

**INDIVIDUAL ACCOUNTABILITY (MISCELLANEOUS AMENDMENTS)  
INSTRUMENT 2021**

**Powers exercised**

- A. The Financial Conduct Authority (“the FCA”) makes this instrument in the exercise of:
- (1) the following powers and related provisions in the Financial Services and Markets Act 2000 (“the Act”):
    - (a) section 59 (Approval for particular arrangements);
    - (b) section 60 (Applications for approval);
    - (c) section 62A (Changes in responsibilities of senior managers);
    - (d) section 137A (The FCA’s general rules);
    - (e) section 137T (General supplementary powers);
    - (f) section 139A (Power of the FCA to give guidance); and
    - (g) section 347 (The record of authorised persons etc).
  - (2) the other rule and guidance-making powers and related provisions listed in Schedule 4 (Powers exercised) to the General Provisions sourcebook (GEN) of the FCA’s Handbook.
- B. The rule-making powers listed above are specified for the purpose of section 138G(2) (Rule-making instruments) of the Act.

**Commencement**

- C. This instrument comes into force on 2 June 2021.

**Amendments to the Handbook**

- D. The modules of the FCA Handbook listed in column (1) below are amended in accordance with the Annexes to this instrument listed in column (2).

(1)	(2)
Senior Management Arrangements, Systems and Controls sourcebook (SYSC)	Annex A
Fit and Proper test for Employees and Senior Personnel sourcebook (FIT)	Annex B
Supervision manual (SUP)	Annex C

**Citation**

- E. This instrument may be cited as the Individual Accountability (Miscellaneous Amendments) Instrument 2021.

By order of the Board  
27 May 2021

**Annex A****Amendments to the Senior Management Arrangements, Systems and Controls  
sourcebook (SYSC)**

In this Annex, underlining indicates new text.

**25**            **Senior managers and certification regime: Management responsibilities  
maps and handover procedures and material**

...

**25.4**            **Guidance about what should be in a management responsibilities map**

Material applicable to all firms

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25.4.12A        G        In relation to the temporary absence of an *SMF manager* of a *firm* see  
the *guidance* at *SUP 10C.14.5JG*.

**Annex B****Amendments to the Fit and Proper test for Employees and Senior Personnel  
sourcebook (FIT)**

In this Annex, underlining indicates new text.

**1 FIT: General**

...

**1.3 Assessing fitness and propriety**

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1.3.4AA G In relation to a *firm* assessing continuing fitness and propriety of an *approved person* under section 63(2A) of the *Act* during a temporary absence, see the *guidance* at SUP 10C.14.5GG.

## Annex C

## Amendments to the Supervision manual (SUP)

In this Annex, underlining indicates new text and striking through indicates deleted text.

## 10A FCA Approved Persons in Appointed Representatives

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### 10A.14 Changes to an FCA-approved person's details

Moving within a firm

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10A.14.4 D (1) *A firm must use Form E where an approved person is both permanently ceasing to perform one or more controlled functions and needs to be approved in relation to one or more *FCA controlled functions* within the same *firm* or *group*.*

...

...

10A.14.4AB G (1) *A firm should only use a Form E when the candidate is ceasing to perform a controlled function in a way that means that the candidate will cease to be approved for that controlled function.*

(2) *See SUP 10A.14.8AG to SUP 10A.14.8DG for the difference between temporarily ceasing to perform a controlled function (which means that approval for the performance of that controlled function continues) and permanently ceasing to perform a controlled function (which means that approval for the performance of that controlled function lapses).*

(3) *(1) and (2) are the reason that SUP 10A.14.4D refers to permanently ceasing to perform a controlled function.*

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Ceasing to perform an FCA-controlled function

10A.14.8 R (1) *A firm must submit to the FCA a completed Form C (SUP 10C Annex 5R) no later than ten business days after an *FCA-approved person* permanently ceases to perform an FCA controlled function.*

...

