



HM Treasury

Targeted Support **Consultation Response**

December 2025

Targeted Support **Consultation Response**



© Crown copyright 2025

This publication is licensed under the terms of the Open Government Licence v3.0 except where otherwise stated. To view this licence, visit nationalarchives.gov.uk/doc/open-government-licence/version/3.

Where we have identified any third party copyright information you will need to obtain permission from the copyright holders concerned.

This publication is available at: www.gov.uk/official-documents.

Any enquiries regarding this publication should be sent to us at public.enquiries@hmtreasury.gov.uk

ISBN: 978-1-917638-89-0 PU: 3587

Contents

Chapter 1	Introduction	6
Chapter 2	Feedback and government response	7
Chapter 3	Next steps	11

Chapter 1

Introduction

1.1 The government and the Financial Conduct Authority (FCA) have been conducting a joint review of the regulatory boundary between financial advice and guidance (the Review).

1.2 As an outcome of the Review, the government and the FCA are taking forward a proposal for a new regime - targeted support. This represents the biggest reform of the financial advice and guidance landscape in more than a decade, and will represent a step change in the support that consumers receive to invest.

1.3 Targeted support will enable authorised firms to provide more support with investments and pensions, making recommendations that are designed for groups of consumers with similar characteristics and circumstances.

1.4 On 30 June, the FCA published a consultation on the draft rules for targeted support, 'Supporting consumers' pensions and investment decisions: proposals for targeted support' (CP25/17)¹.

1.5 On 15 July, the government published a policy note² setting out proposed legislative changes to enable the implementation of targeted support. Alongside that note, the government also published the draft Financial Services and Markets Act 2000 (Regulated Activities) (Amendment) Order 2025 (the draft Statutory Instrument or SI)³.

1.6 Stakeholders were invited to provide feedback to the policy note and draft SI by 29 August 2025. This document provides a summary of that feedback and the government's response. This document should be read alongside the FCA's policy statement setting out the near final rules for targeted support.

1.7 The targeted support regime is expected to be rolled out from early April 2026, with the authorisation gateway open for applications from March 2026. The FCA have opened their authorisations Pre-Application Support Service which provides a voluntary support service for firms planning to apply for targeted support permissions.

¹ [CP25/17: Supporting consumers' pensions and investment decisions: proposals for targeted support](#)

² [Targeted Support - Policy Note](#)

³ [Targeted Support - Draft Statutory Instrument](#)

Chapter 2

Feedback and government response

2.1 The government received 13 responses from financial services firms, trade bodies and consumer groups. The majority of responses were provided by industry representatives, while consumer groups and individuals accounted for a minority.

2.2 The policy note set out the government's intention to establish a new specified activity of providing targeted support, distinct from the activity of 'advising on investments' under Article 53 of the Financial Services and Markets Act 2000 (Regulated Activities) Order 2001 (RAO).

2.3 This approach is designed to support two key objectives:

- Firms offering targeted support will be subject to bespoke conduct standards distinct from those that apply to 'advising on investments'. Further detail on those conduct standards are set out in the FCA's policy statement.
- Firms will need to apply to the FCA or the Prudential Regulation Authority (PRA) for permission in order to provide targeted support. This is an important consumer safeguard, enabling the FCA or the PRA to proactively consider whether each firm applying satisfies the Threshold Conditions in relation to their proposed provision of target support.

Distinction between targeted support and 'advising on investments'

2.4 The policy note sought feedback from stakeholders on whether the proposed new specified activity is sufficiently distinct from 'advising on investments' under Article 53 of the RAO.

2.5 The policy note also set out that under the current regulatory framework, targeted support as proposed would fall within the definition of a 'personal recommendation' in Article 53 of the RAO. The government has not proposed amending the definition of a 'personal recommendation' as this would disrupt existing advice services and is not necessary to achieve the aims of targeted support.

2.6 In general, respondents welcomed the government's proposal to establish a new specified activity for targeted support in the RAO and considered that the new activity is sufficiently distinct from 'advising on investments'.

2.7 Some respondents argued that that 3(b)(ii)(aa) should be expanded to capture additional recommendations such as signposting to full advice services or recommending a generic tax wrapper such as a Stocks and Shares ISA (as opposed to a specific investment product). These types of recommendation constitute guidance and can be delivered without FCA authorisation. The FCA's consultation on the draft rules for targeted support, 'Supporting consumers' pensions and investment decisions: proposals for targeted support' (CP25/17) provides further information on the advice/guidance boundary.

2.8 Several respondents noted a drafting error in 3(b)(ii)(aa) which referred to a 'relevant instrument' rather than 'relevant investment'. This error will be corrected in the final SI.

Disclosure requirements set out in the SI

2.9 The draft SI requires that firms must provide customers with certain information about the nature and limitations of the service, when delivering targeted support. This was included in the draft legislation, to ensure that the distinction between targeted support and 'advising on investments' is robust and consumers and firms can easily determine which service is being delivered.

2.10 Respondents generally expressed support for the principle that firms should provide adequate information to consumers about the nature of the targeted support service. However, several respondents queried whether these requirements were necessary, as disclosure requirements will be set out in FCA rules. Respondents also noted that the requirements could be interpreted as overly prescriptive and noted that this appeared to be in tension with the wider movement towards outcomes-based disclosures.

2.11 The government is of the strong view that this element of the legislation is required in order to create a robust and workable distinction between targeted support and 'advising on investments'. However, in response to feedback, we will make changes to these provisions to simplify them and to ensure close alignment with FCA rules.

