EXPLANATORY MEMORANDUM TO

THE FINANCIAL SERVICES AND MARKETS ACT 2000 (REGULATED ACTIVITIES) (PROVIDING TARGETED SUPPORT) (AMENDMENT) ORDER 2026

2026 No. 74

1. Introduction

1.1 This Explanatory Memorandum has been prepared by the Treasury and is laid before Parliament by Command of His Majesty.

2. Declaration

2.1 Lucy Rigby, Economic Secretary to the Treasury, confirms that this Explanatory Memorandum meets the required standard.

2.2 Daniel Rusbridge, Deputy Director for Personal Finances and Funds at the Treasury confirms that this Explanatory Memorandum meets the required standard.

3. Contact

3.1 Megan Park at the Treasury can be contacted by email at the following address with any queries regarding the instrument: targetedsupport@hmtreasury.gov.uk. Alternatively, the department can be contacted by telephone: 020 7270 5000.

Part One: Explanation, and context, of the Instrument

4. Overview of the Instrument

What does the legislation do?

4.1 The instrument amends the Financial Services and Markets Act 2000 (Regulated Activities) Order 2001 (S.I. 2001/544) (RAO) to create a new specified activity of providing targeted support within the existing framework of the RAO for the purposes of section 22 of the Financial Services and Markets Act 2000 (c. 8). The instrument provides a legislative definition of 'targeted support' and distinguishes it from 'advising on investments' as defined by Article 53 of the RAO, by providing that recommendations made by way of targeted support are not treated as recommendations made by the way of Article 53.

Where does the legislation extend to, and apply?

4.2 The extent of this instrument (that is, the jurisdiction(s) which the instrument forms part of the law of) and the territorial application of this instrument (that is, where the instrument produces a practical effect) is England and Wales, Scotland and Northern Ireland.

5. Policy Context

What is being done and why?

5.1 Targeted support is a new form of regulated support within the existing financial services framework, enabling authorised financial services firms to make recommendations that are designed for groups of consumers with similar characteristics and circumstances. For example, a firm could help a consumer with substantial savings to consider investing and suggest a suitable investment product.

5.2 The instrument creates a new specified activity of providing targeted support within the existing framework of the RAO, and sets out that when a firm provides targeted support it is not providing 'advising on investments' as defined by Article 53 of the RAO. The Financial Conduct Authority (FCA) has indicated that firms providing targeted support will be subject to bespoke conduct standards distinct from the requirements that apply to firms which carry on the activity of advising on investments. Further detail on the proposed conduct standards for targeted support are set out in the FCA's policy statement on targeted support, published 11 December 2025, available at: https://www.fca.org.uk/publication/policy/ps25-22.pdf.

5.3 The government intends to introduce further legislative changes related to targeted support later in 2026, to ensure the regime operates effectively. These will be technical changes to ensure alignment between the regulation of targeted support and advising on investments in relevant secondary legislation. These changes do not include adding the provision of targeted support to the list of permitted business of appointed representatives in Regulation 2 of the Financial Services and Markets Act 2000 (Appointed Representatives) Regulations 2001 (S.I. 2001/1217).

5.4 Firms will need to apply to the FCA (or, where relevant, the Prudential Regulation Authority (PRA)) in order to provide targeted support. This is an important aspect of the consumer safeguards underpinning targeted support, enabling the FCA or the PRA to proactively consider whether each firm applying satisfies the Threshold Conditions in relation to their proposed provision of targeted support.

What was the previous policy, how is this different?

5.5 In response to concerns around the cost and accessibility of investment advice, the government and the FCA have been reviewing the regulatory boundary between regulated investment advice and unregulated guidance (the Advice Guidance Boundary Review).

5.6 The existing legislative framework sets out that financial services firms providing investment advice as defined by Article 53 must comply with relevant FCA rules, such as suitability assessments for individual consumers.

5.7 The instrument defines a new form of support with financial decision-making – targeted support, for which firms will need to apply for specific permissions and approvals. The FCA intends to make rules to underpin targeted support, which will be designed to enable targeted support to be delivered at scale to the mass-market and increase access to help with financial decision-making. Unlike investment advice, targeted support recommendations will be suitable for groups of consumers and will be based on limited data points, rather than a comprehensive consideration of the individual consumer's circumstances. It is expected that FCA rules and guidance will require firms to ensure that consumers are appropriately aligned to groups and must have reasonable grounds to consider that the recommendation would put recipients in a better position than if targeted support was not provided. Unlike investment advice, it is expected that the FCA will make rules that will allow targeted support to be delivered free at the point of use.

6. Legislative and Legal Context

How has the law changed?

6.1 The instrument amends the RAO to introduce providing targeted support as a new specified activity within the RAO framework, for the purposes of section 22 of the

Financial Services and Markets Act 2000, distinguishing it from 'advising on investments'.

