# Financial Services and Markets Bill [HL]

FOURTH MARSHALLED

LIST OF AMENDMENTS

TO BE MOVED

IN GRAND COMMITTEE

*The amendments have been marshalled in accordance with the Instruction of 8th June 2026, as follows—*

| | |
|---|---|
| Clause 1 | Clauses 14 to 31 |
| Schedule 1 | Schedule 3 |
| Clauses 2 to 13 | Clauses 32 to 53 |
| Schedule 2 | Title |

[*Amendments marked ★ are new or have been altered*]

**Amendment No.**

**After Clause 19**

BARONESS NOAKES
BARONESS NEVILLE-ROLFE
LORD VAUX OF HARROWDEN

**99** After Clause 19, insert the following new Clause—

**"FCA and PRA secondary competitiveness and growth objectives**

The Financial Services and Markets Act 2000 is amended as follows—

(a) in section 1EB (competitiveness and growth objective) for "aligning with" substitute "consideration of";

(b) in section 2H (secondary objectives and duty to have regard to regulatory principles) for "aligning with" substitute "consideration of"."

***Member's explanatory statement***
*This amendment modifies the secondary competitiveness and growth objectives of the FCA and the PRA by requiring international standards to be considered rather than aligned with.*

**Clause 20**

BARONESS NOAKES
LORD VAUX OF HARROWDEN

**100** Clause 20, page 25, line 7, at end insert—

"(3A) The Treasury must lay a copy of each report prepared under this section before Parliament."

***Member's explanatory statement***
*This amendment requires the Treasury to lay a copy of reports by the FCA and the PRA in respect of their competitiveness and growth objectives before Parliament, as was the case for the reports required under section 26 of the Financial Services and Markets Act 2023.*

LORD HUNT OF WIRRAL

**101** Clause 20, page 25, line 7, at end insert—

"(3A) A report prepared by a regulator under this section must be prepared and published in a manner which is clear, comparable with previous reports so far as reasonably practicable, and relevant to the practical experience of authorised persons and consumers.

(3B) A report under this section must include, so far as reasonably practicable—

(a) information on the regulator's performance in determining applications for permission under Part 4A of this Act and applications for variation of permission, including average determination times and the use and duration of any process by which a statutory determination period is paused or extended,

(b) sector-level information, where it can be provided without disproportionate burden,

(c) an assessment of the cumulative cost and operational impact of new rules, guidance, supervisory initiatives and data requests made or issued by the regulator during the reporting period,

(d) an explanation of how the regulator has applied proportionality, including in relation to small and medium-sized authorised firms, and

(e) year-on-year comparisons against metrics used in previous reports, or an explanation of any material change in methodology."

***Member's explanatory statement***
*This amendment would provide additional requirements on the format and contents of the reports that regulators must provide to the Treasury concerning the competitiveness and growth objective.*

LORD HOLMES OF RICHMOND
BARONESS NEVILLE-ROLFE

**101A** Clause 20, page 25, line 11, after "1B(4A)" insert "and to its payment systems objectives, including the innovation objective and the competition objective"

***Member's explanatory statement***
*Schedule 2, paragraph 6 removes the Payment System Regulator from the FCA's statutory panel composition provisions and does not replace it with any payments-specific representation. This amendment and another in the name of Lord Holmes of Richmond seek to provide such representation.*

**After Clause 20**

BARONESS NOAKES
BARONESS NEVILLE-ROLFE

**102** After Clause 20, insert the following new Clause—

**"Competitiveness and growth objective: Financial Markets Infrastructure functions**

In section 30D (exercise of functions relating to CCPs and CSDs) of the Bank of England Act 1998, for subsection (2) substitute—

"(2) In exercising its FMI functions in a way that advances the Financial Stability Objective the Bank must, so far as reasonably possible, act in a way which advances its secondary objectives.

(2A) Its secondary objectives are—

(a) to facilitate innovation in the provision of FMI services (including the infrastructure used for that purpose) with a view to improving the quality, efficiency and economy of the services, and

(b) to facilitate the international competitiveness of the economy of the United Kingdom (including in particular the financial services sector) and its growth in the medium to long term.""

***Member's explanatory statement***
*This amendment creates an additional secondary objective dealing with international competitiveness and growth for the FMI Committee of the Bank of England.*

BARONESS NORTHOVER
BARONESS GRIFFIN OF PRINCETHORPE

**103** After Clause 20, insert the following new Clause—

**"Climate risk and environment principle: reporting requirements**

After section 3RF of the Financial Services and Markets Act 2000 (inserted by section 20) insert—

*"Climate risk and environment principles: reporting requirements*

**3RG Annual reports to the Treasury**

(1) At least once a year, each regulator must make a report to the Treasury on how it has upheld its climate risk and environment principles.

(2) The reports prepared by each regulator under subsection (1) must in particular explain—

(a) the action taken by the regulator to ensure that the climate risk and environment principles are embedded in its operations, processes and decision-making, and

(b) how any rules and guidance that the regulator has made advance those principles.

(3) Each regulator must publish its reports prepared under this section in such manner as it thinks fit.

(4) In this section, references to the climate risk and environment principles, are references to the principles laid out under section (3B)(1)(c).

(5) A report under this section may not be combined in a single document with any other report.""

***Member's explanatory statement***
*This amendment would require both the FCA and PRA to publish annual reports on how it is upholding its principles surrounding climate risk and the. environment, mimicking the model set out in Clause 20.*

LORD HOLMES OF RICHMOND
BARONESS ALTMANN

**104** After Clause 20, insert the following new Clause—

**"Financial inclusion objective: reporting requirements**

After section 3RF of the Financial Services and Markets Act 2000 (inserted by section 20), insert—

*"Financial inclusion: reporting requirements*

**3RG Financial inclusion reporting**

(1) The FCA and PRA must prepare annual reports on the extent to which they have advanced the financial inclusion objective.

(2) The report must include—

(a) information on access to financial services,

(b) analysis of outcomes for vulnerable, under-served and under-banked consumers, and

(c) measures taken to increase financial inclusion.

(3) The FCA and PRA must publish the first report within three months of the day on which the Financial Services and Markets Act 2026 is passed.""

***Member's explanatory statement***

*This amendment seeks to require the FCA and PRA to publish a report on what measures they have taken to increase financial inclusion.*

LORD HOLMES OF RICHMOND

**104A** After Clause 20, insert the following new Clause—

**"Secondary objectives of the Bank of England in relation to payment systems and service providers**

After section 188 of the Banking Act 2009 (principles) insert—

**"188A Secondary objectives in relation to payment systems and service providers**

(1) In discharging its functions under this Part, the Bank of England must, so far as reasonably possible, act in a way that advances the following secondary objectives—

(a) the competition objective, and

(b) the competitiveness and growth objective.

(2) The "competition objective" facilitates effective competition in the markets for services provided by authorised persons in carrying on regulated activities under this Part.

(3) The “competitiveness and growth objective” facilitates, subject to aligning with relevant international standards—

(a) the international competitiveness (including in particular of the financial services sector through the contribution of authorised persons), and

(b) the medium and long-term growth

of the economy of the United Kingdom.””

***Member's explanatory statement***
*This amendment seeks to introduce secondary competition and competitiveness objectives for the Bank of England in relation to payment systems.*

**Clause 21**

BARONESS NEVILLE-ROLFE
LORD ALTRINCHAM

**105** Clause 21, page 26, line 3, leave out “changing” and insert “reducing”

***Member's explanatory statement***
*These amendments ensure that the Treasury has the power to reduce various time limits for regulatory approvals, but not to increase them.*

LORD HOLMES OF RICHMOND

**106** Clause 21, page 26, line 4, at end insert “provided that any such regulations reduce, and do not increase, the period in question”.

LORD HOLMES OF RICHMOND

**107** Clause 21, page 26, line 4, at end insert—

“(12) Where, for two consecutive years, the regulators have complied with the applicable period for determination of applications under this section, the Treasury must make regulations under subsection (11).”

LORD HOLMES OF RICHMOND

**108** Clause 21, page 26, line 5, at end insert—

“(za) after subsection (2) insert—

“(2ZA) In determining the application, the regulator must—

(a) assign a new application to a case handler within 5 working days of the application being made,

(b) complete an initial application review within 10 working days of allocation to a case handler, and

(c) allow a period of no more than 15 working days from receiving the application, to make requests for additional information.

(2ZB) The regulators must publish monitoring data on an annual basis regarding the following—

(a) the proportion of cases which required escalation to sponsoring firms, including summary trend data on the reasons for escalation,

(b) the average time it takes to assign a case handler, and

(c) the average number of days it takes to complete an application in full.

(2ZC) A regulator may pause consideration of an application under this section for the purpose of requesting additional information on no more than one occasion.

(2ZD) Any request for additional information under subsection (2ZC) must be made within the period specified in subsection (2ZA)(c).""

***Member's explanatory statement***
*This amendment would add to the regulators' authorisation KPIs within the Financial Services and Markets Act 2000 and require them to publish monitoring data related to the determination of authorisations.*

BARONESS NEVILLE-ROLFE
LORD ALTRINCHAM

**109** Clause 21, page 26, line 22, at end insert—

"(aa) after subsection (4) insert—

"(4A) In the case of an application made to the FCA under section 60, subsection (4) may be relied upon on no more than one occasion in relation to that application.

(4B) A requirement imposed by the FCA for the purposes of subsection (4) must, so far as reasonably practicable, specify all the information which the FCA requires from the applicant at the time the requirement is imposed.

(4C) Subsection (4A) does not prevent the FCA from requesting further information after the occasion mentioned in that subsection, but the period for consideration may not stop running by reason of any subsequent request.""

***Member's explanatory statement***
*This probing amendment would limit the FCA to one formal use of its stop-the-clock power per senior manager application, while allowing it still to request further information.*

BARONESS NEVILLE-ROLFE
LORD ALTRINCHAM

**110** Clause 21, page 26, line 25, leave out “changing” and insert “reducing”

***Member's explanatory statement***
*These amendments ensure that the Treasury has the power to reduce various time limits for regulatory approvals, but not to increase them.*

LORD HOLMES OF RICHMOND

**111** Clause 21, page 26, line 25, at end insert “provided that any such regulations reduce, and do not increase, the period in question.”

LORD HOLMES OF RICHMOND

**112** Clause 21, page 26, line 25, at end insert—

“(9) Where, for two consecutive years, the regulators have complied with the applicable period for determination of applications under this section, the Treasury must make regulations under subsection (8).”

BARONESS NEVILLE-ROLFE
LORD ALTRINCHAM

**113** Clause 21, page 26, line 31, leave out “changing” and insert “reducing”

***Member's explanatory statement***
*These amendments ensure that the Treasury has the power to reduce various time limits for regulatory approvals, but not to increase them.*

BARONESS NEVILLE-ROLFE
LORD ALTRINCHAM

**114** Clause 21, page 26, line 36, leave out “changing” and insert “reducing”

***Member's explanatory statement***
*These amendments ensure that the Treasury has the power to reduce various time limits for regulatory approvals, but not to increase them.*

LORD HOLMES OF RICHMOND

**115** Clause 21, page 26, line 36, after “consideration” insert “provided that any such regulations reduce, and do not increase, the period in question.”

LORD HOLMES OF RICHMOND

**116** Clause 21, page 26, line 36, at end insert—

"(7) Where, for two consecutive years, the regulators have complied with the applicable period for determination of applications under this section, the Treasury must exercise its powers under subsection (6)."

***Member's explanatory statement***
*This amendment, and others in the name of Lord Holmes, seeks to require the Treasury when making regulations under this Clause to reduce the period for making a determination. It also seeks to require the Treasury to use this power if the regulators had met the latest authorisation timeframes in a two year period.*

**After Clause 22**

BARONESS BOWLES OF BERKHAMSTED

**117** After Clause 22, insert the following new Clause—

**"Section 166 reviews: threshold and proportionality requirements**

(1) Section 166 of the Financial Services and Markets Act 2000 (reports by skilled persons) is amended as follows.

(2) After subsection (1) insert—

"(1A) The regulator may not require a person to provide a report under this section unless it is satisfied that—

(a) there is a material risk of serious detriment to regulatory outcomes, and

(b) the use of a skilled person is a proportionate response, having regard to—

(i) the scale and nature of the suspected issue,

(ii) the expected burden on the firm, and

(iii) whether the matter could reasonably be addressed through the regulator's existing supervisory tools."

(3) After subsection (4) insert—

"(4A) The regulator must publish, at least annually—

(a) the number of reports commissioned under this section,

(b) the sectors to which they relate, and

(c) the aggregate cost to firms of such reports."

