

SM&CR Case Study Series

HELPING YOU DEVELOP A SUCCESSFUL SM&CR PROJECT PLAN

ISSUE 1 • MARCH 2019

About our SM&CR case study series

As the implementation of the Senior Managers & Certification Regime (SM&CR) across the broader population of financial services firms approaches, it is vital that FCA-authorised firms begin taking steps towards meeting its requirements. We want to help wherever we can, so we will provide you with a case study that will chart the preparatory efforts and challenges a typical core firm will encounter in the lead up to SM&CR implementation. Our case study will follow fictitious firm “Smith & Cromer Limited” with key milestones and tips being released to you periodically throughout the year.

Our case study firm

Smith & Cromer Limited is a solo-regulated firm active in the wholesale markets. It has 25 staff in total with 20 approved persons. There are five executive directors and two non-executives. All but one of the executive directors also performs the customer function under the approved persons regime. The compliance oversight function and the MLRO function are both performed by the same person, who is not a director of the firm.

The scenario - Getting started

Sam Crabb is the compliance officer and money laundering reporting officer at Smith & Cromer Limited. Her CEO and board are not particularly pro-active when it comes to regulatory developments and look to Sam to guide them.

Sam has been aware of the impending application of the Senior Manager and Certification Regime (SM&CR) for some time, but given her ongoing responsibilities she has had little opportunity to start considering how it will impact Smith & Cromer Limited. She has just seen CCL’s ‘SM&CR in a nutshell’ short video and it was the call to action she needed.

Where does she start?

Sam knows it is around 9 months before the SM&CR really kicks in but is very keen to get things moving. Her first thought is to make the board aware. She adds the SM&CR to the agenda for the next board meeting and sends each member a link to CCL’s ‘SM&CR in a nutshell’. She also generates a broad project plan for the coming months to share with the board:

SM&CR Preparation Timeline

Are we where we should be? **MAR 2019**

Senior managers, certification staff or conduct staff? **APR 2019**

SM&CR documentation updates **MAY 2019**

Fitness and propriety of senior managers **JUN 2019**

Training for senior managers **JUL 2019**

Fitness and propriety of certification staff **AUG 2019**

Training for certification staff **SEP 2019**

Setting up systems & controls to support SM&CR **OCT 2019**

Training for conduct staff **NOV 2019**

SM&CR checklist **DEC 2019**

SM&CR Project Plan

MILESTONE	Suggested completion date
Senior managers, certification staff or conduct staff? Initial identification of senior managers fulfilling senior management functions (SMFs), certification staff, conduct staff and ancillary staff.	End March 2019
SM&CR documentation updates Review and draft required changes to existing process and procedures documentation as a result of the SM&CR.	End April 2019
Fitness and propriety of senior managers Assess the fitness and propriety (F&P) of the senior managers fulfilling SMFs, devising training plans to address any shortcomings.	End May 2019
Training for senior managers Deliver training to the senior managers fulfilling SMFs, keeping records of delivery and evidence of F&P.	End June 2019
Fitness and propriety of certification staff Assess the fitness and propriety of the certification staff, devising training plans to address any shortcomings.	End August 2019
Training for certification staff Deliver training to certification staff, keeping records of delivery and evidence of F&P.	End September 2019
Setting up systems & controls to support SM&CR Adding new processes to comply with SM&CR when it becomes business as usual.	End October 2019
Training for conduct staff Deliver training to conduct staff, keeping records of delivery and evidence of F&P.	End November 2019

KEY TAKEAWAYS

- 1 Ensure the board is fully aware of the impending regulatory changes.
- 2 Undertake an initial, high level impact assessment.
- 3 Generate a project plan.

Our case study will continue next month with 'senior managers, certification staff or conduct staff?'

With the board sufficiently aware, Sam will focus on identifying who will be most impacted by the forthcoming regime.



TRAINING

Extensive experience in training senior managers and other staff who are subject to the SM&CR.

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