

LEAMAN CRELLIN LIMITED

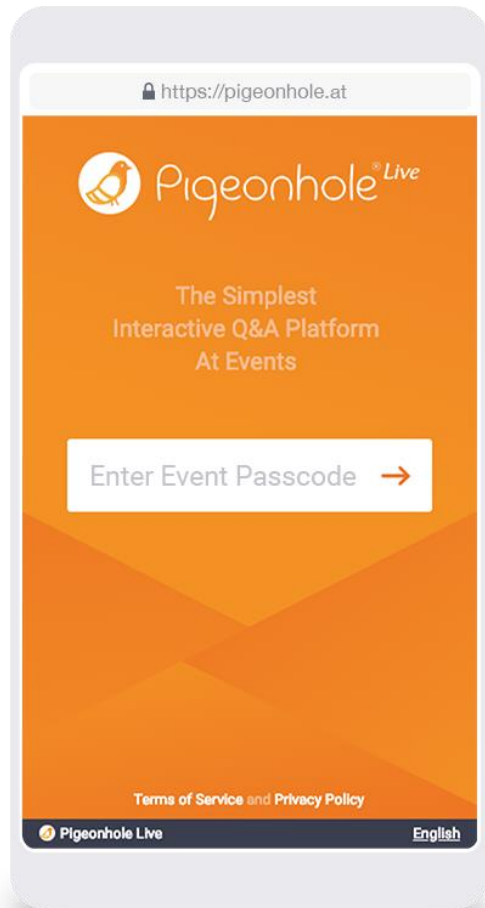
Regulatory Compliance Consultants

www.lemancrellin.co.uk

Meeting SMCR Expectations

13 October 2021



