



**AFG**



# United-Kingdom: Funds Market and Regulation

Tuesday, 20 May 2025

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- to ensure that the proposals presented are adapted to his or her situation, in particular by checking whether other offers on the market are more relevant to his or her situation.

**Export Club - United-Kingdom: Funds Market and Regulation**

# **Introduction**



**Delphine de Chaisemartin**  
Deputy CEO, AFG

**Export Club - United-Kingdom: Funds Market and Regulation**

# Moderation



**Virginie Buey**  
Head of International  
Promotion, AFG

# Export Club

## United-Kingdom: Funds Market and Regulation



Introduction: **Delphine de Chaisemartin**, Deputy CEO, AFG

**Overview of UK Market & Policy Developments: Reuben Overmark**, Senior Adviser, Retail Markets, The Investment Association

### **Focus on Distribution and Taxation:**

- **Yves Tambour**, Group CEO and Partner, FundGlobam
- **Anne Stopford**, Head of Investment Funds Tax, FS Tax, Grant Thornton UK Advisory & Tax LLP

### **Round table – Insight from the field:**

- **Darren Pilbeam**, Managing Director, Head of Sales, Natixis AM UK
- **Tony Maddock**, Managing Director, Lazard AM UK
- Moderated by **Virginie Buey**, Head of International Promotion, AFG

**Closing remarks: Simon Janin**, Chair of AFG Export Club, Head of Governance & Public Affairs, Amundi

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# **Overview of UK Market & Policy Developments**



**Reuben Overmark**  
Senior Policy Adviser,  
Retail Markets,  
the Investment Association

# UK RETAIL MARKET

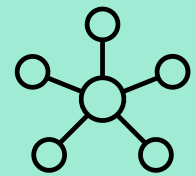
AFG UK

Reuben Overmark, Senior Policy Adviser, Retail Markets

20 May 2025



# UK RETAIL INVESTMENT MARKET



40+ Investment  
Platforms



£1.274 trillion  
held on platforms

£552.4 bn XO  
721.65 bn advised



Rise of larger firms



# UK RETAIL INVESTMENT MARKET

## XO Investment Preferences:

- 62% hold CIV (45% funds, 12% trusts, 5% ETFs)
- 12% Cash
- 25% equities
- 2% bonds

## Advised Investment Preferences:

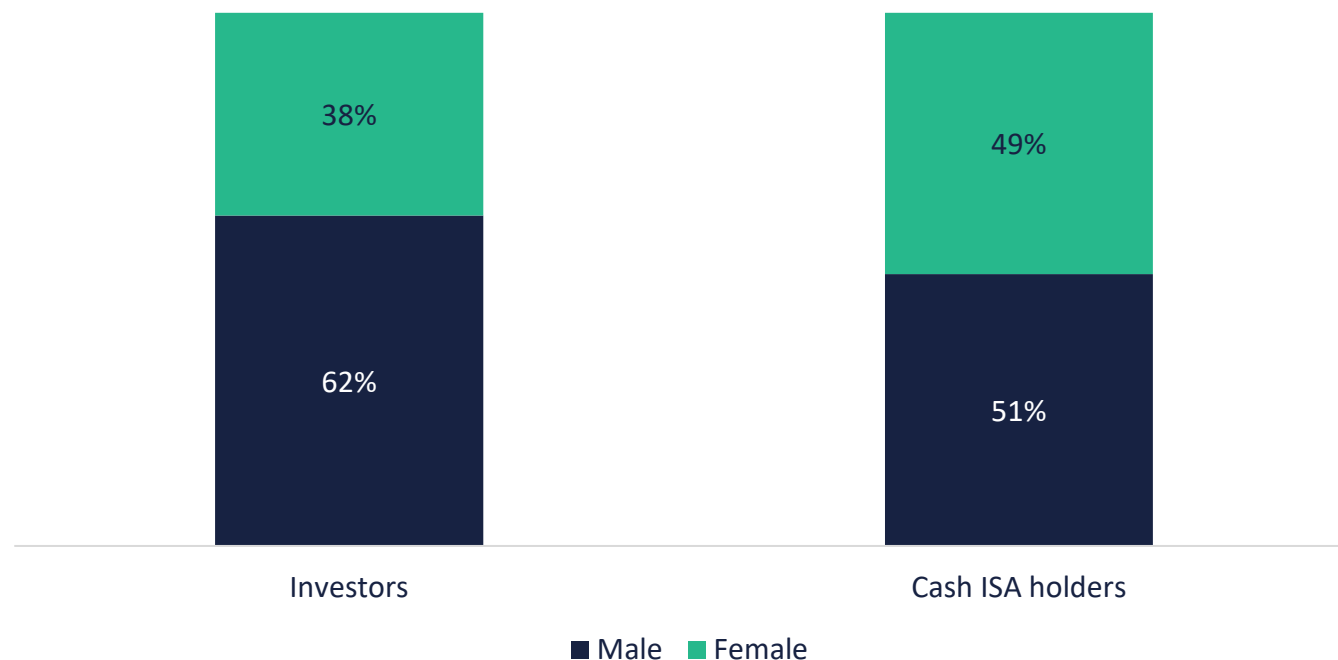
- 89.5% Funds
- 3.5% Cash
- 3% Equities
- 1.5% ETFs
- 1.1% Trusts

