncertainty or practical issues, there is every prospect that the roll out of the new regime will be relatively smooth. Firms that will be subject to MiFID II should consider the overlap between the extended SMCR and the MiFID II requirements on governance and staff competence and training, which will come into effect on 3 January 2018. Beyond that, most firms will need to plan to allocate resources to an SMCR implementation project during 2018 (where relevant, after the implementation of MiFID II). Enhanced firms may want to start their projects earlier.

Travers Smith will engage with the consultation process and stands ready to help firms with their implementation planning.

The FCA has emphasised that while there are some important changes under the new regime, it is intended to represent an evolution from the current standards. Travers Smith agrees. The regulator is to be commended for seeking broad consistency with, and evolution from, the APR. The FCA is required by law to extend the SMCR in order to "drive up standards of behaviour" in the financial services industry. Whilst the SMCR is likely to result in a focus on senior management responsibility (and in particular, who is responsible for what), it does not introduce fundamental changes to the standards to which most senior staff will be held. The one exception to this is the extension of the conduct rules to a wide range of more junior staff. However, compliance officers may find this latter change helpful in applying a clearer standard of behaviour to staff who currently fall outside of the APR. In some cases, firms may already have chosen to apply basic standards that are similar to the conduct rules to all of their staff.

We have included two overview diagrams in the [Appendix](#) to this briefing, setting out the application of different requirements under the SMCR.

PART A: TIMING

WHEN WILL THE SMCR BE EXTENDED?

The extended SMCR will apply from 2018, but the FCA has been unable to provide a more precise application date in the CP. This is because the final application date must be specified by HM Treasury in subordinate legislation and the Treasury has not yet reached a final decision on this issue.

In light of the consultation period for the current CP (see below) and the fact that a further CP is expected later in 2017, it seems likely that the application date for the extended SMCR will be pushed back to the latter half of 2018. However, firms should monitor consultations and any other developments for any further announcements on this.

The FCA has given some informal indications that it is considering a phased implementation of the requirements, as occurred in relation to the bank SMCR. This could involve the rules relating to senior managers taking effect first, followed by the requirements for certified staff and then arguably the most significant change – the introduction of the code of conduct – coming last.

HOW LONG IS THE CURRENT CONSULTATION PERIOD?

Firms that wish to comment on any elements of CP 17/25 must ensure that they have responded to the FCA by **3 November 2017**.

A further consultation paper is expected towards the end of 2017 after the current consultation closes. The FCA has stated that this will be a "technical consultation paper" which will focus on how to implement the current regime (for example, in relation to the necessary forms or potential grandfathering, transitional rules or automatic mapping of existing roles), rather than on the broad policy decisions. The FCA also suggests that it will consult on template documents, such as a template statement of responsibilities, so where possible, firms may wish to consider whether to wait for the second consultation paper before getting into the detail of some areas of their implementation projects.

PART B: WHO WILL BE AFFECTED BY THE EXTENDED SMCR PROPOSALS?

WHICH FIRMS ARE AFFECTED BY THE PROPOSALS?

The proposals in the CP will be relevant to all FCA-regulated firms that are subject to the existing APR (whether by way of limited or full application). However, the proposals apply differently depending upon the SMCR classification applied to the firm by the FCA.

Appointed representatives will not be subject to the extended SMCR at the present time. This is because the FCA currently lacks the legal powers necessary to apply the regime to appointed representatives, but is intending to discuss this with HM Treasury. It has indicated that it expects to follow-up on this issue in the second CP later in 2017.

HOW DOES THE PROPOSED FIRM CLASSIFICATION SYSTEM WORK?

The extension of the SMCR to almost all FCA-regulated firms poses a challenge due to the wide variation in terms of the size, structure and business activities of individual entities. In order to reflect this, the FCA is proposing to classify firms according to three types: limited scope firms, core firms and enhanced firms. The basic classification criteria are as follows:

Limited scope firms

These are firms that are currently subject to a limited application of the existing APR. Examples include:

- consumer credit firms with limited permissions;
- sole traders;
- internally managed AIFs;
- service companies;
- oil market participants; and
- energy market participants.

Under the SMCR, these will be subject to a more limited application of the relevant requirements. The FCA estimates that this will cover approximately 33,000 firms.

