

Subsidiary Legislation made under ss. 12, 620, 621 and 627.

Financial Services (Restricted Promotions) Regulations 2025

LN.2025/096

Commencement **1.5.2025**

ARRANGEMENT OF REGULATIONS

Regulation

1. Title.
2. Commencement.
3. Speculative illiquid securities.
4. Restriction on the promotion of speculative illiquid securities to retail clients.
5. Exemptions from the restriction on the promotion of speculative illiquid securities.
6. High net worth and sophisticated investors.
7. Revocation.

SCHEDULE 1

Exemptions from the Restriction on the Promotion of Speculative Illiquid Securities

SCHEDULE 2

Statements

2019-26

Financial Services

2025/096

**Financial Services (Restricted Promotions) Regulations
2025**

In exercise of the powers conferred on the Minister by sections 12, 620, 621 and 627 of the Financial Services Act 2019, the Minister has made these Regulations-

Title.

1. These Regulations may be cited as the Financial Services (Restricted Promotions) Regulations 2025.

Commencement.

2. These Regulations come into operation on the day of publication.

Speculative illiquid securities.

3.(1) A speculative illiquid security is a controlled investment for the purposes of section 12 of the Act and the promotion of speculative illiquid securities is a restricted activity for the purposes of that section.

(2) In these Regulations a “speculative illiquid security” is a debenture or preference share which—

- (a) has a denomination or minimum investment of less than £100,000 (or an equivalent amount); and
- (b) has been issued, or is to be issued, in circumstances where the issuer or a member of the issuer’s group uses, will use or purports to use some or all of the proceeds of the issue directly or indirectly for one or more of the following—
 - (i) the provision of loans or finance to any person other than a member of the issuer’s group;
 - (ii) buying or acquiring specified investments (whether they are to be held directly or indirectly);
 - (iii) buying or acquiring investments other than specified investments (whether they are to be held directly or indirectly);
 - (iv) buying real property or an interest in real property (whether it is to be held directly or indirectly); or
 - (v) paying for or funding the construction of real property.

Restriction on the promotion of speculative illiquid securities to retail clients.

4. A regulated firm must not communicate or approve a financial promotion in relation to a speculative illiquid security where that financial promotion is addressed to or disseminated in such a way that it is likely to be received by a retail client.

Exemptions from the restriction on the promotion of speculative illiquid securities.

5.(1) The restriction in regulation 4 does not apply if the financial promotion is communicated or approved by a regulated firm and–

- (a) falls within an exemption in the first column in the table in Schedule 1;
- (b) is made to or directed at only those recipients whom the firm has taken reasonable steps to establish are persons in the relevant entry in the second column of the table; and
- (c) where the relevant entry in the third column of the table refers to the need for a preliminary assessment of suitability, that assessment is undertaken before the financial promotion is made to or directed at the recipient.

(2) In these Regulations a “preliminary assessment of suitability” means an assessment of whether a speculative illiquid security is likely to be suitable for a client based on the client’s financial profile, investment objectives and risk tolerance.

(3) A regulated firm may rely on more than one exemption in relation to the same financial promotion.

High net worth and sophisticated investors.

6.(1) For the purposes of these Regulations–

- (a) a “certified high net worth investor” is an individual who has signed, within the period of twelve months ending with the day on which the investment is made, a statement in the form specified in Part 1 of Schedule 2;
- (b) a “certified sophisticated investor” is an individual–
 - (i) who has a written certificate signed within the last 36 months by a professional adviser confirming the individual has been assessed by that professional adviser as sufficiently knowledgeable to understand the risks

2019-26

Financial Services

2025/096

Financial Services (Restricted Promotions) Regulations 2025

associated with engaging in investment activity in speculative illiquid securities; and

(ii) who has signed, within the period of twelve months ending with the day on which the investment is made, a statement in the form specified in Part 2 of Schedule 2; and

(c) a “self-certified sophisticated investor” is an individual who has signed, within the period of twelve months ending with the day on which the investment is made, a statement in the form specified in Part 3 of Schedule 2.

(2) A regulated firm which seeks to rely on a statement provided by an investor in accordance with sub-regulation (1)(a), (b) or (c) must take reasonable steps to ascertain that the investor meets the criteria set out in the statement.

Revocation.