## Accounts:

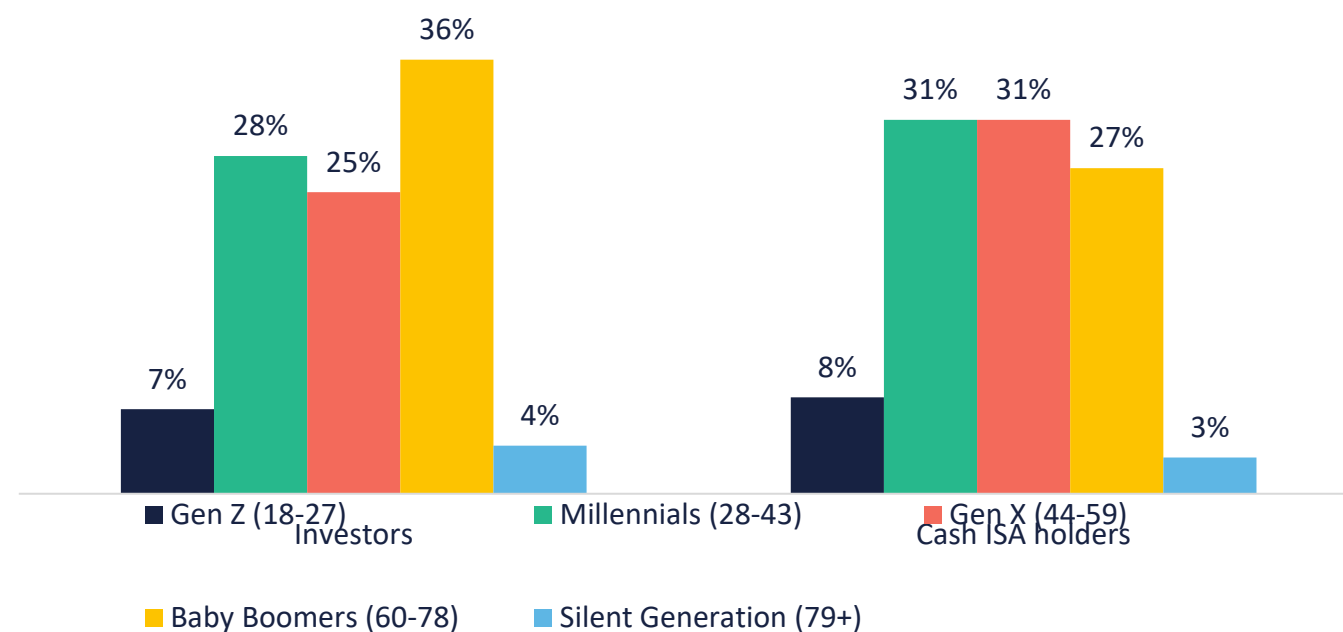
- ISAs: 45% of assets
- GIA: 29%
- SIPP 25%