(4) In subsection (5), after "may" insert ", subject to subsections (1A) and (4A),"."

***Member's explanatory statement***
*This new Clause would introduce a statutory threshold for the use of section 166 skilled persons reviews, requiring the regulator to demonstrate a material risk of serious detriment and to consider*

*proportionality, and would require annual publication of the number, sectoral distribution and aggregate cost of such reviews.*

BARONESS NOAKES

118 After Clause 22, insert the following new Clause—

**"Reports by skilled persons**

In section 166 of the Financial Services and Markets Act 2000 (reports by skilled persons), in subsection (1) at end insert "and the conditions in subsection (1A) are met.

(1A) The conditions are that the regulator considers that—

(a) it is likely that there has been a significant contravention of a relevant requirement by an authorised person (A), and

(b) the information or documents could not reasonably be obtained without a report under this section.

(1B) For the purposes of this subsection, "relevant requirement" has the meaning given in section 204A.""

***Member's explanatory statement***
*This amendment restricts the use of section 166 reports to serious potential regulatory breaches.*

BARONESS NOAKES
LORD VAUX OF HARROWDEN

119 After Clause 22, insert the following new Clause—

**"Cost benefit panels**

(1) The Financial Services and Markets Act 2000 is amended as follows.

(2) In subsection (4) of section 138IA, insert after paragraph (a)—

"(aa) keep under review the cumulative impact of rules issued by the FCA including those covered by subsection (3); and"

(3) In subsection (4) of section 138JA insert after paragraph (a)—

"(aa) keep under review the cumulative impact of rules issued by the PRA including those covered by subsection (3); and"

(4) In subsection (5) of section 139A, omit "(e)"."

***Member's explanatory statement***
*This amendment allows the Cost Benefit Panels of the FCA and the PRA to keep the cumulative impact of regulation, including those rules which are not consulted on, under review. It also requires the FCA to prepare cost benefit analysis for guidance and for the Cost Benefit Panel to review it.*

BARONESS NEVILLE-ROLFE
LORD ALTRINCHAM

**120** After Clause 22, insert the following new Clause—

**"Review of bank capital requirements**

(1) Within 12 months of the day on which this Act is passed, the Treasury must lay before Parliament a report reviewing the effect of prudential capital requirements applicable to PRA-authorised banks and building societies, with particular reference to on lending capacity, borrowing costs, competition and economic growth, while also considering financial stability.

(2) In preparing a report under subsection (1), the Treasury must consult—

(a) the Bank of England,

(b) the Prudential Regulation Authority,

(c) the Financial Conduct Authority, and

(d) such other persons as the Treasury considers appropriate.

(3) The Treasury must published the report."

***Member's explanatory statement***
*This probing amendment would require a review of the effect of prudential capital requirements on lending capacity, borrowing costs, competition and economic growth, while also considering financial stability.*

BARONESS BOWLES OF BERKHAMSTED

**121** After Clause 22, insert the following new Clause—

**"Periodic independent review of financial regulators**

After section 1S of the Financial Services and Markets Act 2000 (reviews) insert—

**"1SA Periodic independent review of financial regulators**

(1) The Treasury must appoint a panel of at least three independent persons ("the Review Panel") to conduct a periodic general review of the effectiveness of—

(a) the Financial Conduct Authority,

(b) the Prudential Regulation Authority, and

(c) the Bank of England in respect of its functions under Parts 1 and 5 of the Banking Act 2009 and Part 2 of the Financial Services Act 2012.

(2) A person may be appointed to the Review Panel only if—

(a) the Treasury has proposed the appointment, and

(b) the appointment has been approved by a resolution of the House of Commons and a resolution of the House of Lords.

(3) A person is not eligible for appointment if, within the previous three years, they have held senior office in the Treasury, the FCA, the PRA, the Bank of England, the Payment Systems Regulator, the Financial Ombudsman Service, or in any firm or body materially affected by the review, unless the nature of the interest has been fully disclosed and the appointment has been expressly approved by both Houses.

(4) A general review must take place at intervals of every two to three years and must include a review of—

(a) internal operations and controls,

(b) systems for responding to whistleblowers, parliamentary correspondence and reports, and public interest concerns,

(c) regulatory perimeters and customer classifications,

(d) the effectiveness of relevant legislation and rules and the regulatory burden,

(e) whether statutory and public policy objectives have been met,

(f) the operation and effectiveness of engagement practices before and during rule making,

(g) the skills base of staff,

(h) follow up from previous reviews,

(i) access to redress and effective remedies,

(j) the operation of the FCA/FOS relationship and systemic complaint escalation,

(k) evidence handling, audit trails and responses to parliamentary, whistleblower and public interest concerns,

(l) whether statutory rights and remedies transferred into regulator rules remain effective in practice,

(m) redress shortfalls, repeat misconduct and deterrence,

(n) any other matter the Review Panel considers relevant, and

(o) any matter requested by a relevant Committee of the House of Commons or House of Lords.

(5) The Review Panel must not determine the merits of any individual complaint, regulatory decision or enforcement case, but may consider individual cases, whether anonymised or otherwise, for the purpose of identifying systemic, procedural, evidential, perimeter, redress or accountability issues.

(6) On completion of a review, the Review Panel must make a written report to the Treasury—

(a) setting out the results of the review, and

(b) making such recommendations as the Panel considers appropriate.

(7) A copy of the report must be—

(a) laid before Parliament within 30 days of receipt, and

(b) published in such manner as the Treasury considers appropriate,

subject only to necessary redactions for confidentiality, privilege or enforcement sensitivity.

(8) The Treasury must publish a response to the report within 60 days of its publication.

(9) The FCA, PRA and the Bank of England must each publish a response to the report within 60 days of its publication, including a statement of actions they will take as a result.

(10) The Review Panel has a right of access (at any reasonable time) to all information which it may reasonably require for the purpose of performing its functions under this section.

(11) The Review Panel is entitled to require from any person holding or accountable for such information any assistance or explanation which the Panel reasonably considers necessary for that purpose.

(12) "Information" includes any document, record, data, correspondence, internal report, or other material held by the FCA, the PRA or the Bank of England.""

BARONESS BOWLES OF BERKHAMSTED
BARONESS ALTMANN

**122** After Clause 22, insert the following new Clause—

**"Reducing regulator duplication**

In section 3R of the Financial Services and Markets Act 2000 (arrangements for provision of services), after subsection (3), insert—

"(3A) In exercising functions in relation to—

(a) a PRA-authorised person within the meaning of section 2B, or

(b) a person performing a senior management function in relation to such person,

the FCA may rely on analysis, findings, information, or judgments of the PRA, so far as it is reasonable to do so.

(3B) In exercising functions in relation to a person falling within subsection (3A), the PRA may rely on analysis, findings, information, or judgments of the FCA, so far as it is reasonable to do so.

(3C) Subsections (3A) and (3B) apply in particular in relation to—

(a) rule-making,

(b) supervisory activity,

(c) investigatory functions, and

(d) enforcement decisions.

(3D) Where a regulator relies on the other regulator under this section, it must have regard to—

(a) the need to ensure that its statutory objectives are advanced, and

(b) the desirability of avoiding unnecessary duplication of work or inconsistent outcomes.

(3E) Nothing in this section prevents either regulator from undertaking its own analysis or reaching its own conclusions where it considers it appropriate to do so.

(3F) For the purposes of this section "a senior management function" has the same meaning as Section 59ZA.""

BARONESS BOWLES OF BERKHAMSTED
BARONESS ALTMANN

**123** After Clause 22, insert the following new Clause—

**"Safeguards on regulatory information collecting**

In section 165 of the Financial Services and Markets Act 2000 (regulators powers to require information authorised persons etc), for subsection (4) substitute—

"(4) A requirement imposed under this section may only require the provision of information or documents which are reasonably necessary for the purposes of—

(a) the investigation, supervisory activity, or exercise of functions to which the requirement relates, or

(b) advancing one or more of the regulator's statutory objectives.

(5) In deciding whether to impose a requirement under this section, the regulator must have regard to—

(a) the proportionality of the burden imposed on the person to whom the requirement is addressed,

(b) the relevance of the information or documents sought to the purpose identified in subsection (4)(a), and

(c) the availability of the information from alternative sources.

(6) A notice issued under subsection (1) must include a statement—

(a) specifying the purpose for which the information or documents are required, and

(b) explaining why the regulator considers the requirement to satisfy subsection (4A).

(7) The regulator must not require the provision of information or documents which are—

(a) duplicative of information already provided to the regulator, unless it is reasonable to require it again, or

(b) of a description which is wider than is reasonably necessary to meet the purpose specified under subsection (4B)(a).

(8) In this section, "statutory objectives" means—

(a) in the case of the FCA, its strategic and operational objectives under section 1B, and

(b) in the case of the PRA, its general objective under section 2B and its insurance objective under section 2C.""

LORD HOLMES OF RICHMOND

124 After Clause 22, insert the following new Clause—

**"Financial inclusion objective**

After section 1EB (competitiveness and growth objective) of the Financial Services and Markets Act 2000 insert—

**"1EC Financial inclusion objective**

(1) The FCA must, in discharging its general functions, act in a way which advances the financial inclusion objective.

(2) The financial inclusion objective is to secure, so far as reasonably possible—

(a) access by individuals and businesses to appropriate financial services,

(b) the affordability of such services, and

(c) fair outcomes for consumers, including those in vulnerable circumstances.

(3) The FCA must publish, and keep under review, metrics for measuring progress against the financial inclusion objective.""

***Member's explanatory statement***
*This amendment would introduce a financial inclusion objective for the FCA.*

LORD HOLMES OF RICHMOND

125 After Clause 22, insert the following new Clause—

**"Financial fraud prevention**

After section 1EB (competitiveness and growth objective) of the Financial Services and Markets Act 2000 insert—

**"1EC Financial fraud prevention**

(1) The FCA must make rules for the purpose of preventing and detecting financial fraud.

(2) Rules under this section may, in particular—

(a) require authorised persons to participate in fraud data sharing arrangements,

(b) require reporting of suspected fraud in real time or near real time, and

(c) require the use of automated or technological systems for fraud detection.

(3) In making rules, the FCA must have regard to the prevalence of authorised push payment scams.""

***Member's explanatory statement***
*This amendment gives the FCA the power to make rules for the increased prevention of financial fraud.*

LORD HOLMES OF RICHMOND

**126** After Clause 22, insert the following new Clause—

**“Open finance framework**

(1) The FCA must establish and maintain a framework for open finance.

(2) The framework must provide for—
(a) secure and standardised data sharing interfaces,
(b) rights of customers to direct the sharing of their financial data, and
(c) interoperability between different categories of financial services providers, including digital asset providers.

(3) The FCA may make rules to give effect to this section.”

***Member's explanatory statement***
*This amendment gives the FCA the power to make rules in relation to open finance.*

LORD HOLMES OF RICHMOND
BARONESS ALTMANN

**127** After Clause 22, insert the following new Clause—

**“FCA innovation unit**

(1) The FCA must establish an independent unit to advise on—
(a) emerging technologies which have the potential to increase innovation in financial services,
(b) emerging technologies and products which have the potential to increase financial inclusion, and
(c) innovative and inclusive approaches to the regulation of payment systems and digital assets.

(2) The unit must include persons who are independent of the FCA.

(3) The FCA must publish a summary of the unit’s activities in the FCA’s normal reporting schedule to both Houses of Parliament.”

***Member's explanatory statement***
*This amendment requires the FCA to establish an independent innovation unit.*

LORD HOLMES OF RICHMOND

**128** After Clause 22, insert the following new Clause—

**"FCA financial inclusion unit**

(1) The FCA must establish and maintain a financial inclusion unit (the "Unit") for the purposes of this section.

(2) The Unit must—

(a) exercise the functions transferred to the FCA by Schedule 2 to the Financial Services and Markets Act 2026 insofar as they relate to access and equity in payment systems;

(b) monitor and report on financial inclusion across payment systems, banking access, and consumer credit markets;

(c) make recommendations to the FCA board on rules and guidance necessary to advance financial inclusion.

(3) The Unit must have a chair and board appointed by the FCA board following a public appointments process.

(4) The chair and board must not be made up of employees or consultants of the FCA.

(5) The FCA must publish an annual report on the activities and findings of the Unit, which must be laid before both Houses of Parliament.

(6) The FCA must ensure that the Unit has sufficient resources, staff, and operational independence to discharge its functions under this section."

***Member's explanatory statement***
*This amendment requires the FCA to establish an independent financial inclusion unit.*

LORD HOLMES OF RICHMOND

**129** After Clause 22, insert the following new Clause—

**"Cost Benefit Analysis Panel reform**

(1) The Financial Services and Markets Act 2000 is amended as follows.

