

Feedback Statement

FS26/3

Expanding consumer access
to investments:
Feedback to DP25/3

October 2026

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Chapter 1

Overview

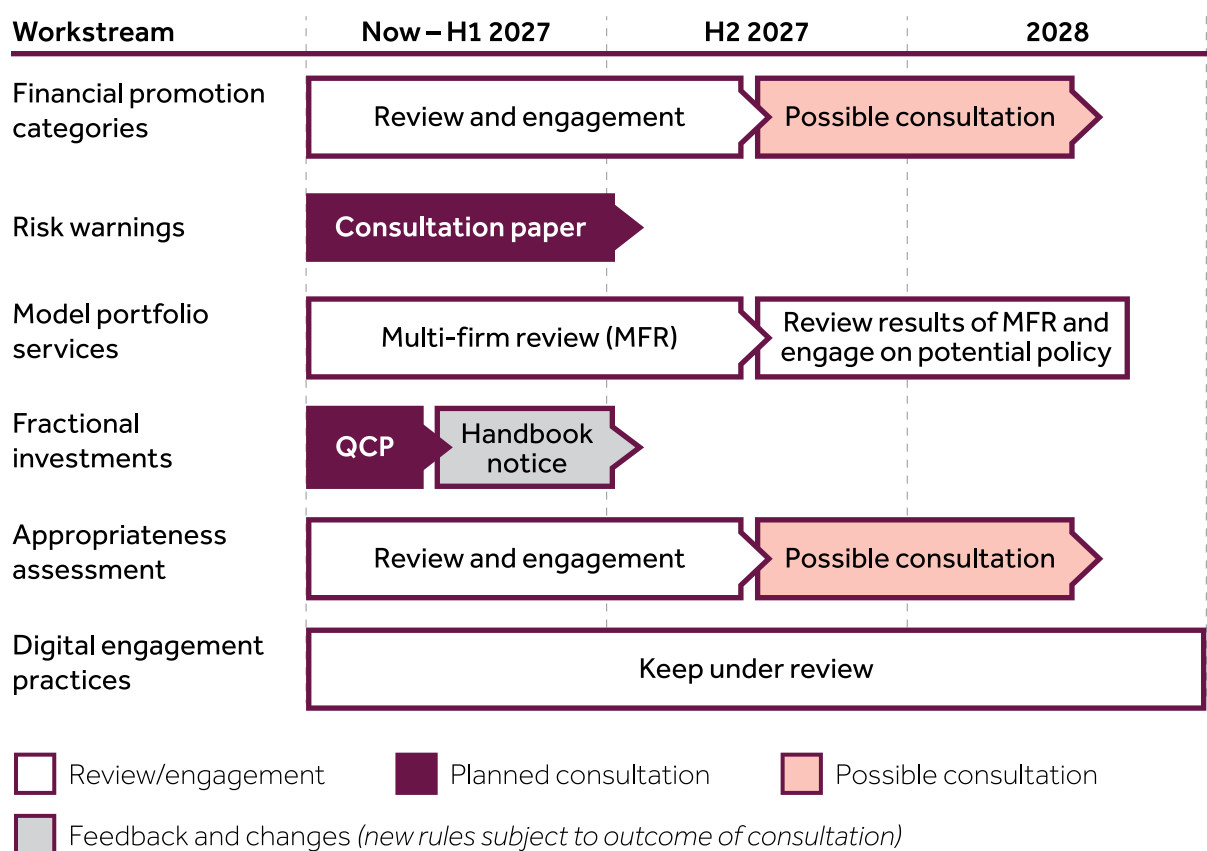
- 1.1** The retail investment market has changed significantly over the last decade. Retail consumers now have access to a wider range of investments, through more varied ownership models and with greater ease than ever before. In May 2024, 11% of UK adults reported using a non-advised platform, up from 5.9% in February 2020 (Financial Lives Survey, 2024, p. 17). Low-fee direct investing models, fractional shares and “super apps” that combine investing with services such as banking and insurance have also made investing more accessible.
- 1.2** Artificial Intelligence (AI) has a growing role. The Mills Review found that 1 in 5 UK adults are already open to AI making decisions for them, with demand strongest when choices feel complex or high stakes. Around a quarter of UK adults trust general-purpose tools like ChatGPT, Claude or Gemini for help with investing, despite limited awareness that formal routes to recourse will not apply. Trust is even stronger among investors aged 18 to 40 who own or are considering investments: 56% of these adults trusted AI tools more than TV and radio, press or social media influencers.
- 1.3** According to the Financial Lives Survey (2024), 21% of investors said they had started investing within the previous three years, and overall, 35% of UK adults invest. While this is positive, we think there is more to do. The FLS also found that many of those with £10k+ in investable assets continue to hold all or at least three-quarters of their money in cash savings, including 41% of UK consumers with £10k+ in investable assets. We want to see more consumers who can afford to invest doing so in ways that help them achieve their financial goals.
- 1.4** However, we also see continued consumer interest in higher-risk and more speculative investments which increasingly blurs the line between perceptions of investing and of gambling. This manifests in how products are offered and promoted to consumers to encourage gambling-like behaviours and in products are that generally unlikely to generate a return. We consider the risk of these products to be different from investment risk.
- 1.5** Increasing popularity of high-risk speculative products creates a fertile environment for scammers to take advantage of consumers seeking high returns. People getting into investments should be able to do so in an environment that is safe and legitimate, so that they have the confidence to continue investing.
- 1.6** As consumer behaviour, needs and expectations change, we need to ensure our regulation is proportionate and helps to build a stronger investment culture in the UK. This feedback statement summarises the responses we received to our Discussion Paper (DP25/3) and how and when we plan to act on that feedback.

