

SM&CR Case Study Series

TRAINING FOR CERTIFICATION STAFF

ISSUE 7 • SEPTEMBER 2019

This is the seventh instalment of our SM&CR case study series, designed to help you prepare for the implementation of the FCA's Senior Managers and Certification Regime (SM&CR). This series follows fictitious firm Smith & Cromer Limited's project to implement the Regime with the process and tips being released to you throughout the year.

Before you read on, have you:

1. Read the first six instalments?
2. Watched our one-minute explainer video – SM&CR in a Nutshell?

If you are up to date, read on...

Our case study firm

Smith & Cromer Limited is a fictional solo-regulated firm active in the wholesale markets with 25 staff in total, including 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 function and the MLRO function are both performed by Sam Carr, who is not a director of the firm.

Sam is steering the SM&CR implementation project and it is progressing smoothly. The senior managers and certification staff have been identified, and the required updates to documentation for the SM&CR to be implemented have been put in place. The fitness and propriety of both the senior managers and the certification staff have been assessed. Training plans have been devised for the senior managers and now it is time to finalise the design and delivery of training for the certification staff.



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**

Training for certification staff

The Certification Staff

Remember that the staff requiring certification by Smith & Cromer consists of the 20 persons that are currently approved to perform the customer function. This includes four executive directors that are currently approved as CF30s and need to be certified as fit and proper for their customer facing role in addition to being approved by the FCA as senior managers.

The Training Sessions

Given the training and evidence already in place as a result of CF30 status, Sam has concluded that 'lunch and learn' sessions will be sufficient to supplement this and satisfy the fitness and propriety requirements under the SM&CR. There will be two 'regulatory and compliance workshops' – one on the current regulatory regime (including the developments introduced by the SM&CR) and another focusing on recent developments and enforcement incidents that specifically relate to Smith & Cromer's lines of business.

Following the recent publication of an [FCA report](#) on how effectively the SM&CR has bedded down since its introduction into the banking sector, Sam has decided it is best to use external compliance training specialists to deliver the lunch and learn sessions. As well as saving Sam a lot of hard work, this will ensure the training reflects the very latest developments and draw on the provider's wider regulatory knowledge and experience. Each session will be delivered twice to better enable the delegates to fit the compulsory attendance into their busy schedules, with calendar invitations giving plenty of notice. To further

encourage attendance, reminders will be issued as the event approaches and the last of these will include the choice of lunch from a nearby, popular takeaway to enjoy during the session.

Although the delegates are not told, any 'no shows' will be followed up and required to meet with Sam subsequently. These will hopefully be isolated incidences, and Sam will cover the material on a one-to-one basis.

Each session will be followed by a requirement to sit a multiple-choice test. The test will be delivered electronically. The integrity of the assessment will be enhanced by the following:

- 1) Each individual will be provided with a unique password to enable them to access the test
- 2) The test will be timed, with the time spent recorded
- 3) The questions will be delivered in a random order
- 4) The sitting will include a self-declaration that the test has been undertaken by the named individual

Smith & Cromer's compliance consultants have provided three versions of the test for each session. Anyone that does not reach the required standard will be required to retake a different version. Three versions should be plenty enough to preserve the integrity of the assessment for those that initially fall short of the required standard.

Individuals will not be granted certification until they have passed the test.

KEY TAKEAWAYS

- 1 Make the training as effective and efficient as possible – 'lunch and learn' sessions tend to be better attended and minimise disruption to the normal working schedule.
- 2 Consider how best to cater for those where pressing issues make attendance difficult – for example by delivering the same session more than once and planning for the occasional 'no show'.
- 3 Make sure that the integrity and demands of the test are not compromised, such as producing multiple versions to enable 'retakes' where necessary.

Our case study will continue next month with 'Setting up systems and controls to support SM&CR.'

The next stage will be to design and set up new processes to comply with the SM&CR when it becomes 'business as usual'.



TRAINING

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

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