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Appointed Representatives (AR)

This section provides details on how to appoint and monitor Appointed Representatives.

"Many firms do not have sufficient systems and controls in place to monitor their appointed representatives adequately."

Clive Briault, Managing Director, Retail Markets, FSA

An Appointed Representative (AR) is a person or firm who acts under the responsibility of a firm and who carries on regulated activities. There must be an agreement to this effect and the firm must accept responsibility in writing for what each AR does in the course of carrying on regulated activities. The AR is not regulated by the FSA and in effect, everything the AR does, for which the firm has accepted responsibility, is deemed by the FSA to have been done by the firm.

There is a further classification of an Introducer Appointed Representative (IAR) which is a person or firm whose activities are limited to introducing and distributing non-real time financial promotions.

If an AR or IAR is a member of a Designated Professional Body (DPB) they are able to conduct regulated activities without the need for FSA authorisation and instead be regulated by their DPB. Further information and a list of the Designated Professional Bodies can be found by clicking the link to the right.

The functionality below will enable firms to enter details and monitoring information relating to any Appointed Representatives they have. This information is automatically transferred to the Broker Profiling section of iBMACS.

- [Introducer Appointed Representatives](#)
- [Designated Professional Bodies](#)
- [How do we appoint an AR?](#)
- [How do we monitor an AR?](#)
- [What are the record keeping requirements?](#)
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Appointed Representatives	Agreement	FSA Notified	Review	Credit Check	Annual Accounts	Close Links	Ability To Comply
ABC Limited	Green	Green	Red	Green	Green	Green	Green
Alan Jones	Green	Green	Green	Green	Green	Green	Green
Appointed Representative (Test Data Set)	Green	Green	Red	Green	Green	Red	Green
AR1	Red	Red	Red	Green	Green	Green	Green
AR2	Green	Green	Red	Green	Red	Green	Red
AR3	Green	Red	Red	Red	Green	Green	Red
AR4	Green	Green	Red	Green	Green	Green	Green
AR5	Green	Green	Red	Green	Green	Green	Green
ExCeL AR	Green	Green	Red	Green	Green	Green	Green
Henry Thomas	Red	Red	Red	Green	Green	Green	Green
Joe Bloggs	Green	Green	Red	Green	Green	Green	Green
June Server Test 1	Red	Red	Red	Red	Red	Green	Green
June Server Test 2	Red	Red	Red	Green	Green	Green	Green
Newcastle AR	Green	Green	Red	Red	Red	Green	Green
Peter Smith	Green	Red	Red	Red	Green	Green	Green
Swansea AR	Green	Red	Red	Green	Red	Green	Green

RAG Status Notes

Green	Amber	Red
<p>If an Introducer Appointed Representative (IAR), the RAG status will be green if:</p> <ul style="list-style-type: none"> • the FSA have been notified of the appointment; and/or • the annual report has been submitted to the FSA since the last year end. <p>For Appointed Representatives (AR), a column's RAG status will be green if it satisfies the requirement below:</p> <ul style="list-style-type: none"> • a credit check has been undertaken and/or annual accounts have been checked; • if the AR has no close links; • a written agreement has been provided; • the FSA have been notified of the appointment and a report was submitted within 4 months of the last year end; • the AR is able to comply with MIPRU 2.3.1 R and MIPRU 2.3.3 R; • if the review date was within the last 5 months. 	<p>If an Introducer Appointed Representative (IAR), the RAG status will be amber if:</p> <ul style="list-style-type: none"> • the IAR started within the last month but the FSA have not yet been notified; and/or • the annual report has not been submitted to the FSA and it is less than 4 months after the year end. <p>For Appointed Representatives (AR), a column's RAG status will be amber if:</p> <ul style="list-style-type: none"> • the annual report has not been submitted to the FSA and it is less than 4 months after the year end; • if the review date is older than 5 months but less than 6 months. 	<p>The RAG status will be red for an Introducer Appointed Representative (IAR) if:</p> <ul style="list-style-type: none"> • the IAR started more than a month ago and the FSA have not been notified; and/or • the annual report has not been submitted to the FSA and it is 4 months or more after the year end. <p>For Appointed Representatives (AR), a column's RAG status will be red if:</p> <ul style="list-style-type: none"> • a credit check has not been undertaken and/or annual accounts have not been checked; or • if the AR has close links; or • a written agreement has not been provided; or • the FSA have not been notified of the appointment and/or an annual report has not been submitted and it is 4 months or more after the last year end; or • the AR is unable to comply with MIPRU 2.3.1 R and MIPRU 2.3.3 R; or • if the review date is more than 6 months old.