Building a stronger investment culture in the UK

- 1.7** A stronger investment culture matters for consumers, firms and the wider UK economy. When consumers who have the means to invest have the confidence, support and information they need to do so, they are better able to plan for their future and benefit from investment returns. Our Strategy makes clear that we would like to see an increase in the proportion of consumers who hold mainstream investments, meaning that we need to support mainstream investments to be accessible and appealing to investors.
- 1.8** Investing involves some level of risk, and we want consumers to be able to make informed choices about the risks they are willing to take and the potential rewards in doing so. Our role is to make sure the regulatory framework helps consumers take those decisions with confidence.
- 1.9** To achieve that:
- Consumers should have access to timely and affordable help when making financial decisions. This help should be able to meet a variety of consumer needs.
 - There should be clear delineation between high-risk and mainstream investments, a clear distinction between gambling-like risks and investment risk. High-risk investing should not be a frictionless process, so people don't make decisions that are beyond their risk appetite.
 - Investments that present similar risks should be subject to similar protections, so that consumers are not led to believe some products are less risky than they are.
- 1.10** We have already introduced major reforms with new regimes for targeted support and Consumer Composite Investment (CCI) communications. Our recent work on client categorisation, consumer investment disclosures and fractional shares will also improve the retail investor experience. We now want to build on that progress in a proportionate and sequenced way.
- 1.11** We do not intend to take forward every potential reform at once – we understand concerns about the pace of change and want to provide the space for the changes to bed-in. Instead, we will prioritise the areas where we think further work can make the greatest difference to consumer outcomes, while giving firms and the market time to engage with and prepare for change.
- 1.12** First, we will review our financial promotion rules for high-risk investments. We will work with stakeholders to assess the harm caused by any current inconsistencies, including those highlighted in this feedback statement. We will explore whether there are alternatives that could lead to better outcomes, or areas where our rules could be amended to create more consistent treatment across the spectrum of risk.
- 1.13** Second, we also want risk information to be balanced, engaging and useful for consumers making decisions. We plan to consult on changes to our rules and guidance on risk warnings in early 2027, supported by consumer testing.