(2) After section 138IA(4)(b) insert—

"(c) provide a quarterly impact assessment of the cumulative cost burden of regulation,

(d) keep under review any proposed changes in regulatory guidance or supervisory practices, and

(e) undertake a review of the methodologies underpinning cost-benefit analysis estimates."

(3) After section 138IA(4) insert—

"(4A) The FCA Cost Benefit Analysis Panel must—

(a) be provided with any information or data that the Panel requires in order to fulfil its duties,

(b) make publicly available its recommendations in full, including, but not limited to, the evidence base and analysis it used to make its recommendations, the assessed costs and benefits of the FCA's activities and the range of representations made by Panel members to those recommendations, and

(c) publish the agendas and minutes of meetings of the Panel."

(4) After section 138JA(4)(b) insert—

"(c) provide a quarterly impact assessment of the cumulative cost burden of regulation,

(d) keep under review any proposed changes in regulatory guidance or supervisory practices, and

(e) undertake a review of the methodologies underpinning cost-benefit analysis estimates."

(5) After section 138JA(4) insert—

"(4A) The PRA Cost Benefit Analysis Panel must—

(a) be provided with any information or data that the Panel requires in order to fulfil its duties,

(b) make publicly available its recommendations in full, including, but not limited to, the evidence base and analysis it used to make its recommendations, the assessed costs and benefits of the PRA's activities and the range of representations made by Panel members to those recommendations, and

(c) publish the agendas and minutes of meetings of the Panel.""

***Member's explanatory statement***
*This amendment seeks to require the FCA and PRA to ask their respective CBA Panels to undertake additional activities to assess the cost benefit analysis of regulation, as well as provide their respective CBA Panels with the necessary data and information to undertake their duties and ensure that the Panel recommendations are made publicly available.*

LORD HOLMES OF RICHMOND

**130** After Clause 22, insert the following new Clause—

**"Digital operational resilience of regulated firms**

(1) The FCA and the PRA must each make rules requiring authorised persons to meet minimum standards of digital operational resilience, including standards relating to—

(a) ICT risk management frameworks appropriate to the nature, scale, and complexity of the authorised person's operations;

(b) classification, reporting, and remediation of major ICT-related incidents, including cyber attacks, within timeframes to be specified by the regulator;

(c) oversight and contractual requirements for third-party ICT service providers, including cloud service providers and critical technology suppliers;

(d) regular digital operational resilience testing, including advanced threat-led penetration testing for systemically significant firms.

(2) In making rules under subsection (1), the FCA and PRA must have regard to—

(a) the need for proportionality with respect to the size and systemic importance of authorised persons;

(b) international standards and frameworks, including those adopted by the European Union;

(c) the need to avoid duplication with existing regulatory requirements.

(3) The FCA must publish a consolidated digital operational resilience framework within 18 months of this Act coming into force, setting out how requirements under this section interact with existing obligations on authorised persons.

(4) The FCA and PRA must review rules made under this section no later than every 12 months.”

***Member's explanatory statement***
*This amendment seeks to require the FCA to make rules in relation to the digital operational resilience of financial services firms.*

LORD HOLMES OF RICHMOND

**131** After Clause 22, insert the following new Clause—

**“AI governance in regulated activities**

(1) The FCA must make rules requiring authorised persons who use artificial intelligence systems in carrying on regulated activities to comply with standards relating to—

(a) transparency of AI-driven decisions affecting consumers, including credit decisioning, insurance underwriting, and fraud detection;

(b) regular auditing of AI systems for bias, discrimination, and disproportionate impact on persons sharing protected characteristics within the meaning of the Equality Act 2010;

(c) human oversight requirements for high-impact AI decisions, including minimum standards for human review and intervention;

(d) consumer redress mechanisms where AI-driven decisions cause demonstrable harm.

(2) In making rules under subsection (1), the FCA must have regard to—

(a) the need to promote fair treatment of consumers, consider any protected characteristics;

(b) international standards and regulatory frameworks relating to AI governance in financial services;

(c) the need to support responsible innovation while managing systemic and consumer risk.

(3) Rules under this section must be reviewed by the FCA no later than every 12 months.”

***Member's explanatory statement***
*This amendment seeks to require the FCA to make rules in relation to AI in financial services.*

BARONESS NEVILLE-ROLFE
LORD ALTRINCHAM

**132** After Clause 22, insert the following new Clause—

**“Cost benefit analysis: guidance and supervisory practices**

(1) The Financial Services and Markets Act 2000 is amended as follows.

(2) In section 138IA (FCA Cost Benefit Analysis Panel), after subsection (4) insert—

“(4A) The duties under this section, including the preparation and publication of a cost benefit analysis and the consideration of representations by the Cost Benefit Analysis Panel, apply also (subject to subsection (4B)) where the FCA—

(a) issues or revises general guidance which is likely to have a material effect on persons carrying on regulated activities, or

(b) adopts or materially revises any general supervisory practice or policy intended to guide the exercise of its functions.

(4B) Subsection (4A) does not apply if the FCA considers that—

(a) the effect of the guidance or supervisory practice is minor or technical in nature, or

(b) the delay involved in complying would be prejudicial to the interests of consumers or the integrity of the financial system.

(4C) the FCA must notify the Cost Benefit Analysis Panel before determining whether the proposal is likely to have a material effect on persons carrying on regulated activities.

(4D) The Cost Benefit Analysis Panel may, within such reasonable period as the FCA may specify, provide an opinion as to whether the proposal is likely to have such a material effect.

(4E) Where the Cost Benefit Analysis Panel considers that a proposal is likely to have a material effect, it may request that the FCA carry out and publish a cost benefit analysis.

(4F) Where—

(a) the Cost Benefit Analysis Panel has provided an opinion that a proposal is likely to have a material effect, and

(b) the FCA determines that a cost benefit analysis is not required,

the FCA must publish a statement setting out the reasons for its determination and the opinion of the Cost Benefit Analysis Panel.

(4G) The Cost Benefit Analysis Panel may publish its own opinion where it considers that a proposal is likely to have a material effect and that its opinion has not been adequately reflected by the FCA.

(4H) The Cost Benefit Analysis Panel must keep under review and provide representations on the cumulative impact of guidance and supervisory practices as well as rules."

(3) In section 138JA (PRA Cost Benefit Analysis Panel), after subsection (4) insert—

"(4A) The duties under this section, including the preparation and publication of a cost benefit analysis and the consideration of representations by the Cost Benefit Analysis Panel, apply also (subject to subsection (4B)) where the PRA—

(a) issues or revises general guidance which is likely to have a material effect on persons carrying on regulated activities, or

(b) adopts or materially revises any general supervisory practice or policy intended to guide the exercise of its functions.

(4B) Subsection (4A) does not apply if the PRA considers that—

(a) the effect of the guidance or supervisory practice is minor or technical in nature, or

(b) the delay involved in complying would be prejudicial to the safety and soundness of PRA-authorised persons or the stability of the financial system.

(4C) The PRA must notify the Cost Benefit Analysis Panel before determining whether the proposal is likely to have a material effect on persons carrying on regulated activities.

(4D) The Cost Benefit Analysis Panel may, within such reasonable period as the PRA may specify, provide an opinion as to whether the proposal is likely to have such a material effect.

(4E) Where the Cost Benefit Analysis Panel considers that a proposal is likely to have a material effect, it may request that the PRA carry out and publish a cost benefit analysis.

(4F) Where—

(a) the Cost Benefit Analysis Panel has provided an opinion that a proposal is likely to have a material effect, and

(b) the PRA determines that a cost benefit analysis is not required,

the PRA must publish a statement setting out the reasons for its determination and the opinion of the Cost Benefit Analysis Panel.

(4G) The Cost Benefit Analysis Panel may publish its own opinion where it considers that a proposal is likely to have a material effect and that its opinion has not been adequately reflected by the PRA.

(4H) The Cost Benefit Analysis Panel must keep under review and provide representations on the cumulative impact of guidance and supervisory practices as well as rules.””

***Member's explanatory statement***
*This amendment would extend the existing cost benefit analysis and consultation requirements so that they apply to guidance and supervisory practices, as well as rules, where these are likely to have a material effect. It would require early notification of proposals to the Cost Benefit Analysis Panel, enable the Panel to give an opinion on materiality and request a cost benefit analysis, and ensure transparency where the regulator determines that such analysis is not required despite the Panel's view, while also providing for oversight of the cumulative impact of regulatory measures.*

LORD BRIDGES OF HEADLEY
BARONESS NOAKES
BARONESS BOWLES OF BERKHAMSTED
BARONESS LAWLOR

**133** After Clause 22, insert the following new Clause—

*“Office for Financial Regulatory Accountability*

**Creation of an Office for Financial Regulatory Accountability**

(1) The Treasury must, as soon as practicable after the end of the period of 12 months beginning with the day on which this Act is passed, by regulations make provision to create a body corporate called the Office for Financial Regulatory Accountability.

(2) It is the duty of the Office to examine and report on the performance of the FCA and the PRA.

(3) The Office must perform its duty objectively, transparently and impartially.

(4) The functions of the Office are to be exercised on behalf of the Crown.

(5) Any regulations under this section are to be made by statutory instrument.

(6) A statutory instrument containing regulations under this section may not be made unless a draft of the instrument has been laid before and approved by a resolution of each House of Parliament.”

***Member's explanatory statement***
*This amendment, and others in the name of Lord Bridges, would require the Treasury to create an Office for Financial Regulatory Accountability, with duties to provide independent and impartial analysis to Parliament and the public of the financial regulators' performance against their statutory objectives and regulatory principles.*

LORD BRIDGES OF HEADLEY
BARONESS NOAKES
BARONESS BOWLES OF BERKHAMSTED

**134** After Clause 22, insert the following new Clause—

**"Charter for Financial Regulatory Accountability**

(1) The Treasury must prepare a document, to be known as the Charter for Financial Regulatory Accountability, relating to the formulation and implementation of financial services regulation.

(2) The Charter must in particular set out—

(a) the Treasury's objectives in relation to financial regulation, and

(b) the means by which the Treasury's objectives in relation to financial services regulation will be attained.

(3) The Charter may contain such other material as the Treasury considers appropriate.

(4) The Treasury must lay the Charter before Parliament."

***Member's explanatory statement***
*This amendment seeks to require the Treasury to create a Charter for Financial Regulatory Accountability.*

LORD BRIDGES OF HEADLEY
BARONESS NOAKES
BARONESS BOWLES OF BERKHAMSTED
BARONESS LAWLOR

**135** After Clause 22, insert the following new Clause—

**"Main duties of the Office**

(1) The main duties of the Office created under section (*Creation of an Office for Financial Regulatory Accountability*) are to prepare and publish reports which—

(a) assess both financial regulators' overall performance in terms of meeting their statutory objectives and regulatory principles under Financial Services and Markets Act 2000, and

(b) provide analysis of the impact assessments of specific pieces of financial regulation, so as to determine how those regulations are contributing to meeting the regulators' objectives under Financial Services and Markets Act 2000.

(2) In discharging its duties under subsection (1)(b) the Office must prioritise analysing regulations that, in its opinion—

(a) restrict domestic competition,

(b) reduce the international competitiveness of financial services in the United Kingdom,

(c) create new compliance costs, or

(d) have a significant impact on business, individuals or the economy of the United Kingdom.

(3) The Office has complete discretion in the performance of its duties."

***Member's explanatory statement***
*This amendment, and others in the name of Lord Bridges, would require the Treasury to create an Office for Financial Regulatory Accountability, with duties to provide independent and impartial analysis to Parliament and the public of the financial regulators' performance against their statutory objectives and regulatory principles.*

BARONESS LAWLOR

*As an amendment to Amendment 135*

**135A★** After subsection (1), insert—

"(1A) The reports to be published under subsection (1) must include anonymised examples of how the regulations have been applied in individual cases."

LORD BRIDGES OF HEADLEY
BARONESS NOAKES
BARONESS BOWLES OF BERKHAMSTED

**136** After Clause 22, insert the following new Clause—

**"Reports of the Office**

(1) The Office created under section (*Creation of an Office for Financial Regulatory Accountability*) must—

(a) publish each of its reports,

(b) lay it before Parliament, and

(c) send a copy of it to the Treasury.

(2) The FCA and the PRA must publish their respective responses to the reports of the Office within 60 days, including a statement of actions they will take as a result."

