

FCA Financial Promotion Regime

The FCA's **new financial promotion rules** are now in effect. The rules regarding the inclusion of risk warnings for the financial promotion of high-risk investments to retail clients came into effect from **1 December 2022**. All other rules under the new financial promotions regime will come into force from **1 February 2023**. Retail clients include high net worth, self-certified sophisticated, certified sophisticated and restricted investors.

Read more about the new financial promotion regime in Newgate's summary [here](#).

Firms impacted

The financial promotion regime impacts the following types of firms that promote to retail clients:

- Firms promoting high risk investments which are classified as:
 - **Restricted Mass Market Investment (RMMI)** (e.g., unlisted shares, bonds and EIS funds) previously known as "non-readily realisable security" (NRRS)
 - **Non Mass Market Investment (NMMI)** (e.g., units in an unregulated CIS, units in a Qualified investment scheme and Speculative illiquid investments such as mini bonds) previously known as "non-mainstream pooled investment vehicle" (NMPI) and "speculative illiquid securities" (SIS).
- Firms that approve financial promotions for unauthorised firms (s 21 Approvers)

Next Steps

From **1 February**, firms will need to implement the following requirements when communicating high risk investments to retail clients. These include:

- Personalised risk warning for all first time investor into an NMMI or for a Direct offer of Financial Promotion (DOFP) for RMMI
- Revised investor certificates for High net worth individuals, Sophisticated investor, self-certified sophisticated investor and restricted investor (RMMI only)
- Firms must introduce a 24hr cooling off period and an appropriateness assessment for first time investors
- Firms must keep records of: all financial promotions approved for unregulated firms (only applicable to S21 Approvers), outcomes of appropriateness tests, consumers who do not

proceed with the customer at client categorisation and users that click on the “Take 2 mins to learn more” link.

How can Newgate help?

Newgate’s specialist team can provide further guidance on the new high risk investment promotion requirements.

We have produced a suite of offerings to assist firms with the new financial promotion rules. This includes:

- Readiness Assessment – Gap analysis document to identify key gaps within your firm’s procedures against the new rules
- Updated Financial Promotions Policy
- Updated Financial Promotion Approval form / checklist
- Financial Promotions Recipient Register
- Appropriateness or preliminary suitability assessment template
- Training slides for your staff and senior managers to assist with understanding the financial promotions requirements
- Financial Promotions training course suitable for all staff (delivered either online via our Gateway portal or face-to-face training)

Our experts can also assist with reviewing your financial promotions materials, customer journey and onboarding documentation.

Contact us today to find out how we can support you on the new Financial Promotions regime.

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About Newgate Compliance

Newgate Compliance is a compliance consultancy offering a modern solution to implement your compliance function using an innovative compliance software solution called **The GATEway**.

Newgate has an unrivalled combination of experienced professionals, many of whom are ex-regulators.

Our customer focused approach seeks to provide appropriate, pragmatic and flexible solutions to our clients helping them to meet both the regulator’s rules but also the spirit, principles and culture of the regulatory regime.

We look to build long-term relationships with our customers helping to encourage business growth, productivity and innovation. Our proactive approach is tailored to each customer’s needs changing to meet those needs as the customer progresses and develops.

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