- 1.14** Third, we will carry out a review of how the appropriateness assessment works in practice, including the impact of the current model and merits of alternatives, informed by feedback we have received. We plan to engage with various stakeholders in the new year.
- 1.15** We will continue to work with industry, consumer groups and other stakeholders as we develop this work. A stronger investment culture will not be built by regulation alone. It depends on firms designing products and services that meet real consumer needs, communicating in ways people can understand, and taking seriously their role in helping consumers make sound decisions.

Figure 1: Consumer investments policy roadmap



Chapter 2

Feedback and next steps

- 2.1** In our Discussion Paper (DP), we asked how our rules and regulatory framework can better help build a stronger investment culture for consumers investing without an adviser. The DP supported our regulatory priorities report for consumer investments and our Strategy's priority to help consumers navigate their financial lives. We set out what we heard and our next steps below.

Figure 2: A typical non-advised investment journey for retail clients

This is a simplified example of a non-advised investment journey. The retail investment journey may differ depending on the product being offered and the type of client investing.

	Investor categorisation	Firms will categorise clients into retail or professional investor and identify whether investments are subject to restrictions on the types of investor to whom they can be marketed (e.g., non-mass market investments (NMMI)). FPO exemptions may apply.
	Financial promotions	Retail client sees a clear, fair and not misleading financial promotion containing appropriate risk warnings . *NB: If NMMI, promotions should not be visible to all retail investors.
	Pre-sale product and service communications	Retail client receives any relevant disclosures, information about costs and charges . Certain investments, including any restricted mass market investment (RMMI), will require additional risk warnings to be made.
	Pre-sale assessments	For certain investments (complex and RMMI), the retail client will also have to complete an appropriateness assessment . If NMMI, a preliminary assessment of suitability is required.
	Invitation to invest	The decision to invest is made. If the client decides to invest in an RMMI or NMMI, a 24-hour cooling-off period will apply.

Investor categorisation

- 2.2** The typical non-advised consumer journey – illustrated in Figure 2 – starts with firms categorising prospective and actual investors based on characteristics such as wealth, experience and knowledge. Consequently, how investors are categorised determines which investments should be made available to them and what protections they may benefit from.
- 2.3** Categorisation needs to work effectively to ensure only those investors who are able and willing to invest with fewer protections do so. Our work on client categorisation seeks to distinguish between retail clients and professional clients, so that only those with the means or experience may opt out of retail protections. A key part of this is to protect retail investors who may inappropriately opt-up to elective professional status and giving up consumer protections.
- 2.4** Investors are also categorised to determine which investments can be promoted to them and how. Under section 21 of the Financial Services and Markets Act 2000 the financial promotion restriction applies unless the communicator is an authorised person, the content of the communication is approved by an appropriate person or an exemption under the Financial Promotion Order (FPO) applies.
- 2.5** The FPO contains exemptions that broadly permit unauthorised persons to promote equity and debt in unlisted companies to high-net-worth individuals, and self-certified sophisticated investors. Exemptions in the FPO mean that someone can 'self-certify' as high-net-worth or sophisticated, taking them outside our rules including the requirement for promotions to be clear, fair and not misleading.
- 2.6** We remain concerned about the level of the high-net worth thresholds in the FPO, which are low compared to other jurisdictions and have not changed since 2001. They do not align with our proposed new investable assets threshold for certain elective professional clients, or the threshold within the qualified investor definitions under the Public Offers and Admissions to Trading Regulations (POATRs) regime.
- 2.7** The concept of self-certification is unusual among comparable jurisdictions, and we have seen evidence of consumers being coached through the self-certification process or erroneously certifying as sophisticated and subsequently suffering significant losses. In our behavioural experiment, 16% of participants could legitimately self-certify as either high net worth or sophisticated, but 53% of the control group self-certified having been presented with the criteria for self-certification. This may lead to those who self-certify expecting support or compensation when suffering losses that a sophisticated investor might have anticipated.
- 2.8** Though the FPO exemptions are a matter for HM Treasury, we invited feedback on them because we continue to see consumer harms associated with them and wanted to understand if there was anything we could do to mitigate consumer harm. Most of those who responded to this question expressed concern that the process of self-certification is easy to abuse. A small minority thought further intervention wasn't necessary and the focus should stay on regulated channels.