***Member's explanatory statement***
*This amendment, and others in the name of Lord Bridges, would require the Treasury to create an Office for Financial Regulatory Accountability, with duties to provide independent and impartial analysis to Parliament and the public of the financial regulators' performance against their statutory objectives and regulatory principles.*

LORD BRIDGES OF HEADLEY
BARONESS NOAKES
BARONESS BOWLES OF BERKHAMSTED

**137** After Clause 22, insert the following new Clause—

**"Right to information and data**

(1) The Office created under section (*Creation of an Office for Financial Regulatory Accountability*) has a right of access (at any reasonable time) to all regulatory information which it may reasonably require for the purpose of the performance of its duties.

(2) The Office is entitled to require from any person holding or accountable for any regulatory information any assistance or explanation which the Office reasonably thinks necessary for that purpose.

(3) "Regulatory information" means information held by the FCA, the PRA, the Bank of England or any Minister of the Crown or Government department."

***Member's explanatory statement***
*This amendment, and others in the name of Lord Bridges, would require the Treasury to create an Office for Financial Regulatory Accountability, with duties to provide independent and impartial analysis to Parliament and the public of the financial regulators' performance against their statutory objectives and regulatory principles.*

LORD BRIDGES OF HEADLEY
BARONESS NOAKES
BARONESS BOWLES OF BERKHAMSTED

**138** After Clause 22, insert the following new Clause—

**"Membership of the Office**

(1) The Office created under section (*Creation of an Office for Financial Regulatory Accountability*) is to consist of—

(a) a member to chair it, appointed by the Chancellor of the Exchequer with the consent of the Treasury Committee of the House of Commons, and

(b) two other members appointed by the Chancellor of the Exchequer after consultation with the member appointed under paragraph (a) and with the consent of that Committee.

(2) A person may be appointed under subsection (1) only if the person has knowledge or experience likely to be relevant to the performance of the Office's duty.

(3) An appointment under subsection (1) is to be for a period of five years.

(4) The Office may employ staff."

***Member's explanatory statement***
*This amendment, and others in the name of Lord Bridges, would require the Treasury to create an Office for Financial Regulatory Accountability, with duties to provide independent and impartial*

*analysis to Parliament and the public of the financial regulators' performance against their statutory objectives and regulatory principles.*

LORD BRIDGES OF HEADLEY
BARONESS NOAKES
BARONESS BOWLES OF BERKHAMSTED

**139** After Clause 22, insert the following new Clause—

**"Financial arrangements of the Office**

(1) The Chancellor of the Exchequer must ensure that the FCA and the PRA provide funding to enable the Office created under section (*Creation of an Office for Financial Regulatory Accountability*) to meet its expenses.

(2) The Office must aim to carry out its functions efficiently and cost-effectively."

***Member's explanatory statement***
*This amendment, and others in the name of Lord Bridges, would require the Treasury to create an Office for Financial Regulatory Accountability, with duties to provide independent and impartial analysis to Parliament and the public of the financial regulators' performance against their statutory objectives and regulatory principles.*

BARONESS HAYMAN
BARONESS NORTHOVER
BARONESS PENN
BARONESS GRIFFIN OF PRINCETHORPE

**140** After Clause 22, insert the following new Clause—

**"Requirement to make rules on climate transition plans**

After section 137SB of the Financial Services and Markets Act 2000 (rules to recover debt advice expenses incurred by the devolved authorities), insert—

**"137SC Rules to require climate transition plans**

Within six months of the day on which section (*Requirement to make rules on climate transition plans*) of the Financial Services and Markets Act 2026 comes into force, both regulators must make rules requiring regulated persons to develop and implement transition plans that align with the 1.5°C goal of the Paris Agreement.""

***Member's explanatory statement***
*This amendment seeks to implement the commitment of the Labour Party Manifesto 2024 to mandate UK-regulated financial institutions, including banks, asset managers, pension funds, and insurers, to develop and implement credible transition plans that align with the 1.5°C goal of the Paris Agreement.*

BARONESS KRAMER
BARONESS ALTMANN

**141** After Clause 22, insert the following new Clause—

**"FCA rules: access to certain savings accounts for persons lacking capacity**

(1) The FCA must make rules requiring a relevant provider, where the conditions in subsection (3) are met, to enter into an agreement under which payments from a relevant account held by a person who lacks capacity to manage their own financial affairs ("the account holder") are made to a person acting on the account holder's behalf ("the recipient") instead of to the account holder.

(2) A "relevant account" means—

(a) a Child Trust Fund within the meaning of the Child Trust Funds Act 2004;

(b) a junior individual savings account within the meaning of regulations made under Chapter 3 (income from individual investment plans) of Part 6 (exempt income) of the Income Tax (Trading and Other Income) Act 2005;

(c) an account of any other description specified by the FCA in rules made under this section.

(3) The conditions are that—

(a) there has been provided to the relevant provider either—

(i) a document signed by a registered medical practitioner stating that the account holder lacks capacity to manage their own financial affairs, or

(ii) a statement in writing by the recipient that they understand their duty to apply any money received in the best interests of the account holder, that they are aware that they may incur civil or criminal liability if they misapply the money, and that, so far as they are aware, no other person has authority to receive the money by virtue of a power of attorney or an order or appointment made by a court, and

(b) the account holder has not informed the relevant provider that they do not wish such an agreement to be made.

(4) Rules made under this section must—

(a) secure that a relevant provider which makes a payment in accordance with such an agreement does not, by making it, incur any liability to the account holder, unless the provider has reasonable cause to believe that the recipient is likely to apply the money otherwise than in the account holder's best interests,

(b) require the recipient to apply any money received under the agreement in the best interests of the account holder, and

(c) provide that the aggregate of the payments made under an agreement may not exceed £5,000 in any period of 12 months.

(5) The purpose of rules made under this section is to enable access to be obtained to money held in a relevant account on behalf of an account holder who lacks

capacity without the need for an order or appointment of the Court of Protection or any equivalent order of a court.

(6) In this section "relevant provider" means an authorised person (within the meaning of the Financial Services and Markets Act 2000) who provides a relevant account."

***Member's explanatory statement***
*This new clause seeks to require the FCA to make rules enabling money in a Child Trust Fund or Junior ISA belonging to a person who lacks capacity to be paid to someone acting in that person's best interests, subject to safeguards, without an application to the Court of Protection.*

BARONESS SHEEHAN
BARONESS BOYCOTT
BARONESS YOUNG OF OLD SCONE
BARONESS COFFEY

**142** After Clause 22, insert the following new Clause—

**"Requirement to make rules on nature-related financial disclosures**

In the Financial Services and Markets Act 2000, after section 137SB (rules to recover debt advice expenses incurred by the devolved authorities), insert—

**"137SC Rules to require nature-related financial disclosures**

Within six months of the day on which section (*Requirement to make rules on nature-related financial disclosures*) of the Financial Services and Markets Act 2026 comes into force, both regulators must make rules requiring such regulated persons as they consider appropriate to disclose information relating to nature-related dependencies, impacts, risks and opportunities.""

LORD HUNT OF WIRRAL
LORD ASHCOMBE

**142A** After Clause 22, insert the following new Clause—

**"FCA: wholesale markets and firms division**

(1) The FCA must, within 12 months of the day on which this Act is passed—
(a) establish and maintain a dedicated unit (a "Wholesale Markets and Firms Division") within its organisation, and
(b) appoint a Deputy Chief Executive to lead this division.

(2) The FCA must ensure that its relevant functions in relation to wholesale markets and firms are exercised and discharged through a Wholesale Markets and Firms Division.

(3) The FCA, in discharging its functions through a Wholesale Markets and Firms Division, must—
(a) act in a way which advances the regulator's operational objectives,

(b) act, so far as reasonably possible, in a way which advances the regulator's duties under section 1EB (competitiveness and growth objective) and section 3B (regulatory principles to be applied by both regulators) of the Financial Services and Markets Act 2000, and

(c) have regard, in particular, to the desirability of—

(i) reducing regulatory burdens on participants in wholesale markets,

(ii) facilitating innovation in wholesale financial services, and

(iii) promoting sustainable growth and international competitiveness of UK wholesale markets.

(4) A Wholesale Markets and Firms Division must be responsible for—

(a) the development, implementation and supervision of rules and policies relating to wholesale markets;

(b) authorisation and supervision of wholesale markets and firms;

(c) engagement with market participants active in wholesale markets, including international firms;

(d) advising the regulator on the impact of its policies and rules on wholesale market activity, investment and competitiveness.

(5) The FCA must, at least once in each calendar year, prepare and publish a report on the activities of its Wholesale Markets and Firms Division.

(6) A report under subsection (5) must—

(a) be provided to the Treasury, and

(b) include an assessment of—

(i) steps taken to reduce regulatory burdens in wholesale markets,

(ii) progress in supporting innovation,

(iii) the contribution of wholesale markets to investment and growth in the United Kingdom, and

(iv) the extent to which the regulator has advanced its secondary competitiveness and growth objective in relation to wholesale markets.

(7) In this section—

"wholesale firms" means regulated firms whose customers, clients or counterparties are pre-dominantly not covered by the UK consumer duty;

"wholesale markets" means such markets, activities or classes of regulated activity as may be specified for the purposes of this section by the Treasury by regulations, having regard to—

(a) the nature of transactions undertaken primarily between market counterparties acting in a professional capacity;

(b) existing distinctions within the FCA Handbook (including, but not limited to, provisions relating to wholesale market conduct, eligible counterparties, and professional clients);

(c) the role of such markets in facilitating capital allocation, risk transfer and investment at scale.

(8) A statutory instrument containing regulations under subsection (7) may not be made unless a draft of the instrument has been laid before and approved by a resolution of each House of Parliament."

***Member's explanatory statement***
*This amendment seeks to require the FCA to develop a dedicated division to undertake their regulatory activities in regard to wholesale market participants.*

LORD MACKINLAY OF RICHBOROUGH
BARONESS ALTMANN

**142B** After Clause 22, insert the following new Clause—

**"Facilitation of inheritance tax payment before probate**

(1) The FCA must make rules to ensure that financial institutions facilitate the payment of inheritance tax by executors before probate is obtained through the Direct Payment Schemes for Inheritance Tax (IHT423) form.

(2) For the purposes of this section, "financial institutions" include banks, building societies and investment account providers that—
  (a) are registered with the FCA;
  (b) are regulated by the FCA."

***Member's explanatory statement***
*This amendment seeks to place the informal procedure of executors using the IHT423 scheme to pay inheritance tax before obtaining probate into legislation, and to require all financial institutions regulated by the FCA to facilitate that service. As things stand it is at the discretion of financial institutions to decide whether to facilitate the IHT423 scheme.*

LORD ASHCOMBE
LORD HUNT OF WIRRAL

**142C** After Clause 22, insert the following new Clause—

**"Definition of retail and wholesale clients**

(1) The Treasury must by regulations make provision—
  (a) defining "retail client" and "wholesale client" for the purposes of the functions of the Financial Conduct Authority and the Prudential Regulation Authority, and
  (b) requiring the Financial Conduct Authority and the Prudential Regulation Authority, in exercising their functions, to have regard to the desirability of avoiding the application of requirements designed for retail clients to wholesale clients except where such application is proportionate and appropriate.

(2) Regulations under subsection (1) must provide that—
  (a) a "retail client" includes—

(i) an individual acting for purposes outside their trade, business or profession, and

(ii) a body corporate, partnership or other undertaking with an annual turnover not exceeding £6.5 million;

(b) a "wholesale client" is a person who is not a retail client.

(3) Regulations under this section are to be made by statutory instrument.

(4) A statutory instrument containing regulations under this section may not be made unless a draft of the instrument has been laid before, and approved by a resolution of, each House of Parliament."

***Member's explanatory statement***

*This amendment requires the Treasury to introduce a clear statutory definition of retail and wholesale clients, based on a £6.5 million threshold, and ensures that regulators avoid applying retail-focused requirements to wholesale clients except where proportionate and appropriate.*

BARONESS BOWLES OF BERKHAMSTED

**142D★** After Clause 22, insert the following new Clause—

**"Litigation funding as a regulated activity**

After paragraph 24 of Schedule 2 to the Financial Services and Markets Act 2000 (regulated activities), insert—

*"Litigation funding agreements*

24ZA Rights under a litigation funding agreement.

24ZB Entering into a litigation funding agreement as funder.

24ZC Administering a litigation funding agreement.

24ZD Arranging a litigation funding agreement.

24ZE Advising on a litigation funding agreement.

