Financial Services and Markets Bill [HL]

MARSHALLED

LIST OF AMENDMENTS

TO BE MOVED

ON REPORT

The amendments have been marshalled in accordance with the Instruction of 1st September 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.

Clause 1

BARONESS NEVILLE-ROLFE
LORD ALTRINCHAM
BARONESS KRAMER

1 Leave out Clause 1

Member's explanatory statement
This amendment, along with another in the name of Baroness Neville-Rolfe, seeks to allow for a debate on the Government's intentions around a new regime to be laid down in the regulatory rule book in place of that established by the Consumer Credit Act 1974 and associated legislation, and how they will ensure parliamentary and industry oversight of such a regime.

After Clause 1

BARONESS BOWLES OF BERKHAMSTED
LORD SHARKEY
THE LORD BISHOP OF MANCHESTER

2 After Clause 1, insert the following new Clause—

"Duty to ensure non-diminution of consumer credit protections

(1) In exercising any power under this Act to repeal, amend or replace provisions of the Consumer Credit Act 1974 with rules made by the Financial Conduct Authority, the Treasury and the FCA must secure, so far as reasonably practicable, that the overall level of protection and rights of redress afforded to consumers is not diminished.

(2) For the purposes of subsection (1), the protections and rights of redress to be maintained must include—

(a) statutory sanctions regarding the legal enforceability of agreements where a firm has failed to comply with required conduct or information duties,

(b) continuity of statutory rights and protections where a credit agreement is assigned, sold, securitised or otherwise transferred,

(c) protections against predatory interest rate adjustments or variations by an assignee, purchaser or special purpose vehicle, and

(d) the right of a consumer to apply to a court for a determination that a credit relationship is unfair, and for the court to order appropriate remedies equivalent to those provided under sections 140A to 140C of the Consumer Credit Act 1974 (unfair relationships).

(3) Where rights under a regulated credit agreement are assigned, sold, securitised or otherwise transferred—

(a) the consumer shall retain all statutory rights, protections and avenues of redress against the transferee as against the original creditor, and

(b) if any person to whom rights under the agreement have passed is an inactive lender or closed book owner, any variable interest rate or fee structure applied to the consumer must not exceed a reasonable market proxy determined by the FCA.

(4) Any person exercising rights of enforcement arising from a regulated credit agreement is treated as a creditor for the purposes of this section.

(5) The duties in this section apply—

(a) to all regulated credit agreements which are in force on the date on which any provisions of this Act containing a power to repeal, amend or replace provisions of the Consumer Credit Act come into force, and

(b) to any assignment, sale, securitisation or transfer of rights under such agreements occurring on or after those dates.

(6) Nothing in this section requires the reopening of past assignments, sales, securitisations or transfers, nor affects the validity of any such transaction effected before the relevant date mentioned in subsection (5)."

Member's explanatory statement
This amendment seeks to ensure that when provisions of the Consumer Credit Act 1974 are repealed or replaced by FCA rules, the overall level of consumer protection is not diminished. It preserves statutory rights when credit agreements are sold, assigned or securitised, prevents predatory interest rate variations by inactive lenders or SPVs, and retains the unfair relationship court remedy.

BARONESS BOWLES OF BERKHAMSTED

3 After Clause 1, insert the following new Clause—

"Non-diminution of consumer credit protections

(1) In exercising any power under this Act to repeal, amend or replace provisions of the Consumer Credit Act 1974 with rules made by the Financial Conduct Authority, the Treasury and the FCA must secure, so far as reasonably practicable, that the overall level of protection and rights of redress afforded to consumers is not diminished.

(2) For the purposes of subsection (1), the protections and rights of redress to be maintained must include—
  (a) statutory sanctions regarding the legal enforceability of agreements where a firm has failed to comply with required conduct or information duties,
  (b) continuity of statutory rights and protections where a regulated credit agreement is assigned, sold, securitised or otherwise transferred,
  (c) protections against predatory interest rate adjustments or variations by an assignee, purchaser or special purpose vehicle, and
  (d) the right of a consumer to apply to a court for a determination that a credit relationship is unfair, and for the court to order appropriate remedies equivalent to those provided under sections 140A to 140C of the Consumer Credit Act 1974 (unfair relationships)."

Member's explanatory statement
This amendment seeks to ensure that when provisions of the Consumer Credit Act 1974 are repealed or replaced by FCA rules, the overall level of consumer protection is not diminished.

BARONESS BOWLES OF BERKHAMSTED

4 After Clause 1, insert the following new Clause—

"Student loans: continuity of protections on sale or transfer

(1) This section applies where any right, title or interest in a student loan or graduate finance agreement is assigned, sold, securitised or otherwise transferred to a person other than the Secretary of State.

(2) Where subsection (1) applies, the agreement must be treated as a regulated credit agreement for the purposes of conduct requirements relating to interest rate variation and pricing.

(3) The transferee must not apply interest rates or charges that are unfair, excessive or otherwise inconsistent with protections applying to regulated credit agreements.

(4) Nothing in this section affects the terms of any student loan or graduate finance agreement while held by the Secretary of State."

Member's explanatory statement
This amendment ensures that if student loans or graduate finance agreements are ever sold or transferred to private ownership, borrowers have pricing (non-predatory interest rate) protections.

LORD SHARKEY
BARONESS BOWLES OF BERKHAMSTED

5 After Clause 1, insert the following new Clause—

"Protection of consumers where regulated credit agreements or regulated mortgage contracts are transferred to inactive lenders

(1) This section applies where rights under any regulated credit agreement or regulated mortgage contract are assigned, sold, securitised or otherwise transferred to a person who is an inactive lender or closed book owner.

(2) Where subsection (1) applies, the consumer shall retain against the transferee all statutory and contractual rights, protections and avenues of redress that were available against the original creditor or lender.

(3) Any variable interest rate, fee structure or other pricing term applied by an inactive lender or closed book owner must not exceed a reasonable market proxy determined by the Financial Conduct Authority.

(4) Any person exercising rights of enforcement arising from an agreement or contract to which this section applies is treated as a creditor or lender for the purposes of this section.

(5) For the purposes of this section, the exercise of rights of enforcement includes the setting, varying, applying or collecting of interest, fees or other pricing terms, whether undertaken directly or through an agent.

(6) The duties in this section apply from the date on which this section comes into force—
   (a) to any regulated credit agreement or regulated mortgage contract in force on, or entered into after, that date, and
   (b) to any person who holds, or subsequently acquires, rights under any such agreement or contract, regardless of whether the assignment, sale, securitisation or transfer of rights occurred before, on or after that date.

(7) For the avoidance of doubt, nothing in this section requires the reopening, invalidation or unwinding of any assignment, sale, securitisation or transfer effected before the date on which this section comes into force, but any exercise of rights, variation of interest rates or enforcement occurring on or after that date in respect of such a transfer is subject to the provisions of this section.

(8) For the purposes of this section—

"inactive lender" or "closed book owner" means a person who holds rights under a regulated credit agreement or regulated mortgage contract but does not actively offer new regulated credit agreements or regulated mortgage contracts to consumers in the United Kingdom;

"regulated mortgage contract" has the meaning given by article 61 of the Financial Services and Markets Act 2000 (Regulated Activities) Order 2001 (S.I. 2001/544)."

Member's explanatory statement
This new Clause seeks to ensure that when regulated credit agreements or regulated mortgage contracts are transferred to inactive lenders or closed book owners, consumers retain their full statutory and contractual rights. It would allow the Financial Conduct Authority to cap variable interest rates and pricing terms at a reasonable market proxy.

Schedule 1

BARONESS NEVILLE-ROLFE
LORD ALTRINCHAM
BARONESS KRAMER

6 Leave out Schedule 1

Member's explanatory statement
This amendment, along with another in the name of Baroness Neville-Rolfe, seeks to allow for a debate on the Government's intentions around a new regime to be laid down in the regulatory rule book in place of that established by the Consumer Credit Act 1974 and associated legislation, and how they will ensure parliamentary and industry oversight of such a regime.

