

Regulatory Perimeter Assessment

ACTIVITIES & PERMISSIONS · REGULATORY ANALYSIS · CLEAR NEXT STEPS

Prepared for

Example Retail Ltd (fictional, for illustration only)

SAMPLE



1.

Executive Summary

We have assessed Example Retail Ltd's business model, proposed activities and customer journey against the FCA regulatory perimeter to determine the likely authorisation requirement and recommended next steps.

Key conclusion

On the facts supplied, aspects of the proposed subscription-box and point-of-sale finance model are likely to fall within the FCA's regulatory perimeter. Authorisation is likely to be required for specific activities, with a small number of structuring options available before an application is made.

KEY FINDINGS



In-scope activities identified

Two proposed activities — point-of-sale finance and payment handling — are likely to constitute regulated activity.



Areas of uncertainty

Some elements depend on the final checkout flow, fund-flow design and the fulfilment model chosen.



Pathways available

A range of options exist, including full authorisation, limited permission or a documented exemption route.



Clear next steps

We recommend a focused programme of work to confirm the perimeter position before launch.

OUR VIEW

With the right structure and controls, Example Retail Ltd's proposition can be delivered in a compliant and sustainable way, supporting its wider commercial objectives. The analysis in this report is based on the facts supplied as at the date of our review; a materially different business model, product design or customer journey could change the conclusion and should be referred back to us before launch.

2.

Business Model & Customer Journey Overview

We have reviewed the target operating model, revenue streams and end-to-end customer journey to understand how the proposition works in practice.

2.1 Business model overview



Target customers

Retail and SME customers across the UK, acquired primarily online.



Core proposition

Subscription-box retail, with an optional point-of-sale finance option offered at checkout.



Revenue model

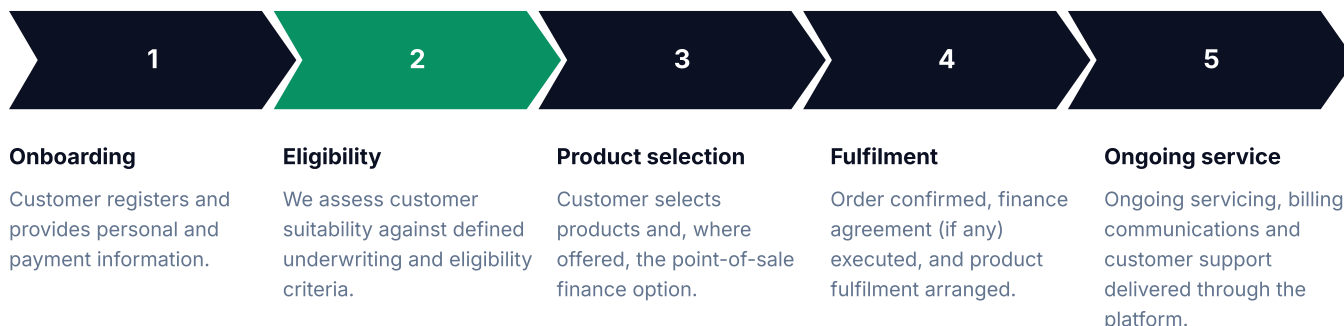
Product margin plus a referral fee paid by the third-party finance provider.



Distribution

Direct to customer via an online store, with a companion mobile app in development.

2.2 Customer journey



This journey reflects the proposed operating model at the date of our review. Material changes to the checkout flow, the finance provider relationship, or the point at which customer funds are held would need to be re-tested against the analysis in Section 3.

3.

Activities and Permissions Map

We have mapped the proposed activities to the relevant FCA regulated activities to identify the permissions likely to be required.

Proposed activity	Mapped regulated activity	In scope?	Comment
Accepting customer payments	Payment services (PSRs 2017)	Potentially	Depends on the flow of funds and whether a third-party provider is used.
Offering point-of-sale finance	Credit broking (Art. 36A RAO)	Yes	Introducing customers to a third-party lender at checkout.
Holding customer credit balances	Electronic money / safeguarding	Potentially	Relevant if balances are held ahead of fulfilment.
Providing loyalty credit	Consumer credit exemptions	No	Likely to fall within an existing exemption on the facts supplied.
Marketing the finance option	Financial promotions (s.21 FSMA)	Yes	Promotions will need to be approved by an authorised person.
Operating the subscription platform	Not a regulated activity (retail)	No	Core retail subscription service falls outside the regulatory perimeter.
Referring customers to the lender	Credit broking (ancillary)	Potentially	Scope depends on whether referral fees are structured as broking income.

This map reflects the activities described to us as at the date of our review. A change to any single row — in particular the finance product terms or the payment flow — could change the scope assessment above.

4.

Regulatory Analysis and Perimeter Assessment

We have considered the detail of the proposed activities against the relevant legislation, FCA guidance and market practice to assess perimeter position.

4.1 Analysis by activity



Credit broking

- Introducing customers to a third-party lender at checkout is credit broking under Article 36A RAO.
- A limited-permission authorisation is likely to be available as a secondary credit broker, given broking is secondary to the retail business.
- The specific finance product terms (interest-bearing vs. qualifying deferred payment credit) determine whether authorisation is needed at all.



Payment services

- Receipt and holding of customer money ahead of fulfilment may require payment-services or safeguarding arrangements under the PSRs 2017.
- Consideration of the flow of funds and whether a third-party payment provider already holds the relevant permission.
- An agency or outsourcing arrangement with an authorised payment provider may avoid a separate authorisation requirement.



Financial promotions

- Any communication of the finance option at checkout is likely to be a financial promotion under section 21 FSMA.
- Approval by an authorised person will be required unless a specific exemption applies to the format or audience.

Overall assessment

On the information available, we consider the proposed model likely to fall within the FCA's regulatory perimeter for the activities identified above. Further detailed analysis is recommended to confirm the optimal regulatory structure and any available exemptions.

5.

Recommended Next Steps

We recommend the following steps to confirm the regulatory position and progress towards authorisation, if required.

1

Refine business model and activity scope

Confirm detailed product design, target market and distribution model to finalise the activities in scope.

2

Confirm regulatory perimeter

Address any outstanding areas of uncertainty and validate the application of relevant exemptions.

3

Determine authorisation route

Assess the most appropriate regulatory structure (e.g. limited permission, standalone authorisation, or Appointed Representative).

4

Develop implementation plan

Prepare a detailed plan covering regulatory, operational, financial and governance requirements.

5

Engage with the FCA

Consider a pre-application discussion to confirm the proposed model and key regulatory considerations.

6

Progress to application (if required)

Prepare and submit a relevant FCA application, including business plan, projections and governance arrangements.

OUR VIEW

These steps are sequential but not rigid: Example Retail Ltd can pause after Step 2 if the perimeter position alone answers the immediate commercial question, or move straight to Step 6 if the route is already clear and the business is ready to apply. We are available to support any or all of these stages, at the firm's instruction, as a separate scoped engagement.