

7 October, 2025

Governance and Cross Cutting Standards Policy Team
Financial Conduct Authority
12 Endeavour Square
London, UK



Japanese Bankers Association

JBA comments on the FCA Consultation Paper: “Senior Managers and Certification Regime review”

Dear Sirs/Madams:

The Japanese Bankers Association¹ (JBA) appreciates the opportunity to provide our comments on the Financial Conduct Agency’s (FCA) Consultation Paper: “Senior Managers and Certification Regime review” released on 15 July 2025.

The JBA welcomes FCA’s initiative to reform the Senior Managers & Certification Regime (SM&CR) to enhance its effectiveness and efficiency, thereby fostering the competitiveness and growth of the United Kingdom. In this context, we broadly support the proposed reforms, particularly those aimed at streamlining processes, reducing unnecessary burdens, and improving clarity for firms operating in complex international environments. In line with the purpose of this Consultation Paper, we respectfully propose several points as discussed below.

Q1: To what extent do you support the further changes we are considering in phase 2 of the reform (summarised in paragraph 1.11). Are there any other changes you suggest? We would welcome views on the impact (positive or negative) of each potential change and on any suggested additional improvements.?

We support the further changes proposed in Phase 2, especially those aimed at streamlining the SM&CR and reducing unnecessary burdens. Additionally, we suggest that the FCA consider introducing multi-year certification and providing clearer guidance on Conduct Rule breach thresholds.

Q2a: Do you agree with our intention to improve forms, systems, communications and engagement with firms in relation to the application process?

Agree with implementing as proposed

We agree with the FCA’s intention. Enhanced digital forms, better guidance, and clear timelines would significantly reduce onboarding friction and improve regulatory engagement.

¹ The Japanese Bankers Association is the leading trade association for banks, bank holding companies and bankers associations in Japan. As of 1 July, 2025, JBA has 112 Full Members (banks), 3 Bank Holding Company Members (bank holding companies), 76 Associate Members (banks & bank holding companies), 49 Special Members (regionally-based bankers associations) and one Sub-Associate Member for a total of 241 members.

Q2b: On which priority areas would firms welcome more information, guidance, or changes to forms?

We welcome clearer guidance on updating Statements of Responsibility (SoRs), particularly regarding when firms should submit a Form J; more detailed examples of Conduct Rule breaches; simplified certification forms; and clarification of SMF7 criteria.

Q3: Do you agree to our proposals for changes to criminal record checks and disclosures?

Mainly agree

We agree with extending the validity period, as the current timescale is insufficient to conduct criminal record checks for international candidates who are foreign nationals.

Additionally, we support reducing the requirement for criminal record checks for short-term reappointments or intra-group transfers, particularly for those already holding an SMF within the group. We believe this proposal ensures proportionality since our member banks have robust screening processes that can be relied on for low-risk roles.

Q4: Do you agree with our proposed changes to the 12-week rule?

Agree with implementing as proposed

We support the increased flexibility for firms in applying the 12-week rule, as this proposal will better accommodate practical business needs and reduce regulatory friction for temporary arrangements.

Q5: Do you agree with our proposals on SMF7?

Neutral overall

We do not have specific feedback for the FCA as it primarily concerns solo-regulated firms. However, in response to the Prudential Regulation Authority (PRA) proposal, we support the following industry views:

- There is a risk of overreach in the scope of SMF7, particularly for international firms.
- PRA guidance may introduce additional extraterritorial obligations and governance confusion.

We are concerned about the PRA's capability to mandate SMF7, and therefore respectfully request greater proportionality and clarity in the SMF7 criteria.

Q6: Do you agree with our proposals on SMF18?

Agree with implementing as proposed

SMF18 has caused confusion due to overlaps with other functions. Clarifying or removing SMF18 would enhance clarity and proportionality.

Q7: Do you agree with our proposals on Prescribed Responsibilities?

Agree with implementing as proposed

We agree with the splitting Prescribed Responsibilities as proposed.

Q8: Do you agree with our proposals on raising the thresholds for becoming an Enhanced SM&CR firm?

Neutral overall

Q9: Do you agree with our proposals on SoRs and MRMs?

Agree with implementing as proposed for dual regulated firm

We support reducing the obligation to update SoRs for minor changes and align the content of SoR and MRM more closely.

Q10: Do you agree with our proposal to align with the PRA on SoR submission requirements for dual-regulated firms?

Agree with implementing as proposed for dual regulated firm

Alignment avoids duplication and simplifies processes for dual-regulated firms.

Q11: Do you agree with our proposals on certification?

Mainly agree

Q12: Do you agree with our proposal to change the timescales for updating the Directory?

Agree with implementing as proposed

We support extending the timescales for updating the Directory. The current 7-day window may pose operational challenges, particularly for firms with large headcounts or complex governance processes. Extending the timescales would improve accuracy and reduce the risk of non-compliance without compromising transparency. We also welcome the decision to ultimately remove the Directory.

Q13: Do you agree with our proposals on regulatory references?

Mainly agree.

Enhancing clarity on the content and timeframe for regulatory references is welcome. However, further guidance may be required to ensure firms understand when and how to disclose historic conduct matters fairly and lawfully.

We also note an inconsistency between the FCA's proposed 4-week timeframe for regulatory references and the PRA's stance, leading to a discrepancy in the expectations of the regulators in this area.

Q14: Do you agree with the proposed guidance on the Conduct Rules?

Agree with implementing as proposed

We support the proposal for clearer, practical guidance on how the Conduct Rules should be applied across different roles and business contexts. This is particularly helpful for front-line and support function staff who may not intuitively understand how the rules apply to them.

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We thank the FCA for the opportunity to comment on the consultation paper and hope our comments will contribute to further consideration by the FCA.

Yours faithfully,

Japanese Bankers Association