







Chapter 26

Senior managers and certification regime: Overall and local responsibility

			26.7	Meaning of local and overall responsibility: Reporting to the governing body
26.7.1		This section gives <i>guidance</i> on what overall and local responsibility for a function means when the <i>governing body</i> manages the function in question under ■ SYSC 26.3 (Main rules).		
26.7.2		When this chapter refers to a <i>person</i> having overall or local responsibility for a function as described in ■ SYSC 26.7.1G, it means a <i>person</i> who has:		
		<ul style="list-style-type: none"> (1) ultimate responsibility (under the <i>governing body</i> and the <i>chief executive</i>) for managing or supervising that function; and (2) primary and direct responsibility for: <ul style="list-style-type: none"> (a) briefing and reporting to the <i>governing body</i> about that function; and (b) putting matters for decision about that function to the <i>governing body</i>. 		
26.7.3		In general, the <i>FCA</i> expects that a person to whom overall responsibility for a function is allocated as described in ■ SYSC 26.7.1G will be the most senior employee or officer responsible for managing or supervising that function under the management of the <i>governing body</i> .		
26.7.4		<ul style="list-style-type: none"> (1) A <i>person</i> with overall or local responsibility for a matter will either be a member of the <i>governing body</i> or will report directly to the <i>governing body</i> for that matter. (2) For example, a <i>firm</i> appoints A to be head of sales. A is not on the <i>governing body</i>. A reports to an executive director (B) and B reports to the <i>governing body</i> about the sales function. In this example B, rather than A, has overall responsibility for sales. 		
26.7.5		<ul style="list-style-type: none"> (1) A <i>person</i> who reports to another, or is subject to oversight by another, may still have overall or local responsibility for a function. (2) For example, a head of compliance may report direct to the <i>governing body</i> but be subject to performance appraisal by the <i>chief executive</i>. In this example, the head of compliance will still have overall responsibility for compliance. 		

- (3) If a *person* (A):
 - (a) reports directly to the *firm's governing body* about a particular matter; but
 - (b) is not a member of the *governing body*; and
 - (c) reports to a member of the *governing body* (B) about that matter, who also reports to the *governing body* about that matter;B has overall or local responsibility for that matter.
- (4) If:
 - (a) a *person* (A) reports directly to the *firm's governing body* about a particular matter;
 - (b) A also reports to another *person* (B) about that matter;
 - (c) neither A nor B is a member of the *governing body*; and
 - (d) B also reports directly to the *firm's governing body* about that matter;B has overall responsibility for that matter.
- (5) A member of the *governing body* who reports to the *chief executive* may still have overall or local responsibility for a function.
- (6) If:
 - (a) a *person* (A) reports directly to the *firm's governing body* about a particular matter; and
 - (b) A's function is subject to oversight by a *non-executive director* (B) or by a committee of the *firm's governing body* chaired by B;A (not B) has overall or local responsibility for that matter.

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A *person* may have local responsibility for a function for a *branch* of an *overseas SMCR firm* even though that *person* also reports to a *person* outside the *branch*.