

Reversal of recent changes to the Financial Promotions Order

27 March 2024

We recently [reported](#) on changes to the Financial Promotions Order 2005 which came into effect on 31 January 2024.

On 6 March 2024, the Treasury published and laid before Parliament the [Financial Services and Markets Act 2000 \(Financial Promotion\) \(Amendment and Transitional Provision\) Order 2024](#) following significant concerns being raised about the potential unintended impacts of these recent changes. Stakeholders highlighted that the changes could affect the ability of start up businesses to obtain investment and the ability to finance theatre productions through small-scale investors.

The new Order reverses the changes that had been made to the eligibility criteria for the exemptions under Article 48 and 50A of the Financial Promotions Order 2005.

The amendments made include:

- Reducing the financial thresholds to be eligible for the high net worth individual exemption by reinstating the income and net assets thresholds that were in place prior to 31 January 2024, ie £100,000 and £250,000 respectively
- Amending the eligibility criteria for the self-certified sophisticated investor exemption by
 - Reinstating the additional criterion of having made two or more investments in an unlisted company in the previous two years.
 - Reducing the level of company turnover required to satisfy the "company director" criterion back to £1 million.

These changes came into effect on 27 March 2024.

What does this mean?

You should update your new investor statement templates for use from 27 March 2024 to reflect these changes.

However, the new Order contains transitional provisions for investor statements based on the changes which came into force on 31 January 2024, so you don't need to rush out and get a new investor statement signed straight away. The Order makes it clear that any investment statements that comply with the changes that came into force on 31 January 2024 will remain valid until 30 January 2025.

Besides the changes to eligibility criteria detailed above, all other changes that came into effect on 31 January 2024 continue to apply.