Core firms

These are firms that do not meet the criteria to be classified as either limited scope firms or enhanced firms. This will cover most FCA-regulated firms that undertake substantive financial services activities, unless they are very large in scale.

These firms will be subject to all of the main SMCR requirements, but will not need to comply with limited additional requirements relevant to enhanced firms. The FCA estimates that there will be approximately 14,000 firms within this population.

Enhanced firms

These are firms that meet one or more of the following criteria:

- significant IFPRU firms;
 - CASS large firms;
 - firms (on a UK solo basis) that have had assets under management of £50 billion or more at any point during the preceding three years;
 - firms that have total intermediary regulated business revenue (i.e., essentially revenue arising from regulated business in connection with regulated mortgage contracts, non-investment insurance and retail investment products) of £35 million or more per annum;
 - firms with annual regulated revenue generated by consumer credit lending of £100 million or more per annum; or
 - non-bank mortgage lenders with 10,000 or more regulated mortgages outstanding.
-

TRAVERS SMITH

Under the SMCR, these firms will be required to comply with certain additional rules that are not applicable to core firms. The FCA estimates that this will cover approximately 350 firms.

This briefing focuses on the key requirements relevant to **core firms**.

WHAT ABOUT UK BRANCHES OF OVERSEAS FIRMS?

The FCA is proposing to apply a specific, proportionate regime to incoming branches, which differs as between incoming EEA and non-EEA branches. We do not address the branch regime in any further detail in this briefing.

HOW DOES THIS APPLY WHEN MULTIPLE FIRMS WITHIN A GROUP ARE SUBJECT TO THE EXTENDED SMCR?

The rules under the extended SMCR apply to the particular firm as a legal entity. This means that in some groups, it is possible that there may be different entities subject to different classifications. For example, a group could contain a bank subject to the bank SMCR, a core firm, an enhanced firm and a limited scope firm. In such circumstances, each firm would need to comply with the rules that are relevant to its classification. This may require amendment of existing group-wide policies.

WHY DOES THE CP ALSO REFER TO BANKS WHEN THEY ARE ALREADY SUBJECT TO THE BANKING SMCR?

In the course of developing the SMCR for non-bank firms, the FCA has concluded that certain of its proposals would also be appropriate in the context of the banking regime. Principally, these relate to:

- introducing a new prescribed responsibility which must be allocated to a senior manager relating to responsibility for ensuring that staff are trained in the new Conduct Rules; and
- applying the Partner Senior Management Function (SMF27) to banks, although in practice this is unlikely to be relevant as banks are currently never structured as partnerships.

In addition to deposit-taking banks, these amendments to the banking regime will also be relevant to building societies, credit unions and dual-regulated investment firms. The proposals for insurers are dealt with separately in CP 17/26.

WHICH STAFF WILL BE SUBJECT TO THE EXTENDED SMCR?

Broadly, the extended SMCR regime will affect all staff within an FCA-authorized firm, except those who carry out only administrative or other ancillary roles specified by the FCA (which include receptionists, PAs, print room staff, cleaners and security guards). The regime applies different requirements to:

- persons performing senior management functions as designated by the FCA, who will be subject to pre-approval by the FCA as "**SMFs**";
 - persons performing "significant harm" functions, but not performing senior management functions, who will not need approval by the FCA but will be subject to a certification regime that the firm must operate internally. This will include, but is wider than, the current CF28, CF29 and CF30 functions (except in relation to enhanced firms, where individuals currently holding the CF29, and potentially CF28, function could be SMFs); and
 - all other employees within the firm, except those who perform certain administrative or ancillary roles specified by the FCA.
-

PART C: THE SENIOR MANAGERS REGIME

WHICH FUNCTIONS WILL THE FCA DESIGNATE AS SENIOR MANAGEMENT FUNCTIONS?

The FCA proposes the following SMFs for all firms subject to the extended SMCR (except limited scope firms):

Governing functions:

- the Chief Executive function (SMF1);
- the Executive Director function (SMF3);
- the Chairman function (SMF9);
- the Partner function (SMF27);

Required functions:

- the Compliance Oversight function (SMF16); and
- the Money Laundering Reporting function (SMF17).

