

Final UK Rules on Options for Fund Managers' Payment for Investment Research

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The UK's Financial Conduct Authority ("FCA") has published its final Policy Statement on Investment research payment optionality for fund managers ([PS25/4](#)) (see [here](#) for our note on PS25/4's preceding Consultation Paper). The proposal entails allowing fund managers to rebundle payment options for research with execution services, subject to a number of 'guardrails,' and PS25/4 represents a loosening of some of those guardrails to add more flexibility for firms choosing to make joint payments for research and execution.

As a reminder, MiFID II (the Markets in Financial Instruments Directive) required firms to unbundle research from trade execution, and these rules applied to fund managers. Managers then needed to choose between using their own funds to purchase research, or establish Research Payment Accounts for client payments.

Guardrails and changes

1. Firms are required to have written policies for each fund that opts for the joint payment option. However, in order to give more flexibility, firms will now be permitted to establish one standard policy across fund ranges that can be adapted per individual fund range or structure.
2. Research budgets can now be set either at fund level or aggregated over more than one fund if appropriate (and provided that rules on cross-subsidisation are followed). Further adjustments have been made to clarify that budgets can apply a cost allocation system that is appropriate and proportionate, but which still ensures that costs mirror the benefits received by the fund.
3. PS25/4 also clarifies that while firms responsible for account administration when taking up the joint payment option, taking into account commission sharing arrangements ("CSA"), this does not mean that each fund will need its own CSA when opting for this option.

The new rules came into force on 9 May 2025.