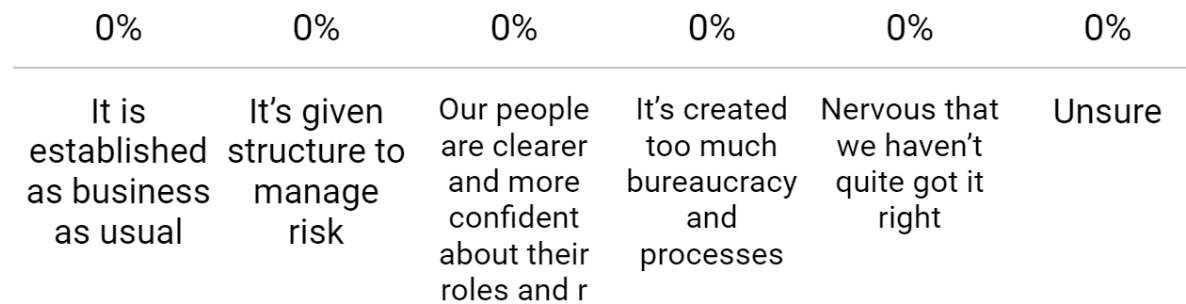


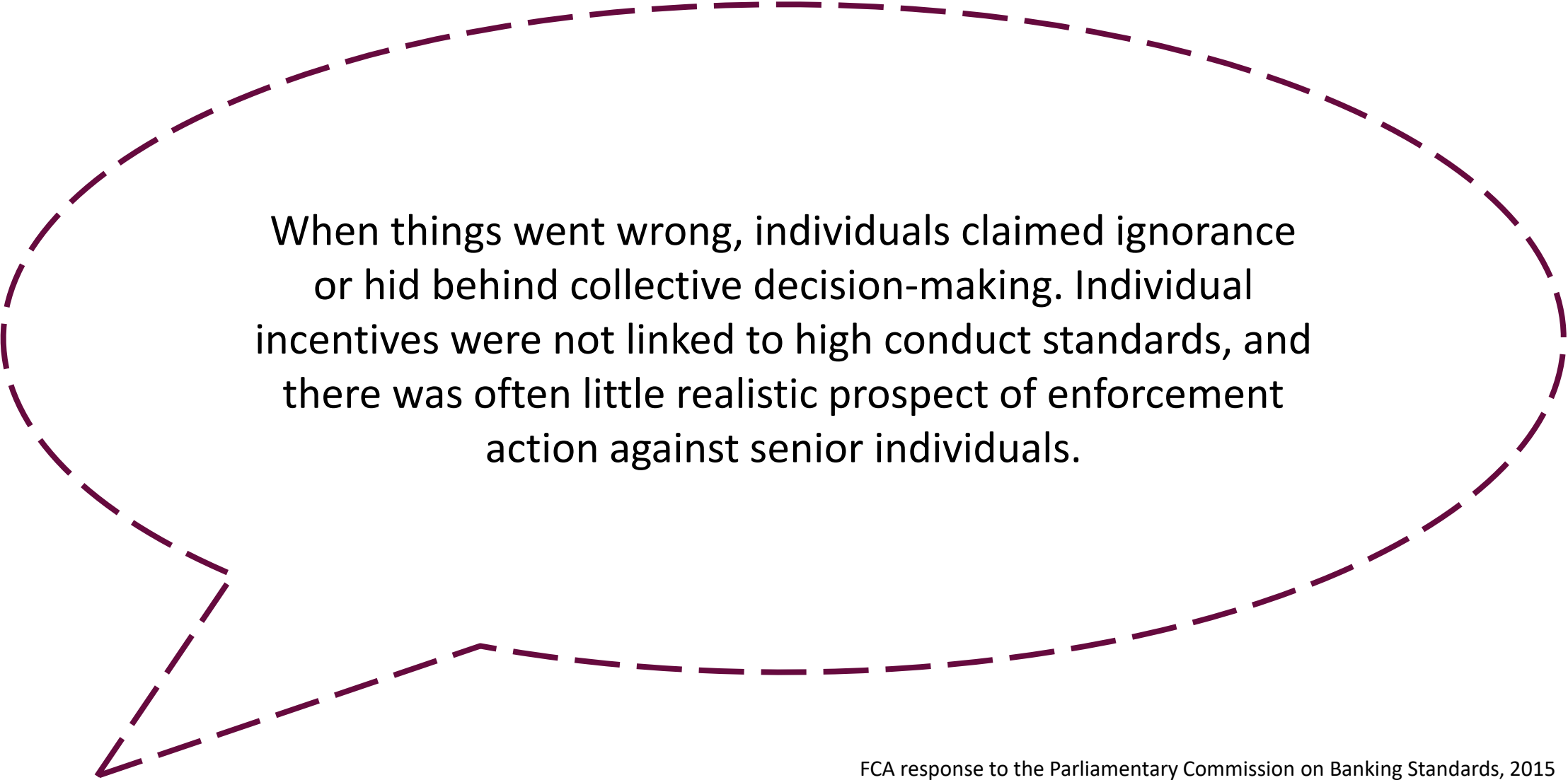
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H5VSMC

How are you feeling about SMCR?