Clause 3

BARONESS KRAMER

7 Clause 3, page 2, line 4, at end insert—

"(2A) Regulations may only make provision arising directly from the review carried out under subsection (2)."

Member's explanatory statement
This amendment would restrict the scope of the regulations so that they may only implement matters that have been reviewed and consulted upon. It seeks to prevent the power from being used more broadly than Parliament intended.

BARONESS TYLER OF ENFIELD
LORD HOLMES OF RICHMOND
BARONESS KRAMER

8 Clause 3, page 2, line 4 at end insert—

“(2A) In making regulations, the Treasury must consider—

(a) the effectiveness of alternative frameworks, including the Post Office Banking Framework, in providing access to banking and cash services,

(b) whether independent assessments conducted in connection with proposed branch closures should extend beyond access to cash to evaluate local community needs for essential in-person banking services, and

(c) the value of mandating of appropriate in-person banking solutions where an assessment under paragraph (b) identifies a requirement based on local circumstances and needs.”

Member's explanatory statement
This amendment would require the Treasury to consider the existing systems when making regulations, including the Post Office Banking Framework, as well as the LINK assessments system.

LORD VAUX OF HARROWDEN

9 Clause 3, page 2, line 8, leave out paragraph (b)

Member's explanatory statement
This amendment would remove the Henry VIII power from the regulation making powers being granted to the Treasury under Clause 3.

BARONESS NEVILLE-ROLFE
LORD ALTRINCHAM
LORD VAUX OF HARROWDEN
BARONESS KRAMER

10 Leave out Clause 3

After Clause 3

BARONESS KRAMER
THE LORD BISHOP OF MANCHESTER

11 After Clause 3, insert the following new Clause—

“Access to affordable credit

(1) The Financial Conduct Authority must—

(a) within 12 months of the day on which this Act is passed, establish and publish a framework for assessing and rating the performance of relevant deposit takers in providing access to affordable credit,

(b) annually publish updated ratings and scores produced by the FCA under the framework, and

(c) keep the framework established under paragraph (a) under review and publish an updated framework as it deems necessary.

(2) The framework must—

(a) assess the extent to which relevant deposit takers serve the credit needs of individuals, households and small businesses, including those who are underserved by mainstream financial services, and

(b) enable comparisons to be made between relevant deposit takers.

(3) In developing the framework, the FCA must have regard to—

(a) the distribution of lending across income groups, geographic areas and customer characteristics,

(b) the availability of affordable credit to consumers who may otherwise be at risk of financial exclusion,

(c) the provision of affordable credit to small and medium-sized enterprises, and social enterprises,

(d) the extent to which a bank supports access to affordable credit through partnerships, referral arrangements and funding agreements, with credit unions, community development finance institutions or other community-based lenders, and

(e) such other matters as the FCA considers relevant to the objective of promoting access to affordable credit.

(4) For the purposes of subsection (2), the FCA may—

(a) make use of regulatory data already collected by it, including product sales data,

(b) require relevant deposit takers to provide such information as it reasonably considers necessary for the purposes of the framework, and

(c) make different and proportionate provision for different sizes of business.

(5) Where a relevant deposit taker receives a score or rating below a minimum threshold prescribed by rules made under this section, the FCA must require the deposit taker to take proportionate remedial action to improve its rating.

(6) For the purpose specified in subsection (5), the FCA may—

(a) make such rules or issue such guidance applying to designated persons as appear to the FCA to be necessary or expedient, and

(b) give a direction under this section to a designated person if it considers that it is desirable to give the direction.

(7) For the purposes of this section, "relevant deposit takers" are—

(a) banks, within the meaning given in section 2 of the Banking Act 2009;

(b) building societies, within the meaning of section 119 of the Building Societies Act 1986;

which meet an FCA-set threshold for the total volume of personal and small and medium business lending.”

Member's explanatory statement
This amendment requires the FCA to establish a framework assessing banks’ and building societies’ provision of affordable credit, including via partnerships with credit unions and community development finance institutions. It uses existing regulatory data where possible, with proportionate requirements for firms of different sizes.

Clause 4

LORD PITT-WATSON

12 Clause 4, page 3, line 34, at end insert—

“(ga) in paragraph 14 (scheme rules), in sub-paragraph (2), omit paragraph (f);”

Member's explanatory statement
This amendment would remove the power of the scheme operator to make rules providing for the delegation of functions from the Financial Ombudsman to staff, given the Financial Ombudsman’s general power to delegate under new paragraph 1B inserted by clause 4(8)(b).

Clause 7

LORD SHARKEY

13 Leave out Clause 7

Member's explanatory statement
This amendment would remove provisions relating to how the Financial Ombudsman Service may refer matters on complaints to the FCA.

Clause 8

LORD SHARKEY

14 Leave out Clause 8 and insert the following new Clause—

“Determination of complaints: matters to be taken into account

In section 228 of the Financial Services and Markets Act 2000 (determination of complaints under the compulsory jurisdiction of the ombudsman scheme) in subsection (2), at the end insert “, having taken into account the relevant law and regulations, the relevant regulator’s rules, guidance and standards, the relevant codes of practice and (where appropriate) what the Financial Ombudsman considers to have been good industry practice at the relevant time”.”

Member's explanatory statement
This amendment would remove Clause 8 from the bill and insert a new clause requiring the Financial Ombudsman, when determining whether an outcome is fair and reasonable in all the circumstances of a case, to take into account various other points.

After Clause 9

LORD SHARKEY

15 After Clause 9, insert the following new Clause—

"Review of the memorandum of understanding between the FCA and the FOS

(1) The Treasury must appoint an independent person ("the reviewer") to carry out a review of the operation of the memorandum of understanding between the FCA and the FOS dated July 2025 ("the MoU").

(2) The review may not begin before the end of the period of two years beginning with the day on which the MoU came into operation.

(3) Despite paragraph 6 of the MoU (amendment of the MoU), the FCA and the FOS must not amend paragraph 14 of the MoU before the end of the period mentioned in subsection (2).

(4) The review must consider, in particular, the strength and robustness of the evidence that—
   (a) the FCA and the FOS have made inconsistent determinations or decisions in comparable cases,
   (b) any such inconsistency has given rise to materially damaging uncertainty for authorised persons or to significant detriment to consumers, and
   (c) the FOS has acted as a quasi-regulator, and any material uncertainty for authorised persons or detriment to consumers arising from its having done so.

(5) The reviewer—
   (a) may undertake such research as the reviewer considers necessary to improve the evidence base, and
   (b) must give due weight to the interests of both authorised persons and consumers.

(6) The FCA and the FOS must—
   (a) co-operate fully with the review,
   (b) provide the reviewer with such documents and data as the reviewer requests,
   (c) inform the reviewer of the relevant documents and data which they hold, and
   (d) so far as possible, provide the reviewer with details and an explanation of any case falling within subsection (4)(a), (b) or (c).

(7) Information or documents required under subsection (6) must be provided—

(a) before the end of such reasonable period as the reviewer may specify,
(b) at such place as the reviewer may specify, and
(c) in such form as the reviewer may reasonably require.

(8) The reviewer may make such recommendations as the reviewer considers appropriate.

(9) The Treasury must publish the reviewer's report, together with any recommendations made under subsection (8), and lay it before Parliament before the end of the period of 12 months beginning with the day on which the review begins.

(10) In this section—

"the FCA" means the Financial Conduct Authority;

"the FOS" means the scheme operator within the meaning of section 225(2) of the Financial Services and Markets Act 2000."

Member's explanatory statement
This new clause would require the Treasury to appoint an independent reviewer to review the operation of the memorandum of understanding between the Financial Conduct Authority and the Financial Ombudsman Service dated July 2025.