- 10A.14.8A G Permanently ceasing to perform an *FCA controlled function* means that that *person* no longer has approval to perform that function. Permanent cessation does not mean that that *person* cannot return to perform that function, rather that if they do, they will need fresh approval.
- 10A.14.8B G Examples of when an *FCA-approved person* will have permanently ceased to perform an *FCA controlled function* include moving within a *firm* (see *SUP* 10A.14.1G to *SUP* 10A.14.5G), moving between *firms* (see *SUP* 10A.14.6G), resignation, dismissal, retirement, and death.
- 10A.14.8C G In cases of temporary absence (for example sick leave or parental leave) where the *firm* is keeping the same role open for an *FCA-approved person*, approval to perform the relevant *FCA controlled function* will continue and therefore the *firm* will not be required to submit a Form C. See *SUP* 10A.14.8HG for *guidance* on interim appointments.
- 10A.14.8D G As a result, an *FCA-approved person* who returns to perform the same *FCA controlled function* following such a temporary absence will not need fresh approval.
- 10A.14.8E R (1) If an *FCA-approved person* has been absent for more than 12 weeks, the *firm* must notify the *FCA* on Form D (*SUP* 10C Annex 6R) within seven *business days* of the end of the 12-week period.
- (2) The *firm* must also notify the *FCA* on Form D (*SUP* 10C Annex 6R) within seven *business days* of the *FCA-approved persons* return.
- 10A.14.8F G Where a *firm* is aware that an *FCA-approved person* will be absent for more than 12 weeks that *firm* can notify the *FCA* prior to the end of the 12-week period.
- 10A.14.8G G The duty to notify in *SUP* 10A.14.17R continues to apply during a temporary absence.
- 10A.14.8H G (1) Where an *FCA-approved person* is temporarily absent (see *SUP* 10A.14.8CG) a *firm* may decide to appoint another *person* to perform that *FCA-controlled function* during the interim period.
- (2) Unless *SUP* 10A.5.6R (The 12-week rule) applies, the *firm* will be required to make a fresh application for the performance of the *FCA-controlled function* by a *person* who has been appointed for the interim period (see *SUP* 10A.13 (Application for approval and withdrawing an application for approval) for details).

- (3) The firm will be required to notify the FCA under SUP 10A.14.8R when the person who was appointed for the interim period gives up the role on the return of the person who was temporarily absent.

...

- 10A.14.12 G A firm is responsible for notifying the FCA if any FCA-approved person has permanently ceased to perform an FCA controlled function under an arrangement entered into by its appointed representative or former appointed representative or where any such FCA-approved person is temporarily absent.

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**10C FCA senior managers regime for approved persons in SMCR firms**

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**10C.9 Minimising overlap with the PRA approved persons regime**

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The main rule

- 10C.9.8 R A person (referred to as ‘A’ in this rule) is not performing an FCA governing function (referred to as the ‘particular’ FCA governing function in this rule) in relation to a PRA-authorized person (referred to as ‘B’ in this rule), at a particular time, if:

...

- (5) A started to perform the potential FCA governing function at, or around the time of, the PRA approval in (1) and has continued to perform it up to the time in question (ignoring any occasions on which A has temporarily ceased to perform that function because, for example, of holidays or illness).

- 10C.9.9 G Table: Examples of how the need for dual FCA and PRA approval in relation to PRA-authorized persons is reduced

Example	Whether FCA approval required	Whether PRA approval required	Comments
...			
(10) A is appointed chief risk officer and an	No, neither on A’s first appointment nor when A	Yes, <u>on A’s first appointment.</u>	SUP 10C.9.8R still applies on A’s return because A does not <u>stop performing</u>

<p>executive director. A goes on temporary sick leave. A takes up their old job when A comes back.</p>	<p>comes back from sick leave.</p>		<p><u>either</u> <u>cease to have approval for the PRA's chief risk function or permanently cease to perform</u> what would otherwise have been the <i>executive director function</i> just because A goes on temporary sick leave.</p>
<p>...</p>			

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**10C.10 Application for approval and withdrawing an application for approval**

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How to apply for approval

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- 10C.10.9 D (1) *A firm must use Form E (SUP 10C Annex 7D) where an approved person:*
- (a) is both permanently ceasing to perform one or more *controlled functions*; and

...

...

...

10C.10.10 G ...

10C.10.10A G (1) *A firm should only use a Form E (SUP 10C Annex 7D) when the candidate is ceasing to perform a controlled function in a way that means that the candidate will cease to be approved for that controlled function.*

- (2) *See SUP 10C.14.5AG to SUP 10C.14.5DG for the difference between temporarily ceasing to perform a controlled function (which means that approval for the performance of that controlled function continues) and permanently ceasing to perform a controlled function (which means that approval for the performance of that controlled function lapses).*



(3) (1) and (2) are the reason that SUP 10C.10.9D refers to permanently ceasing to perform a *controlled function*.