6.2 It also makes consequential amendments to the RAO and other primary and secondary legislation that references 'advising on investments' to add references to 'targeted support'. These consequential amendments are designed to ensure that other legislation that refers to 'advising on investments' continues to operate as intended.

6.3 This instrument is made under sections 22(1), 22(5) and paragraph 25 of Schedule 2 to, the Financial Services and Markets Act 2000. Any activity which falls within the new definition of 'providing targeted support' in Article 55A of the RAO would, prior to these amendments, have constituted the regulated activity of 'advising on investments' under Article 53 of that Order. Consequently, this instrument does not bring any previously unregulated activity into the scope of regulation, but rather provides for the distinct treatment of different aspects of an existing regulated activity. It is for this reason that the negative resolution procedure applies to this instrument.

6.4 The instrument includes a staged commencement provision to allow both the FCA and PRA to make rules and to receive and determine applications for permission in advance of the regime coming fully into force.

Why was this approach taken to change the law?

6.5 It is important that targeted support is defined in legislation to support the creation of a distinct authorisations gateway for targeted support and to provide legal certainty to firms seeking to provide targeted support that the activity will be distinguished from the activity of 'advising on investments' in Article 53 of the RAO.

7. Consultation

Summary of consultation outcome and methodology

7.1 The Treasury and the FCA have engaged a wide range of stakeholders over the course of the Advice Guidance Boundary Review, including consumer groups, trade bodies, financial services firms, the Money and Pensions Service, the Financial Ombudsman Service, the Financial Services Compensation Scheme and the Pensions Regulator. The Treasury and the FCA published a joint discussion paper in December 2023 which set out potential policy options to improve the accessibility of financial advice, including targeted support, and sought feedback from stakeholders on potential legislative change to the RAO to deliver targeted support (available at: https://www.fca.org.uk/publications/discussion-papers/dp23-5-advice-guidance-boundary-review-proposals-closing-advice-gap). A further FCA consultation paper on targeted support for pensions was published in December 2024 (available at: https://www.fca.org.uk/publications/consultation-papers/cp24-27-advice-guidance-boundary-review-targeted-support-reforms-pensions).

7.2 Following this, the Treasury published a draft instrument on 15 July 2025 and welcomed technical comments on whether any significant errors or oversights in the legal drafting would mean that the provisions in the instrument would not achieve the desired policy outcomes. A response was published on 11 December 2025 and is available at: https://www.gov.uk/government/publications/targeted-support. Respondents were in favour of creating a new specified activity for providing targeted support, but raised some concerns about the drafting of provisions relating to the information that firms must provide to consumers when providing targeted support. In response to this feedback, the Treasury has made drafting changes to improve clarity and alignment with proposed FCA rules on disclosure.

8. Applicable Guidance

8.1 No further guidance is being published alongside this instrument.

Part Two: Impact and the Better Regulation Framework

9. Impact Assessment

9.1 A full Impact Assessment has not been prepared for this instrument because it has no direct impact on business - it specifies an activity within the existing framework of the RAO and does not bring unregulated activity into the perimeter of regulation. The legislation will only impact businesses that choose to deliver a targeted support service; there will be no additional requirements on businesses that do not choose to do so. The FCA has conducted a cost benefit analysis of their proposed rules which is available at: https://www.fca.org.uk/publication/consultation/cp25-17.pdf.

Impact on businesses, charities and voluntary bodies

9.2 There is no, or no significant, impact on business, charities or voluntary bodies.

9.3 There is no, or no significant, impact on the public sector.

10. Monitoring and review

What is the approach to monitoring and reviewing this legislation?

10.1 The Treasury will engage with the FCA and relevant stakeholders to monitor whether the legislation is functioning as intended. The FCA intends to carry out a post-implementation review of the targeted support regime within 2 years of the authorisation gateway opening.

10.2 The instrument does not include a statutory review clause and, in line with the requirements of the Small Business, Enterprise and Employment Act 2015 Lucy Rigby, Economic Secretary to the Treasury has made the following statement "I do not consider that a statutory review provision is appropriate as this instrument does not place additional requirements on businesses. The Treasury does not anticipate small businesses providing targeted support."

Part Three: Statements and Matters of Particular Interest to Parliament

11. Matters of special interest to Parliament

11.1 None.

12. European Convention on Human Rights

12.1 The Economic Secretary to the Treasury, Lucy Rigby, has made the following statement regarding Human Rights: "In my view the provisions of the Financial Services and Markets Act 2000 (Regulated Activities) (Providing Targeted Support) (Amendment) Order 2026 are compatible with the Convention rights."

13. The Relevant European Union Acts

13.1 This instrument is not made under the European Union (Withdrawal) Act 2018, the European Union (Future Relationship) Act 2020 or the Retained EU Law (Revocation and Reform) Act 2023 ('relevant European Union Acts').