24ZF (1) For the purposes of this Schedule, a "litigation funding agreement" is an agreement under which—

(a) a person ("the funder")—

(i) agrees to fund (in whole or in part) the provision of advocacy or litigation services (by someone other than the funder) to another person ("the litigant"), and

(ii) the litigant agrees to pay a sum to the funder in specified circumstances, or

(b) a person provides financial support to a firm of solicitors which is involved in contentious matters or to a claims management company.

(2) The sum to be paid by the litigant may be—

(a) an amount calculated by reference to a multiple (if any) of the amount of the funding provided by the funder,

(b) an amount calculated by reference to a percentage (if any) of any specified financial benefit obtained by the litigant in connection with the matter in relation to which the funding is provided,

(c) an amount calculated by reference to a rate of interest, or

(d) such sum, or method of calculation, as is prescribed by the Treasury pursuant to sub-paragraph (3),

provided that in respect of the sum to be paid, howsoever calculated, it must not exceed such sum as may be prescribed by the Treasury pursuant to sub-paragraph (3).

(3) The Treasury may by regulations make such consequential, supplementary, incidental, transitional or saving provision as it considers appropriate in connection with this paragraph.””

***Member's explanatory statement***
*This amendment brings third-party litigation funding within the FCA regulatory perimeter by creating a new category of regulated activity under FSMA 2000.*

BARONESS BOWLES OF BERKHAMSTED

**142E★** After Clause 22, insert the following new Clause—

**“Building society governance standards**

(1) The Treasury must, within six months of the day on which this Act is passed, make regulations by statutory instrument requiring the Financial Conduct Authority to make rules establishing minimum governance standards for authorised building societies.

(2) Regulations under subsection (1) must require the Financial Conduct Authority to make rules ensuring that—

(a) elections of directors are conducted in accordance with minimum democratic standards, including—

(i) equal treatment of candidates in election materials and communications;

(ii) protection of candidates’ election addresses from alteration except with the candidate’s request or written consent or where alteration is required by law or for production purposes;

(iii) minimum statutory duties and reporting requirements for independent scrutineers;

(b) voting arrangements prohibit bundled voting instructions and require voting instructions to be determined separately in respect of each candidate and each resolution;

(c) members approve, by ordinary resolution at intervals not exceeding three years, the remuneration policy for directors and senior executives;

(d) every authorised building society whose total assets exceed £5 billion maintains not fewer than two board positions to be filled by member-nominated directors elected by Members;

(e) every annual general meeting is held at a physical place whilst permitting additional participation by electronic means;

(f) every question submitted by a member for an annual general meeting, together with the building society’s response or the reasons for not providing a response, is published following the meeting.

(3) Before making rules under this section the Financial Conduct Authority must consult—

(a) HM Treasury;

(b) the Prudential Regulation Authority;

(c) representatives of authorised building societies;

(d) organisations appearing to represent the interests of members.

(4) A statutory instrument containing regulations under this section may not be made unless a draft of the instrument has been laid before, and approved by a resolution of, each House of Parliament.”

***Member's explanatory statement***
*This amendment requires HM Treasury to require the Financial Conduct Authority to establish minimum governance standards for authorised building societies. It applies governance principles already recognised by Parliament in relation to listed companies, occupational pension schemes and statutory democratic elections to member-owned financial institutions.*

**Clause 27**

LORD STOCKWOOD

**143** Clause 27, page 32, line 38, leave out sub-paragraph (ii)

***Member's explanatory statement***
*This amendment, and my other amendment to this clause, would ensure that both clauses 27 and 36 can be commenced to amend one list in section 66A of the Financial Services and Markets Act 2000 while preserving the final “or”.*

LORD STOCKWOOD

**144** Clause 27, page 33, line 1, after “sub-paragraph (iii)” insert “(but before any “or” already inserted by section 36(3)(b) of this Act)”

***Member's explanatory statement***
*See the explanatory statement to my first amendment to this clause.*

**Clause 29**

LORD STOCKWOOD

**145** Clause 29, page 34, line 32, leave out “is in force” and insert “has effect”

***Member's explanatory statement***
*This amendment would make section 55AA(4) of the Financial Services and Markets Act 2000 consistent with section 55A(3) of that Act (as amended by this clause).*

**After Clause 31**

BARONESS NEVILLE-ROLFE
LORD ALTRINCHAM

**146** After Clause 31, insert the following new Clause—

**"Review of notification arrangements for previously approved senior managers**

(1) Within 12 months of the day on which this Act is passed, the Treasury must lay before Parliament a report on whether the new notification framework for senior manager appointments could be used in cases where an individual has already been approved for the same or a similar function, including within the same group.

(2) In preparing a report under subsection (1), the Treasury must consult—
(a) the Financial Conduct Authority,
(b) the Prudential Regulation Authority, and
(c) such other persons as the Treasury considers appropriate.

(3) The Treasury must publish the report."

***Member's explanatory statement***
*This probing amendment would require a review of whether the new notification framework for senior manager appointments could be used in cases where an individual has already been approved for the same or a similar function, including within the same group.*

**Clause 33**

LORD STOCKWOOD

**147** Clause 33, page 38, line 28, at end insert—

"(2A) In section 61 (determination of applications), in subsection (3ZA)—
(a) the words from "granting it" to the end become paragraph (a);
(b) after that paragraph insert ", or
(b) in the case of a permitted conditional application (as defined in section 60A(5)), granting it subject only to conditions, or for a limited period, requested in the application (or both).""

***Member's explanatory statement***
*This amendment would keep section 61 of the Financial Services and Markets Act 2000 in step with other amendments to the Part, which treat a decision to grant an application on the terms requested like an approval of the application.*

LORD STOCKWOOD

**148** Clause 33, page 38, line 32, at end insert—

"(aa) after subsection (1) insert—

"(1A) If the regulator to which a permitted conditional application is made under section 60 decides to grant the application subject only to conditions, or for a limited period, requested in the application (or both), it must give written notice of its decision to each of the interested parties.";"

***Member's explanatory statement***
*This amendment would require the regulator to give written notice of a decision to grant a permitted conditional application to interested parties.*

LORD STOCKWOOD

**149** Clause 33, page 39, line 17, at end insert—

"(5A) In section 309L (determining applications: period for approval), in subsection (1), in paragraph (a)—

(a) the words from "without imposing" to the end become sub-paragraph (i);

(b) after that sub-paragraph insert—

"(ii) in the case of a permitted conditional application (as defined in section 309J(2B)), subject only to conditions, or for a limited period, requested in the application (or both), or"."

***Member's explanatory statement***
*This amendment would keep section 309L of the Financial Services and Markets Act 2000 in step with other amendments to the Part, which treat a decision to grant an application on the terms requested like an approval of the application.*

LORD STOCKWOOD

**150** Clause 33, page 39, line 18, after "recognised bodies)" insert—

"(a) after subsection (1) insert—

"(1A) If the appropriate regulator decides to grant a permitted conditional application under section 309I subject only to conditions, or for a limited period, requested in the application (or both), it must give written notice of its decision to each of the interested parties.";"

***Member's explanatory statement***
*This amendment would require the regulator to give written notice of a decision to grant a permitted conditional application to interested parties.*

**After Clause 36**

LORD HOWARD OF RISING

151 After Clause 36, insert the following new Clause—

**“Review of expedited authorisation for firms with previously approved senior managers**

(1) Within 12 months of the day on which this Act is passed, the Treasury must lay before Parliament a report on whether a streamlined or expedited process should be introduced for determining certain applications for permission under Part 4A (permission to carry on regulated activities) of the Financial Services and Markets Act 2000.

(2) A report under subsection (1) must consider, in particular—

(a) whether a determination period shorter than that provided for by section 55V (determination of applications), including a period of 90 days, should apply where an applicant for Part 4A permission is directed or managed by one or more persons who—

(i) have previously been approved by the FCA to perform a senior management function, or have held a senior management or controlled function for a substantial period,

(ii) have no record of serious regulatory misconduct, and

(iii) appear to the Treasury and the FCA to be in regulatory good standing,

(b) how any such streamlined or expedited process could operate without reducing regulatory standards or weakening the threshold conditions for authorisation,

(c) what criteria should apply in determining whether an applicant is eligible for any such process,

(d) whether a shorter determination period would support market entry, competition, innovation and growth in the United Kingdom financial services sector, and

(e) whether any legislative, regulatory or supervisory changes are necessary to give effect to such a process.

(3) In preparing a report under subsection (1), the Treasury must consult—

(a) the FCA,

(b) the PRA,

(c) the Bank of England, and

(d) such other persons as the Treasury considers appropriate.

(4) The Treasury must publish the report.”

***Member's explanatory statement***

*This amendment seeks to require the Treasury to review whether a streamlined or expedited process should apply to applications for Part 4A permission where the applicant is directed or managed by persons with an established FCA-approved track record and good regulatory standing.*

**Clause 37**

BARONESS NOAKES

**152** Clause 37, page 43, line 10, leave out "section 408A" and insert "sections 408A or 408B"

***Member's explanatory statement***
*This amendment requires the Treasury to consult the regulators about regulations which designate countries or territories for recognition.*

BARONESS NOAKES

**153** Clause 37, page 43, line 40, at end insert—

"(7A) When the Treasury lay regulations under section 408A or 408B before Parliament they must publish any information or advice received from the regulators."

***Member's explanatory statement***
*This amendment requires the Treasury to publish information or advice received from the regulators in connection with overseas recognition regulations or overseas jurisdiction recognition regulations.*

LORD STOCKWOOD

**154** Clause 37, page 45, line 2, at end insert—

"(7) If the Treasury are satisfied that regulations under section 408A or 408B of the Financial Services and Markets Act 2000 (as inserted by subsection (3)) would, if made, have substantially the same effect as existing overseas recognition provision—

(a) sections 408A to 408C of that Act (as inserted by subsection (3)) apply in relation to the regulations as if—

(i) section 408A(2) were omitted,

(ii) in section 408B(1), the words from "if the Treasury" to the end were omitted,

(iii) section 408B(2), (4) and (5) were omitted, and

(iv) section 408C(1) to (4) were omitted, and

(b) section 429 of that Act applies in relation to the regulations as if, in subsection (2), "408A" (as inserted by subsection (5)) were omitted.

(8) In considering whether regulations would have substantially the same effect as existing overseas recognition provision, the Treasury must—

(a) treat the power in section 408B to designate a country or territory for the purposes of the regulations as forming part of the regulations, and

(b) disregard any difference between that power and any power to make designations under the existing overseas recognition provision.

(9) In subsections (7) and (8), "existing overseas recognition provision" means—

(a) provision contained in an instrument containing provision listed in the Schedule to the Financial Services (Overseas Recognition Regime Designations) Regulations 2025 (as it has effect from time to time), or

(b) a designation made under such an instrument.”

***Member's explanatory statement***
*This amendment would allow the Treasury to consolidate existing provision relating to overseas recognition under the umbrella of the new overseas recognition regime, so long as their doing so would not substantially change the effect of the existing law.*

BARONESS NOAKES

*Baroness Noakes gives notice of her intention to oppose the Question that Clause 37 stand part of the Bill.*

**Clause 40**

BARONESS KRAMER

**155** Clause 40, page 47, line 30, leave out from beginning to line 2 on page 48 and insert—

“(1) The appropriate regulator shall consider whether there is sufficient provision to ensure the effective provision to a ring-fenced body of services and facilities that it requires in relation to the carrying on of a core activity.

(1A) Subject to subsection (1B), when considering whether there is sufficient provision for the purposes of subsection (1) concerning services and facilities that are provided to a ring-fenced body by another member of its group, the appropriate regulator shall take account of all relevant circumstances, including—

(a) the appropriate regulator’s ability to assess and influence the terms on which such services and facilities are made available to a ring-fenced body,

(b) the availability, continuity and sufficiency of such services and facilities, including in circumstances where the Bank of England would be entitled to exercise any of the stabilisation powers under the Banking Act 2009, and

(c) any assessment that the Bank of England has made of a group of which the ring-fenced body is or proposes to become a member under a statement of policy that the Bank of England has issued pursuant to section 3B (safeguards relating to directions under section 3A) subsection (9) of the Banking Act 2009 and, where applicable, the absence of any such assessment.

(1B) The appropriate regulator shall not consider that there is sufficient provision for the purposes of subsection (1) where a ring-fenced body is, or proposes to become, a member of a group for all or part of which the appropriate regulator is not responsible for consolidated supervision, and such services and facilities are provided to the ring-fenced body from outside the United

Kingdom by a member of the group that is not in a part of the group that is subject to consolidated supervision by the appropriate regulator, unless the appropriate regulator has made rules to ensure that—

(a) there is no less uncertainty concerning the availability, continuity and sufficiency of such services and facilities than there would be where they are provided to a ring-fenced body within a group that is subject as a whole to the consolidated supervision of the appropriate regulator, and

(b) the ring-fenced body is not permitted to receive such services and facilities unless the provider of those services and facilities is adequately resourced and the arrangements under which those services and facilities are provided would facilitate the orderly exercise by the Bank of England of its stabilisation powers under the Banking Act 2009 in circumstances where the Bank of England would be entitled to exercise those powers.

