Response to HM Treasury's Consultation on

The Appointed Representatives Regime

From the Transparency Task Force

https://www.gov.uk/government/consultations/consultation-the-appointed-representatives-regime

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About the Transparency Task Force

The Transparency Task Force (TTF) is a UK-based Certified Social Enterprise with a formal mission to 'Promote reform of the financial sector so it serves society better.' We are UK-based but operate internationally, with various degrees of engagement in 20 countries.

We are committed to driving positive change through transparency, accountability and integrity across financial services.

We advocate for consumer protection, fair markets, and access to justice for those harmed by misconduct.

We believe that 'sunlight is the best disinfectant' and our 'North Star' question is always: "what's best for the consumer?"

1. Introduction

The Transparency Task Force welcomes the opportunity to respond to HM Treasury's consultation on the Appointed Representatives (AR) regime.

We are responding from the standpoint of:

- **Protecting consumers and victims of financial misconduct,**
- **Promoting transparency in regulatory decision-making,**
- **Challenging weaknesses in the regulatory framework that enable misconduct, and**
- **Ensuring that changes to the regulatory framework do not inadvertently harm consumers.**

The AR regime matters enormously to consumers. There are currently around 34,000 ARs operating under approximately 2,400 principal firms. The FCA's own evidence has confirmed that principals give rise to disproportionately high levels of complaints and supervisory cases - on average, 50 to 400% more than other directly authorised firms. Since implementing enhanced rules in December 2022, the FCA has terminated more than 1,300 principal–AR relationships. This is not a marginal problem: it is a systemic one that has caused real and widespread consumer harm.

The TTF strongly supports the principle of this consultation. A regulatory gateway for principal firms, extension of Financial Ombudsman Service (FOS) jurisdiction to cover gaps in AR complaint-handling, and harmonisation with the Senior Managers and Certification Regime (SM&CR) are all sensible, proportionate and necessary reforms. They address real legislative gaps that have allowed consumer harm to persist for far too long - fixing the AR problem is long overdue.

However, our response identifies several areas where the proposals, as currently drafted, do not go far enough. In several places the government's approach, while well-intentioned, risks creating an appearance of stronger oversight without delivering it in substance. We set out our concerns and recommendations below.

2. Executive Summary of TTF's Position

We support the following aspects of the consultation:

- The introduction of a regulatory gateway requiring principal firms to obtain FCA permission before appointing ARs;

- The extension of FOS jurisdiction to cover complaints against ARs where principal firms are not responsible for the AR's acts or omissions;
- The harmonisation of conduct, fitness & propriety and accountability frameworks by bringing ARs within scope of the SM&CR; and
- The repeal of the redundant section 39A of FSMA 2000.

We have significant concerns about the following:

- **The deemed-permission approach for existing principals:** Grandfathering existing principals without risk-based scrutiny will do nothing to address the firms already failing their oversight obligations - the very firms that created the problem the gateway is designed to solve.
- **The absence of a mandatory AR Senior Management Function:** The proposal that the FCA 'would have the ability' to create a dedicated AR SMF leaves individual accountability as optional. An AR SMF should apply in all cases, particularly for large principal networks, where it must be made mandatory.
- **The lack of mandatory public reporting:** The consultation creates no obligation on the FCA to publish data on the use of the principal permission, AR complaint rates or consumer outcomes. Without transparency, accountability is hollow.
- **The Consumer Duty as a substitute for specific rules:** As we have consistently argued across our consultation responses, principles-based regulation alone is insufficient when firms have financial incentives to minimise oversight of their ARs.
- **No treatment of historical consumer harm:** The consultation is entirely forward-looking. It does not address the position of consumers already harmed by poorly overseen ARs.

3. The Wider Context: Consumer Harm and the Pattern of Regulatory Inaction

3.1 The Scale of Consumer Harm from the AR Regime

The evidence of consumer harm arising from the AR regime is substantial and has been building for years. The FCA's own supervisory work has established that:

- Principals give rise to 50 to 400% more complaints and supervisory cases than directly authorised firms;
- Many principal firms fail to conduct adequate due diligence before appointing ARs;
- Many principal firms do not provide effective ongoing oversight once ARs are appointed;

- Since enhanced rules took effect in December 2022, over 1,300 principal-AR relationships have been terminated by the FCA;
- Ten firms were placed under restrictions by the FCA in May 2023 for failing to meet AR oversight expectations; and
- The FCA's thematic review of approximately 270 principal firms (10% of the principal population) found widespread non-compliance with the 2022 rules.