After Clause 12

BARONESS HOEY

16 After Clause 12, insert the following new Clause—

"Claims management services: Northern Ireland

(1) The Treasury may by regulations made by statutory instrument make provision for claims management services provided in, from or into Northern Ireland to be regulated under the Financial Services and Markets Act 2000 on a basis equivalent to claims management services provided in, from or into Great Britain.

(2) Regulations under this section may amend primary legislation, assimilated direct principal EU legislation or subordinate legislation, including—
(a) the Financial Services and Markets Act 2000,
(b) the Financial Services and Markets Act 2000 (Regulated Activities) Order 2001, and
(c) Part 2 of the Financial Guidance and Claims Act 2018.

(3) Regulations under this section may make consequential, supplementary, incidental, transitional, transitory or saving provision.

(4) Before making regulations under this section, the Treasury must consult—
(a) the Financial Conduct Authority,
(b) the scheme operator of the ombudsman scheme under Part 16 of the Financial Services and Markets Act 2000,
(c) the Department of Finance in Northern Ireland, and

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

(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.

(6) In this section, "claims management services" has the meaning given by section 419A of the Financial Services and Markets Act 2000."

After Clause 13

BARONESS KRAMER
LORD VAUX OF HARROWDEN

17 After Clause 13, insert the following new Clause—

"Reimbursement of fraud: liability of technology companies

(1) The FCA must make rules providing that, where a person is to be reimbursed in respect of losses arising from an authorised push payment fraud, the cost of that reimbursement is to be borne, in whole or in part, by any relevant technology company on whose service the fraud was initiated, facilitated or communicated.

(2) Rules under subsection (1) must provide for—

(a) the apportionment of the cost of reimbursement between relevant technology companies and payment service providers, by reference to the extent to which each contributed to the fraud occurring,

(b) a process by which a payment service provider that has reimbursed a victim may recover the apportioned cost from a relevant technology company, and

(c) the information that a relevant technology company must provide to the FCA and to payment service providers for the purposes of the rules.

(3) In making rules under this section, the FCA must have regard to the principle that the cost of reimbursing victims of fraud should fall, so far as is reasonable, on the persons best able to prevent the fraud.

(4) In this section—

"authorised push payment fraud" means a transfer of funds executed by a payment service provider on the instruction of a payer, where the payer was deceived into giving that instruction;

"relevant technology company" means a person who provides—

(a) a user-to-user service or a search service within the meaning of the Online Safety Act 2023,

(b) an electronic communications service, or

(c) any other online service by means of which an authorised push payment fraud may be initiated, facilitated or communicated."

Member's explanatory statement
This new Clause would require the FCA to make rules placing liability for the cost of reimbursing victims of authorised push payment fraud, in whole or in part, on the technology companies on whose platforms the fraud originates, rather than solely on payment service providers, and to apportion that cost according to who is best able to prevent the fraud.

Schedule 2

LORD PITT-WATSON

18 Schedule 2, page 78, leave out lines 27 to 30

Member's explanatory statement
This amendment would remove a subsection which duplicates section 131Z19 of the Financial Services and Markets Act 2000 (inserted by paragraph 18 of Schedule 2).

LORD VAUX OF HARROWDEN

19★ Schedule 2, page 80, line 15, at end insert—

131Z12A Authorised push payment fraud: reporting duties of the FCA

(1) The FCA must prepare and publish a report at least annually, within three months of the end of the relevant annual period, covering payment system providers' authorised push payment (APP) fraud performance.

(2) The annual report must include, at a minimum, the information provided in the 2024 "APP scam performance data" report published by the Payment Systems Regulator in February 2026, together with such other data the FCA considers would be helpful in enabling consumers to make informed decisions regarding the use of a payment system provider.

(3) To the extent the data is reasonably obtainable, the annual report must include an assessment, including the name of the relevant service and the total for each service of the relevant fraud in the period, of the extent to which the fraud reported on under subsection (2) was initiated on—

(a) a user-to-user service or search service as defined in section 3 of the Online Safety Act 2023,

(b) an electronic communications service, or

(c) any other online service by means of which an authorised push payment fraud may be initiated."

Member's explanatory statement
This amendment seeks to ensure that the FCA continues to report on scam prevention and reimbursement performance at least to the extent that was previously reported by the Payment Systems Regulator, and provide data on where such scams arise.

LORD HOLMES OF RICHMOND

20★ Schedule 2, page 80, line 15, at end insert—

“131Z12A Fraud prevention duties of payment service providers

(1) A payment system operator must take reasonable steps to—

(a) implement proportionate transaction monitoring systems capable of identifying and intervening in suspected fraudulent transactions in real time;

(b) provide consumers with clear warnings before executing transactions that exhibit indicators of authorised push payment fraud;

(c) participate in cross-industry fraud data sharing schemes designated by the FCA for the purpose of preventing fraud.

(2) The FCA must make rules specifying—

(a) minimum standards for transaction monitoring systems under subsection (1)(a);

(b) the circumstances in which a relevant person is liable to reimburse a consumer who suffers loss as a result of authorised push payment fraud, including where the relevant person failed to meet the standards in subsection (1);

(c) timeframes within which reimbursement decisions must be made.”

Member's explanatory statement
This amendment seeks to require the FCA to make rules in relation to financial fraud and payment service providers.

LORD PITT-WATSON

21 Schedule 2, page 83, line 5, leave out “131Z12, 131Z13 or 131Z14” and insert “131Z13, 131Z14 or 131Z15”

Member's explanatory statement
This amendment would correct a cross-reference.

LORD PITT-WATSON

22 Schedule 2, page 85, line 13, at end insert “, and

(ii) in its application as a secondary objective, the objective set out in section 30J(1) of the Bank of England Act 1998 (payment systems etc: innovation).”

Member's explanatory statement
This amendment is consequential on the amendment in the name of Lord Pitt-Watson that inserts a new clause after clause 22 relating to the Bank of England’s functions relating to payment systems and service providers.

LORD PITT-WATSON

23 Schedule 2, page 93, line 6, at end insert—

"(aa) in paragraph 2(3), omit ", (ca)";"

Member's explanatory statement
This amendment would remove a cross-reference to the paragraph omitted by paragraph 58(a) of Schedule 2.

LORD PITT-WATSON

24 Schedule 2, page 93, line 7, leave out "2(3)" and insert "3(7)"

Member's explanatory statement
This amendment would correct a cross-reference.

LORD PITT-WATSON

25 Schedule 2, page 93, line 10, at end insert—

"(ca) in paragraph 5(a), for ", (c) or (ca)" substitute "or (c)";"

Member's explanatory statement
This amendment would remove a cross-reference to the paragraph omitted by paragraph 58(a) of Schedule 2.

After Clause 14

BARONESS KRAMER

26 After Clause 14, insert the following new Clause—

"Anti-money laundering: provision of support to professional services firms

(1) Within three months of the day on which this Act is passed, the Treasury must publish an assessment of the arrangements that will be made to provide education, guidance and compliance support to professional services firms subject to anti-money laundering supervision by the FCA.

(2) The assessment must include a comparison between—
   (a) the education, guidance and compliance support currently provided by professional body supervisors, and
   (b) the support that will be provided by the FCA.

(3) The Treasury must lay the assessment before Parliament."

Member's explanatory statement
This amendment seeks to require the Government to explain how education, guidance and bespoke compliance support currently provided by professional body supervisors will be maintained following the transfer of anti-money laundering supervisory functions to the FCA.

BARONESS KRAMER

27 After Clause 14, insert the following new Clause—

"Anti-money laundering supervisory functions

(1) Within the period of three months beginning with the day on which this Act is passed, the Treasury must publish a timetable for the implementation of the transfer of anti-money laundering supervisory functions to the FCA.

