

SENIOR MANAGERS' & CERTIFICATION REGIME

A CLOSER LOOK AT THE CONDUCT RULES

INDIVIDUAL CONDUCT RULES – APPLICABLE TO ALL STAFF

RULE 1: YOU MUST ACT WITH INTEGRITY

- Are you aware of the regulators latest views on Conduct Risk?
- Are you sure your view of integrity is the same as that of the market and of those who police the market?

RULE 2: YOU MUST ACT WITH DUE SKILL, CARE AND DILIGENCE

- Do you understand your roles and responsibilities properly?
- Have you been adequately trained to do your job?
- Do you take time to stay up-to-date and to educate yourself on market changes?
- Do you have any recognised qualifications in relation to your role?

RULE 3: YOU MUST BE OPEN AND COOPERATIVE WITH FCA, PRA AND OTHER REGULATORS

- Common sense

RULE 4: YOU MUST PAY DUE REGARD TO THE INTERESTS OF CUSTOMERS AND TREAT THEM FAIRLY

- In the wholesale markets are you aware of the latest MiFID suitability and appropriateness rules?
- Do you view your customers as business partners or as victims to fleece?

RULE 5: YOU MUST OBSERVE PROPER STANDARDS OF MARKET CONDUCT

- Are you aware of the latest Conduct Risk views, Market Abuse Directive, etc

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SMR CONDUCT RULES – APPLICABLE TO SENIOR MANAGERS

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RULE 1: YOU MUST TAKE REASONABLE STEP TO ENSURE THAT THE BUSINESS OF THE FIRM FOR WHICH YOU ARE RESPONSIBLE IS CONTROLLED EFFECTIVELY

- Are the processes for the business you manage accurately mapped out, including processes with other entities within your firm and with third-parties
- Are there documented controls for those processes and are they regularly tested?
- Are the processes and controls understood and adhered to?
- Are your personnel adequately skillful, knowledgeable and trained to do their jobs?

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RULE 2: YOU MUST TAKE REASONABLE STEPS TO ENSURE THAT THE BUSINESS OF THE FIRM FOR WHICH YOU ARE RESPONSIBLE COMPLIES WITH RELEVANT REQUIREMENTS AND STANDARDS OF THE REGULATORY SYSTEM

- Do you have a regulatory rules map for the business(es) you manage which shows the laws and regulations that business must adhere to?
- Do you have controls in place to ensure compliance?

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RULE 3: 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

- Are delegated responsibilities properly documented and roles and responsibilities fully understood?
- Are the staff you delegate to adequately skillful, knowledgeable and trained to do their jobs?

RULE 4: YOU MUST DISCLOSE APPROPRIATELY ANY INFORMATION OF WHICH THE FCA OR PRA WOULD REASONABLY EXPECT NOTICE SO APPROPRIATE ACTION CAN BE TAKEN

- Are you aware of regulatory breaches and SMCR conduct breaches when they arise?
- Do you have adequate processes in place to manage, report on and remedy breaches when they occur?
- Are you aware of weaknesses in your control framework which might lead to breaches and do you have a programme of action in place to fix those weaknesses?
- Do you have an effective process to action areas of concern highlighted by your firms' Risk and Control Self Assessment (RCSA) process?
- Do you have a proactive approach to informing the regulator in respect of the above?