Consumer finance and general insurance - which together account for more than 70% of all AR activity - have been particularly affected. Consumers dealing with ARs frequently do not know they are not dealing with a directly authorised firm. They have no reason to expect a lower standard of protection, yet the evidence shows that is precisely what they have received.

3.2 The Pattern We Have Seen Before

The TTF has consistently documented a pattern in UK financial services regulation: harm is identified, early warning signs are ignored or treated as insufficient to justify action, and by the time reform occurs, the scale of consumer detriment has multiplied. The AR regime is a further example of this pattern.

The FCA introduced enhanced rules only in December 2022, despite evidence of widespread harm building for years. Legislative reform follows in 2026 - more than a decade after the scale of AR misuse became apparent. We have seen this pattern before:

- London Capital & Finance: 11,600 bondholders lost £237 million;
- Woodford Investment Management: investors lost £3.7 billion;
- British Steel Pension Scheme: 7,700 people mis-sold;
- Car finance scandal: systematic wrongdoing affecting millions, with whistleblower evidence ignored by the FCA since 2016;
- PPI: the largest retail financial mis-selling scandal in UK history.

In each case, the regulatory framework allowed harm because consumer protections were treated as a constraint to be minimised, rather than an objective to be maximised. This consultation must not repeat that pattern, but the narrative it portrays suggests this is exactly what will happen, unless our well-reasoned and considered warnings are given the attention they deserve.

3.3 The Growth Agenda Must Not Undermine Consumer Protection

The consultation document explicitly links these reforms to the government's growth agenda and Regulation Action Plan. The TTF welcomes the recognition that safe operation of the AR regime is a prerequisite for its long-term sustainability. However, we register our concern clearly: the reforms will only deliver consumer protection benefits if they are implemented with real substance, not merely as a framework that looks strong on paper while allowing inadequate oversight to continue in practice.

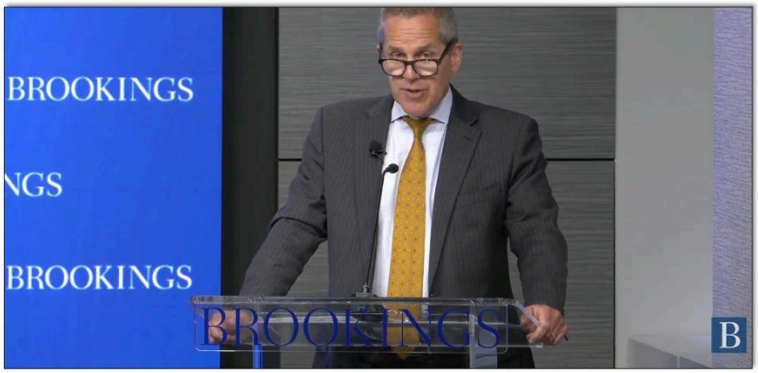
Consumer protection and economic growth are not in tension. A thriving AR regime requires consumers and businesses who trust it. That trust is earned through consistent, credible, enforced protection - not through the language of growth while leaving the standards inadequate.

In keeping with our previous consultation responses, we strongly urge the HM Treasury and the FCA to reconsider its willingness jeopardise consumer protection under pressure to succumb to industry lobbying for deregulation.

We see this bowing to pressure from industry as a fundamental flaw in the UK's financial regulatory approach - rather than standing firm it is caving in, again.

The pattern of deregulation followed by mis-selling with consequential consumer detriment and reputational damage for the sector has been repeated many times, over many decades.

We respectfully urge the leadership team at HM Treasury and the FCA to study this talk given by the Federal Reserve Governor Michael Barr, entitled ***"Booms, busts, and financial regulation"*** delivered in July 2025 at the Brookings Institute:



...and then completely reconsider its approach to regulation by standing firm against lobbying by the industry. Please also see the excellent report by Positive Solutions: "The Power of Big Finance."