- 2.9** Some respondents made suggestions for adding frictions to the certification process. These included a follow-up confirmation after 24 hours, and making firms responsible for verifying eligibility, rather than relying on investor declarations.

Next steps

- 2.10** Legislative change is required to reduce the number of consumers being inappropriately opted out of protections, whether that is raising the level of the thresholds, removing self-certification or removing the exemptions in their current form. Maintaining the status quo means that these harms will continue, leaving consumers susceptible to potentially misleading promotions and inappropriate investments, with few routes for recourse. We continue to see harm in this space which we lack powers to address and will continue to engage with HM Treasury to address these concerns.

Financial promotions

- 2.11** Our financial promotion rules determine how authorised firms can promote to retail investors. They also set out whether a retail consumer can have a product promoted to them, how that is promoted and the frictions in place to ensure that the product is appropriate for their needs and goals.
- 2.12** We asked whether our financial promotion categories (Figure 3) consistently classify investments based on the risks retail investors would be exposed to should they invest. Consistency in how the financial promotion rules apply is important. Inconsistent treatment of investments with similar risks may lead consumers to believe some investments present lower or different risks and may result in some investing in products they do not understand. Inconsistencies may also create scope for regulatory arbitrage and unnecessary complexity for firms and consumers.
- 2.13** Respondents raised examples of inconsistencies that may result in similar products being subject to different levels of friction, disclosure and distribution controls. We received feedback on speculative products, long-term investments, P2P lending, and fractional shares, which we set out below.
- 2.14** Many of these products have features that may not currently be comprehensively accounted for in our financial promotions framework. These features include: leverage, illiquidity, and features that encourage risky investor behaviour, such as short-term holdings or frequent trading behaviours.

Figure 3: COBS 4 financial promotion categories

	Mass market investment (MMI)	Restricted mass market investment (RMMI)	Non-mass market investment (NMMI)
Examples	• Readily realisable securities: Listed or exchange-traded securities, such as shares or bonds on the London Stock Exchange • Authorised funds	• Non-readily realisable securities: Such as shares or bonds in a company not listed on an exchange • P2P agreements • Qualifying cryptoassets • A unit in a long term asset fund (LTAFs) • A crypto exchange traded note (cETN) traded on a UK recognised investment exchange	• Non-mainstream pooled investments: Such as unregulated collective investment schemes • Speculative illiquid securities: Such as speculative mini-bonds
Restrictions on mass marketing	Mass marketing is not restricted.*	Mass marketing is allowed to retail investors subject to certain conditions.	Mass marketing to retail investors is not allowed.
Appropriateness or suitability assessment	If there is advice, and/or the financial instrument is non-complex, an appropriateness assessment is not required. Appropriateness assessment generally required in relation to non-advised transactions in complex investments.	Appropriateness assessment required unless the client is advised. Additional requirements in COBS 4.12A and guidance in COBS 10 apply.	A preliminary suitability assessment is required. Appropriateness assessment and preliminary suitability assessment may be required where the client is not advised.

* While a firm may be able to mass market an investment, marketing may be subject to separate conditions to COBS 4. For example, COBS 22.5 sets out marketing restrictions for CFDs and similar speculative investments, related to specific investment risks.