7. The Financial Services (Restricted Promotions) Regulations 2023 are revoked.

SCHEDULE 1

Regulation 5

EXEMPTIONS FROM THE RESTRICTION ON THE PROMOTION OF
SPECULATIVE ILLIQUID SECURITIES

Exemption	Promotion to:	Speculative illiquid security which is:
Certified high net worth investor	The investor or a person legally empowered to make investment decisions on the investor's behalf.	Any speculative illiquid security the firm considers is likely to be suitable for that individual, based on a preliminary assessment of the client's profile and objectives.
Certified sophisticated investor	The investor, including an individual who is legally empowered (solely or jointly with others) to make investment decisions on behalf of another person who is the firm's client.	Any speculative illiquid security.
Self-certified sophisticated investor	The investor, including an individual who is legally empowered (solely or jointly with others) to make investment decisions on behalf of another person who is the firm's client.	Any speculative illiquid security the firm considers is likely to be suitable for that individual, based on a preliminary assessment of the client's profile and objectives.

2019-26

Financial Services

2025/096

**Financial Services (Restricted Promotions) Regulations
2025**

SCHEDULE 2

Regulation 5.

PART 1

STATEMENT BY CERTIFIED HIGH NET WORTH INVESTOR

“HIGH NET WORTH INVESTOR STATEMENT

1. I make this statement so that, in accordance with regulation 5 of the Financial Services (Restricted Promotions) Regulations 2025, I can invest in speculative illiquid securities.
2. I declare that I am a certified high net worth investor and qualify as such because at least one of the following applies to me:
 - (a) I had, throughout the financial year immediately preceding the date below, an annual income to the value of £100,000 or more, excluding money withdrawn from my pension savings (other than withdrawals used directly for income in retirement);
 - (b) I held, throughout the financial year immediately preceding the date below, net assets to the value of £250,000 or more, excluding all of the following–
 - (i) the property which is my primary residence or any money raised through a loan secured on that property;
 - (ii) any rights of mine under a contract of life insurance falling within a class listed in paragraph 23 of Schedule 2 to the Financial Services Act 2019;
 - (iii) any benefits (in the form of pensions or otherwise) which are payable on the termination of my service or on my death or retirement and to which I am (or my dependants are), or may be, entitled; and
 - (iv) any withdrawals from my pension savings (other than withdrawals used directly for income in retirement).
3. I accept that investing in speculative illiquid securities may expose me to a significant risk of losing all of the money or other property invested.
4. I am aware that it is open to me to seek advice from an authorised person who specialises in advising on speculative illiquid securities.

Signature:

Date: ”.

**PART 2
STATEMENT BY CERTIFIED SOPHISTICATED INVESTOR**

“SOPHISTICATED INVESTOR STATEMENT

1. I make this statement so that, in accordance with regulation 5 of the Financial Services (Restricted Promotions) Regulations 2025, I can invest in speculative illiquid securities.
2. I declare that I am a certified sophisticated investor.
3. I accept that investing in speculative illiquid securities may expose me to a significant risk of losing all of the money or other property invested.
4. I am aware that it is open to me to seek advice from an authorised person who specialises in advising on speculative illiquid securities.

Signature:

Date: ”.

**PART 3
STATEMENT BY SELF-CERTIFIED SOPHISTICATED INVESTOR**

“SELF-CERTIFIED SOPHISTICATED INVESTOR STATEMENT

1. I make this statement so that, in accordance with regulation 5 of the Financial Services (Restricted Promotions) Regulations 2025, I can invest in speculative illiquid securities.
2. I declare that I am a self-certified sophisticated investor and qualify as such because at least one of the following applies to me:
 - (a) I am a member of a network or syndicate of business angels and have been so for at least the last six months prior to the date below;
 - (b) I have made more than one investment in an unlisted company in the two years prior to the date below;

2019-26

Financial Services

2025/096

Financial Services (Restricted Promotions) Regulations 2025

- (c) I am working, or have worked in the two years prior to the date below, in a professional capacity in the private equity sector, or in the provision of finance for small and medium enterprises;
 - (d) I am currently, or have been in the two years prior to the date below, a director of a company with an annual turnover of at least £1 million.
3. I accept that investing in speculative illiquid securities may expose me to a significant risk of losing all of the money or other property invested.
4. I am aware that it is open to me to seek advice from someone who specialises in advising on speculative illiquid securities.