

Regulated Services

Appointed Representative Route
or Direct Authorisation?

Introduction

Appointed Representative (AR) services offer fund managers a quick and easy alternative approach to receiving direct authorisation from the Financial Conduct Authority (FCA) to conduct financial services activities in the UK. With the AR route, the firm acts as an agent of a principal firm that holds FCA permissions and the principal firm assumes regulatory oversight of the AR. With direct authorisation, the firm is directly approved to carry out regulated activities. There are pros and cons to each option which are summarised below.

	Appointed Representative Route	Direct Authorisation
Speed	Fast – can be set up in 4–6 weeks. This allows fund managers to conduct regulated activities earlier.	Lengthy – can take up to 12 months depending on the complexity of the application. Most firms appoint a compliance consultant to handle the application process on their behalf.
Control	AR needs to grant the principal firm access to staff, premises and records and must follow the principal's processes; for example, in relation to financial promotion, sign off and regular monitoring.	Firms can control their own compliance agenda rather than being subject to the controls of a principal.
Cost/resource	Typically lower ongoing compliance costs – for a monthly fee the principal firm provides the compliance infrastructure and expertise. Some principals also offer technology platforms which reduce risk and increase efficiency. However, ARs still require resources to deal with day-to-day compliance matters and to work with the principal.	The firm is responsible for managing regulatory risk and complying with FCA requirements. This is likely to involve hiring staff with specialist compliance expertise. Compliance consultants can assist firms by providing access to expertise and developing manuals, processes and procedures.
Permissions	ARs are permitted to market their products and provide investment advice, but are not permitted to manage investments. FCA approved workarounds involving secondment to the principal firm are available.	The firm is free to request whatever permissions it needs to support its business activities.
Likely to be suitable for	Smaller firms or start-ups who want fast access to markets. Many firms start as an AR and transition to direct authorisation at a later stage in their development.	Larger or more sophisticated firms with access to more resources and who want to manage their compliance affairs internally and have control over their processes.

We offer an AR solution through our regulated entities G10 Capital Limited and Sapia Partners LLP. We also offer compliance consulting services, including support for FCA authorisation applications. Both solutions are supported by our MaxComply™ platform which streamlines compliance processes. We have particular expertise in supporting real estate and private equity managers, along with corporate finance advisers.

About us*

We are IQ-EQ, a leading investor services group employing over 3,400 people across 23 jurisdictions worldwide. We bring together that rare combination of global expertise with a deep understanding of the needs of our clients. We have the know how and the know you to support fund managers, global companies, family offices and private clients.

Key contacts

To find out about our regulatory hosting and compliance consulting services, please contact one of the team. They would be delighted to speak with you.



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*Information correct as of 17 May 2021

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