Speculative products

- 2.15** We heard that our rules treat some speculative products inconsistently. Respondents highlighted, for example, inconsistencies in how Contract for Differences (CFDs) and Leveraged Exchange Traded Products (ETPs) are treated despite exposing retail investors to similar types of risk.
- 2.16** CFDs are subject to product-specific promotion and distribution rules in COBS 22, such as leverage limits and negative balance protections, reflecting the risks of leverage, short-term trading and complexity. Leveraged ETPs can present similar risks – they track the performance of underlying assets (such as an index or commodity) then amplify the gains and losses relative to the underlying asset, have daily resetting periods and are designed for short term trading – but are not subject to the same requirements that apply to the marketing and distribution of CFDs.
- 2.17** Our rules on speculative products typically restrict distribution and marketing. Given the likelihood of losses, it is important that consumers understand this and can receive suitable protections from inappropriate investments. However, some products (such as binary options) are currently banned for retail access due to concerns about firm conduct, as well as the risk of consumer loss, and the behavioural biases that they exacerbate.
- 2.18** We consider the risks of gambling-like products to be different from investment risk. However, as we see products develop that exploit gambling-like behaviours, we will keep our regulatory framework under review to ensure it is fit for purpose.
- 2.19** We also heard that consumer harm is resulting from the use of Digital Engagement Practices (DEPs) in combination with demand for speculative products such as CFDs. Respondents reported that the use of DEPs such as copy trading, push notifications, rewards-based nudges and social comparison features such as trader leaderboards can make the underlying value proposition of speculative products less transparent and confusing for consumers. One respondent reported that copy-trading is particularly harmful as consumers have the impression it is a simple and safe way to invest, when in fact it can expose them to speculative products they don't fully understand.

Long-term investments

- 2.20** We heard that the broad nature of the financial promotion categories has resulted in some diverse long-term investments being categorised alongside speculative products. This may steer consumers towards high-risk products or risk causing confusion.
- 2.21** Respondents particularly pointed to Long Term Asset Funds (LTAFs) which are categorised as RMMI. They highlighted that while LTAFs may carry liquidity and valuation risks, they are also diversified fund structures with strong governance requirements, designed to be held over the longer-term.

P2P lending

- 2.22** In 2022, we published rules designed to strengthen the regime for promoting high-risk investments. Through these, we rationalised our financial promotion rules for both P2P agreements and non-readily realisable securities (NRRS) into the RMMI category, given they were both subject to the same marketing restrictions.
- 2.23** A small number of respondents thought P2P lending should not be categorised as RMMI. Our view is that the restrictions on these products remain proportionate to the risk they pose to consumers.

Fractional investments

- 2.24** We also asked how fractional investments should be treated under our rules. Respondents focused on fractional shares, giving positive feedback on their availability to retail investors as they provide access to equities at a lower price threshold.
- 2.25** Respondents recommended that if a fractional share is structured so that its risks are similar to the underlying share, the fractional share should be equally accessible. They also thought that it should be clear to consumers what structure they're buying and who the issuer is.
- 2.26** Respondents also raised that it is possible to gain exposure to the performance of a stock in a similar way to a fractional share through a derivative structure. They were concerned that gaining exposure via derivatives has additional risks and differences, including:
- a lack of beneficial or equivalent ownership of the underlying asset
 - differences in voting rights, dividends, corporate actions, ability to exit or lack of liquidity
 - differences in Financial Services Compensation Scheme (FSCS) protection (and when it does or doesn't apply)
- 2.27** They were of the view that if the consumer is buying a derivative, it should be clear this is not a fractional share.

Alternative approaches to financial promotion categorisation

- 2.28** We sought feedback on potential alternative approaches to categorisation to promote consistency between products and risk profiles. Some suggested moving away from products being categorised in the rules towards a taxonomy based on the risk profile and features of the product, which could be adapted to emerging products.
- 2.29** A minority of respondents disagreed with this approach, arguing that a general taxonomy would oversimplify products which can be very complex and opaque in structure. These respondents said a product-specific approach, discretely regulating products on a case-by-case basis, was important for reflecting the unique features of different investment types.