4. Responses to Consultation Questions

4.1 Question 1: Do you agree that a regulatory gateway should operate for principal firms, with authorised firms needing a permission from the FCA to act as principal?

TTF Position: YES - strongly supported, but the gateway must have real substance.

The TTF strongly supports the introduction of a regulatory gateway for principal firms. The current position - under which any authorised firm can appoint ARs with no specific FCA scrutiny of its suitability to do so - is an obvious gap in the regulatory framework. The analogy with the financial promotions gateway introduced by the Financial Services and Markets Act 2023 is well-drawn. Where a regulated activity has systemic implications for consumer protection across the sector, a specific permission requirement is entirely appropriate.

However, a permission regime is only as valuable as the rigour with which it is applied. The FCA's track record on authorisation has, in too many cases, failed to prevent harm. Simply requiring a permission does not guarantee that suitability will be assessed robustly. The government should therefore ensure that:

- The FCA is explicitly required to assess, as part of the permission process, whether the applicant firm has adequate resources, expertise, systems and governance processes to provide effective ongoing oversight of ARs - not merely that it is authorised to conduct financial services activity;
- The FCA publishes clear, accessible criteria for the granting, variation and withdrawal of principal permissions, so that the standard of oversight expected is transparent; and
- The FCA conducts regular reviews of whether existing deemed-permission principals continue to meet the standard - acting proactively rather than waiting for harm to emerge.

4.1.1 TTF Recommendations on the Principal Permission Gateway

The government should:

1. **Require the FCA to publish clear criteria** for the granting, variation and withdrawal of principal permissions, including the resources, expertise and governance systems expected of principal firms.
2. **Build a risk-based review programme into implementation,** requiring the FCA to review existing deemed-permission principals within two years, prioritising large networks,

high-risk sectors (consumer finance and general insurance in particular), and firms with prior supervisory concerns.

3. **Ensure that firms with a history of FCA enforcement action on AR oversight** are not simply grandfathered in without FCA review.
4. **Require restrictions on principal permissions to be reflected on the Financial Services Register,** so that consumers and ARs can see the scope of each firm's permission.
5. **Require the FCA to publish annual data on the use of the principal permission power,** including numbers of permissions granted, varied and withdrawn by sector.

4.2 Question 2: Do you agree with the proposed design of the permission regime for principal firms?

TTF Position: YES in principle, with important enhancements.

The TTF supports modelling the new permission regime on section 55NA of FSMA 2000. The FCA's ability to grant permissions with specific terms and restrictions, and to vary or cancel permissions on its own initiative, are particularly valuable features. We recommend the following enhancements:

- Conditions and restrictions on a principal's permission should be visible on the Financial Services Register, so consumers and ARs can understand the scope of the firm's oversight responsibilities;
- The legislation should make clear that the FCA can vary or withdraw a principal permission swiftly where there is evidence of material risk to consumers, without being subject to lengthy notice periods appropriate for less urgent situations; and
- Principal firms should be required to notify their ARs promptly when their permission is varied or withdrawn, so that ARs are not left uncertain about the status of their regulatory position.

4.3 Question 3: Do you agree that all of the detailed requirements applying to the contractual relationship between principals and their ARs, as well as requirements relating to the Financial Services Register, should be set out in FCA rules?

TTF Position: YES - with strong caveats about the quality and specificity of those rules.

The TTF supports moving detailed contractual requirements from secondary legislation into FCA rules. This gives the FCA flexibility to update and tailor requirements as the regime evolves.

However, moving requirements into FCA rules only improves consumer protection if the FCA uses its rule-making power to set genuinely strong standards.

The TTF strongly recommends that:

- The government publishes its expectations of the minimum content of FCA rules on the principal-AR contractual relationship before implementing this change, including: the regulated activities covered; principal oversight obligations; complaint-handling requirements; AR financial resilience and professional indemnity cover; and clear termination provisions;
- All ARs - including Introducer ARs - are required to be on the Financial Services Register. The current position, under which not all ARs require registration, is a highly problematic consumer protection gap. Any consumer should be able to verify the status and scope of any firm they deal with; and
- The FCA publishes the minimum contractual standards in plain language accessible to consumers and ARs. Transparency about what a principal is obliged to do is itself a consumer protection tool.