Unlike under the bank SMCR, the FCA is not proposing to require all non-executive directors of a firm subject to the extended SMCR to be approved as SMFs. However, non-executive directors will still need to comply with the Conduct Rules and the firm will still need to be satisfied that they are fit and proper by carrying out the necessary criminal record and regulatory reference checks.

For **enhanced firms**, a number of additional SMFs will also apply (for example, the Chief Finance function (SMF2) or the Chair of the Remuneration Committee function (SMF12)). In addition, there is a catch-all Other Overall Responsibility Function (SMF18) which will apply when an individual is the most senior person responsible for an area of the firm's business and is not otherwise an SMF manager (a function which the FCA concedes some firms under the banking regime have found difficult to understand and implement).

Conversely, a shorter list of SMFs will apply to **limited scope firms** (and certain of those firms may only require one individual to be approved as an SMF, who effectively will take responsibility for the overall operation of the firm).

Note that as with the current APR, a firm only needs to get approval for individuals who are actually performing the relevant functions. Simply because certain SMFs are specified as requiring approval does not mean that the firm *must* appoint individuals to fill such roles, unless it is otherwise required to do so by another FCA rule or direction. For example, a core firm that does not have a chief executive will not be required to appoint a person to fill the SMF3 function.

For many **core firms**, the limited list of SMFs above means that fewer individuals within the firm will be subject to FCA approval under the extended SMCR. In particular, there is no equivalent of the current CF30 (customer) function, although individuals fulfilling such a role will almost certainly fall within scope of the new certification regime instead.

DO ALL PARTNERS HAVE TO BE REGISTERED FOR SMF27?

In chapter 4 of the CP, the FCA specifically addresses the position of firms which are structured as partnerships and limited liability partnerships (LLPs). The FCA's basic proposition is that all partners in a firm are expected to be registered for the SMF27 function on the basis that they are all likely to have an influence over how the firm is run.

However, if in fact the partner has no involvement in the management of the firm and therefore does not come within the statutory definition of a "senior manager", that individual does not need to be registered for the

partner function. In practice, therefore, if the firm has silent partners or very junior partners who do not, in fact, become involved in managing the firm and do not have authority to act on its behalf, the FCA has indicated that such individuals will not be within scope of the SMF27 function.

When considering the extended SMCR, firms are likely to wish to reflect on a number of issues in this context, including:

- the relationship between these proposals and the UK tax concept of disguised employment;
- the risk that a partnership or LLP with a passive partner could be a collective investment scheme; and
- the application of the SMCR to members of LLP management committees who are not partners.

WHAT ARE THE REQUIREMENTS THAT WILL APPLY IN RELATION TO A PERSON PERFORMING AN SMF?

Requirement for prior FCA approval

Under the extended SMCR, firms will need to obtain prior FCA approval for each person who is appointed to perform one or more SMFs (an **SMF manager**) before that person begins to perform the relevant function. This is essentially the same as the current requirement under the APR for firms to obtain advance FCA approval for individuals performing controlled functions within a firm.

In addition, before they submit an application for approval in relation to an SMF manager, firms will be required to satisfy themselves that the relevant candidate is a fit and proper person to perform the function through a vetting procedure. This will require them to undertake criminal records checks on the relevant candidate and to obtain regulatory references (see below) from all previous employers during the previous six years. These requirements will also apply to any non-executive directors being appointed by the firm, even if those individuals are not SMF managers and do not need to be approved by the FCA. However, this will not apply in relation to limited scope firms appointing non-executive directors.

Statement of responsibilities

When applying for approval for an SMF manager, the firm will need to include in its application, amongst other requirements, a "statement of responsibilities" setting out which aspects of the firm's affairs that person will be responsible for managing. Where a person holds multiple SMFs, there must be one responsibility statement including all of that individual's responsibilities. The purpose of the statement is to ensure clearer individual accountability amongst SMF managers for specific parts of the firm's business.

Responsibility statements must also be updated if there is a material change to their contents. In the draft rules in the CP, the FCA has set out examples of material changes in this context.

