IQEQ

Regulated Services

Appointed Representative Route or Direct Authorisation?

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 6–8 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	ARs must give the principal access to staff, premises and records, and follow its processes, including financial promotion approvals and ongoing 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, with the principal firm providing compliance expertise and infrastructure for a monthly fee. Some principals also offer technology platforms that reduce risk and improve efficiency. However, ARs still need resources to manage day-to-day compliance and liaise 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 and appointing an SMF16/17. Compliance consultants can assist firms by providing access to expertise and developing manuals, processes and procedures.
Permissions	ARs may market products and provide investment advice but cannot manage investments. FCA-approved secondment arrangements with the principal firm offer a compliant workaround.	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 MaxComplyTM platform which streamlines compliance processes. We have particular expertise in supporting real estate and private equity managers, along with corporate finance advisers.

Key contacts

To find out about our regulatory hosting and compliance consulting services, please contact Rachel Aldridge, Paul Griffith and Martin Black.



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Key facts and figures

People	Jurisdictions	Assets under administration	Minimum senior team experience	Funds under administration
6500+	25	$950bn+	20yrs	2500+

Our locations worldwide

APAC

Australia
Hong Kong
India
Japan
Mainland China
New Zealand
The Philippines
Singapore

AMERICAS

Cayman Islands
Curaçao
United States

EMEA

Belgium
Cyprus
France
Guernsey
Ireland
Isle of Man
Italy
Jersey
Luxembourg
Mauritius
The Netherlands
South Africa
Switzerland
The Middle East
United Kingdom



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