2.12 In addition, the draft SI stated that the information must be provided at the point of the recommendation or "as soon as reasonably practicable after". Following further consideration, this will be amended to set out that relevant information must be provided alongside the targeted support recommendation to better align with FCA rules.

Consequential amendments

2.13 The consultation sought feedback on the need for transitional provisions or consequential amendments to other legislation to ensure the effective implementation of targeted support.

2.14 There are a number of exemptions and exclusions in place which exempt or exclude certain organisations from the requirement to be authorised to deliver advice on investments under Article 53. In general,

these aim to ensure that organisations can carry out legitimate business-to-business activities or that other regulated persons such as Insolvency Practitioners do not need to apply for Article 53 permissions. In general, the government considers that these exemptions and exclusions should also apply to targeted support.

2.15 However, we consider that there are different considerations in relation to the managers of Alternative Investment Funds (AIFs) and Undertakings for Collective Investment in Transferrable Securities (UCITS). Under 72AA of the Regulated Activities Order, these managers benefit from an exclusion from Article 53 when they carry on the activity ‘in connection with or for the purposes of managing’ a UK UCITS or AIF. Unlike other exclusions from Article 53, firms in these circumstances are more likely to be involved with consumer-facing retail investment activity. It is, therefore, important that these firms seek the relevant FCA permission before delivering targeted support. The government will take forward an amendment to Article 72AA to reflect this position in legislation.

2.16 The policy note also sought views on whether Appointed Representatives should be able to deliver targeted support. Feedback was mixed, with some respondents recognising the important role Appointed Representatives play in widening access to financial services and others expressing concerns relating to consumer protection and the absence of direct FCA supervision. In CP25/17, the FCA noted there would be benefits to allowing Appointed Representatives to offer targeted support, but that delivering targeted support requires specific capabilities which many Appointed Representatives might not have.

2.17 Several respondents also noted that certain mitigations including upcoming reforms to the Appointed Representatives Regime may help address these concerns, and felt it would be sensible to consider allowing Appointed Representatives to deliver targeted support once these changes are in place.

2.18 Noting these views, the government will not enable appointed representatives to deliver targeted support from point of roll-out, but will review this position once its reforms to the Appointed Representatives Regime have been introduced and are well established.

2.19 This is not an exhaustive list of the consequential amendments that the government will need to take forward to deliver targeted support. Other consequential amendments will be required to ensure that legislation referring to Article 53, ‘advising on investments’ continues to operate as intended. In general, the government will seek to align the treatment of targeted support and ‘advising on investments’ where appropriate.

Privacy and Electronic Communications Regulations (PECR)

2.20 Many respondents referred to the Privacy and Electronic Communications (EC Directive) Regulations 2003 (PECR), which set out

the rules for how firms may contact consumers for marketing purposes through electronic means such as email.

2.21 Most industry respondents set out concerns that PECR presents a barrier to the effective delivery of targeted support. Respondents set out a range of potential solutions including:

- Further guidance from the FCA and Information Commissioner's Office (ICO) to clarify what approaches firms may take to engage consumers in line with existing requirements,
- Legislative change to enable providers of pensions for auto-enrolled members to benefit from the 'soft opt-in' exemption set out in Regulation 22 of PECR,
- Wider legislative change such as a legislative definition of 'regulatory messages' that would not be considered direct marketing or excluding 'targeted support' from the definition of direct marketing.

2.22 The government recognises a need for greater clarity to help firms navigate the regulatory framework for direct marketing and its interaction with targeted support. The government therefore welcomes the joint ICO/FCA statement published today which seeks to provide more clarity on how firms can deliver targeted support while complying with existing data protection regulations.

2.23 The government recognises that this may not address all concerns raised in relation to the interaction between targeted support and the direct marketing rules. In particular, workplace pension providers have fewer opportunities to obtain consent for direct marketing, limiting the level of engagement that they have with their members.

2.24 The Policy Note published on 15 July, set out that the government is working closely with the ICO and the FCA to explore potential policy options including potential legislative change to enable workplace pension providers to operate the soft opt-in. Any changes will need to ensure that consumers' preferences and data protection rights – including the right to object to direct marketing – are respected and that the automatic enrolment system continues to operate effectively.

2.25 Following engagement with regulators and consideration of stakeholder feedback, the government will take forward secondary legislation to enable workplace pension providers to deliver targeted support communications to members who have not opted-out of direct marketing.

Chapter 3

Next steps

3.1 Following consideration of the feedback provided by stakeholders, the government has decided to proceed with legislative change to enable the implementation of targeted support. HM Treasury intends to lay the SI as soon as Parliamentary time allows.

3.2 The targeted support regime will be rolled out from early April 2026, with the FCA's authorisation gateway open for applications from March 2026. The FCA have opened their authorisations Pre-Application Support Service (PASS) which provides a voluntary support service for firms planning to apply for targeted support permissions.

3.3 The delivery of targeted support will mark the conclusion of the government's involvement in the Advice Guidance Boundary Review. The FCA will be responsible for taking forward the outcomes of delivering the targeted support regime and continuing work to consider reforms to simplified advice.

3.4 The government will review how targeted support operates alongside wider policy developments across the pensions landscape including Guided Retirement. We will seek to ensure that all pension members are offered good quality support to manage their pensions, regardless of their how their pension provider is regulated.

HM Treasury contacts

This document can be downloaded from www.gov.uk

If you require this information in an alternative format or have general enquiries about HM Treasury and its work, contact:

Correspondence Team
HM Treasury
1 Horse Guards Road
London
SW1A 2HQ

Tel: 020 7270 5000

Email: public.enquiries@hmtreasury.gov.uk