(2) The timetable must include—
(a) the expected date of publication of draft regulations,
(b) the anticipated commencement date of the new supervisory regime,
(c) key transition milestones, and
(d) arrangements for firms supervised under the existing regime during the transition period.

(3) The Treasury must lay the timetable before Parliament."

Member's explanatory statement
This amendment seeks to require the Government to publish a clear implementation timetable for the transfer of anti-money laundering supervisory functions to the FCA.

BARONESS KRAMER

28 After Clause 14, insert the following new Clause—

"Professional expertise in anti-money laundering supervision

(1) In exercising anti-money laundering supervision, the FCA must have regard to the desirability of ensuring that supervisory staff possess relevant professional expertise and experience of the sectors being supervised.

(2) This includes, in particular, expertise and experience relating to—
(a) taxation;
(b) accountancy;
(c) legal services;
(d) trust and company service provision."

Member's explanatory statement
This amendment seeks to require the FCA to have regard to the desirability of employing staff with relevant professional expertise and experience in the sectors subject to anti-money laundering supervision.

BARONESS KRAMER
LORD VAUX OF HARROWDEN

29 After Clause 14, insert the following new Clause—

"Anti-money laundering: assessment of supervisory costs

(1) Before assuming anti-money laundering supervisory functions, the FCA must publish an assessment of the likely impact of the transfer on supervisory fees payable by professional services firms.

(2) The assessment must include—
(a) estimated fee levels under the new regime,
(b) a comparison with fees payable under the existing supervisory arrangements, and
(c) measures proposed to ensure that costs remain proportionate, particularly for small firms."

Member's explanatory statement
This amendment seeks to require publication of an assessment of the impact of the transfer on supervisory fees payable by professional services firms.

BARONESS KRAMER

30 After Clause 14, insert the following new Clause—

"Anti-money laundering: regional supervision

(1) Within six months of the day on which this Act is passed, the FCA must publish a report on its capacity to undertake anti-money laundering supervisory activity across all parts of the United Kingdom.

(2) The report must include—
(a) the geographical distribution of relevant staff,
(b) plans for recruitment and deployment of staff outside existing FCA office locations, and
(c) arrangements for ensuring supervisory staff have knowledge of regional business practices and risk profiles."

Member's explanatory statement
This amendment seeks to require the FCA to report on how it will maintain effective anti-money laundering supervision across all regions of the United Kingdom.

Clause 16

LORD PITT-WATSON

31 Clause 16, page 18, line 38, at end insert—

"(ba) the competitiveness and growth objective (see section 1EB), and"

Member's explanatory statement
This amendment would clarify that the strategic priorities set out by the FCA in a long-term strategy under new section 1JZA of the Financial Services and Markets Act 2000 must include strategic priorities in relation to the competitiveness and growth objective.

BARONESS BOWLES OF BERKHAMSTED

32 Clause 16, page 19, line 17, at end insert—

"(5A) A strategy published under this section must include—

(a) a description of any major regulatory initiatives which the regulator expects to undertake during the period of the strategy, including major consultations, rule reviews, implementation programmes and significant supervisory initiatives;

(b) a provisional timeline for such initiatives and the expected form of each initiative;

(c) an identification of any major anticipated trade-offs between the regulator's statutory objectives and an explanation of how the regulator expects to balance those objectives;

(d) an overall assessment of delivery against the previous strategy, including where delivery has not been achieved and the reasons for non-delivery;

(e) an explanation of how the strategy reflects the regulator's statutory duties, including the regulatory principles and any recommendations made by the Treasury under section 1JA."

Member's explanatory statement
This amendment, together with another amendment in the name of Baroness Bowles, inserts a minimum content requirement for the FCA and PRA strategy documents. The amendment aligns the strategy document with the type of forward-looking reporting expected of listed companies and regulated entities, and ensures that Parliament has sufficient information to scrutinise the regulators' strategic direction.

BARONESS BOWLES OF BERKHAMSTED

33 Clause 16, page 20, line 28, at end insert—

"(5A) A strategy published under this section must include—

(a) a description of any major regulatory initiatives which the regulator expects to undertake during the period of the strategy, including major consultations, rule reviews, implementation programmes and significant supervisory initiatives;

(b) a provisional timeline for such initiatives and the expected form of each initiative;

(c) an identification of any major anticipated trade-offs between the regulator's statutory objectives and an explanation of how the regulator expects to balance those objectives;

(d) an overall assessment of delivery against the previous strategy, including where delivery has not been achieved and the reasons for non-delivery;

(e) an explanation of how the strategy reflects the regulator's statutory duties, including the regulatory principles and any recommendations made by the Treasury under section 1JA."

Member's explanatory statement

This amendment, together with another amendment in the name of Baroness Bowles, inserts a minimum content requirement for the FCA and PRA strategy documents. The amendment aligns the strategy document with the type of forward-looking reporting expected of listed companies and regulated entities, and ensures that Parliament has sufficient information to scrutinise the regulators' strategic direction.

Clause 17

BARONESS NORTHOVER
BARONESS HAYMAN
THE LORD BISHOP OF MANCHESTER

34 Clause 17, page 21, line 34, leave out subsections (2) to (11) and insert—

"(2) In section 3B (regulatory principles to be applied to both regulators), after subsection (1)(h) insert—

"(i) the need to consider financial stability risks associated with climate change.""

BARONESS BOWLES OF BERKHAMSTED

35 Clause 17, page 21, line 34, after "duties)" insert—

"(a) in subsection (1), at end insert—

"(c) ensures that any burden or restriction which is imposed on a person, or on the carrying on of an activity, is proportionate to the benefits, considered in general terms, which are expected to result from the imposition of that burden or restriction;

(d) recognises the differences in the size, nature and objectives of businesses carried on by different persons (including different kinds of person such as mutual societies and other kinds of business organisation);

(e) is as transparent as possible.";"

Member's explanatory statement

This amendment places proportionality and transparency (currently regulatory principles) into the general duties of the FCA and restores protections for the differences in size, nature and objectives of businesses from the original FSMA regulatory principles.

BARONESS NOAKES
BARONESS NEVILLE-ROLFE

36 Clause 17, page 21, line 34, after "duties)" insert "—

(a) in subsection (1), at end insert—

"(c) is proportionate.";"

LORD PITT-WATSON

37 Clause 17, page 21, line 34, leave out "omit subsection (5)(a)" and insert "in subsection (5) for paragraph (a) substitute—

"(a) the proportionality regulatory principles (see section 3B(1A)), and""

Member's explanatory statement
This amendment would require the FCA to have regard to the proportionality regulatory principles (as defined in the amendment in the name of Lord Pitt-Watson to clause 17 at page 22, line 3) when discharging its general functions.

BARONESS BENNETT OF MANOR CASTLE

38 Clause 17, page 21, line 34, leave out "omit subsection (5)(a)" and insert "at the end of subsection (5)(b) insert ", including financial crime related to organised environmental crimes.""

Member's explanatory statement
This amendment retains the need for the FCA and PRA to have regard to the regulatory principles when undertaking their general functions, and specifies the need to have regard to financial crime related to organised environmental crimes.

BARONESS NOAKES
BARONESS NEVILLE-ROLFE

39 Clause 17, page 21, line 34, at end insert—

"(b) after subsection (6) insert—

"(6A) For the purposes of subsection (1) "proportionate" includes—

(a) ensuring that any burden or restriction which is imposed on a person, or on the carrying on of an activity, is proportionate to the benefits, considered in general terms, which are expected to result from the imposition of that burden or restriction;

(b) recognising the differences in the size, nature and objectives of businesses carried on by different persons (including different kinds of persons such as mutual societies and other kinds of business organisation).""

