



Wednesday, 13 December 2017

SMCR: extension to all FCA firms – consultations on transitioning and the Duty of Responsibility

On 13 December 2017, the FCA published a package of consultation papers (the **December CPs**) as part of its proposals for extending the Senior Managers & Certification Regime (**SMCR**) to all FCA firms:

- [CP17/40: Individual accountability: Transitioning FCA firms and individuals to the Senior Managers & Certification Regime](#)
- [CP17/41: Individual accountability: Transitioning insurers and individuals to the Senior Managers & Certification Regime](#)
- [CP17/42: The Duty of Responsibility for insurers and FCA solo-regulated firms](#)

These are supplemental to the consultations in the summer (the **July CPs**) - [CP17/26](#) (relating to insurers only) and [CP 17/25](#) (relevant to broadly all other FCA authorised firms)(see our previous briefing [here](#)).

CP17/40 focuses on the FCA's technical proposals for transitioning from the approved persons regime into the SMCR regime. Broadly, the FCA proposes that most of the approved persons at Core and Limited Scope firms - see our previous briefing for the proposed classification system - will convert *automatically* into the corresponding new Senior Management Functions. Enhanced Firms (broadly, the biggest firms) will need to submit a conversion notification form, with accompanying documents. The consultation paper also sets out several other consequential amendments as well as the new and amended forms.

CP17/42 confirms that the definitional changes to the Handbook which the FCA proposed in its July CPs will have the effect of extending existing guidance in DEPP 6.2 (which currently applies to Senior Managers under the banking regime) to Senior Managers of insurers and FCA solo-regulated firms.

Consultation for each of the December CPs closes on **21 February 2018**.

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In terms of timing, the FCA will consider the feedback to its July and December CPs with a view to finalising its SMCR proposals and making final rules in a policy statement in "summer 2018".

As regards the date on which the new rules will actually take effect the FCA emphasises that this will ultimately be set by the Treasury and that this will happen "in due course". However, for the purpose of the draft rules which form part of CP17/40 and CP17/41, the FCA has *assumed* that the rules will apply to insurers in late 2018 and **to FCA solo-regulated firms in mid-to-late 2019**.

We will be publishing a more detailed review of the December CPs as they affect FCA solo-regulated firms in our forthcoming New Year briefing.

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