HMT/FCA May 2024 Update - Overseas Fund Regime

HM Treasury and the FCA have issued their May 2024 update on the Overseas Funds Regime (OFR), for which the intention is to allow EEA UCITs funds to access the UK funds market. Whilst the timelines are subject to change, the May update gives a good indication of what is required by when. It is important to note that whilst the UK authorities recognise equivalence for EEA UCITs funds, there are still considerations such as the UK's SDR, and retail point of sale disclosures to be considered, and money market funds are not included.

In addition to the timeline the update includes considerations for:-

- Application process for fund operators to apply under the OFR.
- TMPR arrangements for Money Markets Funds
- Optional rules subject to consultation
- Retail disclosures likely to be required in line with UK funds
- SDR requirements and labelling which may be extended to OFR funds
- Ongoing data collection to support the FCA's oversight of funds marketed in the UK

Q2 2024

Q3 2024

Q4 2024

2025

2026

Legislation likely to be laid to enact the equivalence decision, extend the Temporary Marketing Permission Regime (TMPR) and ensure it works effectively for transitioning funds

FCA's final rules for OFR funds consulted on in CP23/26 likely to come into effect Government intends to consult on the application of SDR and labelling for OFR funds The OFR gateway opens for non-TMPR funds, which can now apply for recognition Government intends to close the consultation on SDR and labelling for OFR funds

The OFR gateway opens for TMPR stand-alone schemes
The OFR gateway opens for TMPR umbrella schemes
Government aims to lay any legislation on SDR and labelling for OFR funds

If the Government legislates on SDR and labelling for OFR funds, the FCA is likely to consult on related rules and guidance Depending on the outcome of the Government's consultation, legislative requirements for SDR and labelling for OFR funds likely to come into force. The FCA will follow a separate process to make rules

The final landing slot closes for non-MMF TMPR schemes TMPR ceases in respect of non-MMF schemes. (The Government could extend)