Management responsibility maps

In our client briefing in December 2016, we speculated that the FCA might require firms to maintain a "management responsibilities map" which sets out details of reporting lines and lines of responsibility in relation to its governance arrangements, including how SMFs and prescribed responsibilities have been allocated. This was on the basis that such maps are required under the bank SMCR.

However, under the extended SMCR, the FCA has chosen to apply this requirement only to **enhanced firms**, so **core firms** and **limited scope firms** will not need to prepare such maps.

Duty of responsibility

In the CP, the FCA confirms that the new statutory "duty of responsibility" will be extended to SMFs under the non-bank SMCR. The duty states that:

- where a firm has committed a breach of one or more regulatory requirements; and

- an SMF manager was responsible for the management of the firm's activities in relation to which that breach occurred,

the FCA may take enforcement action against the SMF manager if (s)he did not take such steps as a person in the SMF manager's position could reasonably be expected to have taken to avoid the breach occurring. The burden will be on the FCA to show that the SMF manager failed to take such steps. When bringing any enforcement action, the FCA will have regard to the relevant statement of responsibilities for the SMF manager in question.

In practice this will not impose a higher legal standard of responsibility on senior managers than under the APR, although SMF managers' scope of individual responsibility will be easier for the FCA to evidence and therefore the regulator may consider the culpability of individuals at an earlier stage than it might do at present.

The existing criminal offence under the Financial Services (Banking Reform) Act 2013 relating to senior managers who recklessly cause or allow a financial institution to fail will not apply to non-bank firms.

Allocation of prescribed responsibilities

Under the extended SMCR, firms are required to allocate a number of specified "prescribed responsibilities" to one or more SMF managers, although certain responsibilities only need to be allocated if they are relevant to the firm's activities or circumstances. These prescribed responsibilities do not, however, apply to **limited scope firms**.

For **core firms**, the list of prescribed responsibilities is as follows:

1. responsibility for performance by the firm of its obligations in relation to the SMF regime, including implementation and oversight;
2. responsibility for performance by the firm of its obligations under the certification regime;
3. responsibility for performance by the firm of its obligations in relation to notifications under and training on the Conduct Rules;
4. responsibility for the firm's policies and procedures for countering the risk that the firm might be used to further financial crime;
5. responsibility for the firm's compliance with the FCA's client money and client asset rules (CASS) (if applicable);
6. responsibility for ensuring that the firm's governing body is informed of its legal and regulatory obligations; and
7. responsibility for an authorised fund manager's value for money assessments, independent director representation and acting in investors' best interests. (Note that this is a proposed prescribed responsibility arising out of the FCA's Asset Management Study Final Report and the accompanying CP 17/18 and is still being consulted upon – see our client briefing [here](#).)

For **enhanced firms**, there are a number of additional prescribed responsibilities set out in chapter 8 of the CP, including, for example, the responsibility for ensuring compliance with the rules relating to the firm's responsibility map. The responsibility listed at point 6 above does not apply to such firms, as the FCA considers that this is addressed by the additional prescribed responsibilities which they must allocate.

Regulatory references

Firms that are appointing an individual to be an SMF manager (or to be a non-executive director, if the firm is not a limited scope firm) must request a reference from each of that individual's previous employers during the

preceding six years. The firm must consider any relevant factors disclosed in any references when assessing whether the individual is fit and proper to perform the role.

Where the firm is requesting a reference from another firm that is subject to the SMCR, it must provide sufficient information in the reference request to make it clear that the subject of the reference will be acting as an SMF manager. The firm providing the reference will then be required to use a mandatory template set out in the FCA rules which covers details such as positions held and any past disciplinary action. If the firm providing the reference is not subject to the SMCR, there is no mandatory form of reference. In that situation, the requesting firm may wish to use the FCA template as a guide to request specific information.

WHAT IS THE TERRITORIAL SCOPE OF THE SENIOR MANAGERS REGIME?

The rules relating to SMF managers apply without any territorial limitation. Therefore, even though an individual may be based overseas, where (s)he is performing one or more SMFs, the firm will need to obtain FCA approval in relation to that person and the above requirements will apply.

PART D: THE CERTIFICATION REGIME

WHAT IS A CERTIFICATION FUNCTION?