# INVESTOR AND CASH ISA PROFILES

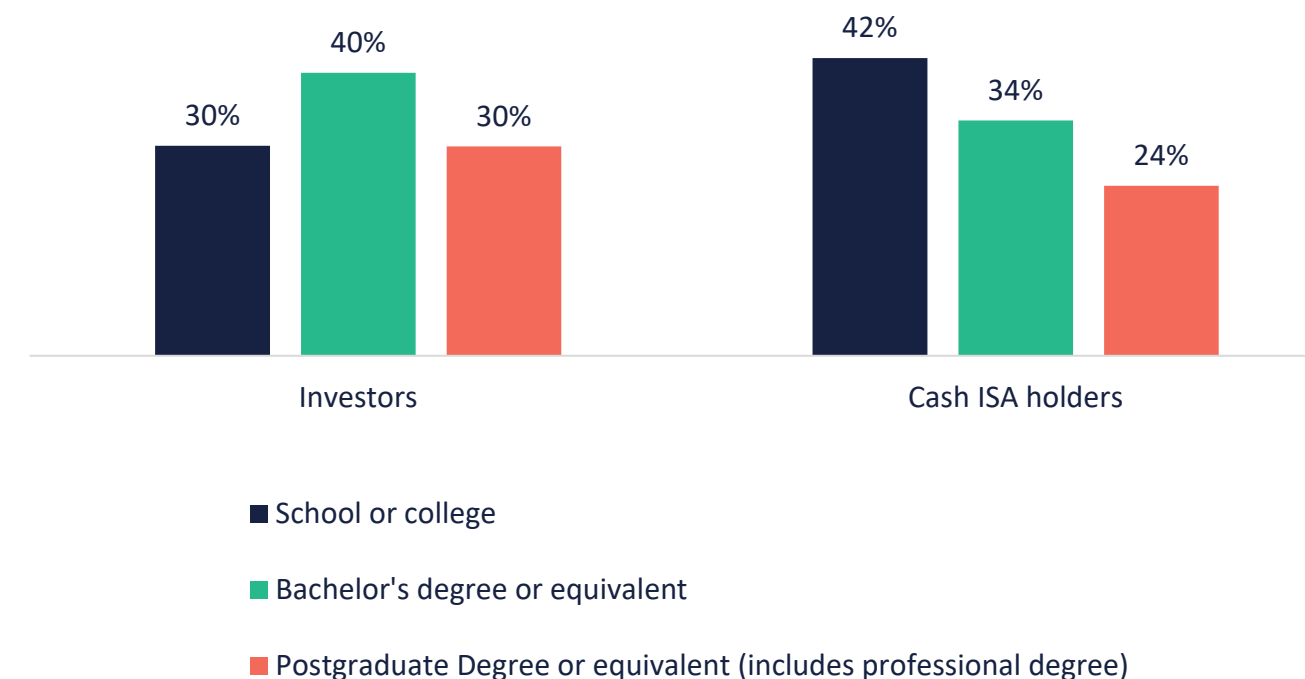
## Gender



## Generation



## Education



Source: The Investment Association & Opinium Base Cash ISA holders:951 Base Investors:1,000





# RETAIL DISTRIBUTION TRENDS



**Pricing Pressure:** Growing price sensitivity and competition



**Product Evolution:** Ready made investments and managed solutions on the rise



**Technology & AI:** Technology is enhancing the customer journey



**Emerging trends:** Younger investors prefer neobrokers and digital wealth managers



**Branding:** Heavy advertising in XO to boost awareness

# UK POLICY DEVELOPMENTS AND IA RETAIL PRIORITIES

## Embedding of Consumer Duty

- Multi firm review
- Streamlining rule review
- Good and poor practices
- Vulnerable Customers

## Consumer Composite Investments

- Aim is to have a flexible, more principles-based regime giving customers decision useful information

## Creating a Culture of Inclusive Investment

- Advice/Guidance reform
- ISAs and the SIU
- Risk Warnings and Financial promotions



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# **Focus on Distribution**



**Yves Tambour**  
Group CEO, Partner,  
FUNDGLOBAM

# United Kingdom: Market | Regulatory update

1. KEY FIGURES
2. ASSET CLASSES
3. (MAIN) MARKET APPROACHES
4. OFR RECOGNITION
5. OFR RECOGNITION APPLICATIONS  
EXPERIENCE SHARING
6. DISCUSSION