- 2.30** Some respondents said that the level of prescription under our financial promotion rules was inconsistent with the high-level nature of the consumer understanding and outcomes principles of the Duty. Under the Duty, we want to incentivise firms to take innovative approaches to meeting the information needs of their customers. Respondents said that under the status quo, firms were less likely to innovate in the way the Duty encourages, and more inclined to adhere to existing practices that they are confident comply with supervisory expectations.
- 2.31** The same respondents thought we should take a more product-specific approach to certain speculative products including structured capital at risk products and speculative illiquid securities.
- 2.32** Overall, only a minority of respondents stated that the current regime is broadly appropriate and effective at classifying risk. Most respondents said the current categories are inconsistently applied, too prescriptive and too broad.

Risk information in financial promotions

- 2.33** Many consumers will see one or more financial promotions at the early stages of their customer journey. Financial promotions are marketing tools, but must also convey information about a firm, its products and services, and the benefits and risks for consumers. Getting this balance right when conveying the potential benefits and risks is central to our ambition to support a stronger investment culture.
- 2.34** We support the work that the Investment Association (IA) and industry have been leading to encourage firms to provide more balanced mainstream investment risk warnings and to innovate in the way they are provided.
- 2.35** The feedback we received to our Discussion Paper reflected the insights from the IA's work, including that:
- risk warnings are broadly applied by firms out of caution
 - they place too much emphasis on volatility and capital loss and not on the potential rewards of investing
 - consumers encounter the same or similar warnings repeatedly
- 2.36** This means that, even when products are mainstream and suitable for many investors, consumers may overestimate the risks of investing. Some respondents to the DP argued that repeating the same risk warnings may make them less effective for many high-risk investments, especially where language and prominence may appear similar to consumers.
- 2.37** Some respondents were uncertain about how they could evidence meeting the consumer understanding outcome under the Duty. They suggested we provide guidance and case studies on good and poor practice.

- 2.38** We also heard that DEPs can positively influence consumer understanding of risk and direct them to mainstream investments. Some respondents asked how, under the Duty, firms can use nudges such as prompts encouraging diversification or when investments are deviating from a consumer's stated goal.

Ongoing work and next steps

- 2.39** The feedback we received has highlighted inconsistencies in how our financial promotion rules treat similar investments. When we introduced new financial promotion categories – RMMI and NMMI – we recognised these potential concerns. These categories were a consolidation of existing rules, designed to aid Handbook navigation by grouping products with similar levels of risk, applying restrictions accordingly.
- 2.40** There was less evidence for how consumer choices are affected by the potential inconsistencies in the financial promotion rules and what harm may occur as a result.
- 2.41** In response to feedback, we therefore will begin to review our high-risk investments categorisation. We will work with stakeholders to assess the harm caused by any current inconsistencies, what alternatives would look like and whether and why they could lead to better outcomes.
- 2.42** We still consider that P2P investments should fall within the RMMI category, as there does not appear to be substantial evidence that the risks around the lack of FSCS protection, low capital requirements and illiquidity have materially changed in recent years.
- 2.43** We will also continue our work on risk warnings for mainstream investments. Consumers should have balanced and appropriate risk information at relevant points in the customer journey. This helps them understand the potential risks of an investment alongside the benefits.
- 2.44** In December 2025, we published our expectations for firms promoting investment products, and common misconceptions of risk information. In this, we clarified that while consumers should have a fair and clear description of products' risks and benefits, firms can choose how they wish to set this out for mainstream investments. This means that, for example, the phrase 'capital at risk' is not required on all promotions. Our behavioural testing has suggested that simply stating this is often ineffective, and we encourage risk warnings to be displayed in a way that is useful and engaging for consumers.
- 2.45** We recognise, however, that under current rules firms may focus on risk information as a result of perceived compliance with requirements rather than consumer understanding. We want our rules to support firms to provide decision-useful information. We plan to consult further on our rules and guidance around risk information in financial promotions of mainstream investments in our Review of Financial Promotion Rules for Mainstream Investments in H1 2027, along with consumer research to support our proposals.

