

# What is the Senior Executive Accountability Regime (SEAR)?

The SEAR will require firms to review and overhaul their senior management arrangements, governance and HR processes.

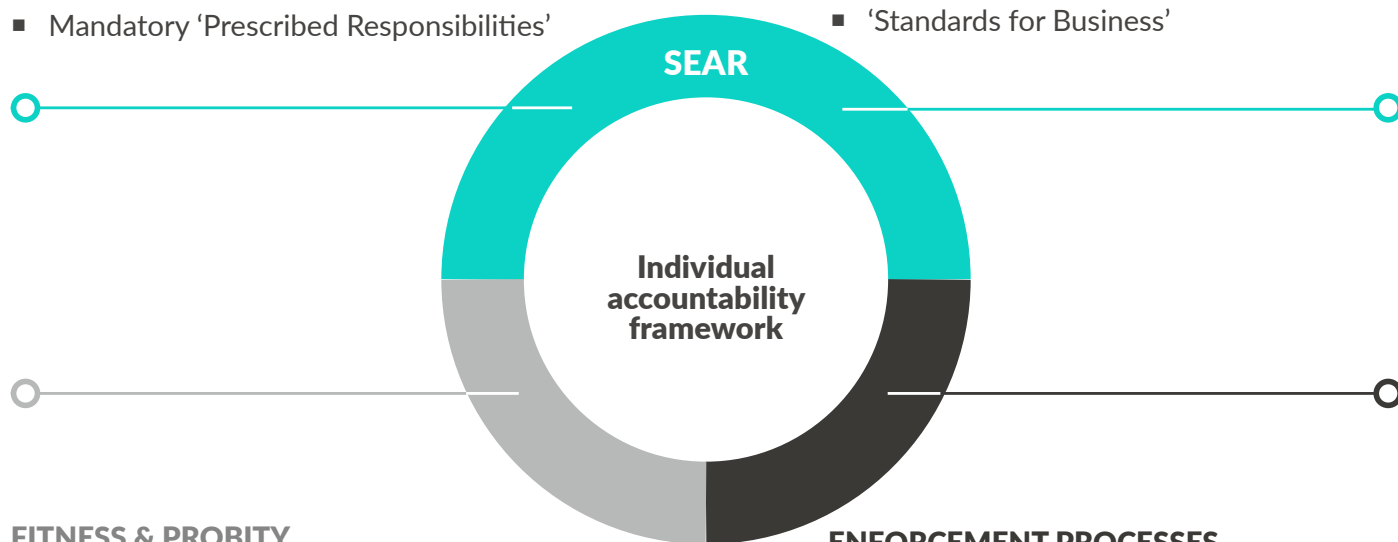
However, this also provides firms with an opportunity to take stock of these frameworks and improve the clarity, understanding and operation of individuals', committees' and teams' roles and responsibilities within their organisation.

## Clarity of responsibilities

- 'Statements of Responsibilities'
- 'Responsibility Maps'
- Mandatory 'Prescribed Responsibilities'

## 'Conduct Standards'

- Standards for all individuals (e.g. acting with due skill, care and diligence)
- Additional Standards for Senior Executives: (e.g. 'take all reasonable steps' to ensure the business for which they are responsible:
  - » is controlled effectively
  - » complies with regulatory requirements)
- 'Standards for Business'



## FITNESS & PROBITY

Positive duty on firms to certify fitness and probity annually

## ENFORCEMENT PROCESSES

Enforcement against individuals without proving 'participation' in a firm's regulatory breach

## Clear responsibilities:

*"From both a firm, individual and regulatory perspective, it is important to be clear on who is responsible for what within a firm and how decisions are made within a firm's governance structures."*

## Clear standards:

*"Every single member of an organisation should be clear as to what is expected of them and the consequences of deviating from such standards."*