# KEY FIGURES

AuM in funds : **Bn € 2,152**

Source: Efama Quarterly European Statistics Q4 2024

2,521 investment firms  
291 small registered AIFM

Source: FCA

3,274 UK funds

Source: Efama Quarterly European Statistics Q4 2024

9,180 Cross-border funds  
marketed in the UK

Source: FundGlobam

Total managed in the UK:  
**£ 9,1 TRN / € 10,80 TRN**

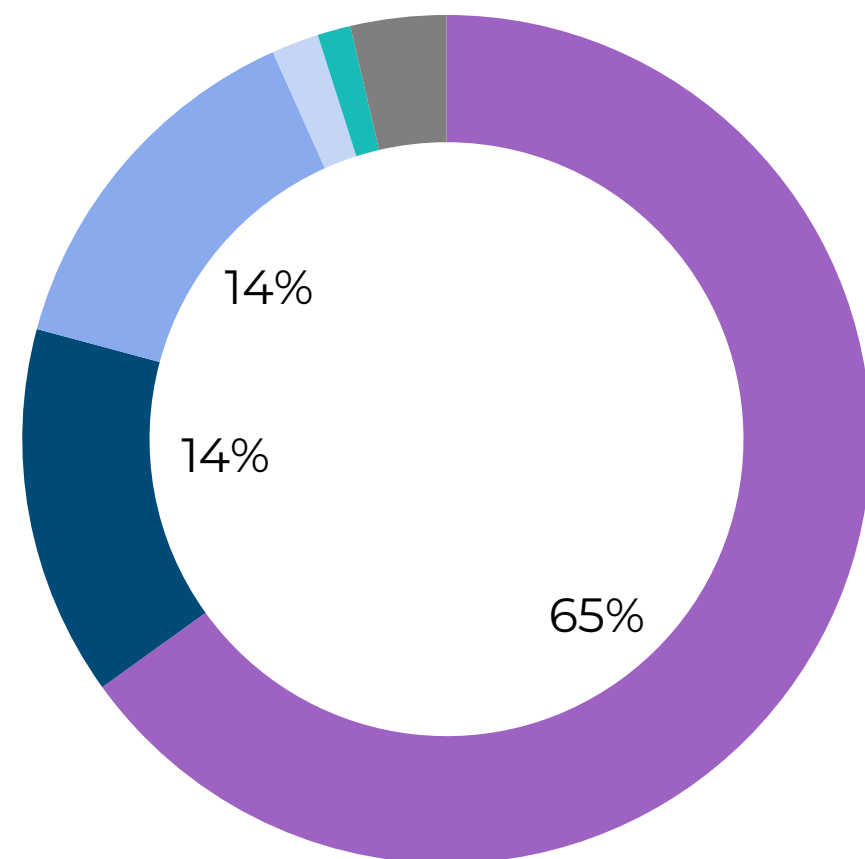
Source: IA, end of 2023



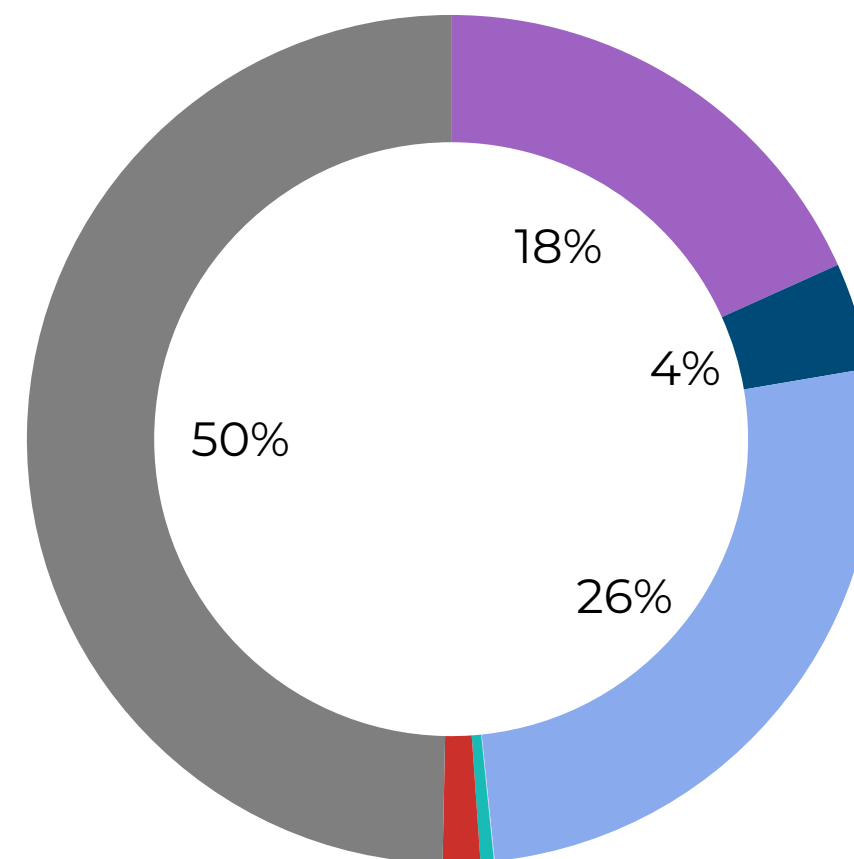


# ASSET CLASSES

UCITS



AIF



■ Equities ■ Bonds ■ Balanced ■ Monetary ■ ARIS ■ Real Estate ■ Other

# (MAIN) MARKET APPROACHES

	TMPR to OFR	NPPR	s272
Approach	Marketing of recognised EEA UCITS in the UK to the general public, including retail investors under TMPR TMPR due to 31 Dec 2025, extended di 31 Dec 2026 under HM Treasury statement UK's OFR (Overseas Fund Regime) as permanent regime to replace TMPR post transition	National Private Placement Regime (NPPR) of UCITS/AIFs managed by EEA/third-country manco/AIFMs to professional/ institutional investors under Regulation 59	Marketing of funds not eligible to OFR (no TMPR EEA UCITS or AIF) in the UK to the general public, including retail investors under FSMA section 272 (s272)
Target market	All categories of investors	Professional investors	All categories of investors
