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Changes to the UK Financial Promotions Rules



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The UK's Treasury has published its consultation response on "[Financial promotion exemptions for high net worth individuals and sophisticated investors](#)" alongside the draft Statutory Instrument making the relevant changes.

The [Financial Services and Markets Act 2000 \(Financial Promotion\) \(Amendment\) \(No. 2\) Order 2023](#) reflects feedback on a previous Treasury consultation on the operation of exemptions from the financial promotion restriction to enable unauthorised businesses to communicate financial promotions without the approval of an authorised firm to: (a) certified high net worth individuals; (b) sophisticated investors; and (c) self-certified sophisticated investors (together, the Exemptions). The Exemptions enable small and medium-sized enterprises ("SMEs") to raise capital from high net worth individuals and business angels, and the original consultation arose out of concerns about both misuse of the Exemptions and their appropriateness in the light of substantial economic, social and technological changes (including inflation). As a result of the consultation exercise, the Treasury is setting out the following changes to the Exemptions, most of which have been in place since 2001:

1. increasing financial thresholds for eligibility for the high net worth individual exemption from £100,000 to income of at least £170,000 in the last financial year or net assets of at least £430,000 in the last financial year (up from £250,000) excluding primary residences. The use of the word 'certified' in that exemption is being removed;
2. amending eligibility criteria for self-certified sophisticated investor to remove the requirement to have made more than one investment in the previous two years, and increase the company turnover required to designate a 'company director' as a self-certified sophisticated investor to at least £1.6m;
3. requiring businesses raising funds through the Exemptions to make more disclosures in their communications to enable investors to undertake basic due diligence; and

4. updating the investor statements for high net worth individuals and self-certified sophisticated investors to facilitate greater investor engagement and understanding.

These changes will also be reflected in legislation on the promotion of collective investment schemes, and subject to parliamentary process, the intention is to bring the changes into force on 31 January 2024 for new promotions made from that date and with no transitional relief.