4.4 Question 4: Do you agree with the overall implementation approach proposed for the principal permission?

TTF Position: BROADLY YES - but the transition must include risk-based scrutiny, not just grandfathering.

The TTF understands and accepts the rationale for not requiring all existing principal firms to reapply simultaneously. Disrupting 34,000 AR relationships would be disproportionate and would harm consumers who depend on continuity of service.

However, the deemed-permission approach must not become a mechanism for preserving the status quo. If existing principals are simply grandfathered in without scrutiny, the gateway will do nothing to address the firms already failing their oversight obligations - which is precisely the problem the consultation seeks to address.

The TTF recommends the following adjustments:

- A risk-based review programme should be built into the implementation plan, with the FCA resourced and directed to review existing principal firms within two years, prioritising those with the largest AR networks, those in high-risk sectors, and those with a supervisory history;

- Existing principals should be required to self-certify compliance with the permission standard within a defined period - not a full application, but with a meaningful attestation that the firm meets the resources, expertise and systems criteria; and
- The implementation timetable should be published clearly and promptly, so that principals, ARs and consumers know when the new framework will take effect.

4.5 Question 5: Are there other factors that need to be considered to avoid any disruption to existing principals and ARs?

TTF Position: The risk of under-disruption is as great as the risk of over-disruption.

The consultation's focus on avoiding disruption is understandable. However, the TTF wishes to flag a risk on the other side: the risk that implementation is so cautious that principal firms currently failing their ARs and consumers face no practical change.

We recommend HM Treasury considers:

- A consumer communication campaign to accompany implementation, informing consumers of the new framework and their rights under it;
- A clear process for ensuring ARs and their customers are not left without access to regulated services where implementation leads to principal firms withdrawing from the market; and
- The IAR permission distinction should be clearly reflected on the Financial Services Register, so that consumers and businesses can understand the scope of each firm's oversight responsibilities.

4.6 Question 6: Do you agree with the proposal to repeal section 39A of FSMA 2000?

TTF Position: YES.

The TTF agrees that section 39A no longer serves any useful purpose following the UK's departure from the EU. How a UK MiFID firm or its agent carries on activity in an overseas jurisdiction is a matter for that jurisdiction's regulatory framework. Repeal is a sensible and overdue measure.

We note, however, that the broader question of how UK-headquartered principal firms oversee ARs that operate across borders deserves attention in the FCA's rule-making. The repeal of section 39A should not be taken as reducing regulatory expectations where cross-border AR activity creates consumer risk.

4.7 Question 7: Do you agree that the FOS should have jurisdiction to consider a complaint against an AR where the principal is not responsible for the acts or omissions of the AR?

TTF Position: YES - this is an important consumer protection gap that must be closed.

The TTF strongly supports the extension of FOS jurisdiction to ARs where the principal is not responsible for the AR's acts or omissions. The current position - in which a consumer harmed by an AR's misconduct can find themselves without FOS access simply because responsibility cannot be established against the principal - is a serious and unjustifiable consumer protection gap.

Consumers dealing with ARs reasonably expect the same access to dispute resolution as consumers dealing with directly authorised firms. The concept of 'regulatory responsibility gaps' is entirely alien to a consumer who has been mis-sold or deceived by a firm they believed to be acting under proper supervision.

We make the following additional recommendations:

- The FOS should be explicitly directed to take a sceptical approach to principal firms that seek to avoid responsibility for AR acts or omissions. A finding that the principal was not responsible for a specific act does not insulate the principal from separate action for failures in its oversight framework;
- FOS award limits for complaints against ARs should be the same as those for authorised firms. There is no consumer protection justification for a lower limit simply because the respondent is an AR;
- The FOS should be given adequate powers to require ARs to produce documents and information, and should be able to make awards against ARs that are enforceable as court judgments; and
- The FOS should be required to flag to the FCA where an AR's conduct or record-keeping during a complaint investigation suggests wider supervisory concerns.

