

Directly Authorised vs Appointed Representative



Funeral Plan Intermediaries

Businesses that distribute funeral plan contracts to customers, or arrange them for customers, including funeral directors, will writers and lead generators who wish to continue to do so once regulation comes into force in July 2022, will need to consider the route that they would like to take to be able to continue delivering these services to customers.

Choosing whether to become directly authorised or be an Appointed Representative is a big decision.

Direct Authorisation (DA)

A firm who has been granted permission by the FCA directly to carry on one or more regulated activities and is responsible for its own actions

Appointed Representative (AR)

A firm who has an agreement in place with a directly authorised firm (Principal firm) which permits the AR firm to carry on the regulated activities under the Principal firms authorisation and the Principal has confirmed that they will take responsibility for the actions of the AR

Direct authorisation requires firms to be ready, willing and organised and be able to demonstrate that it has the appropriate governance, oversight, systems and controls in place to remain compliant with the requirements set out by the FCA.

There are financial considerations not only in relation to the initial application fees, but also ongoing annual fees and levies and ensuring that the firm has financial reserves (or capital resources) to meet the minimum requirements based on the specific calculations set out in the regulatory sourcebook.

Whilst becoming an Appointed Representative eases some of the burden of these regulatory costs it does not remove the need to have appropriate governance, oversight, systems and controls in place. Firms have a contractual obligation to the Principal firm to ensure that they comply with the principles, rules and standards set out not only by the FCA, but of any additional requirements of the Principal firm to necessitate appropriate supervision of activities conducted by an Appointed Representative.

Whichever route, it is important to make appropriate arrangements in order to continue to carry out these activities, as continuing without being an authorised or exempt person is a criminal offence.

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Support Available

UKGI have experience supporting businesses considering becoming directly authorised, those considering becoming a Principal firm responsible for Appointed Representatives, those who are considering becoming an Appointed Representative, and even those looking for a suitable Principal firm.

We will work with you to understand the structure of your firm and discuss the advantages and disadvantages of all the available options, with help and guidance for the implications of the ultimate decision.

We can support your firm through the application process to become a directly authorised firm and we are able to support in the search for a suitable principal firm should appointed representative be the most appropriate route for your firm.

Contact

If you have further questions or would like to arrange a discussion with UKGI, please submit an enquiry via:

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