LORD PITT-WATSON

40 Clause 17, page 21, line 35, leave out subsection (3)

Member's explanatory statement
This amendment would require the publication of draft FCA rules to be accompanied by an explanation of the FCA's reasons for believing that making the proposed rules would be compatible with its duty to have regard to the proportionality regulatory principles when discharging its general functions (which would be inserted by the amendment in the name of Lord Pitt-Watson to clause 17 at page 22, line 3).

BARONESS BOWLES OF BERKHAMSTED

41 Clause 17, page 21, line 37, at end insert—

"(3A) In section 2B(1) (the PRA's general objective), at end insert—

"(b) ensures that any burden or restriction which is imposed on a person, or on the carrying on of an activity, is proportionate to the benefits, considered in general terms, which are expected to result from the imposition of that burden or restriction;

(c) recognises the differences in the size, nature and objectives of businesses carried on by different persons (including different kinds of person such as mutual societies and other kinds of business organisation);

(d) is as transparent as possible.""

Member's explanatory statement
This amendment places proportionality and transparency (currently regulatory principles) into the PRA's general objectives and restores protections for the differences in size, nature and objectives of businesses from the original FSMA regulatory principles.

BARONESS NOAKES
BARONESS NEVILLE-ROLFE

42 Clause 17, page 21, line 37, at end insert—

"(3A) In section 2B (the PRA's general objective)—

(a) at the end of subsection (1) insert "and is proportionate";

(b) after subsection (3) insert—

"(3A) For the purposes of subsection (1) "proportionate" includes—

(a) ensuring that any burden or restriction which is imposed on a person, or on the carrying on of an activity, is proportionate to the benefits, considered in general terms, which are expected to result from the imposition of that burden or restriction;

(b) recognising the differences in the size, nature and objectives of businesses carried on by different persons (including different kinds of persons such as mutual societies and other kinds of business organisation).””

LORD PITT-WATSON

43 Clause 17, page 21, line 40, leave out paragraphs (a) and (b) and insert—

“(a) in the heading, after “regard to” insert “proportionality”;

(b) in subsection (2), for “the regulatory principles in section 3B” substitute “the proportionality regulatory principles (see section 3B(1A))”.”

Member's explanatory statement
This amendment would require the PRA to have regard to the proportionality regulatory principles (as defined in the amendment in the name of Lord Pitt-Watson to clause 17 at page 22, line 3) when discharging its general functions.

LORD PITT-WATSON

44 Clause 17, page 22, line 3, at end insert “;

(ii) in paragraph (f), the words from “differences in the nature” to the end of the paragraph become sub-paragraph (i), and after that sub-paragraph insert “, and

(ii) differences in the abilities of such persons to engage or comply with things done or made by a regulator in the discharge of its general functions within the meaning of section 1B(6) or 2J(1) (owing, for example, to their size);”;

(b) after subsection (1) insert—

“(1A) For the purposes of sections 1B(5)(a) and 2H(2), the proportionality regulatory principles are the regulatory principles in subsection (1)(b) and (f).””

Member's explanatory statement
This amendment would amend the regulatory principle in section 3B(1)(f) of FSMA 2000 and define the "proportionality regulatory principles" for the purposes of sections 1B(5)(a) and 2H(2).

LORD HOLMES OF RICHMOND

45★ Clause 17, page 22, line 3, at end insert—

“(b) at the end of paragraph (a) insert “, under which the regulators must—

(i) seek to minimise compliance costs,

(ii) avoid unnecessary regulatory overlap and ensure that the regulatory framework is internally consistent, and

(iii) promote transparency and efficiency in regulatory processes;";

(c) at the end of paragraph (d) insert ", under which—

(i) in relation to retail consumers, regulators should focus on ensuring that products, services and market practices support good consumer outcomes and informed decision-making,

(ii) in relation to professional consumers of wholesale markets, the regulators should have regard to their ability to assess and manage risks, and should presume that outcomes reflect informed commercial judgement, and

(iii) intervention affecting professional consumers and wholesale markets should require clear and compelling evidence of significant market failure, supported by analysis demonstrating that intervention would be more effective than market-led solutions;";

(d) after paragraph (h) insert—

"(i) the principle of proportionate, risk-based supervision, under which—

(i) supervision should be calibrated according to a firm's demonstrated risk profile and potential impact,

(ii) supervisory engagement should prioritise ongoing dialogue with firms, and

(iii) supervisory interventions should be reserved for clear breaches of regulatory requirements or where supervisory engagement has proven ineffective;

(j) the principle that innovation and competition must drive positive outcomes, under which the regulators must—

(i) recognise innovation and competition as key drivers of good outcomes for consumers and markets, and

(ii) design and operate the regulatory framework so as to facilitate the safe adoption of new technologies and minimise unnecessary barriers to entry;

(k) the principle of evidence-based policy-making, under which the regulators must—

(i) assess whether policy objectives can be achieved in a more efficient manner, and

(ii) carry out post-implementation reviews to evaluate whether rules are delivering their intended benefits and to inform the removal or reform of rules that are not."."

Member's explanatory statement
This amendment seeks to refine the existing regulatory principles within FSMA 2000.

LORD PITT-WATSON

46 Clause 17, page 22, line 6, leave out subsection (7)

Member's explanatory statement
This amendment is consequential on the amendment in the name of Lord Pitt-Watson to clause 17 at page 21, line 35.

LORD PITT-WATSON

47 Clause 17, page 22, line 9 leave out subsection (9) and insert—

"(9) In Schedule 1ZA (the FCA)—

(a) in paragraph 11 (FCA annual reports), in sub-paragraph (1), after paragraph (db) (inserted by section 16(6)) insert—

"(dc) its consideration of the proportionality regulatory principles (see section 3B(1A)),";

(b) in paragraph 28 (FCA engagement with Parliamentary committees), in sub-paragraph (4)(c), for "the regulatory principles in section 3B" substitute "the proportionality regulatory principles (see section 3B(1A))"."

Member's explanatory statement
This amendment would: (a) require FCA annual reports to include consideration of the proportionality regulatory principles (as defined in the amendment in the name of Lord Pitt-Watson to clause 17 at page 22, line 3); and (b) require notifications by the FCA to chairs of relevant Parliamentary Committees to specify the parts of the consultation that address the ways in which the FCA has had regard to the proportionality regulatory principles when preparing the proposals.

LORD PITT-WATSON

48 Clause 17, page 22, line 13, at end insert—

"(za) in paragraph 19 (PRA annual reports), in sub-paragraph (1), after paragraph (bza) (inserted by section 16(7)) insert—

"(bzb) its consideration of the proportionality regulatory principles (see section 3B(1A)),";"

Member's explanatory statement
This amendment would require PRA annual reports to include its consideration of the proportionality regulatory principles (as defined in the amendment in the name of Lord Pitt-Watson to clause 17 at page 22, line 3).

LORD PITT-WATSON

49 Clause 17, page 22, line 18, leave out from "sub-paragraph" to the end of line 20 and insert "(4)(b), for "the regulatory principles in section 3B" substitute "the proportionality regulatory principles (see section 3B(1A))"."

Member's explanatory statement
This amendment would require notifications by the PRA to chairs of relevant Parliamentary Committees to specify the parts of the consultation that demonstrate that the PRA has had regard to the proportionality regulatory principles (as defined in the amendment in the name of Lord Pitt-Watson to clause 17 at page 22, line 3) when preparing the proposals.

LORD PITT-WATSON

50 Clause 17, page 22, line 23, leave out from "sub-paragraph" to the end of line 29 and insert "(1)(e)—

(a) for "section 3B" substitute "the proportionality regulatory principles";
(b) after "reference to" (in the second place it appears) insert "the regulatory principles in"."

Member's explanatory statement
This amendment is consequential on the amendment in the name of Lord Pitt-Watson to clause 17 at page 22, line 18.