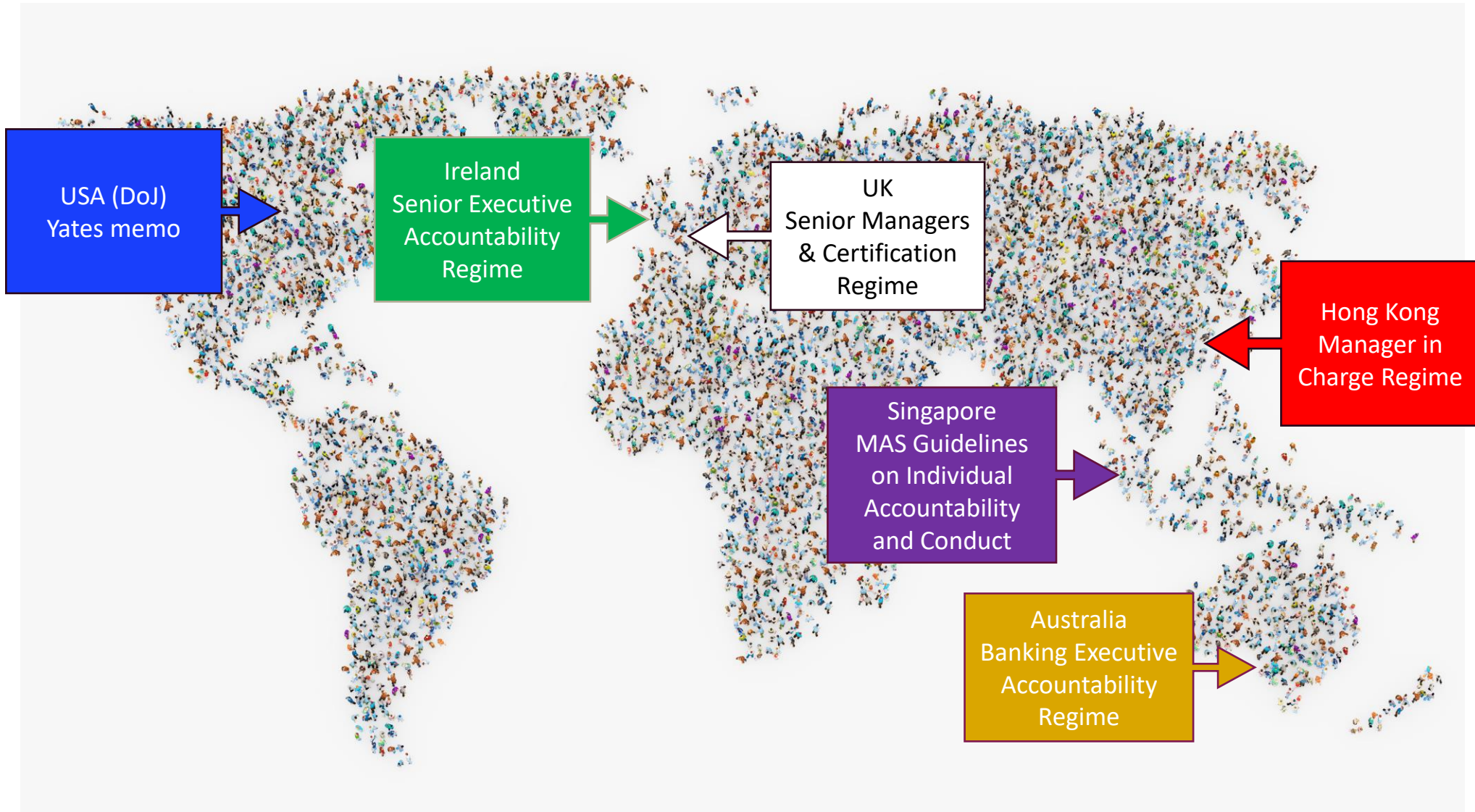




When things went wrong, individuals claimed ignorance or hid behind collective decision-making. Individual incentives were not linked to high conduct standards, and there was often little realistic prospect of enforcement action against senior individuals.

FCA response to the Parliamentary Commission on Banking Standards, 2015

The globalisation of individual accountability



What the regulators want to achieve

Put customers at the heart of business decisions

- Reduces short termism

Maintaining market confidence

- Greater individual responsibility leads to fewer disruptive events

Maintaining trust

- Industry issues are damaging

More easily hold individuals to account

- GFC expectation

What the regulators expect from firms in the SMCR

Clearly defined areas of responsibility – no over\underslaps

Must provide training that is meaningful

Decision makers should be challenged by governance fora but remain individually accountable

Incentives should not create conflicts of interest

Individuals should be incentivised to achieve the highest ethical standards

What does that mean for individuals?

- Disclose anything about your fitness and propriety
- Be genuinely responsible for the part of the business that you run
- Prevent breaches from arising or continuing
- Lead by example when following the conduct rules
- Attend and actively participate at committee meetings
- Proactively engage with the PRA and FCA
- Provide a full handover if you leave your role

Areas where you need to be proactive

Keeping the audit trail up to date	Reasonable Steps and SoRs
Delegations	Staff changes, increasing responsibility, succession planning
Training	Keep up to date, relevant to role, doesn't have to be structured
Organisation changes	Changes to structure, reporting lines, products, services, markets
Governance	New committee's, changes to terms of reference (MRM)
New areas of regulatory responsibility	Algo's, geographies, markets, products
Handoff's between SMFs	Under / overlap

How a firm handles non-financial misconduct throughout the organisation, including discrimination, harassment, victimisation and bullying, is indicative of a firm's culture.

