

Correspondence Team
HM Treasury
1 Horse Guards Road
London
SW1A 2HQ

By email: SMCR@hmtreasury.gov.uk

7 October 2025

Dear Correspondence Team,

RE: Consultation on reforming the Senior Managers & Certification Regime

The British Private Equity and Venture Capital Association (BVCA) is the industry body and public policy advocate for the private equity and venture capital (private capital) industry in the UK. We represent the vast majority of all UK-based private capital firms, as well as their professional advisers and a large base of UK and global investors. In 2023, a total of £59.6bn was raised by UK-managed funds to be invested globally, with £20.1bn having been invested by private capital into UK businesses in sectors across the UK economy. There are over 12,000 UK companies backed by private capital which currently employ over 2.2 million people in the UK. A majority of the businesses backed are outside of London and 90% of the businesses receiving investment are small and medium-sized enterprises (SMEs).

We welcome the opportunity to respond to HM Treasury's proposals for reforming the Senior Managers & Certification Regime (SMCR). In principle, we welcome the simplification of regulations that apply to firms. However, it will be important to understand in more detail the HM Treasury's proposed new regime, as firms are now familiar with the existing SMCR requirements.

As highlighted in our [response](#) to the 2023 SMCR Call for Evidence, we do not believe that the SMCR is in need of fundamental reform. Firms have already expended significant time and resources in implementing the regime, and we consider that there is no need to make further significant changes which would result in firms incurring significant costs, even if the amendments are intended as a simplification measure. Improving the operational efficiency and proportionality of the SMCR would provide the greatest benefit to firms, particularly the process for approving Senior Managers.

We have only responded to the questions on which BVCA members have specific views.

Question 1: Do you agree that the Certification Regime should be removed from FSMA 2000?

While we welcome the simplification of regulation in principle, it will be important to understand in more detail HM Treasury's proposals for a replacement regime. Firms are now familiar with the existing requirements, and any substantial amendments could result in firms incurring significant additional compliance costs.

As set out in the 2023 BVCA response, the removal of the requirement to issue a fit and proper certificate annually would be a proportionate simplification of the regime. In addition, we recommend that the Government considers restricting the requirement for regulatory references to Senior Managers, not employees performing a Certification Function.

Question 8: Do you agree with the proposal to give the regulators more flexibility to reduce the overall number of senior manager roles?

While we welcome the simplification of regulation in principle, it will be important to understand which roles the regulators would propose to exclude from the definition of a "Senior Management Function".

Question 9: In addition, do you agree with the proposal to give the regulators flexibility to reduce the number of roles within the regime for which pre-approval is required?

While we welcome the simplification of regulation in principle, it will be important to understand which roles the regulators would propose to no longer require pre-approval for.

Question 11: Are there any alternative approaches that government should consider to reform the approach to regulator pre-approval, which would still deliver the desired benefits?

As set out in the 2023 BVCA response, we would recommend that the Government and regulators consider improving the operational effectiveness and proportionality of the existing SMCR. In particular, the Government should consider:

- (i) Reducing the delays experienced by firms in processing Senior Manager applications; and
- (ii) Introducing a fast-track process for certain Senior Manager appointments, such as where a Senior Manager is moving between firms.

Question 16: Are there any further elements of the SMCR legislation within which create unnecessary regulatory burdens on firms, the removal of which would not impact on the primary objectives of the regime?

While we welcome in principle the simplification of regulation in respect of the removal of prescriptive requirements for the Statement of Responsibilities, it will be important to understand in more detail the flexible approach that would be proposed by the regulators.

We welcome the proposal to explore changes to the timelines for approvals of senior managers where applications form part of a wider application under Part 4A of FSMA.

Having both a fitness and propriety regime and a Code of Conduct, with complicated provisions about when the latter applies to individuals, results in a needlessly complicated regime for individuals in the UK. It would be preferable to have a simpler set of rules.

As set out in the 2023 BVCA response, we also recommend that the Government and regulators consider whether to 'recognise' other countries' regimes so that individuals who are approved or assessed under those regimes could benefit from a fast-track procedure when applying for Senior Manager positions in the UK. This potential reform is referenced in the Consultation, but HM Treasury do not indicate that this will be included in their future proposals due to the significant differences between the SMCR and many comparable regimes. We would suggest a holistic approach to recognition that considers the entire assessment process for Senior Managers in other jurisdictions, as opposed to making a decision primarily on similarities to the SMCR.

If you have any questions or points it would be helpful to discuss further, please contact Nick Chipperfield (nchipperfield@bvca.co.uk) and Tom Taylor (ttaylor@bvca.co.uk).

Your faithfully,



Tim Lewis
Chair, BVCA Regulatory Committee