4.7.1 TTF Recommendations on FOS Extension

The government should:

6. **Direct the FOS to approach principal non-responsibility disclaimers sceptically,** examining whether principal oversight was adequate before finding the principal not responsible.

7. **Ensure FOS award limits for complaints against ARs** are the same as those applying to complaints against authorised firms, otherwise avoidable regulatory arbitrage will occur.
8. **Require principals, through FCA rules, to ensure AR cooperation** with both internal complaint-handling processes and FOS investigations.
9. **Commit to a formal review of FSCS impacts within three years of implementation,** with findings published, to monitor whether FOS awards against ARs are generating unexpected FSCS claims.

4.8 Question 8: Do you agree that complaint handling arrangements should remain the responsibility of principal firms?

TTF Position: YES - but with mandatory obligations, not merely encouraged ones.

The TTF agrees that complaint-handling responsibility should remain with principal firms. This maintains the principle that principals accept full responsibility for the regulated activities of their ARs, and ensures consumers have a single, clearly responsible counterparty for their complaint.

However, the consultation acknowledges that the FCA 'will consider' whether to require principals to inform ARs of complaints and ensure AR cooperation. The TTF considers this should be mandatory, not discretionary:

- Principal firms must be obliged through FCA rules to notify ARs promptly of any complaint relating to the AR's activities;
- Principal firms must be obliged to ensure AR cooperation with both the firm's internal complaint-handling process and any subsequent FOS investigation;
- Where an AR fails to cooperate, the principal should be obliged to report this to the FCA promptly; and
- Principal firms should be required to record and report to the FCA all complaints received in relation to each AR's activities in their annual AR data returns. This data is essential for the FCA to identify patterns of misconduct and target supervisory resources.

4.9 Question 9: Do you agree that the FOS should be able to involve an AR in the investigation of a complaint, as set out above, where a complaint relates to the acts or omissions of the AR?

TTF Position: YES - with important procedural safeguards.

The TTF supports the proposed approach of joining the AR as a party to FOS proceedings where the principal disputes responsibility. This is essential to ensure ARs have the opportunity to make representations, and that no AR is bound by a FOS determination without having had a voice in the process.

The FOS's scheme rules should include:

- Clear timelines for joining the AR as a party and for the AR to make representations, to prevent principal firms disputing responsibility at a late stage as a tactical delay;
- An obligation on the AR to cooperate with FOS proceedings, with an adverse inference consequence if it fails to do so without good reason;
- Clear, transparent rules on how the FOS determines whether the principal or the AR is responsible, including the evidential standard; and
- A right for complainants to be kept informed of the status of the responsibility determination and of any consequent delays.

4.10 Question 10: Do you agree that the proposed extension of FOS jurisdiction is not likely to have a material impact on the role of the FSCS, or the level of FSCS compensation to be provided?

TTF Position: QUALIFIED AGREEMENT - with a call for ongoing monitoring.

The TTF accepts the government's near-term assessment. The number of FOS cases where the principal is found not responsible is relatively small and declining, so immediate FSCS impacts are unlikely to be material.

However, we are concerned about two longer-term risks. First, as the regime develops, the number of cases where principal non-responsibility is established may increase, particularly if principal firms become more sophisticated in structuring AR relationships to limit their own exposure. Second, FOS awards against ARs - many of which are small firms - could cause AR insolvencies and FSCS claims that the current funding model did not anticipate.

We recommend that the government:

- Commits to a formal review of FSCS impacts within three years of implementation, with published findings;
- Directs the FCA to monitor the financial resilience of AR firms as part of its supervisory data, to identify those that would be unable to meet substantial FOS awards; and
- Provides clear guidance to the FSCS and FOS on the handling of cases where a FOS award against an AR leads to AR insolvency.

4.11 Question 11: Do you agree that bringing ARs within scope of the SM&CR, as proposed above, would provide more coherent and proportionate conduct, fitness & propriety and accountability arrangements for ARs and their principals?