We view both lack of diversity and inclusion, and non-financial misconduct as obstacles to creating an environment in which it is safe to speak up, the best talent is retained, the best business choices are made, and the best risk decisions are taken.

FCA, January 2020

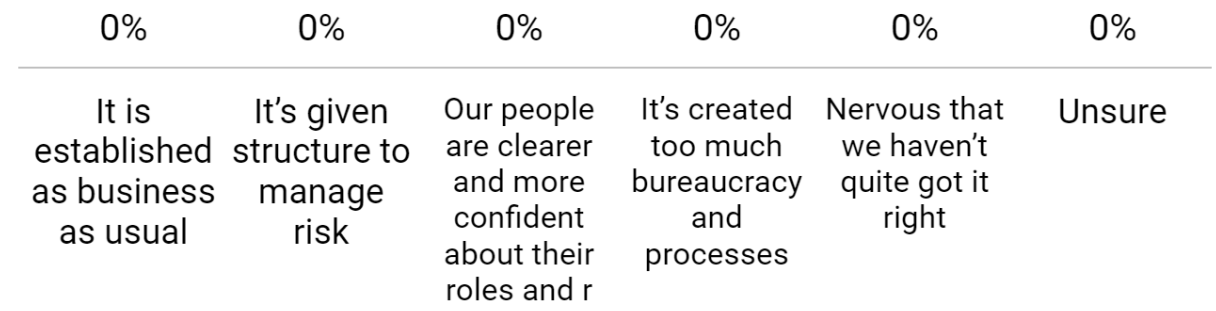
Top 10 ways to breach COCON

- 01 Commit fraud
- 02 Miss-sell
- 03 Trade on inside information
- 04 Make false or misleading statements
- 05 Fabricate your professional standards
- 06 Provide false information
- 07 Do not use skill, care and diligence
- 08 Don't manage your conflicts of interest
- 09 Mislead the markets
- 10 Misappropriate client money or assets

Misconduct Process



How are you feeling about SMCR? >



Disciplinary Action Details

For each individual that is the subject of a notification under this Form, please provide the details requested below, in so far as applicable.

A	B	C	D	E	F	G	H	I	J	K	L	M
Title	Surname	Forename(s)	IRN (See note 1)	Date of Birth (See note 1)	National Insurance Number (See note 1)	Passport Number (See note 1)	Nationality (See note 1)	Job Title And Department Division	Has the person, at any time during the reporting period, been (a) certified to perform an FCA specified significant harm function? If yes, please specify which one(s) or (b) a standard nonexecutive director? (see note 2)	Please identify the relevant conduct rule(s) that have been breached which form the basis of the disciplinary action taken Refer to Conduct Rules	Please provide more information in relation to the conduct rule(s) breached. Please also state here whether the firm is updating a previous notification or is making a new notification. Free text description (2000 characters only. Anything greater than this please provide an attachment.) (See note 3)	Please provide information as to the disciplinary action taken: • issuing of a formal written warning • suspension or dismissal of the person • reduction or recovery of any of the person's remuneration Free text description (2000 characters only. Anything greater than this please provide an attachment.) (See note 4)

Note 1:
(a) If an Individual Reference Number (IRN) is available for a person about whom a notification is being made, but that person has a national insurance number, please complete column D but do not complete columns E, F, G or H.
(b) If an IRN is not available for a person about whom a notification is being made, please complete columns E, F, G and H.
(c) If neither an IRN nor a national insurance number is available for a person about whom a notification is being made, please complete columns G or H. (c) If neither an IRN nor a national insurance number is available for a person about whom a notification is being made, please complete columns E and F but do not complete columns G or H. (c) If neither an IRN nor a national insurance number is available for a person about whom a notification is being made, please complete columns E, F, G and H.

Note 2: If the answer is Yes, please state which of the listed functions the person performed. The term "standard non-executive director" is defined in the Glossary.

Note 3: If the firm is updating a previous notification, please confirm this in this column but include the details in column M (see note 3).