(1C) If, having regard to all the circumstances, including the matters referred to in subsection (1A), the appropriate regulator does not consider that there is sufficient provision for the purposes of subsection (1) or may not do so under subsection (1B), the appropriate regulator must exercise its power to make rules requiring a ring-fenced body to make arrangements to ensure the effective provision referred to in subsection (1).

(1D) The appropriate regulator shall consider whether there is sufficient provision to achieve the group ring-fencing purposes.

(1E) The appropriate regulator shall not consider that there is sufficient provision for the purposes of subsection (1D) where a ring-fenced body is or proposes to become a member of a group for all or part of which the appropriate regulator is not responsible for consolidated supervision, unless the appropriate regulator has made rules to ensure that there is no less uncertainty concerning the achievement of the group ring-fencing purposes in those circumstances than would be the case where the ring-fenced body is a member of a group that is subject as a whole to the consolidated supervision of the appropriate regulator.

(1F) If the appropriate regulator does not consider that there is sufficient provision to achieve the group ring-fencing purposes, or may not do so under subsection (1E), the regulator must exercise its power to make rules for the group ring-fencing purposes that apply—

(a) to ring-fenced bodies, or

(b) to authorised persons who are members of a ring-fenced body's group."

***Member's explanatory statement***
*This amendment, and others in the name of Baroness Kramer, seek to require the PRA to assess whether existing law and regulation makes sufficient provision in the case of regulated companies based outside the United Kingdom.*

BARONESS KRAMER

156 Clause 40, page 48, line 7, after "rules," insert "assessments,"

***Member's explanatory statement***
*This amendment, and others in the name of Baroness Kramer, would require the PRA to assess whether existing law and regulation makes sufficient provision in the case of regulated companies based outside the United Kingdom.*

BARONESS KRAMER

157 Clause 40, page 48, line 19, at end insert—

"(za) in subsection (1), for "D" substitute "E";"

***Member's explanatory statement***
*This amendment, and others in the name of Baroness Kramer, seeks to require the PRA to assess whether existing law and regulation makes sufficient provision in the case of regulated companies based outside the United Kingdom.*

BARONESS KRAMER

158 Clause 40, page 48, line 21, at end insert—

"(c) after subsection (5) insert—

"(5A) Condition E is that, in the case of a ring-fenced body of the kind to which section 142H(1B) refers, the appropriate regulator does not consider that there is sufficient provision for the purposes of subsection (1) or (1D) of section 142H and considers that this is unlikely to be rectified by the appropriate regulator making, or taking steps to enforce, rules.""

***Member's explanatory statement***
*This amendment, and others in the name of Baroness Kramer, seeks to require the PRA to assess whether existing law and regulation makes sufficient provision in the case of regulated companies based outside the United Kingdom.*

**After Clause 40**

BARONESS NEVILLE-ROLFE
LORD ALTRINCHAM

159 After Clause 40, insert the following new Clause—

**"Ring-fencing consultation**

Before section 39 and 40 of this Act come into force, the Treasury must—

(a) undertake a consultation on the expected effects of sections 39 and 40 of this Act on financial stability, competition, lending and customer outcomes,

(b) publish an assessment based on that consultation, and
(c) lay before Parliament a statement summarising that consultation and assessment.”

***Member's explanatory statement***
*This amendment would require the Treasury, before the changes to the ring-fencing regime in clauses 39 and 40 come into force, to consult on and publish an assessment of the likely effects on financial stability, competition, lending and customer outcomes, and lay before Parliament a statement summarising that consultation and assessment.*

BARONESS KRAMER

**160** After Clause 40, insert the following new Clause—

**“Ring-fencing rules etc (No. 2)**

In paragraph 19 of Schedule 1ZB (the Prudential Regulation Authority) of the Financial Services and Markets Act 2000—
(a) after paragraph (1)(fb), insert—
“(fc) a summary of the PRA’s opinion of whether—
(i) under section 142H (ring-fencing rules) subsection (1), there is sufficient provision to ensure the effective provision to a ring-fenced body of services and facilities that it requires in relation to the carrying on of a core activity, and
(ii) under section 142H (ring-fencing rules), there is sufficient provision to achieve the group ring-fencing purposes, and”;
(b) at the end of paragraph (1A)(a) insert “and, where applicable, any differences in the extent of such compliance between ring-fenced bodies that have a parent undertaking incorporated outside the United Kingdom and ring-fenced bodies that do not have such a parent undertaking”.”

***Member's explanatory statement***
*This amendment, and others in the name of Baroness Kramer, seek to require the PRA to assess whether existing law and regulation makes sufficient provision in the case of regulated companies based outside the United Kingdom.*

**Clause 41**

LORD HOLMES OF RICHMOND

**161** Clause 41, page 49, line 29, at end insert—
“(12) The regulations may extend the scope of the commercial credit data sharing scheme to include, with the consent of the data subject—
(a) rental payment history held by landlords or letting agents;
(b) utility payment data held by licensed energy or water suppliers;

(c) income and tax data held by His Majesty's Revenue and Customs;

(d) such other alternative data sources as the Secretary of State considers appropriate for the purpose of enabling creditworthiness assessments for persons with limited conventional credit histories.

(13) Regulations under subsection (12) must include provision for—

(a) explicit consumer consent on an opt in basis and data protection safeguards;

(b) standardised data formats to enable interoperability between lenders and designated credit reference agencies;

(c) rights of consumers to access, correct, and withdraw consent in relation to data shared under the scheme.

(14) Regulations under this section are subject to the affirmative procedure."

***Member's explanatory statement***
*This amendment gives the Secretary of State powers to extend provisions of the Act to increase financial inclusion, interoperability and open finance.*

**Clause 44**

BARONESS BOWLES OF BERKHAMSTED

**162** Clause 44, page 51, line 21, at end insert—

"(5) After section 284A insert—

**"284AA Tax treatment of risk transformation arrangements**

(1) The Treasury must, after consultation with the Commissioners for His Majesty's Revenue and Customs, publish guidance concerning the tax treatment of investments issued in connection with risk transformation arrangements within the meaning of section 284A.

(2) Guidance under this section must include the circumstances in which a risk transformation arrangement is to be regarded as having been entered into for genuine insurance risk-transfer and capital markets purposes.

(3) In exercising functions relating to the assessment, collection and management of taxes, the Commissioners for His Majesty's Revenue and Customs must ensure that arrangements falling within a description specified by guidance under subsection (2) are treated in a consistent and certain manner.

(4) Where—

(a) a risk transformation arrangement falls within a description specified in guidance under subsection (2), and

(b) the arrangement complies with applicable requirements relating to authorisation and supervision,

the arrangement is to be treated for all tax purposes as a commercial arrangement entered into for bona fide insurance risk-transfer and capital markets purposes, and not as having as its main purpose, or one of its main purposes, the obtaining of a tax advantage.

(5) The treatment in subsection (4) applies without any requirement to consider the purpose of the arrangement other than by reference to the conditions in that subsection.

(6) Subsection (4) does not apply only where the Commissioners can demonstrate that—

(a) one or more of the conditions in subsection (4) is not met, or

(b) there has been fraud, deliberate misrepresentation, or material non-disclosure of relevant facts.

(7) The Treasury must review guidance published under this section at intervals not exceeding three years.””

***Member's explanatory statement***
*The amendment requires HM Treasury to produce guidance in consultation with HMRC to confirm the tax status of Insurance-Linked Securities vehicles.*

**After Clause 46**

BARONESS NEVILLE-ROLFE
LORD ALTRINCHAM

**163** After Clause 46, insert the following new Clause—

**“Review of tokenisation in UK wholesale financial markets**

(1) Within 12 months of the day on which this Act is passed, the Treasury must lay before Parliament a report on the development of tokenisation in UK wholesale financial markets.

(2) A report under subsection (1) must consider, in particular—

(a) the extent to which the existing legal and regulatory framework supports the safe adoption of tokenisation in UK wholesale financial markets;

(b) the extent to which current arrangements provide sufficient legal certainty in relation to the issuance, holding, transfer and settlement of tokenised financial assets;

(c) the prudential treatment of tokenised assets and the extent to which such treatment is consistent with equivalent non-tokenised assets, where the underlying risks are equivalent;

(d) the availability and suitability of settlement arrangements for tokenised financial market transactions;

(e) the progress of the Digital Securities Sandbox and the extent to which it is expected to support the development of any permanent regulatory framework;

(f) barriers to interoperability between tokenised and non-tokenised market infrastructure, and between different tokenised market infrastructure arrangements;

(g) the effect of the current framework on innovation, investment and the international competitiveness of UK financial markets;

(h) any further legislative or regulatory changes which the Treasury considers may be required.

(3) In preparing a report under subsection (1), the Treasury must consult—

(a) the Bank of England;

(b) the Prudential Regulation Authority;

(c) the Financial Conduct Authority;

(d) such other persons as the Treasury considers appropriate.

(4) The Treasury must publish the report.”

***Member's explanatory statement***
*This probing amendment would require the Treasury to review the framework for tokenisation in UK wholesale financial markets, including legal certainty, prudential treatment, settlement arrangements and barriers to innovation and competitiveness.*

BARONESS NEVILLE-ROLFE
LORD ALTRINCHAM
LORD RANGER OF NORTHWOOD

**164** After Clause 46, insert the following new Clause—

**“Digital assets strategy**

(1) Within 12 months of the day on which this Act is passed, the Treasury must prepare, publish and consult on a strategy for the regulation and development of digital assets and related digital financial market infrastructure in the United Kingdom.

(2) A strategy under subsection (1) must consider, in particular—

(a) the Government’s approach to the regulation of digital assets, including cryptoassets, qualifying stablecoins, Central Bank Digital Currencies, tokenised securities and other digital and tokenised financial assets;

(b) the practical operation of digital asset businesses and activities under current legal, regulatory and market conditions in the United Kingdom;

(c) the extent to which firms carrying on, or seeking to carry on, digital asset activities in the United Kingdom are able to obtain and maintain appropriate access to banking, payment and settlement services;

(d) the risks to competition, innovation and lawful market participation arising from the withdrawal or denial of such services, including where this is done on a blanket or insufficiently risk-sensitive basis;

(e) developments in the law, regulation and supervisory practice of other jurisdictions so far as relevant to the safe regulation of new asset classes and digital financial market infrastructure, including digital currency exchanges;

(f) the interaction between the regulation of digital assets and the development of related regimes and initiatives, including in relation to tokenisation, stablecoins, digital settlement assets and other digital payment or settlement arrangements relevant to financial markets;

(g) the implications of the current and proposed framework for consumer protection, market integrity, financial stability and the international competitiveness of the United Kingdom;

(h) any legislative or regulatory changes which the Treasury considers may be required.

(3) In preparing a strategy under subsection (1), the Treasury must consult—

(a) the Bank of England,

(b) the Prudential Regulation Authority,

(c) the Financial Conduct Authority,

(d) representatives from industry forums, and

(e) such other persons as the Treasury considers appropriate."

***Member's explanatory statement***

*This probing amendment seeks to require the Treasury to prepare and consult on a strategy for digital assets, including regulation, tokenisation, practical operating conditions, access to banking and payment services, and international regulatory developments.*

LORD RANGER OF NORTHWOOD

**164A** After Clause 46, insert the following new Clause—

**"Digital Assets Industry Forum**

(1) The Financial Conduct Authority and the Prudential Regulation Authority ("the regulators") must jointly establish and maintain a forum to be known as the Digital Assets Industry Forum ("the Forum").

(2) The purpose of the Forum is to provide a structured and representative mechanism for engagement between the regulators and persons with experience of digital asset activities, for the purpose of informing the development, implementation and operation of regulation relating to digital assets and related digital financial market infrastructure.

(3) In carrying out the duty under subsection (1), the regulators must secure, so far as reasonably practicable, that the Forum includes representatives of—

(a) firms carrying on, or seeking to carry on, digital asset activities in the United Kingdom,

(b) recognised industry and trade bodies representing such firms,

(c) firms and bodies operating in related areas of banking, payments, settlement, custody, market infrastructure and tokenisation, and

(d) such other persons as the regulators consider appropriate.

