

# SMCR: EXTENDED DEADLINE FOR SOLO REGULATED FIRMS

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## Employment Law News

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### SMCR: EXTENDED DEADLINE FOR SOLO REGULATED FIRMS

The Senior Managers and Certification Regime (SMCR) was introduced for solo regulated firms in December 2019. On 31 March 2021, the FCA's extended deadline for solo-regulated firms to complete their assessment of the fitness and propriety of their certified persons and to train staff on the conduct rules closed. BDBF Senior Associate, Rolleen

McDonnell, who specialises in the employment law implications of the SMCR, comments below on this development and its implications for solo regulated firms.

The SMCR puts a significant focus on both individual and institutional accountability. Amongst other things, it requires regulated firms to assess the fitness and propriety of its certified staff and to certify that they are fit and proper on at least an annual basis. This is a significant shift from the previous Approved Persons Regime, under which it was the regulator's responsibility to approve staff, rather than an individual firm's responsibility. To assess fitness and propriety, firms must take into account an individual's honesty and integrity, competence and financial soundness, usually through its annual appraisal process.

The SMCR also introduced conduct rules, which apply to most staff in regulated firms, save for those in purely administrative roles. Under the SMCR, it is the responsibility of firms to ensure that their staff are familiar with their obligations under those conduct rules.

The original deadline for solo-regulated firms to certify the fitness and propriety of their certified persons and to train staff on the incoming conduct rules was 9 December 2020 but this was extended to 31 March 2021, in light of the disruption caused by the covid-19 pandemic. By now, solo regulated firms should have completed their training and assessments for relevant staff. However, regulated firms are under an ongoing obligation to ensure that certified staff are fit and proper and that staff understand their duties under the SMCR. Firms will need to certify the fitness and propriety of certified staff on at least an annual basis, as well as ensuring that incoming employees are 'fit and proper' through the use of regulatory references.

The focus on institutional and individual responsibility is generally a positive development, but it does create increased