TTF Position: YES - this is one of the most important reforms in the package, and it should be implemented with full force.

The TTF strongly supports bringing ARs within scope of the SM&CR. The current position - under which ARs remain subject to the Approved Persons Regime while principals are subject to the SM&CR - is incoherent. It creates different accountability standards for similar activities, and results in unnecessary complexity for firms and regulators alike.

The TTF has the following additional recommendations to strengthen this reform:

4.11.1 The dedicated AR Senior Management Function must be mandatory, not optional

The consultation proposes that the FCA 'would have the ability' to create a new dedicated AR SMF in principal firms. The TTF considers that this must be mandatory for all principal firms, or if necessary for all principal firms above a defined threshold of AR network size or regulated activity volume. Individual accountability is the SM&CR's most important deterrence mechanism. If no named individual in the principal firm is accountable for AR oversight under the SMF, the extension of the SM&CR to ARs will be largely cosmetic for the firms that matter most.

4.11.2 Conduct rules must be actively communicated to AR staff

Many AR firms - particularly small ones - are not embedded in financial services culture and may be unaware of their obligations. The government and the FCA should ensure that:

- Principals are required to provide conduct rules training to AR staff as part of onboarding and annual review;
- The FCA publishes plain-language guidance specifically for ARs on their obligations under the SM&CR conduct rules; and
- Breaches of conduct rules by AR individuals are recorded and reportable in the same way as breaches by individuals in authorised firms.

4.11.3 TTF Recommendations on SM&CR Extension

The government should:

10. **Make a dedicated AR Senior Management Function mandatory** for all principal firms or at the very least for all principal firms above a defined threshold, rather than leaving it to FCA discretion.
11. **Require principals to provide SM&CR conduct rules training to all AR staff** as part of onboarding and annual review processes.
12. **Make clear in legislation that the Approved Persons Regime ceases to apply to ARs** once the SM&CR framework is in place, to avoid a period of parallel, conflicting frameworks.
13. **Require breaches of SM&CR conduct rules by AR individuals to be recorded and reportable** in the same way as breaches by individuals in authorised firms.

5. What Is Missing from the Consultation

The TTF notes a number of important issues that are absent from or insufficiently emphasised in the consultation document.

5.1 No Adequate Treatment of Consumer Redress for Past Harm

This consultation is entirely forward-looking. It addresses how the AR regime will operate in the future, but not the position of consumers already harmed by poorly overseen ARs. The FOS extension will cover future complaints. But what of consumers harmed before implementation? And what of consumers whose principal firm has since become insolvent?

The government should consider whether additional redress mechanisms are needed for historical AR mis-selling, particularly in the consumer finance and general insurance sectors where the evidence of harm is most extensive.

5.2 No Mandatory Public Reporting on the AR Regime

The consultation focuses on internal oversight tools. It creates no obligation on the FCA to publish data that would enable public accountability. The TTF believes that transparency is itself a powerful consumer protection mechanism – 'sunlight is the best disinfectant.'

The FCA should be required to publish an annual report on the AR regime, including:

- The number of ARs and principals by sector;
- The number of principal permissions granted, varied and withdrawn;
- Complaint data disaggregated by AR and principal;
- Enforcement actions taken in relation to AR oversight failures; and

- The FCA's objective assessment of whether consumer outcomes in the AR market are improving.

5.3 No Treatment of the 'Regulatory Hosting' Model

In recent years a sub-sector has emerged in which authorised firms act as 'regulatory hosts' for large numbers of ARs - sometimes dozens or hundreds - for a fee. This model has been associated with elevated supervisory risk and has attracted specific FCA attention, including the 60-day pre-notification requirement introduced in December 2022.

The consultation does not specifically address regulatory hosting despite it representing one of the highest-risk areas of the AR regime. The government should consider whether it warrants a distinct permission type or additional conditions, given its different, more complex and potentially systemic risk profile.

5.4 No Treatment of Vulnerable Consumers

The AR regime is disproportionately present in sectors where vulnerable consumers are more likely to be found: consumer finance (nearly 44% of all AR activity) and general insurance. Yet the consultation contains no specific treatment of vulnerable consumers.

