

HM Treasury Consults on the Appointed Representatives Regime

Regulatory & Compliance on **February 20, 2026**

On 12 February 2026, HM Treasury published a [Consultation Paper](#) on reforming the Appointed Representatives regime (“**ARs**” and the “**AR Regime**”). The Consultation Paper builds on the [Policy Statement](#) published by HM Treasury on 11 August 2025, which contained the Government’s initial proposals for legislative changes designed to ensure continued confidence in the UK’s approach to regulating ARs.

The Consultation Paper is seeking to deliver certain targeted reforms to the AR Regime to prevent misconduct by ARs, improve consumer protection outcomes and harmonise the conduct and fitness & propriety frameworks applying to ARs and the authorised firms that supervise them (“**Principals**”).

The proposed changes do not represent a complete overhaul of the AR Regime, but rather a fine-tuning to allow for more tailored, coherent oversight of AR arrangements.

Key Proposed Changes: AR Regime

The key proposed changes to the AR regime are:

- **Principal Permission gateway:** The Government is proposing to prohibit authorised firms from acting as Principals to ARs without obtaining specific permission from the FCA. An appointment of an AR without this new permission (where required) would be treated as a breach of an FCA requirement by the Principal. Principals with existing appointed ARs would be “grandfathered in” and would be deemed to have such permission with respect to existing and future AR appointments.
- **FCA jurisdiction over AR contract requirements:** Consistent with its general approach, the Government is proposing to move detailed requirements governing AR agreements from applicable legislation into the FCA Rules. This would allow the FCA flexibility to tailor these requirements according to the nature of the activities undertaken by the AR.
- **Applying the SM&CR to ARs:** The Senior Managers and Certification Regime (the “**SM&CR**”), which sets out the conduct rules, fitness & propriety and senior

manager accountability framework, replaced the Approved Persons Regime (the “**APR**”) for authorised firms. ARs currently remain subject to the APR. To harmonise the general conduct standards applicable to Principals and ARs and reduce the administrative burden on the Financial Conduct Authority (“**FCA**”), the Government is proposing to apply the SM&CR directly to ARs. The practical impact on Principals and their ARs is unclear at this stage, particularly as the FCA is also considering regulatory reforms to the SM&CR. *(For further information in relation to the SM&CR reform, please refer to our update [here](#)).* It is unlikely that these proposals will create significant new requirements on Principals and their ARs (e.g., by requiring ARs to appoint additional Senior Managers).

- **Extension of FOS Jurisdiction:** The Financial Ombudsman Service (the “**FOS**”) currently considers complaints against Principals arising from the conduct of their ARs provided that such conduct relates to the activities for which the Principal is responsible under the AR arrangement. The FOS does not have jurisdiction to consider complaints against a Principal in respect of the conduct of its ARs for which the Principal has not accepted responsibility within the meaning of Section 39(3) of the Financial Services and Markets Act 2000 (“**FSMA**”) or through the operation of agency law. The Government is proposing to extend the FOS’ jurisdiction to complaints involving the acts and omissions of ARs for which the Principal is not responsible.
- **Repeal of the Tied Agent regime:** The Government is proposing to repeal the provisions regulating tied agents currently contained in Section 39A of FSMA and originating from the EU Markets in Financial Instruments Directive on the basis that it no longer serves any purpose after Brexit, and that overseas activity of UK firms should be for the overseas jurisdiction to regulate.

What Firms Should Do

Principals and firms acting as ARs should review the proposed changes in the Consultation Paper. The deadline for response to the Consultation Paper is 9 April 2026.

Once the final rules are published, existing Principals and ARs should review their contractual arrangements and compliance protocols for any changes or actions required to ensure compliance with the reformed AR regime.

For further information, please reach out to ukreg@proskauer.com.

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