

Becoming an appointed representative



The only exemption to the requirement to being authorised by the FSA to carry on regulated activities that applies to all firms is to be an appointed representative (AR) of an authorised firm (the principal).

In this factsheet:

What does being an AR mean?



How do I become an appointed representative?



What does being an AR mean?

The AR acts as an agent for the Principal. The Principal must be a firm that is FSA authorised. The Principal must accept full responsibility including any liabilities that might arise for ensuring that the AR complies with the FSA's regulation. There must be a written contract between the Principal and the AR documenting this arrangement.

| The FSA's role includes: | The FSA |
|--|--------------------------|
| Reviewing how the Principal is complying with the applicable regulatory requirements, in particular its oversight of its ARs (see below). | |
| The Principal's responsibilities include: | The Principal |
| Ensuring its own business, and its AR(s)'s business(es), complies with the relevant regulatory requirements; | |
| Indemnifying any liabilities that arise from these businesses; | |
| Keeping the FSA notified of who their ARs are; and | |
| Reporting to the FSA, where appropriate, on their activities and those of their ARs. | |
| The Principal's supervisory responsibilities: | Appointed representative |
| At all times the Principal must have adequate controls and resources to ensure that its AR(s) are fully compliant. For example, the Principal is responsible for ensuring that its AR(s) at the time of appointment and on an ongoing basis are: <ul style="list-style-type: none"> • 'fit and proper' to deal with clients; • able to deliver the same level of protection to clients as if clients had dealt with the Principal itself and if the AR is not, the Principal must provide that protection itself; and • to be solvent, suitable and without close links which would be likely to prevent the effective supervision of the AR(s) by the Principal. | |

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The AR's responsibilities include:

Understanding and complying with the regulatory requirements relevant to the business they carry on for the Principal;

Providing the Principal with access to staff, premises and records to enable the Principal to carry out its supervisory responsibilities; and

Ensuring the AR has the relevant approved person(s), where this is required. (See factsheet 'becoming an approved person' for information on when an appointed representative is required to have an approved person(s).)

If an AR has a query about the regulatory requirements relating to the regulated activities they are carrying on for the Principal, this query should be directed, in the first instance to the Principal.

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How do I become an appointed representative?

Step one: consider which regulated activities you carry on.

Depending on whether you do investment, home finance or non-investment insurance business, there are some limitations on which regulated activities you can carry on for a Principal.

| | General insurance contract | Pure protection contract | Home Finance and Investment Business* |
|---|----------------------------|--------------------------|---------------------------------------|
| Arranging deals – pre-contractual activities | ✓ | ✓ | ✓ |
| Advising | ✓ | ✓ | ✓ |
| Dealing as agent – concluding contracts | ✓ | ✓ | ✗ |
| Assisting in the administration and performance of a contract | ✓ | ✓ | ✗ |

*this excludes sale and rent back activities

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