Clause 18

BARONESS BOWLES OF BERKHAMSTED
BARONESS ALTMANN

51 Clause 18, page 23, line 35, leave out subsections (10) to (13)

Member's explanatory statement
This amendment restores PRA and FCA reporting which are key inputs for Parliamentary and Select Committee scrutiny of the regulators.

BARONESS NOAKES
LORD VAUX OF HARROWDEN

52 Clause 18, page 24, line 3, at end insert—

"(12A) In paragraph 28 of Schedule 1ZA (relevant consultation)—
(a) for sub-paragraph (7)(b) substitute—
"(b) the Financial Services Regulation Committee of the House of Lords, and";
(b) for sub-paragraphs (8) and (9) substitute—
"(8) A reference to a committee in sub-paragraph (7)—

(a) if the name of that committee is changed, is to be treated as a reference to that committee by its new name, and

(b) if the functions of that committee (or substantially corresponding functions) become functions of a different committee, is to be treated as a reference to the committee by which those functions are exercisable.

(9) Any question arising under sub-paragraph (8) is to be determined by—

(a) the Speaker of the House of Commons, in relation to committees of the House of Commons, and

(b) the Chairman of Committees of the House of Lords, in relation to committees of the House of Lords.””

Member's explanatory statement
This amendment, and another in the name of Baroness Noakes, reflect the fact that since these paragraphs were inserted into Schedules 1ZA and 1ZB by the Financial Services and Markets Act 2023 the House of Lords has set up the Financial Services Regulation Committee. This amendment mirrors the provisions of section 3 of the Bank Resolution (Recapitalisation) Act 2025.

BARONESS NOAKES
LORD VAUX OF HARROWDEN

53 Clause 18, page 24, line 8, at end insert—

“(c) in paragraph 36 (relevant consultation)—

(i) for sub-paragraph (7)(b) substitute—

“(b) the Financial Services Regulation Committee of the House of Lords, and”;

(ii) for sub-paragraphs (8) and (9) substitute—

“(8) A reference to a committee in sub-paragraph (7)—

(a) if the name of that committee is changed, is to be treated as a reference to that committee by its new name, and

(b) if the functions of that committee (or substantially corresponding functions) become functions of a different committee, is to be treated as a reference to the committee by which those functions are exercisable.

(9) Any question arising under sub-paragraph (8) is to be determined by—

(a) the Speaker of the House of Commons, in relation to committees of the House of Commons, and

(b) the Chairman of Committees of the House of Lords, in relation to committees of the House of Lords.””

Member's explanatory statement
This amendment, and another in the name of Baroness Noakes, reflect the fact that since these paragraphs were inserted into Schedules 1ZA and 1ZB by the Financial Services and Markets Act 2023 the House of Lords has set up the Financial Services Regulation Committee. This amendment mirrors the provisions of section 3 of the Bank Resolution (Recapitalisation) Act 2025.

BARONESS BOWLES OF BERKHAMSTED
BARONESS ALTMANN
LORD VAUX OF HARROWDEN

54 Clause 18, page 24, line 8, at end insert—

"(13A) In paragraph 11(1) of Schedule 1ZA (FCA annual report), after paragraph (ic) insert—

"(id) how the regulator has applied the regulatory principles and other statutory duties, including methodology for determining relevance and examples of application,".

(13B) In paragraph 19(1) of Schedule 1ZB (PRA annual report), after paragraph (fb) insert—

"(fc) how the regulator has applied the regulatory principles and other statutory duties, including methodology for determining relevance and examples of application,"."

Member's explanatory statement
This amendment inserts a requirement into FSMA 2000 for the annual reports by the FCA and PRA to contain a statement on how the regulatory principles and other statutory duties have been applied.

BARONESS HAYMAN
BARONESS NORTHOVER

55★ Clause 18, page 24, line 8, at end insert—

"(13A) In paragraph 11(1) of Schedule 1ZA (FCA annual reports), after paragraph (ic) insert—

"(id) its consideration of climate-related financial stability risks,".

(13B) In paragraph 19(1) of Schedule 1ZB (PRA annual report), after paragraph (fb) insert—

"(fc) its consideration of climate-related financial stability risks,"."

Member's explanatory statement
This amendment would require annual reports by the FCA and PRA to include consideration of climate-related financial stability risks.

BARONESS BOWLES OF BERKHAMSTED
BARONESS ALTMANN

56 Leave out Clause 18

Member's explanatory statement
Clause 18 would significantly reduce the information available to Parliament about the work of the financial regulators by repealing a number of existing reporting, transparency and "have regard" duties. The amendment preserves the accountability framework, without changing the strategy document format of clauses 16 and 17, so that Parliament can continue to scrutinise the regulators effectively.

After Clause 20

LORD HOLMES OF RICHMOND

57★ 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.

After Clause 22

LORD PITT-WATSON

58 After Clause 22, insert the following new Clause—

“Bank of England functions: payment systems and service providers

(1) In the Bank of England Act 1998, after Part 3B insert—

“PART 3C

PAYMENT SYSTEMS AND SERVICE PROVIDERS

30J Exercise of functions relating to payment systems and service providers

(1) In exercising its relevant payment systems functions in a way that advances the Financial Stability Objective the Bank must, so far as reasonably possible, act in a way which, as a secondary objective, facilitates innovation in—

(a) the operation of recognised payment systems,

(b) the provision of services by recognised DSA service providers, and

(c) the provision of services by service providers in relation to such systems or such DSA service providers,

with a view to improving the quality, functionality and economy of the systems and services.

(2) For the purposes of this Part the Bank’s “relevant payment systems functions” are—

(a) its function of publishing principles under section 188 of the Banking Act 2009,

(b) its function of publishing codes of practice under section 189 of that Act, and

(c) its function of determining the general policy and principles by reference to which it performs particular functions under Part 5 of that Act (payment systems and service providers).

(3) In this Part—

“operation”, in relation to a recognised payment system, is to be construed in accordance with Part 5 of the Banking Act 2009 (see section 183 of that Act);

“recognised DSA service provider” is to be construed in accordance with Part 5 of that Act (see section 184A of that Act);

“recognised payment system” is to be construed in accordance with Part 5 of that Act (see section 184 of that Act).

(4) In subsection (1)(c)—

(a) the reference to service providers in relation to recognised payment systems is to be construed in accordance with Part 5 of the Banking Act 2009 (see section 206A(2) of that Act);

(b) the reference to service providers in relation to recognised DSA service providers is to be construed in accordance with Part 5 of that Act (see section 206A(2A) and (2B) of that Act);

(c) the reference to the provision of services by service providers in relation to recognised payment systems or recognised DSA service providers includes a reference to the services and arrangements mentioned in section 183(k)(i) and (ii) of that Act (interpretation).

30K Recommendations by Treasury

(1) The Treasury may at any time by notice in writing to the Bank make recommendations about aspects of the economic policy of His Majesty's Government to which the Bank should have regard when considering how to advance the Financial Stability Objective and the secondary objective under section 30J(1) (payment systems etc: innovation).

(2) The Treasury must make recommendations under subsection (1) at least once in each Parliament.

(3) The Treasury must—

(a) publish in such manner as they think fit any notice given under subsection (1), and

(b) lay a copy of it before Parliament.

(4) The Bank must respond to each recommendation made under subsection (1) by notifying the Treasury in writing of—

(a) action that the Bank has taken or intends to take in accordance with the recommendation, or

(b) the reasons why the Bank has not acted or does not intend to act in accordance with the recommendation.

(5) The notice under subsection (4) must be given before the end of 12 months beginning with the date the notice containing the recommendation was given under subsection (1).

(6) Where the Bank has given notice under subsection (4) in relation to a recommendation, it must by notice in writing update the Treasury on the matters mentioned in subsection (4)(a) and (b) before the end of each subsequent period of 12 months.

(7) Subsection (6) does not apply if the Treasury have notified the Bank in writing that no update (or further update) is required.