Note 4:
(a) If the person about whom the notification is being made is appealing against the firm's decision, please include details here.
(b) If the firm is updating a previous notification, please include the details in this column. This includes (1) any appeal made by the subject of the notification subsequent to a previous notification or (2) the outcome of any appeal previously notified. (c) The firm should specify which of the listed types of disciplinary action it has taken.



Minimum compliance vs potential



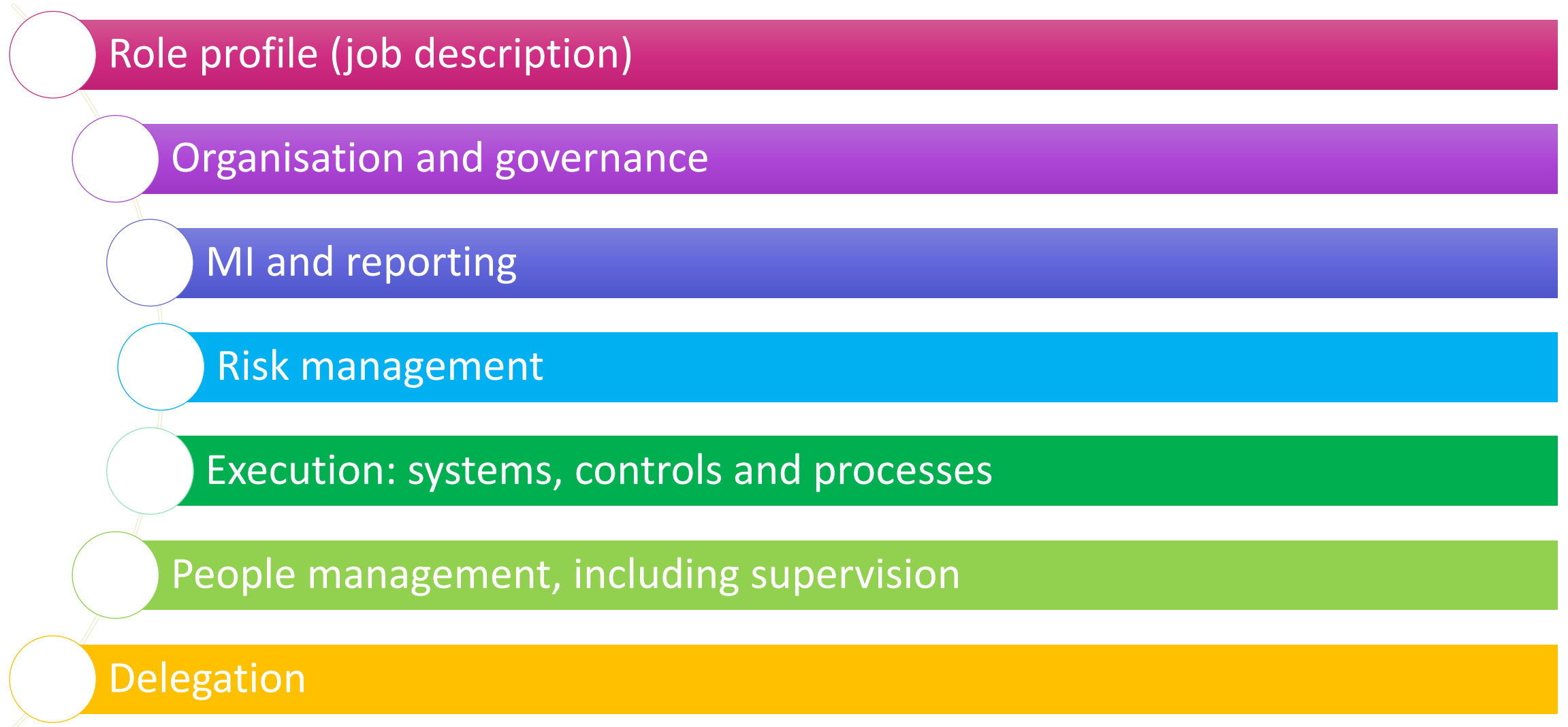
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Reasonable Steps myth busting



Reasonable Steps



Meeting SMCR Expectations



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