

## **FCA's changes for authorised open-ended property funds not to be announced before Q3 2021 nor for changes, if any, to be implemented before mid-2023 at the earliest**

Date: 7 May 2021

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The Financial Conduct Authority (FCA) has today (7 May 2021) released a feedback statement on their ongoing consultation (CP20/15) regarding authorised open-ended property funds and their draft proposals to introduce mandatory notice periods for redemptions.

Within the feedback statement the FCA advised that they had received responses from a wide range of stakeholders, including those involved in the distribution chain (transfer agents, platforms, advisers, wealth managers).

The FCA advised that it will continue to work with industry stakeholders to assess industry concerns, including assessing the conclusions from HMRC's consultation of the impact of the proposals on ISAs, and will not make a decision on whether mandatory redemption notice periods will be introduced "until Q3 2021 at the earliest".

If the FCA does proceed with applying mandatory notice periods for authorised open-ended property funds, which is not certain, they stated that they will allow a suitable implementation period before the rules come into force, "approximately 18 months to 2 years" after the delivery of the policy statement, to allow firms to make operational changes, meaning any changes will not come into force until mid-2023 at the earliest.

We are pleased that the FCA has listened constructively to the industry and stakeholders regarding the real challenges created by the introduction of mandatory redemption notice periods. In particular, the FCA confirmed they are aiming to ensure that the distribution chain operates effectively and allows investors to continue to hold an important asset class enabling them to continue to benefit from direct property within an investment portfolio.

We await the FCA's further consultation announcement scheduled for later this year. However, in the meantime there are no changes to the way in which our open-ended property funds are operated.