Products	EEA UCITS	EEA UCITS/AIFs	UCITS/retail AIFs
Marketing	Direct, Indirect, Internet	Direct, Indirect	Direct, Indirect, Internet
Local agent	UK Facilities agent UK tax agent (recommended)	UK tax agent (as appropriate)	UK Facilities agent UK tax agent (recommended)
Disclosure	Prospectus, UK supplement, <b>UCITS KIDs</b> , A/SA reports, NAV, announcements, website	PPM/ prospectus, annual rapports, periodic/regular disclosure,	Prospectus, UK supplement, <b>UCITS KIDs</b> , A/SA reports, NAV, announcements, website
Language	English	English	English
Procedure	TMPR notice OFR Recognition	NPPR notification	Form 272 application
Costs (DMCI)	MEDIUM+	LOW	HIGH

# OFR RECOGNITION



3-month rolling landing slot for firms to apply	Landing slot date	Operator name buckets
Landing slot	30 September 2024	OFR opening for new scheme applications
1	1 October 2024 - 31 December 2024	Stand-alone schemes
2	1 November 2024 - 31 January 2025	A
3	1 January 2025 - 31 March 2025	B
4	1 March 2025 - 31 May 2025	C
5	1 April 2025 - 30 June 2025	D and E
6	1 May 2025 - 31 July 2025	F
17	1 April 2026 - 30 June 2026	T
18	1 May 2026 - 31 July 2026	U
19	1 June 2026 - 31 August 2026	V
20	1 July 2026 - 30 September 2026	W - Z and firm with digit in title

