

Financial Services and Markets Bill

COMMONS DISAGREEMENT, AMENDMENTS IN LIEU AND REASON

[The page and line references are to HL Bill 80, the bill as first printed for the Lords]

Clause 25

LORDS AMENDMENT 7

- 7 Page 39, leave out lines 11 to 13 and insert –
- “(c) the need to contribute towards achieving compliance with sections 1 (the target for 2050) and 4(1)(b) (net UK carbon account) of the Climate Change Act 2008, and the conservation and enhancement of the natural environment, including compliance with relevant targets approved by Parliament, the Scottish Parliament, Senedd Cymru, and the Northern Ireland Assembly.”

COMMONS DISAGREEMENT AND AMENDMENT IN LIEU

The Commons disagree to Lords Amendment 7 but propose Amendments 7A, 7B and 7C as amendments in lieu –

- 7A Page 39, leave out lines 11 to 13 and insert –
- “(c) the need to contribute towards achieving compliance by the Secretary of State with section 1 of the Climate Change Act 2008 (UK net zero emissions target) and section 5 of the Environment Act 2021 (environmental targets) where each regulator considers the exercise of its functions to be relevant to the making of such a contribution;”
- 7B Page 63, leave out from “compliance” in line 47 to end of line 48 and insert “by the Secretary of State with section 1 of the Climate Change Act 2008 (UK net zero emissions target) and section 5 of the Environment Act 2021 (environmental targets) where the Bank considers the exercise of its FMI functions to be relevant to the making of such a contribution;”

- 7C Page 148, leave out from “compliance” in line 14 to end of line 15 and insert “by the Secretary of State with section 1 of the Climate Change Act 2008 (UK net zero emissions target) and section 5 of the Environment Act 2021 (environmental targets) where the Payment Systems Regulator considers the exercise of its functions to be relevant to the making of such a contribution;”

After Clause 26

LORDS AMENDMENT 10

- 10 Insert the following new Clause –
- “FCA to have regard to financial inclusion within consumer protection objective**
- (1) FSMA 2000 is amended as follows.
- (2) In section 1C (the consumer protection objective), after subsection (2)(c) insert –
- “(ca) financial inclusion;”.

COMMONS REASON

The Commons disagree to Lords Amendment 10 for the following Reason –

- 10A *Because financial inclusion is a broader social policy issue, the Financial Conduct Authority is already able to take action on issues related to financial inclusion within its remit and it would not be appropriate to amend the regulators’ objectives without due consultation as it would create uncertainty for FCA-regulated entities.*

After Clause 65

LORDS AMENDMENT 36

- 36 Insert the following new Clause –
- “Forest risk commodities**
- (1) FSMA 2000 is amended in accordance with subsection (2).
- (2) After section 410 insert –
- “Forest risk commodities
- 410ZA Forest risk commodities**
- (1) A person must not carry on a regulated activity in the United Kingdom that may directly or indirectly support a commercial activity in relation to a forest risk commodity or a product derived from a forest risk commodity unless relevant local laws were complied with in relation to that commodity.
- (2) A person that intends to carry on a regulated activity that may directly or indirectly support a commercial activity in relation to a forest risk commodity or a product derived from a forest risk commodity must establish and implement a due diligence system in relation to that regulated activity to ensure compliance with relevant local laws.

- (3) The due diligence system referred to in subsection (2) must be in place within 24 months of the day on which the Financial Services and Markets Act 2023 is passed.
 - (4) Within the period of one year beginning with the day on which the Financial Services and Markets Act 2023 is passed, the Secretary of State must by regulations made by statutory instrument make provision about the details of the due diligence system referred to in subsection (2).
 - (5) A statutory instrument containing regulations under subsection (4) may not be made unless a draft of the instrument has been laid before and approved by a resolution of each House of Parliament.
 - (6) In this section, “due diligence system” means a system for –
 - (a) identifying and obtaining information about the commercial activities of any beneficiary of the regulated activity and of their group regarding the use of a forest risk commodity,
 - (b) assessing the risk that relevant local laws were not complied with, or that free, prior and informed consent was not obtained from local communities, or from indigenous people in accordance with their rights under international law, in relation to that commodity, and
 - (c) mitigating that risk.
 - (7) A person that carries on a regulated activity in the United Kingdom that directly or indirectly supports a commercial activity in relation to a forest risk commodity or a product derived from a forest risk commodity is subject to –
 - (a) the reporting requirements under paragraph 4 of Schedule 17 to the Environment Act 2021 (“the Environment Act”) in relation to the due diligence system required under subsection (2), and
 - (b) Part 2 of Schedule 17 to the Environment Act as though they are a person to whom Part 1 of that Schedule applies.
 - (8) Terms used in this section that are defined in Schedule 17 to the Environment Act have the meanings given in that Schedule.”
- (3) In paragraph 17(1) of Schedule 17 to the Environment Act 2021 (use of forest risk commodities in commercial activity), for “and any Part 2 regulations (“relevant provisions”)” substitute “, any Part 2 regulations (“relevant provisions”)” and section 410ZA of the Financial Services and Markets Act 2000”.

COMMONS DISAGREEMENT AND AMENDMENT IN LIEU

The Commons disagree to Lords Amendment 36 but propose Amendment 36A as an amendment in lieu –

36A

Page 87, line 34, at end insert the following new Clause –

“Forest risk commodities: review

- (1) The Treasury must carry out a review to assess the extent to which regulation of the UK financial system is adequate for the purpose of eliminating the financing of the use of prohibited forest risk commodities.

- (2) In subsection (1) the reference to “prohibited” forest risk commodities is a reference to forest risk commodities, or products derived from forest risk commodities, the use of which is prohibited by paragraph 2 of Schedule 17 to the Environment Act 2021.
- (3) Having carried out a review the Treasury must lay before Parliament, and publish, a report stating –
 - (a) the conclusions of the review, and
 - (b) the steps the Treasury considers it appropriate to take to improve the effectiveness of the regulation of the UK financial system for the purpose stated in subsection (1).
- (4) Subsection (3) must be complied with before the end of 9 months beginning with the day on which the first regulations under paragraph 1 of Schedule 17 to the Environment Act 2021 are made.
- (5) In this section –
 - “forest risk commodities” has the same meaning as in Schedule 17 to the Environment Act 2021;
 - “UK financial system” has the same meaning as in FSMA 2000 (see section 11 of that Act).”

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