

MPs back banks over HNW client RDR opt-out

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High net worth individuals should be able to opt out of the retail distribution review, according to the Treasury select committee.

In its report into the RDR, published today, the TSC says it notes JP Morgan's concern non-UK funds are unlikely to change product structures to bring them in line with the RDR, potentially limiting the products available to HNW clients.

It says: "We recommend the FSA examines how to allow HNW individuals, as determined by the FSA, the opportunity to opt out of the requirements of the RDR should they wish. This should also mean they opt-out of most or all of protections that retail customers receive."

JP Morgan's written evidence to the committee says it believes there is a "considerable risk" that non-UK funds do not restructure their products in line with the RDR and that this would mean higher costs or exclusion of products for UK investors.

In its written submission to the committee, Barclays [said](#) some of the measures in the RDR are inappropriate for the HNW market which it says is competitive and involves internationally mobile clients who are often more financially sophisticated than mass market retail clients. The bank [closed](#) its retail advice arm in January.

The report calls on the FSA to "urgently" review the evidence the committee received on the HNW market and report back to the committee on the potential scale of the issue and whether the RDR could be modified to address the concerns.