Under the extended SMCR, the FCA has specified a list of "**certification functions**", which include, amongst others:

- the significant management function (based on the current CF29 function under the APR). This applies to a person who has "significant responsibility for a significant business unit". The FCA has set out proposed guidance in its draft rules to help firms determine if a business unit is significant for these purposes;
- proprietary traders (who may also be caught within the current CF29 function);
- benchmark submission and administration;
- the CASS oversight function (i.e. the current CF10a function under the APR). Note that this is separate from the CASS prescribed responsibility above, which must be allocated to an SMF manager. If the SMF manager also performs the CASS oversight function, (s)he will not be subject to the certification regime. However, if the CASS oversight function (which is more operational in nature) is performed by another person, that person will be within scope of the certification regime (but will not need FCA approval as an SMF manager);
- functions that are subject to qualification requirements in the FCA Handbook (e.g. mortgage advisers, retail investment advisers, etc.);
- the client dealing function (which is likely to include, but will be much broader than, the current CF30 function, covering any person who deals with – i.e. broadly, has contact with – any category of client, including those advising clients, dealing with or for clients or acting as an investment manager for a client, or those **arranging** transactions in investments. This will be an area that will need further analysis, but on the face of it, it may catch most of a firm's front office staff);
- any person who supervises or manages (whether directly or indirectly) another person performing a certified function, but who is not an SMF manager. This means that each person in a chain of managers between, for example, a proprietary trader and an SMF manager will be performing a certification function;
- being a material risk taker under the AIFMD, UCITS, BIPRU or IFPRU remuneration codes (i.e. Remuneration Code staff); or

- being responsible for approving the deployment or amendment of a trading algorithm or having responsibility for monitoring or deciding whether or not the use of a trading algorithm is compliant with the firm's obligations.

The certification regime only applies to employees (which, as defined in the FCA rules, includes secondees under the supervision and control of the firm) performing certification functions and does not apply to SMF managers or non-executive directors.

In terms of territorial scope, the certification regime will only catch individuals performing a certification function who are either based in the UK or are otherwise coming into contact with UK clients. The exception is for material risk takers under the relevant remuneration codes, who will be within scope of the certification regime irrespective of where they are located.

The FCA has proposed that staff performing certification functions will not appear on the public Financial Services Register but invites feedback on this.

WHAT ARE THE REQUIREMENTS IN RELATION TO A PERSON PERFORMING A CERTIFICATION FUNCTION?

Annual "fit and proper" certification

For staff performing a certification function, firms will need to carry out their own assessments of whether the relevant individuals are fit and proper to perform their roles both at the point of recruitment and on an annual basis thereafter.

If the firm is satisfied that the individual is fit and proper, it must issue a certificate to that person which states that fact and specifies which aspects of the firm's affairs that person will be involved in when performing the relevant function. If the firm concludes that it is unable to issue a certificate because a person is not fit and proper, it must give that person a written notice explaining the steps that the firm proposes to take as a result of that conclusion (if any) and the reasons for those steps.

Regulatory references

As with SMF managers above, firms that are issuing a certificate in respect of an employee performing a certification function (including annual renewal of a certificate) will need to obtain regulatory references in relation to the person's current employment and employment for the previous six years.

There is no mandatory requirement to conduct criminal record checks for individuals performing a certification function, although the FCA has stated that firms may choose to do so if they are legally permitted to obtain the relevant information.

PART E: THE CONDUCT RULES

WHICH STAFF WILL BE SUBJECT TO THE CONDUCT RULES UNDER THE EXTENDED SMCR?

The extended SMCR will apply certain conduct rules to all staff within a firm unless the relevant employees are ancillary staff (i.e. essentially, they perform a role which would be the same in a non-financial services firm). For these purposes, the FCA has published an exhaustive list in chapter 7 of the CP of ancillary staff who will not be in scope. This includes, for example, the following:

- receptionists and switchboard operators;
- post room staff;
- reprographics and print room staff;
- IT support;

- events management staff;
- security guards;
- medical staff;
- cleaning staff;
- catering staff;
- drivers;
- personal assistants or secretaries; and
- HR administrators.

All employees of the firm who are not included in the list of excluded ancillary staff will be subject to the conduct rules.

