



BANK OF ENGLAND

# Senior Managers & Certification Regime (SM&CR)

## How firms are meeting the challenge

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## Objectives for today

- Key elements of the senior insurance managers regime (SIMR)
- Upcoming amendments: SIMR to SM&CR
- Feedback from Board members
- SMF interviews



Senior Managers & Certification Regime (SM&CR)

## Main features of SIMR for Solvency II firms



- A focused set of Senior Management Functions (SMFs)
- Key functions (including SMFs and NEDs) are fit and proper
- A set of prescribed responsibilities
- A requirement on firms (and groups) for Key Function Holders (KFHs)
- A governance map to be maintained by firms
- A set of conduct standards
- Firms to consider conduct of all staff performing key functions



## SM&CR: why is it needed?

Andrew Tyrie, Chair TSC, commented in November 2014:

*“The crisis showed that there must be much greater individual responsibility in financial services. The amended regime will need to identify who is responsible for what at the very top.*

*It needs to operate **not as an initial gateway to taking up a post**, but rather as a system through which the regulators can ensure the **continuing exercise of individual responsibility at the most senior levels.**”*



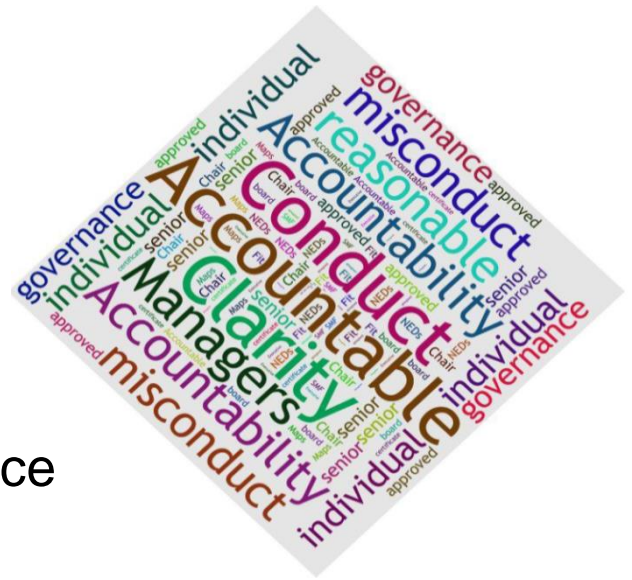
## SM&CR: key changes

1. Introduction of 'Certification Regime'
2. Extension of conduct rules
3. New SMFs, and a new prescribed responsibility for outsourcing
4. Introduction of Statutory Duty of Responsibility
5. Time limits and conditions on approvals

