



How it works: Appointed Representatives, Secondment, Introducers, and Examples

Note: We provide regulatory hosting services subject to successful onboarding, including checks on fitness, propriety, and competence. This document does not constitute regulatory advice.

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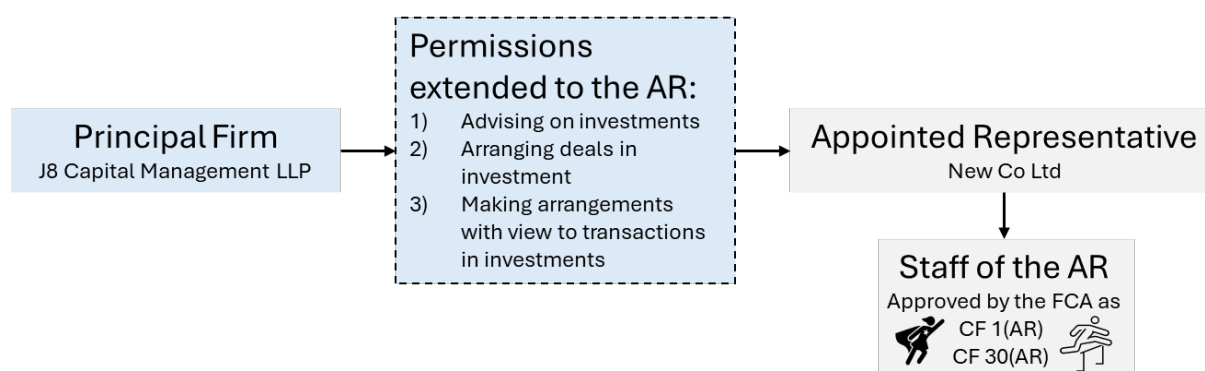
Abstract

This document outlines the operational framework for how J8 Capital Management LLP works with Appointed Representatives (AR). We provide detailed information on the roles and responsibilities of ARs, and the specific regulated activities they can perform under J8's supervision. We also explore how fund management activities can be performed, under a separate secondment arrangement.

We further differentiate between unregulated and regulated introducer activities, specifying the scope and limitations of Introducer ARs (IARs) compared to ARs.

Various examples illustrate the practical applications of regulatory hosting, ranging from simple AR structures to more complex arrangements involving secondment and working directly with J8 to build and validate your business ideas, in a regulated environment, without the financial burdens of being directly authorised.

Appointed Representatives (AR)



What is an Appointed Representative (AR)?

An **Appointed Representative (AR)** is a firm that conducts regulated activities under the supervision and responsibility of an authorised firm, known as the **Principal**. J8 Capital Management LLP (J8) acts as the Principal, ensuring ARs comply with FCA rules and regulations. For more details, refer to FCA's Principals and Appointed Representatives¹ and PERG 5.13 Appointed Representatives².

Important Clarification:

- **AR firms and Approved Persons must be approved by the FCA.**
- **J8 submits the application for FCA approval on behalf of the AR firm.**

ARs are exempt from direct FCA authorisation as J8 assumes responsibility for their actions, allowing them to engage in specific regulated activities outlined in our Appointed Representative Agreement,

¹ Please also refer to “Principals and appointed representatives” as published by the FCA <https://www.fca.org.uk/firms/appointed-representatives-principals>

² Please also refer to “PERG 5.13 Appointed Representatives” as per FCA Handbook <https://www.handbook.fca.org.uk/handbook/PERG/5/13.html>

under our supervision. However, AR firms must be approved by the FCA, with J8 submitting the application.

ARs are always firms, and any staff carrying out regulated activities become Approved Persons registered on our FCA register. Only "Introducer ARs" (IARs) can be individuals. For more details please refer to the Introducer section below.

What are the specific regulated activities an AR can do?

Whilst J8 Capital Management LLP has a wide range of **permissions**³ granted by the FCA, J8 may only pass "non-management" permissions to ARs. These are:

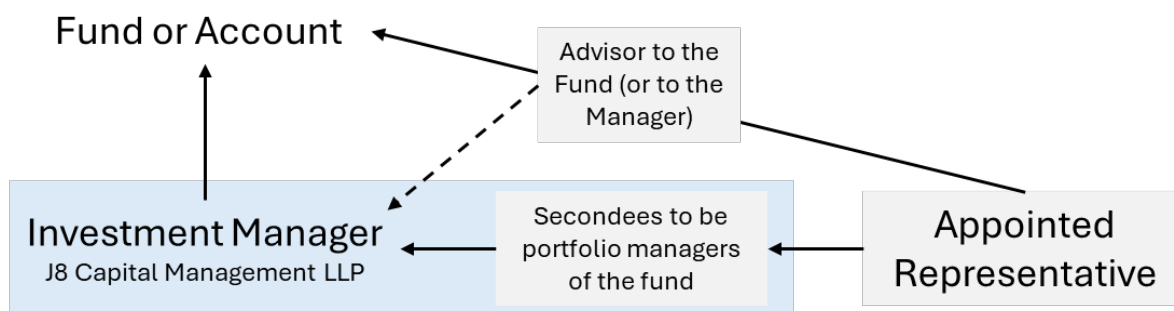
1. advising on investments (except on pension transfers and pension opt-outs);
2. arranging (bringing about) deals in investments; and
3. making arrangements with a view to transactions in investments.