(4) The Forum must be co-chaired by—

(a) a senior representative nominated jointly by the Financial Conduct Authority and the Prudential Regulation Authority, and

(b) a senior person appointed from among the non-regulator members of the Forum in accordance with the statement of policy under subsection (6).

(5) In exercising their functions in relation to digital assets and related digital financial market infrastructure, the regulators must have regard to the desirability of using the Forum to—

(a) obtain views on the practical effect, clarity, consistency and proportionality of proposed rules, guidance and supervisory approaches,

(b) consider emerging and new developments in technology, market structure and business models relevant to digital assets and the wider digital economy, and

(c) identify areas in which further clarification, coordination or engagement may be required.

(6) The regulators must publish and maintain a statement of policy setting out—

(a) the membership, terms of reference and operating arrangements of the Forum,

(b) the manner in which the Forum will be engaged in relation to consultations, discussion papers, guidance and other regulatory developments concerning digital assets,

(c) the process for appointing the co-chair under subsection (4)(b), and

(d) the steps the regulators will take to ensure that the Forum remains representative in light of changes in the digital assets sector.

(7) The regulators must, at least once in each period of 12 months, publish a report summarising—

(a) the activities of the Forum during that period,

(b) the principal issues raised through the Forum, and

(c) the extent to which those issues have informed the regulators' approach to digital assets regulation.

(8) The regulators must provide a copy of that report to the Treasury.

(9) Where the Forum makes recommendations to the Treasury on matters relating to the regulation or development of digital assets and related digital financial market infrastructure, the Treasury must publish a response within 90 days of receiving those recommendations."

***Member's explanatory statement***

*This amendment would require the FCA and PRA to establish and maintain a defined and representative industry forum for digital assets, co-chaired by a senior regulatory representative and a senior industry figure, in order to support clear, consistent and proportionate regulation in an area characterised by rapid technological and market change.*

LORD RANGER OF NORTHWOOD

**164B** After Clause 46, insert the following new Clause—

**"Review of access to banking and payment services for digital asset firms: competition and market entry**

(1) Within 12 months of the day on which this Act is passed, the Treasury must lay before Parliament a report on—

(a) the current and expected future operation of access to banking, payment and settlement services for firms carrying on, or seeking to carry on, digital asset activities in the United Kingdom, and

(b) the effect of that access on competition, innovation and market entry in relation to digital assets and related digital financial market infrastructure.

(2) A report under subsection (1) must consider—

(a) the extent to which firms carrying on, or seeking to carry on, regulated or registrable digital asset activities in the United Kingdom are able to obtain and maintain appropriate access to banking, payment and settlement services,

(b) the extent to which refusals, restrictions, suspensions or terminations of such services are attributable to legal or regulatory requirements, including anti-money laundering requirements, as opposed to firms' own risk appetite, commercial judgments or operational capacity,

(c) whether the current and proposed framework operates, or is likely to operate, in a manner that enables fair and equal competition between—

(i) new entrants and incumbent firms,

(ii) specialist digital asset firms and established financial services firms developing digital asset products or services, and

(iii) smaller firms and larger firms,

(d) whether any features of the current or proposed framework are likely to confer an advantage on incumbent firms, including by reason of existing banking relationships, scale, group structure, regulatory status or access to payment and settlement infrastructure,

(e) whether the current and proposed framework is likely to support market entry and product innovation, or whether it creates barriers that may discourage innovation and market entry,

(f) whether the approach taken by firms providing banking, payment or settlement services is sufficiently risk-based and proportionate,

(g) how the Treasury intends the system to operate in future to support clear, proportionate and competitive market development in digital asset activities, and

(h) any legislative, regulatory or supervisory changes which the Treasury considers may be required to promote clarity, proportionality, competition, innovation and fair access.

(3) In preparing a report under subsection (1), the Treasury must consult—

(a) the Bank of England;

(b) the Prudential Regulation Authority;
(c) the Financial Conduct Authority;
(d) the Competition and Markets Authority;
(e) representatives from industry forums;
(f) such other persons as the Treasury considers appropriate.

(4) The Treasury must publish the report.”

***Member's explanatory statement***
*This probing amendment would require the Treasury to review how access to banking, payment and settlement services for digital asset firms affects competition, innovation and market entry, including whether the current and proposed framework risks conferring an advantage on incumbent firms over new entrants and firms developing new products.*

LORD RANGER OF NORTHWOOD

**164C** After Clause 46, insert the following new Clause—

**“Review of consumer redress mechanisms in relation to digital assets**

(1) Within 12 months of the day on which this Act is passed, the Treasury must lay before Parliament a report on whether the consumer redress framework for financial services provides a clear, proportionate and internationally competitive basis for regulated digital asset activities and related digital financial market infrastructure in the United Kingdom.

(2) A report under subsection (1) must consider—
(a) the extent to which existing consumer redress mechanisms applying in relation to financial services, including complaints, ombudsman, compensation and other redress arrangements, are capable of operating effectively in relation to digital assets and related activities,
(b) the extent to which the Financial Conduct Authority, the Prudential Regulation Authority, the Bank of England, the scheme operator of the ombudsman scheme and the Financial Services Compensation Scheme are prepared for the development of a regulated digital assets market in the United Kingdom,
(c) whether the Government intends that consumer redress in relation to digital assets should be addressed principally through adaptation and clarification of existing regulatory and redress mechanisms, or through a comprehensive review of the framework,
(d) the advantages and disadvantages of a gradual approach as compared with a comprehensive or system-wide approach, including the effect of each on clarity, proportionality, speed of implementation and international competitiveness,
(e) whether the current and proposed frameworks are likely to provide outcomes that are fair, timely and comprehensible for consumers and market participants in relation to digital assets,
(f) the extent to which consumers and firms are able to determine with reasonable clarity—

(i) whether a digital asset activity is regulated,
(ii) what redress mechanisms are available in relation to that activity, and
(iii) the limits of any such mechanisms,

(g) whether the current or proposed frameworks are likely to create complexity or uncertainty that may discourage innovation, market entry or the location of digital asset activities in the United Kingdom,

(h) whether the framework is likely to operate in a manner that enables consumers to understand protections easily, while allowing the United Kingdom to remain an attractive and competitive jurisdiction for digital asset activity, and

(i) whether any legislative, regulatory or supervisory changes are necessary to ensure that consumer redress in relation to digital assets is clear, coherent, proportionate, fair and supportive of innovation and competition.

(3) In preparing a report under subsection (1), the Treasury must consult—
(a) the Financial Conduct Authority;
(b) the Prudential Regulation Authority;
(c) the Bank of England;
(d) the scheme operator of the ombudsman scheme;
(e) the Financial Services Compensation Scheme;
(f) representatives of relevant industry forum;
(g) such other persons as the Treasury considers appropriate.

(4) The Treasury must publish the report.”

***Member's explanatory statement***
*This probing amendment would require the Treasury to review whether the existing consumer redress framework for financial services can provide a clear, coherent, proportionate and internationally competitive basis for regulated digital asset markets.*

LORD HOLMES OF RICHMOND

**164D★** After Clause 46, insert the following new Clause—

**“Cross-border cooperation frameworks**

(1) The Secretary of State must use reasonable endeavours, within 12 months of the day on which this Act is passed, to enter into Memoranda of Understanding with the relevant regulatory authorities in—
(a) the United States of America,
(b) the European Union,
(c) Singapore,
(d) Hong Kong,
(e) Switzerland, and
(f) the United Arab Emirates.

(2) Each Memorandum of Understanding must address, so far as is reasonably practicable—
(a) mutual recognition or equivalence arrangements for digital asset standards,
(b) cross-border settlement interoperability, including atomic settlement and delivery-versus-payment models,
(c) regulatory information sharing in relation to digital asset service providers,
(d) coordination on composability standards for decentralised finance and programmable finance applications.

(3) The FCA must, in exercising its functions relating to digital markets, actively participate in relevant international fora on—
(a) cross-border settlement standards,
(b) tokenisation interoperability, and
(c) composability protocols for digital financial markets.

(4) The Secretary of State must report annually to Parliament on progress towards alignment with the United States of America."

***Member's explanatory statement***
*This amendment seeks to build on the overseas recognition regime framework.*

LORD HOLMES OF RICHMOND

**164E★** After Clause 46, insert the following new Clause—

**"Shared digital identity and compliance utilities**

(1) The Secretary of State must, within 18 months of the day on which this Act is passed, publish a specification for—
(a) a shared digital identity utility ("the identity utility"), providing API-based identity verification services accessible to authorised persons and regulated institutions operating in both legacy and digital markets;
(b) a shared anti-money laundering and know your customer compliance utility ("the compliance utility"), providing API-based access to customer due diligence data and screening services.

(2) The specification must address—
(a) governance arrangements, including whether the utilities are to be publicly owned, privately owned under public specification, or operated as industry utilities;
(b) data standards and interoperability requirements;
(c) access arrangements for legacy and digital ledger technology-based market participants;
(d) privacy and data protection safeguards, including compliance with the UK GDPR;
(e) the transition period during which legacy and digital know your customer processes will operate in parallel.

(3) The FCA may make rules—

(a) requiring regulated institutions to register with and use the identity utility or compliance utility once operational;

(b) providing that compliance with compliance utility standards satisfies the customer due diligence requirements of the Money Laundering, Terrorist Financing and Transfer of Funds (Information on the Payer) Regulations 2017.

(4) Use of the identity utility or compliance utility by a regulated institution does not, of itself, discharge that institution's obligations under the Money Laundering, Terrorist Financing and Transfer of Funds (Information on the Payer) Regulations 2017 or under the FCA's financial crime rules."

***Member's explanatory statement***
*This amendment is modelled on Singapore's MyInfo and the EU's European Digital Identity Wallet framework.*

LORD HOLMES OF RICHMOND

**164F★** After Clause 46, insert the following new Clause—

**"Prudential alignment of tokenised and traditional assets**

(1) The PRA and the FCA must, within 18 months of the day on which this Act is passed, jointly publish guidance ensuring consistent treatment of tokenised and traditional instruments in respect of—

(a) capital requirements, ensuring that tokenised instruments that are economically equivalent to traditional instruments attract equivalent capital treatment,

(b) liquidity requirements, ensuring that tokenised high-quality liquid assets are eligible for the same treatment as their traditional equivalents, subject to assessment of operational and settlement risk, and

(c) collateral eligibility, ensuring that tokenised securities posted as collateral are recognised on terms at least as favourable as their traditional equivalents, subject to appropriate haircuts for settlement and custody risk.

(2) The guidance must explain—

(a) the methodology by which equivalence is assessed,

(b) where differential treatment is applied, the basis for such differential treatment, and

(c) the transitional arrangements applicable during the period before tokenised markets achieve full operational maturity.

(3) The PRA must, in making rules in relation to the Capital Requirements Regulation (UK CRR), have regard to the principle that regulatory capital requirements should not, without objective justification based on demonstrably different risk, differentiate between tokenised and traditional instruments of equivalent economic substance."

***Member's explanatory statement***
*The amendment seeks to create a domestic duty to minimise unjustified divergence regarding tokenised and traditional assets.*

LORD HOLMES OF RICHMOND

**164G★** After Clause 46, insert the following new Clause—

**"Interoperability sandbox and fast-lane authorisation**

(1) The FCA must establish and operate an additional Digital Financial Markets Sandbox ("the Sandbox") for the purpose of enabling—
(a) multi-institution pilots of composable digital workflows, including cross-network settlement, programmable collateral, and tokenised asset issuance;
(b) testing of cross-border delivery-versus-payment models in partnership with foreign regulatory sandboxes;
(c) interoperability testing between traditional market infrastructure and distributed ledger technology-based systems.

(2) The Sandbox must operate on the basis of—
(a) clear, published eligibility criteria, including the risk thresholds to be met by applicants;
(b) modified or disapplied rules, subject to equivalent outcomes-based protections;
(c) a maximum participation period of five years, after which participants must either exit or apply for full authorisation.

(3) The FCA must establish a fast-lane authorisation track for digital market participants who—
(a) have participated successfully in the Sandbox for a minimum of 12 months;
(b) meet the risk thresholds published by the FCA for early-mover authorisation;
(c) have demonstrated operational readiness across the standards specified in section (common token and data standards).

(4) Applications for authorisation under the fast-lane track must be determined by the FCA within four months (and not the standard period applicable under section 55V of the Financial Services and Markets Act 2000 (determination of applications: Part 4A) as amended by section 21), unless the FCA notifies the applicant of exceptional circumstances."

