SMCR extension: now is the time for firms to prepare

[et_pb_section fb_built="1" fullwidth="on" custom_padding_last_edited="on|desktop" _builder_version="3.0.99" background_color="#ffffff" custom_padding="|||" custom_padding_tablet="50px|0|50px|0" transparent_background="off" padding_mobile="off" make_fullwidth="off" use_custom_width="off" width_unit="on" global_module="136"][et_pb_fullwidth_header title="Employment Law News" admin_label="Fullwidth Header" _builder_version="3.21.1" title_font="||||||||" subhead_font="||||||||" background_color="rgba(255, 255, 255, 0)" background_image="http://davidk423.sg-host.com/wp-content/uploads/2017/09/bdbf_final-stages-1-4-1.jpg" button_one_text_size__hover_enabled="off" button_one_text_size__hover="null" button_two_text_size__hover_enabled="off" button_two_text_size__hover="null" button_one_text_color__hover_enabled="off" button_one_text_color__hover="null" button_two_text_color__hover_enabled="off" button_two_text_color__hover="null" button_one_border_width__hover_enabled="off" button_one_border_width__hover="null" button_two_border_width__hover_enabled="off" button_two_border_width__hover="null" button_one_border_color__hover_enabled="off" button_one_border_color__hover="null" button_two_border_color__hover_enabled="off" button_two_border_color__hover="null" button_one_border_radius__hover_enabled="off" button_one_border_radius__hover="null" button_two_border_radius__hover_enabled="off"

button_two_border_radius__hover="null"
button_one_letter_spacing__hover_enabled="off"
button_one_letter_spacing__hover="null"
button_two_letter_spacing__hover_enabled="off"
button_two_letter_spacing__hover="null"
button_one_bg_color__hover_enabled="off"
button_one_bg_color__hover="null"
button_two_bg_color__hover_enabled="off"
button_two_bg_color__hover="null"][/et_pb_fullwidth_header][/et_pb_section][et_pb_section fb_built="1" admin_label="section" _builder_version="3.22"][et_pb_row admin_label="row" _builder_version="3.25" background_size="initial" background_position="top_left" background_repeat="repeat" column_structure="3_4,1_4"][et_pb_column type="3_4" _builder_version="3.25" custom_padding="|||" custom_padding__hover="|||"][et_pb_text _builder_version="4.2.2" text_orientation="justified" hover_enabled="0" border_style="solid"]

SMCR extension: now is the time for firms to prepare

[post_details]

[Social-Share]

Following the FCA's publication of its proposed extension of the Senior Managers & Certification Regime (SMCR) to include all financial services firms from 2018 (read more here), and the recent report highlighting the increase in FCA fines against individuals (read more here), now is the time for affected firms to take active steps in preparation.

The SMCR pervades many aspects of the employment relationship, from recruitment, to training, management, promotion and, if

relevant, disciplinary and dismissal. Firms will need to:

- Produce and agree statements of responsibility;
- Review their employment contracts:
    - checking the terms allow them to impose necessary responsibilities on senior managers;
    - checking that they make the appropriate references to the need to comply with regulatory requirements under sanction of disciplinary action/dismissal; and
    - add requirements for advance FCA approval to be obtained and maintained in the case of senior managers, and for certification to be obtained and maintained in the case of those in certification functions;
- Give training to employees on the FCA's Conduct Rules that will apply on an individual basis and ensure that staff handbook and compliance manuals reflect them. At a high level, the rules are:
    - 1: to act with integrity;
    - 2: to act with due skill care and diligence;
    - 3: to be open and cooperative with the FCA, PRA and other regulators;
    - 4: to pay due regard to the interests of customers and treat them fairly; and
    - 5: to observe proper standards of market conduct;
- Give training on the additional Conduct Rules that will apply to the employees the firm designates as senior managers;
- Consider offering those staff who are earmarked for senior manager roles the opportunity to obtain independent legal advice on their statements of responsibility and additional duties;
- Adapt their appraisal and disciplinary processes to ensure that any breaches of the Conduct Rules are identified, fed into the certification process, and where necessary are notified;

- Implement processes and procedures for the annual assessment and certification of fitness and propriety of employees carrying out certification functions;
- In their processes for giving references to new employers, build in compliance with the obligations to give regulatory references, and information relating to matters concerning the individual's fitness and propriety; and
- Consider the application and consequences of the new rules when settlement agreements are being entered into with affected staff, particularly if there have been conduct or capability issues.

If you need help with any of the issues referenced in this article, please contact Nick.

[/et_pb_text][/et_pb_column][et_pb_column type="1_4" _builder_version="3.25" custom_padding="|||" custom_padding__hover="|||"][et_pb_sidebar orientation="right" area="sidebar-1" _builder_version="3.0.74" remove_border="off"][/et_pb_sidebar][/et_pb_column][/et_pb_row][/et_pb_section][et_pb_section fb_built="1" _builder_version="3.22"][et_pb_row _builder_version="3.25" background_size="initial" background_position="top_left" background_repeat="repeat"][/et_pb_row][/et_pb_section]