



SMCR toolkit

Part 1: Education, awareness and initial decisions

2019 guide

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Successful implementation of the SMCR will be highly dependent on ensuring that the Firm's leadership fully understand the new regime and what is driving it, as well as explaining the impact to other affected individuals within the Firm. Early completion of this task will help maximise the time available to design and implement the necessary changes to policies, processes and procedures, whilst also helping to identify any potential challenges that may not be immediately apparent on first reading of the regulations.

The Firm will need to make several decisions – for instance, regarding the Firm's SMCR "categorisation", whether it will include ancillary staff within the population for conduct rules training and whether and when to engage external support. The Firm will also need to consider what role technology solutions can play in achieving compliance with the new regime; for instance, in managing its performance review and certification processes, or in delivering training.



Who?

Key stakeholders:

- Senior Management: Board/ ExCo (or similar)
- Head of Compliance
- Head of HR
- Head of IT

When?

Your timescales:

The SMCR comes in to force for for the majority of FCA solo regulated firms on **9 December 2019**.

Firms should begin the process of education and awareness **in Q1 2019** and look to complete this process and take the necessary decisions **by the end of Q1 2019**.

How?

Key questions and considerations:

- Who will sponsor the Firm's SMCR programme?
- Will you be an 'enhanced', 'limited scope' or 'core' firm under the regime?
- If the Firm will be a core regime firm, is it close to or likely to breach one or more of the criteria for categorisation as an enhanced regime firm? If so, what mechanisms exist/are required to track this?
- Are there any factors which may make "opting up" to the enhanced regime desirable or sensible?

- Does the Firm have sufficient capacity and expertise internally to deliver its SMCR programme, and if not, when, how and from where will it secure the necessary additional resource?
- If the Firm is a partnership, will all partners meet the definition for categorisation as an SMF, and if not, what are the implications of this (e.g., tax)?
- Are the Firm’s existing governance arrangements, reporting lines, internal structure and management information systems adequate and capable of supporting SMFs in discharging their responsibilities?

Key “dos”

- ✓ Ensure that all key stakeholders are involved in this process
- ✓ Allocate sufficient time and resources
- ✓ Consider the importance of leadership, culture and conduct
- ✓ Document key decisions and ensure they feed through to the Firm’s SMCR project plan
- ✓ Establish your SMCR project delivery team

Key “don’ts”

- ✗ Underestimate the size of the task involved in implementing SMCR
- ✗ Regard SMCR as simply “re-papering”, a “compliance issue” or merely about “ticking regulatory boxes”
- ✗ Ignore SMFs who are located overseas; they are caught by the new regime

How Kemp Little can help you...



Running SMCR awareness and education briefings



Carrying out impact/gap analysis



Providing bespoke legal advice on HR, regulatory, corporate, tax and other issues



Facilitating workshops for senior management and other impacted stakeholders



Project management assistance



They are always super responsive, great value for money and have strong capabilities in very complex cases.

Client quote
Chambers and Partners
Guide to the Legal Profession



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