FCP/common funds

SICAV/Investment companies

# OFR RECOGNITION APPLICATIONS: EXPERIENCE SHARING

## Where do we stand:

'C' closing end-of-May, 'D'/'E'/'F' processing

## Main points of attention:

- UK Facilities Agent
- UK supplement (or UK addendum to the prospectus) according to COLL 9.5.6 R including inter alia:
  - UK facilities, obligations/role
  - Consumer Redress Disclosure  
Enhanced disclosures regarding consumer redress schemes and the potential lack of access to FSCS (UK Financial Services Compensation Scheme) and FOS (UK's financial Ombudsman Service)
  - Fund and Operator(ManCo), domicile and NCA (*National Competent Authority*)
  - How UK investors can make a complaint about the fund, the Operator(ManCo) or the Depositary
  - Availability of the UK investor protection coverage  
If no, a clear warning :
    - No UK investor protection coverage
    - Dispute resolution scheme, replacing UK FOS  
*France: AMF Ombudsman*
    - Compensation scheme, replacing UK FSCS  
*France: FGDR (Fonds de Garantie des Dépôts. Et de Résolution)*
- No bearer shares, units in registered forms only  
Reminder: Units / shares represented by bearer certificates cannot be issued to UK investors since 1/1/2021, conversion period ending before 31/12/2021, as per the Bearer Certificates (Collective Investment Schemes) Regulations 2020

## How to apply:

Online: [https://connect.fca.org.uk/firms/aupo\\_sitelogin](https://connect.fca.org.uk/firms/aupo_sitelogin)

## Application form

- Applicant Details
- Umbrella Scheme Information
- Main Application Contact
- Fund Board Directors
- Trustee/Depositary
- UK Facilities Agent
- UK Address for Service and Notices
- Financial promotion approval and UK marketing
- Individuals of Firms with Influence over the Scheme
- Sub-funds Information
- Supporting Documents
- Declaration
- Authorised Signatories

# DISCUSSION

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Common funds  
(GFP)  
vs  
Investment  
Company  
(SICAV)

RDR  
Retail Distribution  
Review

FAMR  
Financial Advice  
Market Review

UK  
Consumer Duty

SDR

Market  
Segmentation  
(institutional, pension funds,  
wholesale, retail markets)

Distribution  
channels

Platforms

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# **Focus on Taxation**



**Anne Stopford**  
Head of Investment Funds  
Tax, Grant Thornton UK

# Taxation of offshore funds for UK investors

**Anne Stopford**  
**Head of Investment Funds**  
**Grant Thornton UK Advisory & Tax LLP**

20 May 2025



# Overview

## The UK offshore funds regime aims to:

- prevent UK taxpayers rolling up income offshore and converting it into a capital gain on disposal
- prevent a perceived unfair competitive advantage by investing offshore
- provide similar tax treatment for investors in offshore funds and UK authorised funds