The TTF recommends that the government explicitly requires the FCA, in its AR rule-making, to include provisions protecting consumers with characteristics of vulnerability - including enhanced due diligence requirements for ARs serving vulnerable populations and enhanced complaint-handling requirements for vulnerable consumers.

5.5 Enforcement Must Be Strengthened, Not Just the Framework

Better rules are necessary but not sufficient. The FCA's supervisory record on the AR regime has been inadequate, and new legislative powers will only improve consumer outcomes if used assertively. We recommend that:

- The government sets clear expectations of the FCA's use of its new powers in the policy statement accompanying the legislation;
- The FCA is required to report annually to Parliament on its use of the principal permission power; and
- The FCA's accountability for AR regulation is specifically included in Treasury Select Committee and the FCA's Financial Services Consumer Panel scrutiny.

6. Summary of TTF's Recommendations

6.1 Critical Recommendations

14. **Build a risk-based review of existing principals into the implementation plan,** targeting firms with large networks, high-risk sectors and prior supervisory concerns.
15. **Require the FCA to publish clear, transparent criteria** for the granting, variation and withdrawal of principal permissions.
16. **Make the dedicated AR Senior Management Function mandatory** for principal firms above a defined threshold, if not for all principal firms.
17. **Make AR registration on the Financial Services Register universal,** including Introducer ARs.
18. **Require principals, through FCA rules, to ensure AR cooperation with complaint-handling and FOS investigations.** This must be mandatory, not merely encouraged.
19. **Ensure FOS award limits for AR complaints** are the same as those for complaints against authorised firms.

6.2 Important Recommendations

20. **Require the FCA to publish an annual report on the AR regime** including complaint data, permissions data and consumer outcome assessments.
21. **Commit to a formal review of FSCS impacts within three years of implementation.**
22. **Consider whether regulatory hosting warrants a distinct permission type** given its elevated risk profile.
23. **Require the FCA's AR rule-making to include specific provisions** protecting consumers with characteristics of vulnerability.
24. **Consider additional redress mechanisms for consumers harmed by AR misconduct** before the new framework takes effect.

6.3 Process Recommendations

25. **Publish a consumer-facing communication campaign alongside implementation,** informing consumers of the new framework and their rights.
26. **Make clear in legislation that the APR ceases to apply to ARs** once the SM&CR framework is in place.
27. **Require principals to provide SM&CR conduct rules training to AR staff** as part of onboarding and annual review.

28. **Publish the implementation timetable clearly and promptly,** so that principals, ARs and consumers can plan accordingly.

7. Conclusion

The Transparency Task Force supports the proposals set out in this consultation. A regulatory gateway for principal firms, extension of FOS jurisdiction to cover AR complaint gaps, and harmonisation of the SM&CR framework are all sensible, proportionate and necessary reforms. They address real legislative gaps that have contributed to significant and sustained consumer harm for far too long; meaningful reform in this space is long overdue.

However, we urge the government to recognise that the reforms will only deliver their intended benefits if implemented with real substance - if the FCA assesses principal suitability rigorously, uses its new powers assertively, and is held publicly accountable for doing so. A gateway that is rubber-stamped will not protect consumers. An SM&CR extension without mandatory individual accountability will not change behaviour.

The history of the AR regime - and of UK financial services regulation more broadly - is a history of frameworks that looked adequate on paper but failed in practice because oversight was too light, action was too slow, and accountability was too diffuse. The government has an opportunity with this consultation to break that pattern.

The TTF's North Star question is always: ***"what's best for the consumer?"*** We urge the government to ensure that question is asked and honestly answered at every stage of the design, implementation and review of these reforms.

Kind regards,

Andy

Andy Agathangelou FRSA

Founder, Transparency Task Force
Chair, Secretariat Committee, APPG on Investment Fraud and Fairer Financial Services
Founder, The International League of Ethical Financial Services Leaders
Chair, Violation Tracker UK
Co-Founder, The Woodford Campaign Group
Governor, The Pensions Policy Institute
Member, The Transforming Finance Network
Editor, The Transparency Times
Telephone: +44 (0)7501 460308