- 2.46** In September 2026 (CP26/32) we consulted on the application of our rules to fractional shares based on their risk profile, agreeing that a fractional share can have a similar risk profile to a whole share. We do not consider derivatives to be the same as fractional shares, however. Exposure offered via a derivative is riskier than acquiring an interest in a whole share and there should be stricter safeguards in place for those looking to invest in them.

Pre-sale product and service communications

- 2.47** Once a consumer has received a financial promotion, they may want to compare products across the market. Product information helps consumers choose between investments and decide which is right for them. We have improved product disclosures for packaged products through the introduction of the CCI regime. We continue to support firms to implement the regime to help ensure retail investors are given clearer and more decision-useful information about risks, costs and charges to enable them to make positive decisions.
- 2.48** In July 2026, we consulted on Simplifying Consumer Investment Disclosures (CP26/24) following our commitment to review MiFID disclosures and the total costs of investing in our Policy Statement for CCIs. As with the CCIs regime, we are proposing to simplify product and service disclosures to help consumers make informed choices about the value of their investments.
- 2.49** The CCI regime will come into full force on 8 June 2027, and we plan to publish final rules on Simplifying Consumer Investment Disclosures by the end of 2026.

Model portfolio services (MPS)

- 2.50** We asked whether we should make the regulatory treatment of MPS more consistent with other managed products, and how we could change our regulatory approach.
- 2.51** Respondents broadly agreed that from a consumer perspective, multi-client managed MPS are understood as off-the-shelf investment propositions, akin to packaged products. They also thought that consumers often assume MPS and packaged products work under the same or similar regulatory frameworks.
- 2.52** Most respondents agreed with aligning model portfolio disclosures with CCIs. They suggested this would promote consistency and consumer understanding when choosing between multi-asset funds and multi-client managed MPS. Some respondents disagreed. These respondents said that as MPS styles are varied, it will be difficult to deliver uniformity in these disclosures and would mean that clients may get less specificity than they want.
- 2.53** Respondents raised a small number of areas where our regulatory approach may need to change. They encouraged us to ensure the regulation remains up-to-date and proportionate as MPS becomes a more retail investment offering.

Ongoing work and next steps

- 2.54** We have begun our multi-firm review on how firms manufacturing MPS are achieving good outcomes for consumers, with respect to their Duty obligations. This review assesses the manufacturers of MPS available in the UK, including portfolio construction, asset selection, risk ratings, management of conflicts of interest, rebalancing practices and oversight structures. We expect to publish the review findings by Q1 2027.

Pre-sale assessments

- 2.55** Once a non-advised consumer has received a financial promotion and begun the process towards investing, if an investment is complex or high risk, they must complete an appropriateness assessment. Here, firms must gather information on the consumer's knowledge and experience of the relevant product to assess if it is appropriate for them to invest in.
- 2.56** The appropriateness rules were first introduced through the implementation of EU law in 2007, which aimed to reduce the impact of behavioural biases including overconfidence. In 2022, we added requirements for appropriateness assessments relating to RMMIs. RMMIs are considered high-risk investments and must be assessed as appropriate before an consumer can invest in them. The aim of these new rules was to prevent investors who were uninformed about the risks of these investments from investing and potentially suffering harm as a result.
- 2.57** The appropriateness assessment should operate as a positive friction, providing an important check and balance on the responsibility for decision-making between the firm and consumer. It should also help steer consumers away from investments that are wrong for them, making it less likely they will invest in products beyond their risk appetite.
- 2.58** Different rules apply depending on the investment:
- **COBS 10 applies to non-MiFID non-advised services, and COBS 10A to MiFID non-advised sales. Both COBS 10/10A do not apply for non-complex instruments provided at the client's initiative.** Under these provisions, if an investment is assessed as not appropriate for the potential investor, the firm is required to warn them. A firm can consider continuing with the transaction upon the request of the potential investor.
 - **COBS 4.12A applies to RMMIs, for example P2P agreements.** These rules apply and supplement COBS 10/10A. Under COBS 4.12A, a firm can only process an application or order on behalf of a retail client once it has assessed that the RMMI is appropriate for the client. If both a first and second assessment have determined that a RMMI is not appropriate for the retail client, a consumer must not do another assessment for at least 24-hours. Other rules in COBS 4.12A govern the form and content of the assessment.

