



## **Statement on the use of Programme Managers, Agents and Introducers**

**June 2019**

Founded in 2012, AFEP works on behalf of their members to be the representative body for Authorised Payment and Electronic Money Institutions. Our mission is to elevate the standards of the FX, Payments and Electronic Money industries, and advocate on behalf of our members with banks, regulators & government bodies.

AFEP understand that members may use a variety of distribution channels, which may include Programme Managers, and/or Agents under a legitimate business model and conduct these operations correctly.

The statement provides information on the expectations when firms use any of these models.

### **Programme Managers and / or Agents**

AFEP reminds members that while using Programme Managers, and/or Agents can be an effective way of doing business, it is vital members are ensuring these Programme Managers, and/or Agents are conducting themselves correctly and are complying with all regulatory requirements as well as AFEP standards, and are monitoring compliance with these on an ongoing basis. This includes but is not limited to 1<sup>st</sup> line KYC Checks, AML Regulations, ensuring appropriate communication practices, protecting Customers Interests and managing Conflicts of Interest.

In addition, it is important to ensure that the underlying clients clearly know the name of the firm that is providing the regulated services (for example, the payments provider). This is to avoid any confusion with the company they may be interacting with, particularly if that company has its own regulatory permissions that are not being used to provide the service.

### **Introducers**

In regards to Introducers (also known as Affiliates or Partners - for example Law Firms, Estate Agents and Accountants (this list is not exhaustive) who introduce clients to your firm), AFEP reminds members that it

is the responsibility of the firm to ensure they have considered the appropriate control environment. This includes, but is not limited to:

- How the company is introducing clients to your firm (to avoid conflicts of interest, for example from pressured-selling or miss-selling),
- Who is the registered introducer – is it a company or an individual employee of a company, and what is the source of the data being provided (to avoid the misuse of data - does the information belong to the individual or the company, and does the company and / or individual have permission to share),
- Who is receiving the referral fee (to avoid conflicts of interest, for example from the inappropriate use of an employer's data for an employees' personal gain. Firms should check that the person or company who signed the agreement is the beneficiary of the fees),
- The charging for clients who have been introduced (to avoid any undue over charging to cover introducers fees), and
- The value of the introducing fee (to avoid any perception of bribery or corruption).

AFEP also reminds members to ensure their Programme Managers, Agents and Introducers must not use the AFEP name, or claim they are individual members of AFEP.

### **Principles for Businesses and Conduct of Business rules**

With the introduction of [PS19/3](#) (which comes into effect from 1 August 2019), AFEP are working closely with the FCA to define the new Principles for Businesses and Conduct of Business rules and we will be issuing the Good Practice Guidance documents to members that will set the standards for the Industry.