

UK Financial Regulation for Start-up Founders

What should you be thinking about?

Do you need to be authorised?

Are you carrying on a specified activity in relation to a **specified investment, by way of business** in the **UK**? (E.g. arranging deals in shares to make a profit).

Are you **carrying on any payment service**? E.g. executing payment transactions, money transmission and/or account information services etc.

Are you issuing **e-money**? This is money typically stored in a user's account which can be accessed using a card or an electronic device, and can be used to pay for goods and service.

Are you acting as a **cryptocurrency exchange provider or custodian wallet provider**? E.g. providing cryptoasset trading services, or safeguarding cryptoassets on behalf of customers.

What are your options if so ...

FCA Authorisation

Apply to the FCA, appending relevant documents.

Time frame: 6-12 months.

Appointed Representative

Entering into an agreement with a regulated firm (the Principal firm) to provide regulated services under their permission.

Time frame: 3-4 weeks.

Payment Services/E-Money Agent

Entering into an agreement with a regulated firm (the Principal firm) to provide payment services / distribute e-money, under their permission.

Time frame: 3-4 weeks.

Now that you're authorised ... consider:

- Threshold Conditions
- General Principles for Business
- Supervision Requirements
- Governance
- Senior Managers and Certification Regime
- Training and Competence
- Systems and Controls
- Outsourcing
- Business Continuity and Disaster Recovery
- Compliance
- Audit
- Financial Crime
- Market Abuse
- Conduct of Business Rules
- Financial Promotion Rules
- Recording and Reporting Requirements
- Notification
- Capital Requirements

Now that you're an Authorised Representative or Agent... consider

- The Principal accepts responsibility for the Appointed Representative or Agent rather than having direct FCA responsibility. However the Principal will typically expect the following:
- Approved Persons (note each relevant person must be approved by the FCA)
 - Stringent Contractual Requirements
 - Monitoring and Audit rights
 - Compliance with Principal's Rules and Requirements, for example:
 - Compliance
 - Audit
 - Financial Crime and AML
 - Systems and Controls
 - Training
 - Governance

For more information please contact us at equip@cms-cmno.com and we will put you in touch with the relevant team