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**10C.11 Statements of responsibilities**

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Revised statements of responsibilities: Meaning of significant change

10C.11.6 G ...

(6B) Where an FCA-approved SMF manager goes on a temporary absence of longer than 12 weeks and on their return from that absence (see SUP 10C.14.5CG).

...

...

Submitting statements of responsibilities: examples of how the requirements work

...

10C.11.19 G Table: Examples of how the requirements for submitting statements of responsibilities work

Example	Comments
...	
<u>(16) An FCA-approved SMF manager goes on or returns from a temporary absence of longer than 12 weeks.</u>	<u>The firm must submit:</u> <u>(a) Form D (SUP 10C Annex 6R);</u> <u>(b) Form J (SUP 10C Annex 9D); and</u> <u>(c) an updated statement of responsibilities document (SUP 10C Annex 10D).</u>
...	

...

**10C.14 Changes to an FCA-approved person’s details**

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Ceasing to perform an FCA-designated senior management function

10C.14.5 R (1) A firm must notify the FCA no later than ten business days after an FCA-approved SMF manager permanently ceases to perform an FCA-designated senior management function.

...

10C.14.5A G Permanently ceasing to perform an FCA-designated senior management function means that that person no longer has approval to perform that function. Permanent cessation does not mean that that person cannot return to perform that function, rather that if they do, they will need fresh approval.

10C.14.5B G Examples of when an FCA-approved SMF manager will have permanently ceased to perform an FCA-designated senior management function include moving within a firm (see SUP 10C.14.1G to SUP 10C.14.2G), moving between firms (see SUP 10C.14.3G to SUP 10C.14.4G), resignation, dismissal, retirement, and death.

10C.14.5C G In cases of temporary absence (for example sick leave or parental leave) where the firm is keeping the same role open for an FCA-approved SMF manager, approval to perform the relevant FCA-designated senior management function will continue and therefore the firm will not be required to submit a Form C (SUP 10C Annex 5R). See SUP 10C.14.5IG for guidance on interim appointments.

10C.14.5D G As a result, an FCA-approved SMF manager who returns to perform the same FCA-designated senior management function following such a temporary absence will not need fresh approval.

10C.14.5E R (1) If an FCA-approved SMF manager has been absent for more than 12 weeks, the firm must notify the FCA on Form D (SUP 10C Annex 6R) within seven business days of the end of the 12-week period.

(2) It must also notify the FCA on Form D (SUP 10C Annex 6R) within seven business days of their return.

10C.14.5F G Where a firm is aware that an FCA-approved SMF manager will be absent for more than 12 weeks, that firm can notify the FCA prior to the end of the 12-week period.

10C.14.5G G (1) The duty to notify in SUP 10C.14.18R and the sections of the Act listed in SUP 10C.14.22R continue to apply during a temporary absence.

(2) Where it would not be appropriate for a firm to require an FCA-approved SMF manager to participate in the assessment required under section 63(2A) of the Act during a temporary absence, it will not be necessary for that person

to participate in that assessment in order for the *firm* to comply with this requirement.

- (3) Notwithstanding the *guidance* at (2), on an *FCA-approved SMF manager's* return to a *firm*, the *firm* should consider whether it may be necessary to refresh any aspects of the assessment taking into account that the relevant *person* is now able to participate.

10C.14.5H

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- (1) Under section 62A of the *Act*, a *firm* must provide the *FCA* with a revised *statement of responsibilities* if there has been any significant change in the responsibilities of an *FCA-approved SMF manager*.
- (2) *SUP* 10C.11.6G(6B) explains when a *firm* should submit a revised *statement of responsibilities* for an *FCA-approved SMF manager* who is temporarily absent and that the *firm* should also submit a revised *statement of responsibilities* on their return.
- (3) The requirement to submit a revised *statement of responsibilities* is in addition to the requirement to submit a Form D (*SUP* 10C Annex 6R).