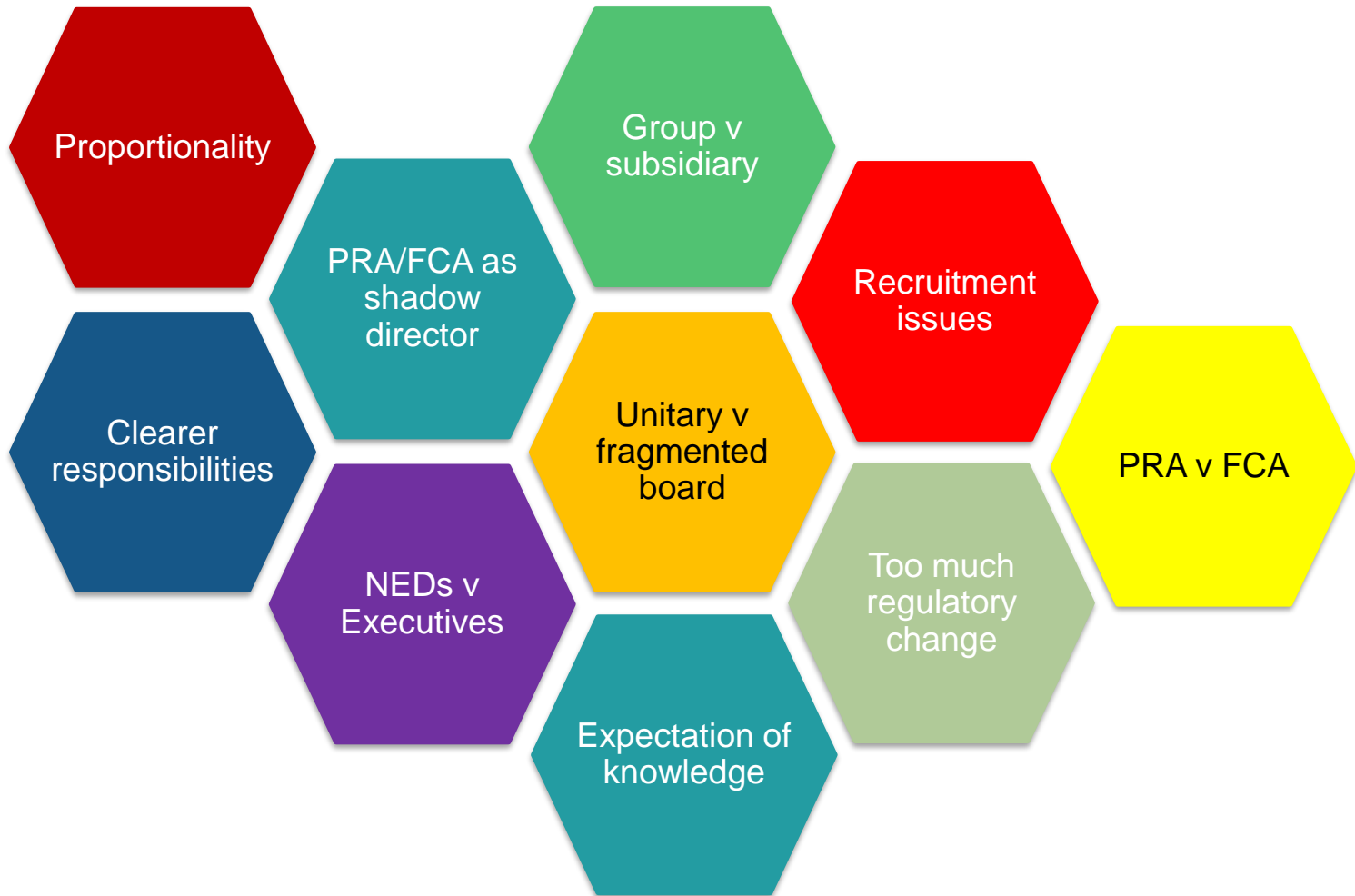


## SM&CR Code of conduct

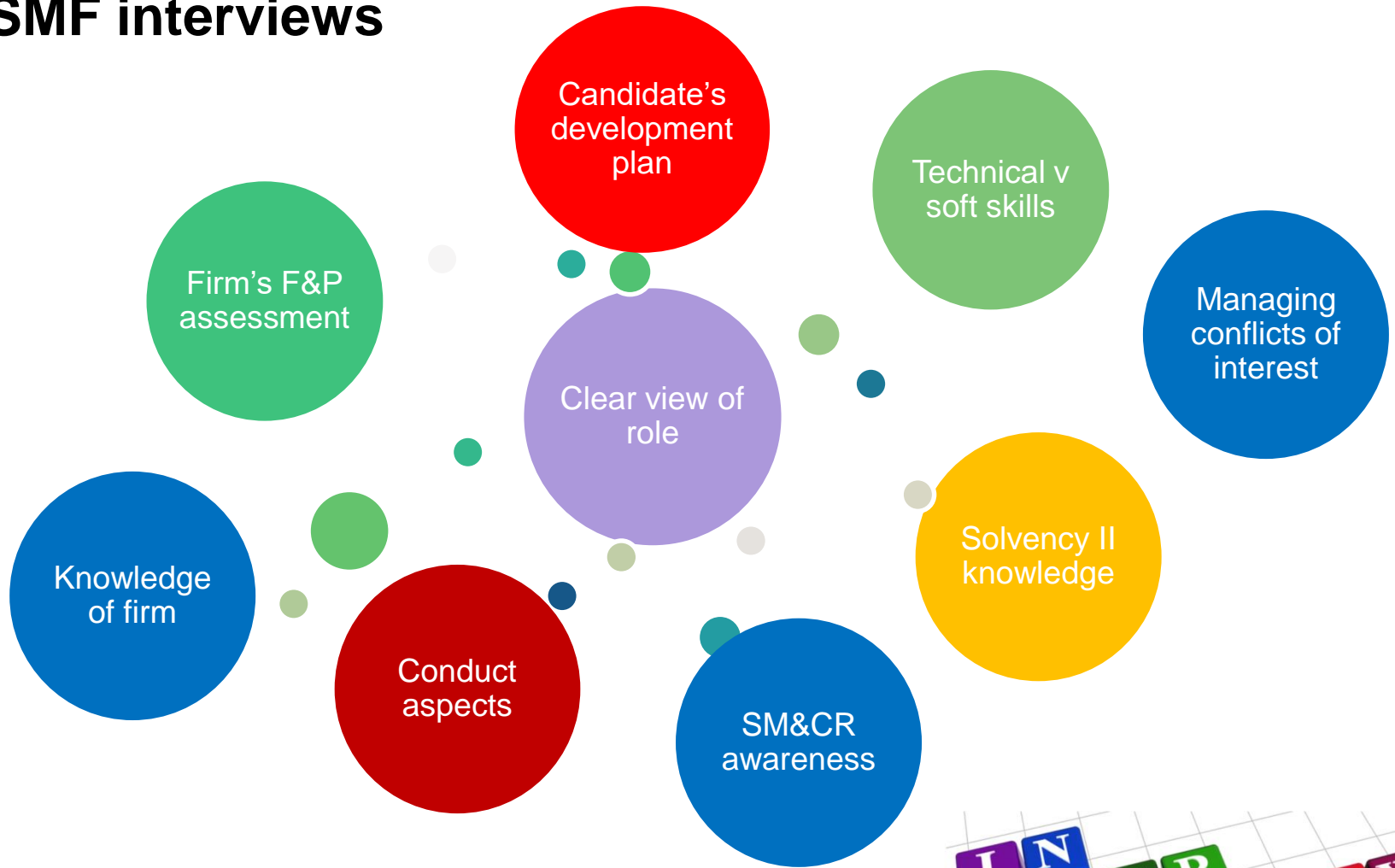
- Act with integrity, due skill, care and diligence
- Be open and co-operative with regulators
- Ensure that the business of the firm is controlled effectively
- Ensure that the business of the firm complies with requirements and standards
- Requirements on delegation of responsibility
- Disclose appropriately
- Interests of current and potential future policyholders



# Feedback from Board members



# SMF interviews





**Any questions?**