- 2.59** Most respondents support the concept of appropriateness assessments but called for reform and clarification of the appropriateness rules, highlighting problems with how they were working in practice.
- 2.60** Respondents raised areas of the rules which they considered unclear. The “non-complex” definition in COBS 10 and COBS 10A, which is derived from EU law, was repeatedly noted as a challenge. Firms do not need to undertake an appropriateness assessment where certain conditions are met, including that the relevant investment is ‘non-complex’. We heard this exclusion is being applied inconsistently, sometimes not applied where necessary or applied too stringently.
- 2.61** The flexibility that firms have in how they assess knowledge and experience was also criticised by respondents. They noted that leaving the content and format of assessments to firms leads to variations, with some firms taking a rigorous approach while others treating this as a tick-box exercise rather than a genuine consumer protection tool.
- 2.62** Some respondents felt we should apply different appropriateness rules based on the level of risk investments present to the consumer, including strengthening and tailoring rules applicable for investments with higher and specific risks. Others said we should not have a distinction between COBS 10/10A and COBS 4.12A, instead applying the higher standard in COBS 4.12A and not allowing firms to facilitate transactions when something is deemed inappropriate.
- 2.63** Respondents raised that taking the assessment online, and having access to AI, could defeat the purpose of the assessment. They explained that the design of appropriateness assessments is not suitable for modern digital journeys, where consumers can choose to find answers rather than assess their own understanding.
- 2.64** A small minority of respondents called for appropriateness assessments to be abolished or replaced. One held that the rules act as a barrier for consumers investing in products they understand, and from which they may benefit.

Ongoing work and next steps

- 2.65** In our view the appropriateness assessment is central to non-advised journeys for complex and high-risk investments. In these circumstances many retail investors may struggle to judge their own knowledge and experience. This is consistent with the policy approach for maintaining and strengthening appropriateness assessments for investments in cryptoassets.
- 2.66** While respondents highlighted weaknesses with the current appropriateness framework, we need to further understand the harm created by the current approach and the merits of alternatives before taking forward policy changes. We will therefore take forward a review to deepen our understanding of how this stage of the consumer journey works in practice, and explore whether and how changes could promote better consumer outcomes. This work will inform any policy proposals we take forward.

Annex 1

List of respondents

We are obliged to include a list of the names of respondents to our consultation who have consented to the publication of their name. That list is as follows:

AJ BELL

Association of Investment Companies

Barclays

Broadridge

CFA Society

EISA

eMoney Hub

Executive Compliance Limited

Hamilton Thomas

International Council for Derivative Trading

Interactive Brokers

Invest & Fund

ShareIn

Timeline Holdings

Annex 2

Abbreviations used in this paper

Abbreviation	Description
AI	Artificial Intelligence
CCI	Consumer Composite Investment
cETN	Cryptoasset Exchange Traded Note
CFD	Contract for Differences
COBS	Conduct of Business Sourcebook
CP	Consultation paper
DEP	Digital Engagement Practice
DP	Discussion Paper
ETP	Exchange Traded Product
FPO	Financial Promotions Order
FSCS	Financial Services Compensation Scheme
IA	Investment Association
LTAF	Long Term Asset Fund
MiFID	Markets in Financial Instruments Directive
MMI	Mass Market Investment
MPS	Model Portfolio Service
NMMI	Non-Mass Market Investment
NRRS	Non-Readily Realisable Securities
POATRs	Public Offers and Admissions to Trading Regulations
P2P	Peer-to-peer
QCP	Quarterly Consultation Paper
RMMI	Restricted Mass Market Investment
RRS	Readily Realisable Security

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