10C.14.5I

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- (1) Where an *FCA-approved SMF manager* is temporarily absent (see *SUP* 10C.14.5CG), a *firm* may decide to appoint another *person* to perform that *FCA-designated senior management function* during the interim period.
- (2) Where the *FCA-approved SMF manager* was performing a *FCA required function*, the *firm* will be required to make an interim appointment.
- (3) Unless *SUP* 10C.3.13R (The 12-week rule) applies, the *firm* will be required to make a fresh application for the performance of the *FCA-designated senior management function* by the *person* who has been appointed for the interim period (see *SUP* 10C.10 (Application for approval and withdrawing an application for approval)). It may be appropriate for the appointment to be time limited (see *SUP* 10C.12.7G to *SUP* 10C.12.14G (time-limited approvals) for details).
- (4) The *firm* will be required to notify the *FCA* under *SUP* 10C.14.5R when the *person* who was appointed for the interim period gives up the role on the return of the *person* who was temporarily absent.
- (5) A *firm* should consider what steps it should take in respect of handover procedures in relation to any interim

appointment and the return of a *person* who is temporarily absent (see SYSC 25.9 (Handover procedures and material)).

10C.14.5J      **G**      If a *firm* is required to have a *management responsibilities map*, the map should be revised where appropriate to reflect any change in its management and governance arrangements as a result of a temporary absence described in SUP 10C.14.5CG to SUP 10C.14.5IG. In particular, a *firm* should update the map to take into account any temporary absence required to be notified under SUP 10C.14.5ER or SUP 10C.14.5FG, any interim appointment described in SUP 10C.14.5IG or any return from temporary absence described in SUP 10C.14.5ER (see SYSC 25.2 (Management responsibilities maps: Main rules)).

...

10C.14.9      **G**      A *firm* is responsible for notifying the FCA if any FCA-approved SMF manager has permanently ceased to perform an FCA-designated senior management function under an arrangement entered into by its contractor or where any such FCA-approved SMF manager is temporarily absent.

...

**10C Annex 2G      Summary of forms and their use in the senior managers regime**

Function	Form	Submission
...		
(6) <i>Person permanently</i> ceasing to perform an FCA-designated senior management function.	C (unless it should be notified under Form E)	Submitted by the <i>firm</i> within <del>seven</del> <u>ten business days</u> of approved person <u>permanently</u> ceasing to perform <i>controlled function(s)</i> .
(7) Either: (a) an FCA-approved SMF manager’s title, name or national insurance number changes; or (b) there is information which may be material to the continuing	D  Form C to be used instead where the <i>person</i> is <u>permanently</u> ceasing to perform a <i>controlled function</i> .	Submitted by <i>firm</i> within seven <i>business days</i> of the <i>firm</i> becoming aware of the matter <u>or, in the case of (c), within seven business days of the end of the 12-week period and on their return.</u>

<p>assessment of an <i>FCA-approved SMF manager's</i> fitness and propriety; <u>or</u>  <u>(c) an FCA-approved SMF manager is temporarily absent.</u></p>		
<p>(8) Firm obliged to notify the <i>FCA</i> about an <i>SMF manager</i> under:          (a) section 63(2A) of the <i>Act</i> (Duty to notify regulator of grounds for withdrawal of approval); or          (b) [deleted]          (c) section 64C of the <i>Act</i> (Requirement for relevant authorised persons to notify regulator of disciplinary action).</p>	<p>Form D.           Form C to be used instead where the <i>person</i> is <u>permanently</u> ceasing to perform a <i>controlled function</i>.</p>	<p>Submitted by <i>firm</i> within seven <i>business days</i> of the <i>firm</i> becoming aware of the matter.           A <i>firm</i> should not use Form H as that form only applies to notifications relating to breaches by those who are not <i>SMF managers</i>.</p>
<p>...</p>		



BANK OF ENGLAND  
PRUDENTIAL REGULATION  
AUTHORITY



Application number  
(for FCA/PRA use only)

The *FCA* has produced notes which will assist both the *firm* and the *approved person* in answering the questions in this form. Please read these notes, which are available on the *FCA* website at: <https://www.handbook.fca.org.uk/handbook/SUP/10C/Annex6.html>

Both the *firm* and the *approved person* will be treated by the *FCA* and *PRA* as having taken these notes into consideration when completing this form. Terms defined in either or both of the *FCA Handbook* or the *PRA Rulebook* are italicised and should be construed accordingly.

## Form D Notification - Changes to personal information/application details and conduct breaches/disciplinary action related to conduct

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**2.08** Job title or position

**2.09** Notification of absence/return from absence

**2.0910** Effective date of change

**2.4011** Reason for change (not required for 2.09)



I have supplied further information  
related to this page in Section 7

YES

NO

...