

## The five key takeaways for fund managers and sponsors from the UK's "Mansion House reforms"

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**PRACTICES** International, Investment Management, Fund Formation and Management, Financial Regulatory

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In his annual Mansion House speech on 10 July 2023, the UK's Chancellor of the Exchequer, Jeremy Hunt, set out a series of proposed changes to UK financial services law and regulation. These proposals have been named the "Mansion House reforms" and are a continuation of the process that was kicked off by the "Edinburgh reforms" that were announced by the Chancellor on 9 December 2022.

The overall framework for the reforms (and for the reforms to come) is to improve aspects of the regulation of financial services in the UK now that the UK has left the European Union. Divergence between the regimes in the UK and the EU will accelerate at each stage.

Of the many reforms that were announced, we would highlight the following for our fund manager and sponsor clients and contacts: (1) improvements to the UK version of the short selling regulation, (2) the replacement of the Packaged Retail and Insurance-based Investment Products (PRIIPs) Regulation with a new tailored UK retail disclosure regime, (3) permitting asset managers to pay for research on a bundled basis (i.e. where a broker who is executing a transaction for a buy-side firm adds an additional amount above the actual cost of executing the trade, and uses the additional amount to pay for research which it would provide to the buy-side firm), (4) the continuation of the theme to increase pension fund investments in less liquid assets (unlisted equities, in this case), and (5) the reiteration of the desire to establish a new "intermittent trading venue" (a half-way house between being a private and a publicly listed company?).

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