(8) The Bank is not required under subsection (4) or (6) to provide any information whose publication would in the opinion of the Bank be against the public interest."

(2) In section 203B of the Banking Act 2009 (payment systems and service providers: annual report)—

(a) in subsection (1)—

(i) in paragraph (b), for "met" substitute "advanced";

(ii) omit the “and” after paragraph (b);

(iii) after that paragraph insert—

“(ba) the extent to which, in its opinion, in discharging its relevant payment systems functions, its innovation objective, in its application as a secondary objective, has been advanced,

(bb) the efforts it has made to engage with persons, other than persons within subsection (4), appearing to the Bank to have an interest in the discharge of its functions under this Part,

(bc) the results of that engagement, and”;

(b) after subsection (3) insert—

“(4) The following persons are within this subsection—

(a) operators of recognised payment systems;

(b) recognised DSA service providers;

(c) service providers in relation to recognised payment systems or recognised DSA service providers.

(5) In this section—

“innovation objective” means the objective set out in section 30J(1) of the Bank of England Act 1998 (payment systems etc: innovation);

“relevant payment systems functions” has the same meaning as in Part 3C of the Bank of England Act 1998 (see section 30J(2) of that Act).”

(3) In section 204(1A) of the Banking Act 2009 (information)—

(a) the words “its financial stability objective” become paragraph (a);

(b) after that paragraph insert “, or

(b) in its application as a secondary objective, its objective set out in section 30J(1) of the Bank of England Act 1998 (payment systems etc: innovation).””

Member's explanatory statement

This amendment would insert provisions relating to the exercise of the Bank’s payment systems functions under the Banking Act 2009; including a secondary objective to exercise functions in a way that facilitates innovation in payment systems and related services with a view to improving their quality, functionality and economy.

LORD PITT-WATSON

59 After Clause 22, insert the following new Clause—

"Bank of England annual report: innovation secondary objectives

In the Bank of England Act 1998, after section 4 insert—

"4A Annual report to the Treasury on innovation secondary objectives

(1) At least once a year, the Bank must make a report to the Treasury on how it has complied with sections 30D(2) and 30J(1) (innovation secondary objectives: FMI functions and relevant payment systems functions).

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

(a) the action taken by the Bank to ensure that its innovation objectives, in their application as secondary objectives, are embedded in its operations, processes and decision-making, and

(b) how the exercise by the Bank of its FMI functions and relevant payment systems functions has advanced its innovation objectives in their application as secondary objectives.

(3) The Bank must publish a report prepared under this section in such manner as it thinks fit.

(4) In this section—

"FMI functions" has the same meaning as in Part 3B (see section 30D(3));

"innovation objectives" means the objectives set out in sections 30D(2) and 30J(1) (innovation secondary objectives: FMI functions and relevant payment systems functions);

"relevant payment systems functions" has the same meaning as in Part 3C (see section 30J(2)).

(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 the Bank to prepare an additional annual report setting out how it has advanced its secondary innovation objectives in relation to its FMI functions and payment systems functions.

BARONESS KRAMER

60 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 TYLER OF ENFIELD
LORD HOLMES OF RICHMOND
BARONESS KRAMER

61 After Clause 22, insert the following new Clause—

"Financial inclusion: annual report by the FCA

(1) The FCA must, at least once in each financial year, prepare and publish a report on financial inclusion.

(2) The report must set out—

(a) how the FCA has, in the exercise of its functions during the reporting period, had regard to financial inclusion;

(b) the effect of the exercise of the FCA's functions during the reporting period on financial inclusion, including in relation to—

(i) access to, and the affordability of, banking services, credit, insurance and savings products for individuals on low incomes or in vulnerable circumstances;

(ii) the extent and effects of the poverty premium in financial services;

(iii) the steps the FCA has taken, or intends to take, to improve financial inclusion outcomes;

(c) how the FCA's work has contributed to the delivery of the Government's Financial Inclusion Strategy, and

(d) the steps the FCA intends to take in the following reporting period to advance financial inclusion.

(3) The FCA must lay a copy of each report before Parliament and must be prepared to give evidence to the relevant committees in either House on its contents.

(4) In this section, "financial inclusion" means ensuring that all individuals, particularly those on low incomes or in vulnerable circumstances, have reasonable access to appropriate and affordable financial products and services."

Member's explanatory statement
This new clause would require the FCA to report annually on financial inclusion: on how it has had regard to it, on the effect of its work, and on its contribution to the Government's Financial Inclusion Strategy — and to lay the report before Parliament and account for it to the relevant committees.

BARONESS NEVILLE-ROLFE
LORD ALTRINCHAM
BARONESS BOWLES OF BERKHAMSTED
LORD VAUX OF HARROWDEN

62 After Clause 22, insert the following new Clause—

“Duty of proportionality in relation to small and medium-sized enterprises

After section 3B of the Financial Services and Markets Act 2000 (regulatory principles to be applied by both regulators) insert—

“3BA Duty of proportionality in relation to small and medium-sized enterprises

(1) In exercising its relevant functions, each regulator must, so far as reasonably practicable, act proportionately in relation to small and medium-sized enterprises.

(2) In complying with subsection (1), each regulator must in particular have regard to—

(a) the nature, scale and complexity of the activities carried on by small and medium-sized enterprises,

(b) the likely impact of the exercise of the function on small and medium-sized enterprises,

(c) the resources available to small and medium-sized enterprises to comply with regulatory requirements,

(d) the desirability of minimising unnecessary burdens on small and medium-sized enterprises,

(e) the desirability of maintaining effective competition, and

(f) the need to ensure that regulatory requirements imposed on small and medium-sized enterprises are proportionate to the benefits which are expected to result from those requirements.

(3) The duty in subsection (1) applies only so far as it is compatible with—

(a) in the case of the FCA, the advancement of its strategic objective and operational objectives,

(b) in the case of the PRA, the advancement of its general objective and insurance objective, and

(c) the need to maintain appropriate standards of consumer protection, market integrity and financial stability.

(4) In this section—

“regulator” means the FCA or the PRA;

“relevant functions” means—

(a) making rules,

(b) preparing and issuing codes or guidance,

(c) determining applications for permissions, approvals, authorisations or variations,

(d) imposing, varying or cancelling requirements,

(e) exercising supervisory functions,
(f) exercising disciplinary or enforcement functions, and
(g) any other function of a regulator specified by the Treasury by regulations.””

Member's explanatory statement
This amendment would require the FCA and the PRA, when exercising relevant functions, to act proportionately in relation to small and medium-sized enterprises so far as reasonably practicable. It would require the regulators to take account of the nature, scale, complexity and resources of SMEs, and the need to minimise unnecessary burdens.

BARONESS BOWLES OF BERKHAMSTED

63 After Clause 22, insert the following new Clause—

“PRA rules: specialised risk-weighting for employee-ownership, co-operative and mutual transitions

After section 137G of the Financial Services and Markets Act 2000 (the PRA’s general rules) insert—

“137GZA PRA rules: specialised risk-weighting for employee-ownership, co-operative and mutual transitions

(1) In making rules relating to credit risk, capital requirements or the calculation of risk-weighted assets, the Prudential Regulation Authority must have regard to the desirability of recognising lending to small and medium-sized undertakings for the purpose of facilitating or supporting an employee ownership, cooperative or mutual transition as a prudentially distinct exposure class.

(2) Rules made under this section may provide for specialised risk weights, risk-weighting factors, or exposure sub-categories for such lending where the PRA considers that the underlying risk characteristics justify differentiated treatment.

(3) For the purposes of this section, lending that facilitates or supports an employee ownership, cooperative or mutual transition includes—
(a) finance for the acquisition of shares by an Employee Ownership Trust, cooperative or mutual structure,
(b) refinancing or restructuring of existing debt in connection with such a transition,
(c) working capital or growth finance provided during or following such a transition, and
(d) any other lending the PRA considers materially connected to the transition.

