# Approved Persons Regime – Appointed Representatives

The Approved Persons Regime applies to an individual working for an Appointed Representative (AR) whom the FCA approves to do one or more activities that are called Controlled Functions. The Approved Persons Regime does not apply to an FCA Approved Person of an SMCR firm. The Code of Conduct Rules applies instead to approved persons of an SMCR Firm.

An approved person has to know and meet the FCA’s regulatory requirements as well as understand how the FCA applies them. They must:

* meet the requirements of the Fit and Proper Test and follow its principles
* comply with the statements of principle and code of practice which explains the behaviour expected and are detailed below
* report anything that could affect their ongoing suitability to the FCA and to other authorised persons.

The approved persons for [appointed representative’s Name Inserted here] are / [Name of firm] does not have any Appointed Representatives:

Director’s Name (FRN) – Senior Management Function inserted here

Director’s Name (FRN) – Controlled Function inserted here

## Fitness and Propriety

When looking at the fitness and propriety of an individual to perform a Controlled Function the FCA look for the following:

* Honesty including openness with self-disclosures, integrity and reputation
* Competence and capability
* Financial soundness.

Prior to submitting an application to the FCA, [Name of Firm] must make our own assessment on the candidate and not solely rely on the FCA. The following is information [Name of Firm] will consider when assessing a candidate’s fitness and propriety for holding a controlled function:

* Regulatory References – references from previous employers and in particular references from other authorised firms. We will look at the past 6 years depending on the candidate’s history.
* Qualification certificates
* Credit checks
* Disclosure and Barring Service checks / Criminal Record Checks
* Directorship checks

## Statements of Principle for approved persons

The statements of Principle are rules made under the Financial Services and Markets Act 2000 and are rules of conduct that apply to Approved Persons working for an Appointed Representative.

**Statement of Principle 1:** an approved person must act with integrity in carrying out their accountable functions

**Statement of Principle 2:** an approved person must act with due skill care and diligence in carrying out their accountable functions.

**Statement of Principle 3:** An approved person must observe proper standards of market conduct in carrying out their accountable functions.

**Statement of Principle 4:** An approved person must deal with the FCA, the Prudential Regulatory Authority (PRA) and other regulators in an open cooperative way and must disclose appropriately any information of which the FCA or PRA would reasonable expect notice.

**Statement of Principle 5:** An approved person performing an accountable higher management function must take reasonable steps to ensure that the business of the firm for which they are responsible in their accountable function is organised so that it can be controlled effectively.

**Statement of Principle 6:** An approved person performing an accountable higher management function must exercise due skill, care and diligence in managing the business of the firm for which they are responsible in the accountable function.

**Statement of Principle 7:** an approved person performing an accountable higher management function must take reasonable steps to ensure that the business of the firm for which they are responsible in their accountable function complies with the relevant requirements and standards of the regulatory system.

Statements 1-4 apply to all approved persons

Statements 5-7 apply to those performing an accountable higher management function. This is a function which is classed as having a significant influence on the firm.

A Significant Influence Function is a function that is likely to enable the person responsible for its performance to exercise a significant influence on the conduct of the firm’s affairs so far as relating to the activity e.g. Chair, Director, Finance Director, Compliance Oversight Function, CASS Oversight Function.