***Member's explanatory statement***
*The Sandbox in this amendment is modelled on the FCA's existing Digital Sandbox (launched in 2021) and the Bank of England's Digital Securities Sandbox, but is given statutory basis to ensure longevity and scale.*

LORD HOLMES OF RICHMOND

**164H★** After Clause 46, insert the following new Clause—

**"Digital financial markets education and use case library**

(1) The FCA must, within 12 months of the day on which this Act is passed, develop and publish a national digital financial markets education programme, covering—

(a) an explanation of composability in financial markets, its benefits, and the operational, legal, and regulatory changes it requires,

(b) educational materials targeted at regulated institutions, professional market participants, and retail investors, and

(c) training resources for compliance, risk, and legal professionals at regulated institutions.

(2) The FCA must publish and maintain a digital markets use case library, covering—

(a) wholesale use cases, including—

(i) programmable collateral management;

(ii) tokenised fund structures and net asset value calculation;

(iii) cross-border delivery-versus-payment settlement;

(iv) on-chain corporate actions;

(v) intraday repurchase agreements using tokenised assets;

(b) retail use cases, including—

(i) tokenised savings products;

(ii) retail participation in tokenised bond markets;

(iii) digital wallet-based payment and settlement;

(c) in each case, the regulatory treatment applicable to each use case, cross-referenced to the relevant sections of the Financial Services and Markets Act 2000 and FCA rules.

(3) The use case library must be designed to function across multiple payment rails and must not privilege any single payment instrument or settlement technology.

(4) The FCA must review and update the use case library at least annually."

**After Clause 47**

BARONESS NEVILLE-ROLFE
LORD ALTRINCHAM

**165** After Clause 47, insert the following new Clause—

**"FCA operational readiness report**

(1) Before any provision of this Act conferring a significant new regulatory function on the FCA comes into force, the Treasury must lay before Parliament a report on the FCA's operational readiness to exercise that function.

(2) A report under subsection (1) must include an assessment of—

(a) staffing and resourcing,
(b) systems capability,
(c) expected impacts on authorisations, supervision and enforcement timeliness,
(d) expected impacts on service standards for firms and consumers, and
(e) such mitigation measures as the Treasury and the FCA consider necessary."

***Member's explanatory statement***
*This amendment would require the Treasury to report to Parliament on the FCA's operational readiness before significant new functions conferred by the Act are commenced, including staffing, systems and expected impacts on timeliness and service standards.*

BARONESS NEVILLE-ROLFE
LORD ALTRINCHAM

**166** After Clause 47, insert the following new Clause—

**"Duty to have regard to net regulatory burden**

(1) In exercising any power under or arising from this Act to make regulations, rules or other requirements, the Treasury, the FCA and the PRA must have regard to the desirability of minimising the overall regulatory burden imposed on persons subject to regulation.

(2) For the purposes of subsection (1), "regulatory burden" includes—
(a) direct compliance costs;
(b) administrative and reporting requirements;
(c) delay costs arising from regulatory processes;
(d) costs falling disproportionately on smaller firms and new entrants.

(3) Where the Treasury, the FCA or the PRA considers that an increase in burden is necessary, it must publish a statement—
(a) explaining why the increase is necessary and proportionate, and
(b) setting out the expected effect on growth, competition, innovation and market entry."

***Member's explanatory statement***
*This amendment would require the Treasury, the FCA and the PRA, when exercising powers under the Act, to have regard to minimising the overall regulatory burden on regulated persons, including disproportionate burdens on smaller firms and new entrants, and to publish reasons and an assessment of the effects on growth, competition, innovation and market entry where an increase in burden is considered necessary.*

BARONESS NEVILLE-ROLFE
LORD ALTRINCHAM
BARONESS ALTMANN

**167** After Clause 47, insert the following new Clause—

**"Duty to promote public understanding of financial services and financial capability**

The FCA must take such steps as it considers appropriate to promote public understanding of—

(a) financial services and markets,

(b) personal financial management,

(c) saving, borrowing and long-term financial resilience,

(d) financial decision-making and financial risk, and

(e) pensions."

***Member's explanatory statement***

*This amendment would give the FCA a statutory duty to promote public understanding of financial services and financial capability, and to report annually on the steps it has taken, the groups most at risk of poor financial literacy or exclusion, and the contribution of improved financial capability to consumer resilience, competition and economic growth.*

LORD HOLMES OF RICHMOND

**168** After Clause 47, insert the following new Clause—

**"Designated artificial intelligence officer**

(1) The Secretary of State must by regulations provide that companies operating in the financial services sector who use artificial intelligence ("AI") must have a designated AI officer.

(2) The AI officer under subsection (1) has responsibility for ensuring that the use of AI is—

(a) safe,

(b) ethical,

(c) unbiased, and

(d) non-discriminatory use of AI.

(3) The AI officer under subsection (1) is also responsible for ensuring that data used in any AI technology is unbiased.

(4) Any regulations under this section are to be made by statutory instrument.

(5) A statutory instrument containing regulations under this section may not be made unless a draft of the instrument has been laid before, and approved by a resolution of, each House of Parliament."

***Member's explanatory statement***
*This amendment seeks to require firms in the financial services sector to have a designated AI officer.*

LORD HOLMES OF RICHMOND

169 After Clause 47, insert the following new Clause—

**"Know Your Customer regulations review**

Within six months of the day on which this Act is passed, the Treasury must commission a review of the Money Laundering, Terrorist Financing and Transfer of Funds (Information on the Payer) Regulations 2017 (S.I. 2017/692) insofar as they apply to customers of financial services, with the aim of—

(a) enabling greater inclusion,

(b) enabling greater efficiency, and

(c) removing outdated measures."

***Member's explanatory statement***
*This amendment seeks to require a review of Know Your Customer requirements to ensure they are up to date and take into account new technologies.*

LORD HOLMES OF RICHMOND

170 After Clause 47, insert the following new Clause—

**"National financial education strategy**

(1) The FCA must, in coordination with the Money and Pensions Service, prepare and publish a national financial education strategy (the "Strategy") within 18 months of this section coming into force.

(2) The Strategy must—

(a) identify gaps in financial literacy among adults and young people across the United Kingdom, with particular regard to underserved and financially excluded communities;

(b) set out a plan for improving consumer understanding of digital and emerging financial products, including—

(i) cryptoassets,

(ii) digital assets,

(iii) stable coins,

(iv) AI-driven financial services, and embedded finance,

(c) establish measurable outcomes and milestones for improving financial literacy over a five year period;

(d) specify how the Strategy will be coordinated with the FCA's strategy under section 1JZA of the Financial Services and Markets Act 2000.

(3) The Strategy must be reviewed and updated every three years.

(4) The Secretary of State must lay the Strategy by the FCA, and each updated version of it, before both Houses of Parliament.

(5) The Secretary of State may by directions require the FCA to include in the Strategy provision relating to specified financial products or specified groups of consumers.”

***Member's explanatory statement***
*This amendment requires the FCA, in consultation with the Money and Pensions Service, to prepare and publish a national financial education strategy.*

LORD HOLMES OF RICHMOND

**171** After Clause 47, insert the following new Clause—

**“Small and medium-enterprises enterprises right of action for breaches of FCA handbook**

(1) The Secretary of State must by regulations make provision to allow small and medium-sized enterprises right of action for breaches of the FCA handbook.

(2) The Secretary of State must lay draft regulations before each House of Parliament for the purposes of subsection (1) within the period of three months beginning with the day on which this Act is passed.

(3) A statutory instrument containing regulations under this section may not be made unless a draft of the instrument has been laid before, and approved by a resolution of, each House of Parliament.”

***Member's explanatory statement***
*This amendment seeks to create a right of action for SMEs for breaches of the FCA handbook which is currently not available to them.*

BARONESS SHEEHAN
BARONESS BOYCOTT
BARONESS YOUNG OF OLD SCONE
BARONESS PENN

**172** After Clause 47, insert the following new Clause—

**“Forest risk commodities**

(1) Within three months of the day on which this Act is passed, the Secretary of State must lay before Parliament draft regulations under Schedule 17 (use of forest risk commodities in commercial activity) of the Environment Act 2021.

(2) When laying regulations under subsection (1), the Secretary of State must immediately commence the review required under section 79 (forest risk commodities: review) of the Financial Services and Markets Act 2023.

(3) The regulations must include provision relating to—
  (a) due diligence requirements relating to forest risk commodities;
  (b) reporting obligations for regulated persons.”

BARONESS NEVILLE-ROLFE
LORD ALTRINCHAM

**172A** After Clause 47, insert the following new Clause—

**"Reform of financial services dispute resolution**

(1) The Treasury must, within the period of 12 months beginning with the day on which this Act is passed, publish draft legislation containing provision—
  (a) replacing the ombudsman scheme established under Part XVI of the Financial Services and Markets Act 2000 with a scheme to be known as the Financial Adjudication Service;
  (b) removing the requirement in section 228(2) of that Act that complaints be determined by reference to what is fair and reasonable in all the circumstances of the case;
  (c) requiring complaints within the compulsory jurisdiction of the Financial Adjudication Service to be determined by reference to such statutory requirements as may be specified.
  (d) providing free access to the Financial Adjudication Service for complainants;
  (e) providing that the expenses of the Financial Adjudication Service are met by levies or fees imposed on regulated persons;
  (f) providing that determinations of the Financial Adjudication Service are binding on both parties unless appealed as described in subsection (2);
  (g) making such amendments to Part XVI and Schedule 17 of the Financial Services and Markets Act 2000, and any other enactment, as the Treasury considers necessary for the purposes of that provision.

(2) Draft legislation published under subsection (1) must propose the establishment of a chamber of the First-tier Tribunal to be known as the Financial Services Chamber to hear appeals against determinations by the Financial Adjudication Service and make decisions which are binding on the Financial Adjudication Service unless and until overturned on appeal."

***Member's explanatory statement***
*This amendment would require the Treasury to publish draft legislation to replace the Financial Ombudsman Service with a Financial Adjudication Service and to establish a Financial Services Chamber of the First-tier Tribunal to determine appeals according to law, to provide speed, expertise and high settlement rates.*

LORD CARLILE OF BERRIEW

**172B** After Clause 47, insert the following new Clause—

**"Review: claims management services**

(1) The Treasury must, within 12 months of the day on which this Act is passed, conduct and publish a review into the regulation of claims management services and litigation funding.

(2) The review must consider—
 (a) the current regulatory landscape,
 (b) the impact of the definition of "claims management services" in section 419A of the Financial Services and Markets Act 2000 (claims management services),
 (c) whether action is needed to clarify the status of claims management firms and litigation funding agreements, and
 (d) any other matters the Treasury considers appropriate.

(3) The review must be laid before both Houses of Parliament."

***Member's explanatory statement***
*This new clause seeks a review by the Treasury into the regulation of claims management services and litigation funding agreements, which were adversely affected by the 2023 Supreme Court decision in the PACCAR case.*

BARONESS BENNETT OF MANOR CASTLE

**172C** After Clause 47, insert the following new Clause—

**"Review of the City of London Corporation**

(1) The Secretary of State must, within 12 months of the day on which this Act is passed, appoint an independent person or panel to undertake a review of the functions of the City of London Corporation in relation to regulation of financial services and markets.

(2) The review must consider—
 (a) the arrangements relating to engagement between the City of London Corporation and the FCA and PRA, and
 (b) the extent to which the City of London Corporation contributes to the regulation of financial services and markets.

(3) The reviewer must publish a report setting out their findings and recommendations no later than 18 months after appointment.

(4) The Secretary of State must lay the report before Parliament and, within six months of receiving it, publish a response setting out what steps the Government intends to take in response to the recommendations."

**Clause 52**

BARONESS NEVILLE-ROLFE
LORD ALTRINCHAM

**173** Clause 52, page 55, line 30, at end insert—

"(A1) Subsections (1) to (5) have effect subject to the publication of the report as set out in section (*FCA operational readiness report*)."

***Member's explanatory statement***
*This amendment is consequential on another in the name of Baroness Neville-Rolfe.*

BARONESS NEVILLE-ROLFE
LORD ALTRINCHAM

**174** Clause 52, page 55, line 36, at end insert—

(ba) section (*Ring-fencing consultation*)”

***Member's explanatory statement***
*This amendment would require the Treasury, before the changes to the ring-fencing regime in clauses 39 and 40 come into force, to consult publicly, publish an assessment of the likely effects on financial stability, competition, lending and customer outcomes, and lay before Parliament a statement summarising that consultation and assessment.*

# Financial Services and Markets Bill [HL]

FOURTH MARSHALLED

LIST OF AMENDMENTS

TO BE MOVED

IN GRAND COMMITTEE

*30 June 2026*

PUBLISHED BY AUTHORITY OF THE HOUSE OF LORDS