

New Appointed Representative Regime

With 1 month to go, time is running out for Principal firms to comply with the new **Appointed Representative regime** which comes into effect from 8th December 2022.

Principal firms are facing increasing pressure as they must also comply with the new Consumer Duty and Financial Promotion rules for their Appointed Representatives (ARs).

What should Principal firms be doing under the AR regime?

Principals must have stronger and better oversight of their Appointed Representatives. Principals should oversee individuals at ARs to a comparable standard as if they were directly employed by the Principal.

- Principals must collect more data on ARs, which mean they need adequate staff and robust processes. This includes an annual, documented review of each AR, including annual assessment of the fitness and propriety of AR staff, AR's activities, and the appropriateness of the AR's business model.
- Firms should implement a risk framework for their ARs and keep this under ongoing review.
- Principals should carry out increased monitoring, including AR visits which would align with the risk assessment for the AR.
- Principals must sign off annually that they are compliant with their obligations and ensure there is adequate management information on their AR business and monitoring activities.
- Principals must adhere to the additional FCA reporting and notification requirements.
- Enhance policies and procedures covering ARs and reviewing AR contracts.

Implementation Deadline

The rules come into effect from 8th December 2022. Limited transitional provisions apply.

How Newgate can help

We can assist with reviewing Principal firm's governance, monitoring, and oversight arrangements for

your ARs, including providing enhancements and templates of compliance policies and procedures. We can assist with developing a risk management framework for ARs.

Newgate's **GATEway**® system is a comprehensive compliance management tool enabling Principals to undertake the compliance monitoring of their ARs within a secure on-line infrastructure.

- **Fitness and Proprietary Assessment** – Allow Principals to monitor and track annual fitness and proprietary assessment for AR staff, with annual certification.
- **Reporting tool for ARs** – Enables ARs to provide ongoing information, data and reports to their Principal (e.g. complaints, revenue, new clients, financial accounts, changes to business activities and AR personnel).
- **AR Compliance Monitoring Tool and management information** – Compliance Monitoring module to ensure Principals are discharging their obligations under their regime. The Gateway produces valuable management information and reports with a robust audit trail.
- **Annual Review Document of each AR** – Automated report designed to summarise assessment of the suitability, financial position, fitness and proprietary, and adequacy and oversight of individual ARs.
- **Self-Assessment Document (focused on the Principal itself)** – Automated report designed to incorporate management information from AR monitoring questionnaires with a focus on the adequacy of the Principal's monitoring and oversight of its ARs.
- **Online Training for ARs** – Online training modules for AR firms on their obligations under the regime and ongoing responsibilities to their Principal.
- **Calendar function for Principals** – to ensure Principal firms do not miss any reporting or notification obligations to the FCA.

Our system is fully customisable to the Principal and AR business.

Contact us today to discuss how we can help you.

Further information



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About Newgate Compliance

Newgate Compliance is a compliance consultancy offering a modern solution to implement your compliance function using an innovative compliance software solution called **The GATEway**.

Newgate has an unrivalled combination of experienced professionals, many of whom are ex-regulators.

Our customer focused approach seeks to provide appropriate, pragmatic and flexible solutions to our clients helping them to meet both the regulator's rules but also the spirit, principles and culture of the regulatory regime.

We look to build long-term relationships with our customers helping to encourage business growth, productivity and innovation. Our proactive approach is tailored to each customer's needs changing to meet those needs as the customer progresses and develops.

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