

Deidre Boyd
Financial Conduct Authority
12 Endeavour Square
London
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By email

2 February 2026

Dear Sir/ Madam,

CP25/36: Client categorisation and conflicts of interest

The Panel supports the review of the client categorisation rules and is encouraged by the aims to help drive economic growth and innovation, strengthen capital markets and unlock greater opportunities for certain investor types. We broadly agree with the approach set out in the consultation paper and as such have kept these comments at a high level. We are also aware that safeguarding consumers is of paramount importance as access to product solutions expand and that the foundations of the principles enshrined in the Consumer Duty should ensure that those consumers who need retail protections are provided with them.

We support the proposed removal of the rigid quantitative test for the opting up of retail clients to professional status and agree this could be replaced with a robust qualitative test. Whilst a disciplined assessment of a client's circumstances, knowledge and experience are essential this does not have to be a rigid quantitative test which can have challenges covering a broad set of businesses, clients and products. A robust qualitative test adapted by firms to best suit their business models whilst working within a framework of relevant factors is more likely to achieve the desired outcomes.

We specifically note your questions relating to the £10m assessment threshold and, separately, the maintenance of the current processes for Local Authorities. We would specifically encourage more industry engagement on these two topics. The case for a Local Authority carve out of the new rules remains unclear and seems counter-productive to the generic aims of the rule changes proposed. The debate relating to the threshold assessment is relevant to the secondary objective on international competitiveness and growth and we note that other jurisdictions often use lower hurdles in terms of investable assets.

We also note the clear link to the FCA's Discussion Paper 25/3 on expanding consumer access to investments and look forward to continued engagement in this area.

We would be happy to discuss any of these points further.

Yours sincerely,

[signed]

Will Self
Chair, FCA Smaller Business Practitioner Panel