J8, and therefore an AR, can only carry out business with Professional Clients. To be clear, ARs are NOT permitted to transact with Retail Clients.

Can an AR "manage" a fund or account?

ARs cannot directly manage funds or accounts. Instead, they advise and promote funds or strategies. Management maybe facilitated through a separate secondment agreement, where seconded AR staff become portfolio managers directly under J8's supervision.

Secondment



AR staff join J8 as seconded quasi-employees. They become Certified Staff with J8 and are registered with the FCA. J8 retains overall investment and risk management responsibility, while secondees handle day-to-day management under our supervision.

Introducers

Under FCA rules and regulations, the distinction between unregulated and regulated introducer activities depends on the nature of the activity and the level of involvement in the transaction or advice process.

³ Please see our permissions here <https://register.fca.org.uk/s/firm?id=001b000003bv57RAAQ>

Unregulated introducer activity

Introducer activity is generally unregulated if it involves a simple introduction of an individual or firm to an FCA-authorized firm, without providing advice or arranging transactions. This means not influencing the client's decision-making or offering recommendations or detailed information about the financial product or service. Additionally, there should be no financial reward for the introduction. Refer to PERG 8.33 Introducing⁴.

For example, an unregulated introducer may provide contact details of an authorized firm to a potential client without further involvement.

Regulated introducer activity / Introducer AR

An **Introducer AR (IAR)** can provide advice, arrange transactions in investments (e.g., assisting with subscription forms or negotiating terms), influence client decision-making regarding specific financial products or services, and receive financial rewards for introductions. However, IARs can only introduce clients to the principal firm and distribute non-real-time financial promotions. The scope of an IAR is narrower than that of an AR.

Comparison IAR vs. AR

An AR can introduce clients not only to the principal firm but also to other regulated firms. For example, an AR may work with multiple investment firms to promote their products and services to professional or institutional investors and receive fees for these activities. An IAR cannot perform these broader introductions.

Final remarks

We hope this brief introduction to Appointed Representatives, Secondment, and Introducers helps you determine the appropriate regulatory hosting service for your needs.

For any questions, please contact us at +44 20 7965 6060 or info@j8capital.com.

⁴ Please also refer to "PERG 8.33 Introducing" as per FCA Handbook <https://www.handbook.fca.org.uk/handbook/PERG/8/33.html>

Annex – Examples

There are various ways to structure regulatory hosting in practice, depending on individual requirements.

AR only

This structure is suitable for firms building brand recognition and advising professional clients. It requires supervision and monitoring of the AR firm, AR staff, and promotional material.

Financial promotion and arrangement

ARs distribute and arrange investments in financial products and services for financial firms other than J8 with professional investors. J8 reviews and approves all promotional material prior to distribution.

Advice

Some ARs prefer to advise J8 or the Fund without managing or executing trades. J8 staff handle management and investment decisions.

AR + Secondment

In this structure, the AR promotes funds or services and arranges investments while seconding staff to J8 for portfolio management. Secondees can utilize J8's full permissions. J8 acts as the investment manager and responsible counterparty to clients. This is the most complex and costly structure, requiring supervision and monitoring of the AR firm, AR staff, promotional material, secondment staff, and investment management activities.

Secondment only

In the "Secondment Only" structure, individuals are seconded by their firm into J8 to manage and promote a fund or account under the J8 banner, while their firm provides unregulated services such as research. This structure is less complex than "AR + Secondment" because it does not require monitoring and supervision of the AR entity and staff, reducing costs. However, it offers fewer brand-building opportunities compared to the AR structure. J8 typically enters into a license agreement with the unregulated firm to receive trading signals that inform portfolio management and traders. Secondees can utilize J8's full permissions.

Outsourced Execution

In the "Outsourced Execution", individuals or regulated or unregulated firms deliver trading signals to J8 under a license agreement. Subsequently, J8's team may use the trading signals and execute the trades, ensuring adherence to regulatory compliance and maintaining operational integrity, and manage an account or fund with these signals.