Business Continuity Plans

Risk management is a key area for any business. It is essential that any risks which may pose a threat can be clearly identified, not only to the business but also to its clients.

This section will provide guidance on how to identify the risks within your business through a simple risk management document.

Furthermore, the functionality below will enable firms to create and record individual Business Continuity Plans. This information is automatically transferred to the Broker Profiling section of iBMACS.

- [How do we risk manage the business?](#)
- [FSA's Practice Guide](#)
- [Example template](#)
- [Video Help](#)

Business Continuity Plans	Create	Expand	Collapse
Plan Name	Review Date		RAG Status
Alternative Locations	2007/04/06		
Broken Server	2007/04/06		
Death or illness of a key employee	2006/11/30		
Fire at Premises	2005/01/01		
Flood damage to premises	2005/10/01		
MF Test	2007/03/01		
Test BCP 1	2007/01/01		

RAG Status Notes

Green	Amber	Red
The RAG status will be green if the review date is within 5 months of the current date.	The RAG status will be amber if the review date is greater than 5 months but less than 6 months of the current date.	The RAG status will be red if the review date is older than 6 months of the current date.



Capital Resources Requirement

Under the FSA regulation there are two key elements to be considered:-

1. MIPRU 4.2.2 R states that a firm must at all times maintain capital resources equal to or in excess of its relevant capital resources requirement. In certain instances the FSA may impose a higher capital requirement than the minimum as part of the firms' Part IV permission.
2. MIPRU 4.2.1 R states that a firm must at all times ensure that it is able to meet its liabilities as they fall due.

The functionality below will enable firms to determine their base requirement and contrast this with their resources, highlighting any excess/deficit. This information is automatically transferred to the Broker Profiling section of iBMACS. As stated above, it is a requirement of the FSA that firm's, at all times maintain Capital Resources equal to or in excess of its relevant capital resources requirement.

- [Audit Exemption](#)
- [Goodwill Jan 2008](#)
- [What is Annual Income?](#)
- [Video Help](#)

We recommend users of iBMACS perform the Capital Resources Requirement calculation at least once a month and on this basis have set the parameters for Broker Profiling to establish whether this has been done. Therefore, a red RAG status will be shown under the Capital Resources Requirement column of Broker Profiling for any month when the calculation is not performed.

Note: If you have no requirement to perform the Capital Resources Requirement calculation and your company details reflect this, there is no need to perform the Capital Resources Requirement on a monthly basis and your Broker Profiling column will remain white.

Capital Resources Requirement - Incorporated				Create	Expand	Collapse
Calculation Date	Requirement	Resource	Excess/Deficit	RAG Status		
2006/02/28	10000	8	-9992	Red		
2006/03/26	50000	275000	225000	Green		
2006/10/31	50000	50000	0	Yellow		
2007/01/01	50000	200000	150000	Green		
2007/01/31	125000	215000	90000	Green		
2007/02/28	50000	1292000	1242000	Green		
2007/03/01	5000	4000	-1000	Red		
2007/04/01	10000	32500	22500	Green		
Capital Resources Requirement - Unincorporated				Create	Expand	Collapse
Calculation Date	Requirement	Resource	Excess/Deficit	RAG Status		
2006/01/31	50000	51000	1000	Yellow		
2006/02/28	50000	33000	-17000	Red		
2007/02/26	237970.15	54110	-183860.15	Red		
2007/03/01	5000	4500	-500	Red		

RAG Status Notes

Green	Amber	Red
The RAG status will be green if the resource is 5% or greater than the requirement.	The RAG status will be amber if the resource is equal to or less than 105% of the requirement.	The RAG status will be red if the resource is less than the requirement.



Client Money

The client money rules apply to brokers who collect premiums from clients or receive premium refunds or claims settlements from insurers, unless money is held as agent of the insurers. See Insurer Money section of iBMACS if holding money as an agent insurance undertaking.

The client money section explains the rules that apply to insurance intermediary firms who handle client money.

The functionality below will enable firms to perform the Client Money Calculation. This information is automatically transferred to the Broker Profiling section of iBMACS. It is a requirement of the FSA that firms perform the Client Money calculation at least every 25-business days.

We recommend users of iBMACS perform the Client Money calculation at least once a month and on this basis have set the parameters for Broker Profiling to establish whether this has been done.

