Proskauer

Requirements for UK High Net Worth and Self-Certified Investors Changing From 31 January 2024

Regulatory & Compliance on **December 20, 2023**

Please see an update to this post.

From 31 January 2024 the exemptions available from the restriction on communicating financial promotions appliable to high net worth ("**HNW**") individuals and self-certified investors are changing.

The updates are effected through the Financial Services and Markets Act 2000 (Financial Promotion) (Amendment) (No 2) Order 2023 (SI 2023/1411) (the "**Orde**r") which was published on 19 December 2023, together with an explanatory memorandum.

In summary, the Order:

- Increases the financial thresholds to be eligible for the HNW individual exemption to income of at least £170,000 (raised from £100,000) in the last financial year, or net assets of at least £430,000 (raised from £250,000) throughout the last financial year;
- Amends the eligibility criteria for the self-certified investor exemption by:
    - removing the criterion of having made more than one investment in an unlisted company in the previous two years as the government considers that this is no longer an indicator of investor sophistication, particularly with the rise in online investing in comparison to 2005 when this exemption was introduced; and
    - increasing company turnover required to satisfy the "company director" criterion to £1.6 million (raised from £1 million);
- Requires the business to provide contact information in any communications made relying on the HNW or self-certified exemptions;
- Updates the title of the HNW individual exemption by removing reference to the HNW individual being "certified"; and
- Updates the content and format of the HNW individual and self-certified sophisticated investor statements – this includes the format and prominence of the

nature of the statement and simplified language.

There is no transitional period for the new rules and firms must ensure that HNW individuals and self-certified sophisticated investors meet the revised conditions in the updated exemptions from 31 January 2024. This applies even if made to individuals already promoted to under the current exemptions. However, where a business has made a financial promotion to an individual before 31 January 2024, in compliance with the exemptions, that business will continue to be able to engage with the relevant individual in relation to the financial promotion made and will not be required to request an updated investor statement.

For further information, please contact ukreg@proskauer.com

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