STATUTORY INSTRUMENTS

2025 No. 216

FINANCIAL SERVICES AND MARKETS

The Unauthorised Co-ownership Alternative Investment Funds (Reserved Investor Fund) Regulations 2025

Made - - - -	*25th February 2025*
Laid before Parliament	*26th February 2025*
Coming into force in accordance with regulation 1(2)	

The Treasury make these Regulations in exercise of the powers conferred by section 261Z6(1) of the Financial Services and Markets Act 2000(**a**).

Citation, commencement and extent

1.—(1) These Regulations may be cited as the Unauthorised Co-ownership Alternative Investment Funds (Reserved Investor Fund) Regulations 2025.

(2) These Regulations come into force immediately after the Co-ownership Contractual Schemes (Tax) Regulations 2025 come into force.

(3) These Regulations extend to England and Wales, Scotland and Northern Ireland.

Interpretation

2. In these Regulations—

"the Act" means the Financial Services and Markets Act 2000(**b**);

"RIF" has the meaning given by section 20(1) (collective investment schemes: co-ownership schemes) of the Finance (No. 2) Act 2024(**c**);

Rights and liabilities of participants

3.—(1) The following provisions of the Act apply in connection with any unauthorised co-ownership AIF(**d**) that is a RIF, with the modifications specified in paragraph (2)—

(a) section 261M (contracts);

(b) section 261N (effect of becoming or ceasing to be a participant);

(c) section 261O (limited liability);

(**a**) 2000 c. 8. Section 261Z6 was inserted by section 64(3) of the Financial Services and Markets Act 2023 (c. 29).
(**b**) 2000 c. 8.
(**c**) 2024 c. 12.
(**d**) Section 261Z6(3) (power to make provision about unauthorised co-ownership AIFs) of the Financial Services and Markets Act 2000 (c. 8).

(d) section 261P(1) and (2) (segregated liability in relation to umbrella co-ownership schemes).

(2) The modifications are—

(a) any reference to a "stand-alone co-ownership scheme" is to be treated as a reference to a RIF that is not an umbrella co-ownership scheme (interpreted in accordance with sub-paragraph (b)).

(b) any reference to an "umbrella co-ownership scheme" is to be treated as a reference to a RIF that satisfies the conditions in section 237(6)(b) and (c) of the Act.

(c) any reference to a sub-scheme of an umbrella co-ownership scheme (interpreted in accordance with sub-paragraph (b)) is to be treated as arrangements constituting the scheme so far as they relate to a separate part of property.

(3) The provisions referred to in paragraph (1)(a) to (d), read with the modifications specified in paragraph (2), apply in connection with any unauthorised co-ownership AIF that—

(a) was previously a RIF,

(b) is currently not a RIF, and

(c) is UK-based (see paragraph (4)).

(4) For the purpose of paragraph (3)(c), an unauthorised co-ownership AIF will be "UK-based" if it meets the conditions set out in regulation 6 (a UK-based scheme) of the Co-ownership Contractual Schemes (Tax) Regulations 2025(**a**).

Nicholas Dakin
Jeff Smith

25th February 2025 — Two of the Lords Commissioners of His Majesty's Treasury

(**a**) S.I. 2025/200.

EXPLANATORY NOTE

(This note is not part of the Regulations)

Sections 261M to 261O and 261P(1) and (2) of the Financial Services and Markets Act 2000 (c. 8) ("the Act") make provision about contracts and the rights and liabilities of participants in relation to co-ownership schemes authorised by an authorisation order under section 261D(1) of the Act. Section 261M confers certain rights on the operators of such schemes to act on behalf of participants in relation to authorised contracts. Section 261N makes provision about the effects of a person becoming or ceasing to be a participant, in terms of rights they acquire and the liabilities to which they are subject in relation to authorised contracts. Section 261O limits the liability of participants for debts incurred under, or in connection with, contracts which the operator is authorised to enter into on their behalf. Section 261P(1) and (2) provides for the segregation of the liabilities of participants in sub-schemes (where a co-ownership scheme is constituted as an umbrella co-ownership scheme).

These Regulations apply, with modifications, sections 261M to 261O and 261P(1) and (2) so that they also apply in connection with any unauthorised co-ownership AIF that is a RIF (Reserved Investor Fund (Contractual Scheme)) and any unauthorised co-ownership AIF that was previously a RIF but is currently not a RIF (provided it is UK-based).

A full impact assessment has not been published for this instrument as it has no impact on the private sector, the voluntary sector/civil society organisations.

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