
EXPLANATORY NOTE

(This note is not part of the Order)

This Order amends the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005 (S.I. 2005/1529) (“the Financial Promotion Order”), the Financial Services and Markets Act 2000 (Promotion of Collective Investment Schemes) (Exemptions) Order 2001 (S.I. 2001/1060) (“the CIS Order”) and the Financial Services and Markets Act 2000 (Exemptions from Financial Promotion General Requirement) Regulations 2023 (S.I. 2023/966) (“the Financial Promotion Gateway Exemptions Regulations”).

Article 6 makes minor amendments to article 48 of the Financial Promotion Order to remove references to a high net worth individual being “certified” and adds an additional requirement that the promoter provide contact information to the investor.

Article 7 makes minor amendments to article 50A of the Financial Promotion Order and adds an additional requirement that the promoter provide contact information to the investor.

Article 9 substitutes the investor statements contained in Schedules 1 and 2 for completion and signature. The investor statement at Schedule 1 contains increased income and asset thresholds for an individual to be considered a “high net worth individual”. The investor statement in Schedule 2 contains an increased annual company turnover threshold for the directors of companies to be considered a “self-certified sophisticated investor”. The investor statement in Schedule 2 no longer provides an exemption for individuals who have made an investment in an unlisted company in the previous two years. The format of the investor statements is also amended.

Article 12 makes minor amendments to article 21 of the CIS Order to remove references to a high net worth individual being “certified” and adds an additional requirement that the promoter provide contact information to the investor.

Article 13 makes minor amendments to article 23A of the CIS Order and adds an additional requirement that the promoter provide contact information to the investor.

Article 15 substitutes the investor statements contained in Schedules 3 and 4 for completion and signature. The investor statement at Schedule 3 contains increased income and asset thresholds for an individual to be considered a “high net worth individual”. The investor statement in Schedule 4 contains an increased annual company turnover threshold for the directors of companies to be considered a “self-certified sophisticated investor”. The investor statement in Schedule 4 no longer provides an exemption for individuals who have made an investment in an unlisted company in the previous two years. The format of the investor statements is also amended.

Articles 16 to 18 make consequential amendments to other legislation to reflect the changes made by the preceding provisions of this Order.

Article 19 of this Order corrects a defect in the Financial Promotion Gateway Exemptions Regulations. The effect of this correction is that the exemptions in regulation 3(b) and 3(c) of those regulations are expanded so that, as with regulation 3(a) of those regulations, following the approval of the content of a communication by an authorised person in the circumstances provided for in regulation 3(b) and (c), any unauthorised person may communicate the financial promotion.

A de minimis impact assessment of the effect of this instrument is available from HM Treasury, 1 Horse Guard’s Road, London, SW1A 2HQ and is published alongside this instrument on www.legislation.gov.uk.