

Making the transition

Increasingly, at ValidPath we're being asked to help intermediary firms transition from direct-regulation to Appointed Representative status. And it's not hard to see the reason why.

Inevitably, this kind of business-critical change raises a whole bundle of logistical issues and anxieties for the IFA firm in question. If mishandled, this is the kind of matter

which could so easily lead to fee-duplication or - worse - an intermission in authorisation, which would prevent you from conducting business. This Nugget summarises our guidance on the matter.

If you want to find out more about a better way of working together, why not call us on **02920 494495** or visit our website?

| Aspect | Direct Authorisation | Appointed Representative Status |
|--------------------|--|---|
| FCA Process | Application to cancel made on ONA, specifying date of termination (eg. Monday 21st), and confirming that the Firm is going to become an Appointed Representative. FCA's Case Officer ensures that transition is processed seamlessly. | ValidPath applies for the Firm to become an Appointed Representative, specifying the <i>next day</i> (ie. Tuesday 22nd) as the date of commencement and confirming that the Firm was previously directly-authorised. FCA Case Officer <i>should</i> liaise with ValidPath. |
| Costs | Transferring Firm will still have FCA fees to pay for the year, based upon number of Approved Persons as at previous 31st December, assuming cancellation occurs after 31st March. | ValidPath (and thus the Member Firm) will become liable for FCA fees in the August of the following year. There is therefore no overlap in regulatory costs. FCA fees are built into ValidPath's charging structure. |
| Logistics | Clients and staff notified of intentions; All outstanding FCA fees paid; All outstanding regulatory returns filed; All outstanding complaints resolved; Arrangements in place to deal with subsequent complaints | ValidPath conducts usual due-diligence: <ol style="list-style-type: none"> 1. Business review including KPI 2. Credit checks 3. Personal references 4. Compliance oversight: literature, website etc 5. RDR Audit etc |
| PII | Transitioning firm converts existing PII to runoff status. | ValidPath's PII takes on risks from start date. |
| Agencies | Firm notifies product-providers of intention to change basis of authorisation. | ValidPath prepares Novation Agreements, to be signed by both parties and forwarded to product-providers. |
| I.T. | Assessment of data-migration implications | Planned data-transfer onto ValidPath's systems. |

Your best route to a thriving practice

Find out more at www.validpath-network.co.uk

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