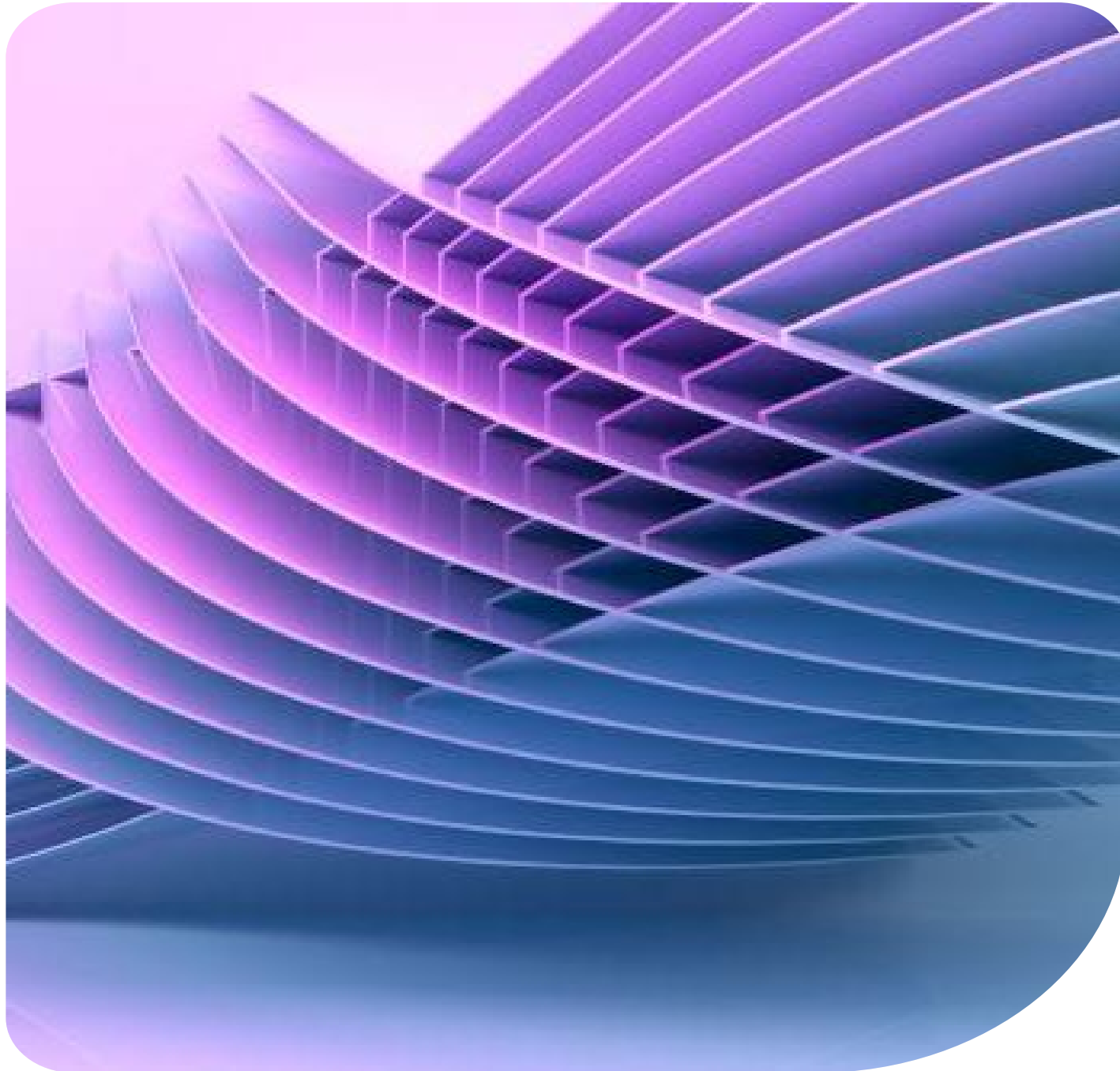
## Key elements of the UK reporting fund regime:

- capital gains tax treatment for investors (eg 24% rather than up to 45% for individual investors)
- fund must provide information to enable income of the fund (excluding capital gains) to be taxed in the hands of UK investors each year
- otherwise, gains are taxed as income on disposal





# Definition of an offshore fund for UK tax purposes



- Mutual fund in the forms of body corporate, trust and rights in the nature of co-ownership (e.g. contractual arrangements such as Luxembourg FCPs), which are resident in a territory outside the UK and which meet certain conditions.
- Broadly applies to open ended funds where investors expect to realise the value of their investment at NAV
- Foreign partnerships are specifically excluded from the meaning of an offshore fund as they are fully tax transparent

# Reporting funds

- Funds (or specific subfunds/share classes thereof) which have successfully applied to HMRC to be reporting funds – strict application deadline
- Required to provide HMRC with annual computation of income calculated in accordance with the regulations
- Required to report income to participants annually
- Participants taxed on income whether distributed or not – ‘dry’ tax charges can arise
- Participants’ gains are subject to CGT on disposal provided the fund/share class has reporting fund status throughout the whole period of ownership



# Reporting funds – practical points



Increasingly, UK investors won't invest unless the fund has this preferential reporting fund status (even where there may be no real tax benefit eg credit funds where most of the return is in the form of income)



Some funds (or a particular share class) could be treated as offshore funds for tax purposes where not immediately evident, depending on the rights attaching to those shares. It is important to assess the risk at the outset where there are UK investors and consider applying for reporting fund status



Complications can arise where investments are in other offshore funds, bonds or derivatives



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## Round table – Insight from the field:



**Tony Maddock**  
Managing Director,  
Lazard AM UK



**Darren Pilbeam**  
Managing Director, Head of  
UK Sales, Natixis IM UK



**Virginie Buey**  
Head of International  
Promotion, AFG

**Moderated by**

# Closing remarks



**Simon Janin**

Chair of AFG Export Club  
Head of Governance & Public Affairs,  
Amundi





Ensemble,  
s'investir pour demain

Thank you !