WHAT ARE THE CONDUCT RULES?

The Conduct Rules are the same conduct rules which apply to banks and are contained within the Code of Conduct (COCON) sourcebook in the FCA Handbook. As explained above, under the extended SMCR, these rules will apply to:

- SMF managers;
- employees who have been certified to perform a certification function (and employees who would need to be certified to do so, but for available exemptions for temporary or emergency appointments); and
- any other employee, except a person who only performs one or more of the specified ancillary roles that fall outside of the SMCR.

However, certain rules under COCON apply to all staff, whereas others apply only to SMF managers. The COCON requirements are broad, high-level principles which are similar in content to the current FCA Statements of Principle for Approved Persons. COCON also sets out guidance on how the FCA will assess compliance with the relevant conduct rules. The relevant requirements are as follows:

Individual conduct rules

Rule 1: You must act with integrity

Rule 2: You must act with due skill, care and diligence

Rule 3: You must be open and cooperative with the FCA, the PRA and other regulators

Rule 4: You must pay due regard to the interests of customers and treat them fairly

Rule 5: You must observe proper standards of market conduct

Senior management conduct rules

SC1: You must take reasonable steps to ensure that the business of the firm for which you are responsible is controlled effectively

SC2: You must take reasonable steps to ensure that the business of the firm for which you are responsible complies with the relevant requirements and standards of the regulatory system

SC3: You must take reasonable steps to ensure that any delegation of your responsibilities is to an appropriate person and that you oversee the discharge of the delegated responsibility effectively

SC4: You must disclose appropriately any information of which the FCA or PRA would reasonably expect notice

TRIVERS SMITH

Firms that are subject to the current SMCR are required to notify all persons who are subject to COCON of the rules that apply to them and to take all reasonable steps to ensure that such persons understand those rules.

Such steps specifically include the provision of suitable training, although it is possible that this could be provided in a standardised and proportionate manner.

Firms will be under an obligation to notify the FCA where they have taken any disciplinary action against a person within the firm for a breach of COCON. For these purposes, the concept of disciplinary action includes issuing a formal written warning, suspending or dismissing an individual or reducing or recovering remuneration). There is no materiality threshold for such notifications.

One of the defects that the government identified with the existing APR was that it is often difficult to take enforcement action against individuals who are not approved persons, as they are not subject to the existing Statements of Principle. The effect of COCON is to provide the FCA with the ability to pursue a much wider range of staff within a firm for failure to comply with similar core principles set out in the COCON rules.

For firms under the extended SMCR, the rules in COCON relate only to regulated and unregulated financial services activities (including any ancillary activities). This is narrower than the scope of their application for firms subject to the bank SMCR, where the rules apply to all activities, even if they are not connected with financial services. This reflects the fact that some firms under the extended SMCR may carry out only a relatively small proportion of their activities in connection with financial services.

FOR FURTHER INFORMATION, PLEASE CONTACT

10 Snow Hill
London EC1A 2AL
T: +44 (0)20 7295 3000
F: +44 (0)20 7295 3500
www.traverssmith.com



Tim Lewis

Partner, Head of Financial Services and Markets
E: tim.lewis@traverssmith.com
T: +44 (0)20 7295 3321



Jane Tuckley

Partner, Financial Services and Markets
E: jane.tuckley@traverssmith.com
T: +44 (0)20 7295 3238



Phil Bartram

Partner, Financial Services and Markets
E: phil.bartram@traverssmith.com
T: +44 (0)20 7295 3437



Stephanie Biggs

Partner, Financial Services and Markets
E: stephanie.biggs@traverssmith.com
T: +44 (0)20 7295 3433



Tim Gilbert

Partner, Head of Employment
E: tim.gilbert@traverssmith.com
T: +44 (0)20 7295 3207