A Red RAG status will be shown under the Client Money column of Broker Profiling for any month when the calculation is not performed.

Note: If you have no requirement to perform the Client Money calculation and your company details reflect this, there is no need to perform the Client Money calculation on a monthly basis and your Broker Profiling column will remain white.

- [Client Bank Accounts](#)
- [Payments and withdrawals into Statutory Trust and Non-Statutory Trust Accounts](#)
- [All about the client money calculation](#)
- [What action must a firm take if it holds client money?](#)
- [Video Help](#)

Client Money Calculation - Accruals Basis			
	Create	Expand	Collapse
Date	Resource	Requirement	RAG Status
2006/08/31	31455.25	36587.62	Green
2006/09/30	25003.25	24003.84	Amber
2006/10/31	29000.25	29000.25	Green
2006/11/10	28700	19750	Green
2006/12/31	99999.88	99999.88	Green
2007/02/27	47057.57	35018.45	Amber
2007/04/27	29998.01	30254.35	Green
2007/06/01	1856480	833031	Green

Client Money Calculation - Client Balance method			
	Create	Expand	Collapse
Date	Resource	Requirement	RAG Status
2005/01/01	33	17	Green
2005/02/01	27	35	Green
2005/03/01	31	31	Green
2005/04/01	86195.25	86195.25	Green
2007/06/01	425814	3493041	Red

RAG Status Notes

Green	Amber	Red
<p>The RAG status will be green if</p> <ul style="list-style-type: none"> • It has been confirmed that a transfer of any excess/deficit has been effected on the date of the calculation or • The difference between the Client Money Resource and the Client Money Requirement is exactly zero. 	<p>The RAG status will be amber if the Client Money Resource is greater than the Client Money Requirement and if it is deemed prudent to maintain a positive margin if CASS 5.5.9 R and 5.5.10 R apply.</p>	<p>The The RAG status will be red if the Client Money Resource is less than the Client Money Requirement. A transfer must be made immediately to eliminate the deficit.</p>



Conflicts of Interest

This subject ranked highly on the FSA's priorities during 2006 following the poor response to the "Dear C.E.O." letter and continues to be a major area of interest in 2007. Many firms are formulating policies to manage Conflicts Of Interest and a comprehensive example of such a policy is given.

The functionality below will enable firms to formulate individual policies and also to record information from COI events. This information is automatically transferred to the Broker Profiling section of iBMACS and is included within the policies column.

- [Overview](#)
- [Specific medium-sized broker example](#)
- [Commission Disclosure - Dear C.E.O. letter](#)
- [Video Help](#)

Conflict of Interest Declaration		Create	Expand	Collapse
Name	Discovery Date	Resolved Date	RAG Status	
Test 1	2006/01/01	2006/02/01	Green	
Test 2	2007/03/01		Red	
Test 3	2007/04/01		Red	
Test 4	2007/02/01	2007/04/06	Green	
Test COI 1	2007/06/01		Red	
Test COI 2	2007/04/01		Red	

Conflict of Interest RAG Status Notes

Green	Amber	Red
The The RAG status will be green if the Conflict has been resolved.	The The RAG status will be amber if the Conflict is less than a month old and unresolved.	The The RAG status will be red if the Conflict is more than a month old and unresolved.

COI Policies

Policies	Create	Expand	Collapse
Policy Name	Review Date	RAG Status	
Branch Income Targets / Remuneration of Account Executives	2006/10/01	Red	
Claims - Delegated Authorities	2006/10/01	Red	
Claims - Representing more than one party	2006/10/01	Red	
Complaints Handling	2007/04/06	Green	
Deals with Insurance Providers	2005/11/30	Red	
Disclosure of Commission when requested	2007/04/06	Green	
Financial Promotions	2006/04/15	Red	
MF Test	2006/05/01	Red	
Personal Conflicts - Shareholding/Directorships	2007/04/06	Green	
Premium Finance Services	2007/04/06	Green	
Test COI 1	2007/06/01	Green	
Test COI 2	2007/06/01	Green	
Transfers of Business to 'chosen' Insurers	2007/04/06	Green	
Unfair Inducements - 'Training'	2005/06/30	Red	
Unfair Inducements - Hospitality / Gifts	2006/10/01	Red	

COI Policy RAG Status Notes

Green	Amber	Red
The RAG status will be green for any policy which is less than 11 months old.	The RAG status will be amber for any policy which is more than 11 months but less than 12 months old.	The RAG status will be red for any policy which is more than 12 months old.