Siân Keall

Partner, Employment
E: sian.keall@traverssmith.com
T: +44 (0)20 7295 3357



Ed Mills

Partner, Employment
E: ed.mills@traverssmith.com
T: +44 (0)20 7295 3424

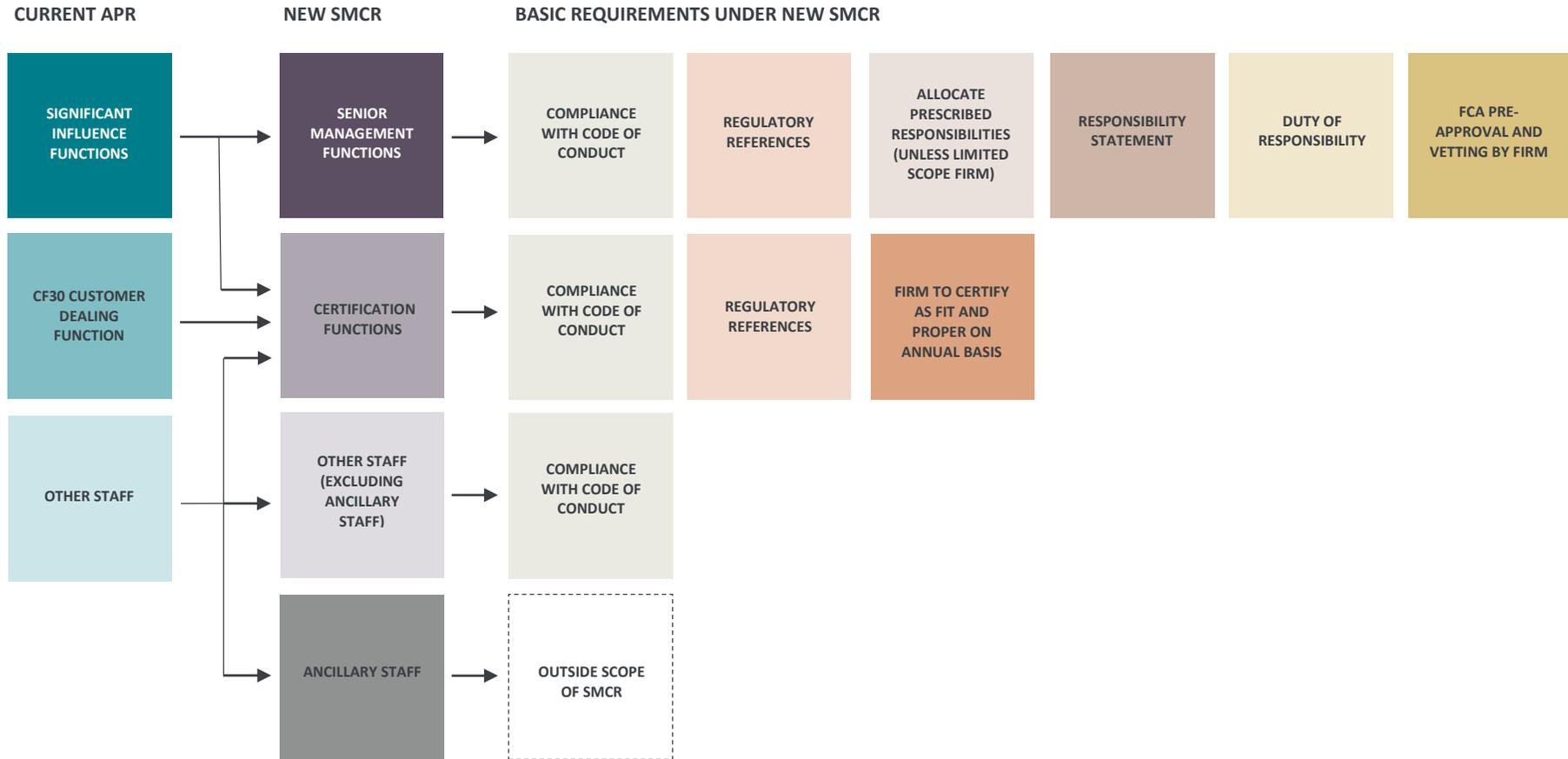
Appendix

CLASSIFICATION OF FIRMS SUBJECT TO EXTENDED SMCR



TRAVERS SMITH

MAPPING REQUIREMENTS UNDER EXTENDED SMCR



NOTE: The above diagram indicates the approximate correspondence between existing controlled functions under the current APR and potential new categories of staff under the extended SMCR. The precise mapping will depend upon the role of the relevant individuals concerned and may be subtly different for enhanced firms.