(4) Nothing in this section shall be construed as requiring the PRA to set specific risk weights that are inconsistent with its primary statutory objectives.””

Member's explanatory statement
This new clause enables the Prudential Regulation Authority to establish a specialised risk-weighting framework for lending that supports employee-ownership, cooperative, and mutual transitions, ensuring capital requirements appropriately reflect the lower risk profile and long-term stability of these ownership structures.

BARONESS BOWLES OF BERKHAMSTED
LORD ALTRINCHAM

64 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.""

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.

BARONESS HAYMAN
BARONESS NORTHOVER
BARONESS YOUNG OF OLD SCONE
BARONESS GRIFFIN OF PRINCETHORPE

65 After Clause 22, insert the following new Clause—

"Climate transition plans

Within six months of the day on which this Act is passed the Treasury must publish and lay before Parliament a roadmap setting out—

(a) its plans to place on the FCA and PRA a requirement to make rules requiring that UK-regulated financial institutions must develop and implement credible transition plans that align with the 1.5°C goal of the Paris Agreement;

(b) a timetable for implementation."

Member's explanatory statement
This amendment seeks to enable the Government to set out how and when it intends to implement its manifesto commitment to mandate UK-regulated financial institutions to develop and implement credible transition plans, and allows it to determine the most appropriate means of doing so.

BARONESS BOWLES OF BERKHAMSTED

66 After Clause 22, insert the following new Clause—

"Review of employee ownership, cooperative and mutual transition lending

(1) The Prudential Regulation Authority must conduct a review of lending to small and medium sized undertakings where the purpose of the lending is to facilitate or support an employee ownership, cooperative or mutual transition.

(2) The review must assess whether such lending constitutes a prudentially distinct exposure class for the purposes of credit risk, capital requirements and the calculation of risk weighted assets, having regard to—

(a) probability of default and loss given default characteristics,

(b) long term stability, capital retention and resilience,

(c) survival rates and continuity of operations,

(d) employee retention and regional anchoring,

(e) any other factors the PRA considers relevant.

(3) If the PRA concludes that such lending has prudentially distinct risk characteristics, the PRA must consult on whether rules should be made to ensure that risk weighting appropriately reflects those characteristics.

(4) The PRA must publish the conclusions of the review within 12 months of the coming into force of this section.

(5) For the purposes of this section, lending that facilitates or supports an employee ownership, cooperative or mutual transition includes—

(a) finance for the acquisition of shares by an Employee Ownership Trust, cooperative or mutual structure,

(b) refinancing or restructuring of existing debt in connection with such a transition,

(c) working capital or growth finance provided during or following such a transition, and

(d) any other lending the PRA considers materially connected to the transition."

Member's explanatory statement
This new Clause requires the Prudential Regulation Authority to conduct a standalone, evidence-based review of whether lending to facilitate employee-ownership, cooperative, or mutual transitions exhibits distinct risk characteristics justifying differentiated prudential treatment, and to consult on appropriate rules if supported by the evidence.

BARONESS KRAMER

67 After Clause 22, insert the following new Clause—

"Review of SME financing in industries of significance to defence

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

"1SA Review of SME financing in industries of significance to defence

(1) The Financial Conduct Authority must, at least once every three years, conduct a review of the availability and terms of finance for small and medium-sized enterprises operating in industries of significance to the defence of the United Kingdom.

(2) For the purposes of subsection (1), "industries of significance to the defence of the United Kingdom" means industries specified in regulations made under the National Security and Investment Act 2021 as being within a sector subject to mandatory notification requirements by reason of the risks posed to national security.

(3) A review under subsection (1) must consider—

(a) the availability and cost of debt and other forms of finance to small and medium-sized enterprises operating in those industries,

(b) whether FCA rules, guidance or supervisory practices create, or contribute to, barriers to such enterprises obtaining finance,

(c) whether the policies or practices of authorised firms in relation to environmental, social or governance considerations, sectoral exclusions or risk assessments affect the availability or cost of finance to such enterprises,

(d) whether the availability of finance differs materially between small and medium-sized enterprises operating in those industries and comparable enterprises operating in other industries,

(e) the extent to which the availability of finance affects the resilience and capacity of the United Kingdom's domestic defence supply chain, and

(f) whether changes to FCA rules, guidance or supervisory practices could improve access to finance for such enterprises while maintaining financial stability, consumer protection and the integrity of the financial system.

(4) In conducting a review under subsection (1), the Financial Conduct Authority must consult—

(a) representatives of small and medium-sized enterprises operating in the industries concerned;

(b) relevant financial services firms,

(c) the Secretary of State responsible for defence, and

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

(5) The Financial Conduct Authority must publish a report of each review conducted under subsection (1).

(6) A report under subsection (5) must set out—
(a) the Authority's findings,
(b) any barriers to access to finance identified by the Authority, and
(c) any recommendations for changes to the Authority's rules, guidance or supervisory practices.

(7) The Financial Conduct Authority must lay a copy of each report under subsection (5) before Parliament.

(8) In this section, "small and medium-sized enterprise" has the meaning given by regulations made by the Secretary of State."""

Member's explanatory statement
This amendment would require the FCA to conduct regular reviews of how FCA regulations may or may not hinder financing of SME Defence companies.

BARONESS NOAKES
LORD VAUX OF HARROWDEN
BARONESS BOWLES OF BERKHAMSTED
LORD BRIDGES OF HEADLEY

68 After Clause 22, insert the following new Clause—

"Offices for regulatory evaluation

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

(2) After section 1RB (requirements in connection with public consultations), insert—

"FCA Office for Regulatory Evaluation

1RC FCA Office for Regulatory Evaluation

(1) The FCA must establish and maintain an office for regulatory evaluation, to be known as the FCA Office for Regulatory Evaluation ("the Office"), to provide independent evaluation of the FCA's regulatory actions.

(2) The FCA must appoint a person as Director of the Office who will be responsible for the activities of the Office.

(3) Treasury approval is required for the appointment or dismissal of the Director.

(4) The FCA must provide the resources that are required by the Director to carry out the evaluation of the FCA's regulatory actions.

(5) The Director must draw up a statement of policy of how the evaluation of the FCA's regulatory actions will be carried out.

(6) The Director must report to the governing body of the FCA at least every six months on the work of the Office and the report must be—
(a) published,

(b) sent to the Treasury, and
(c) sent to the Committees of Parliament referred to in paragraph 28(7) of Schedule 1ZA (the Financial Conduct Authority).

(7) The Director must report to the chair of the FCA and be independent of the FCA's board of directors and its executive management.

(8) The chair of the FCA will be responsible for the remuneration of the Director and for settling any disputes about the resources allocated by the FCA to the work of the Office.

(9) "Regulatory actions" means any actions carried out by the FCA in discharging its general functions under section 1B and supervision, monitoring and enforcement under section 1L."

(3) After section 2NB (requirements in connection with public consultations), insert—

"Bank of England Office for Regulatory Evaluation

2NC Bank of England Office for Regulatory Evaluation

(1) The Bank of England must establish and maintain an office for regulatory evaluation, to be known as the Bank of England Office for Regulatory Evaluation ("the Office"), to provide independent evaluation of the regulatory actions of the PRA and the Bank of England in respect of its financial market infrastructure (FMI) functions.

(2) The Bank of England must appoint a person as Director of the Office who will be responsible for the activities of the Office.

(3) Treasury approval is required for the appointment or dismissal of the Director.

(4) The Bank of England must provide the resources that are required by the Director to carry out the evaluation of the regulatory actions of the PRA and the Bank of England in respect of its FMI functions.

(5) The Director must draw up a statement of policy of how the evaluation of regulatory actions will be carried out.

(6) The Director must report to the court of directors at least every six months on the work of the Office and the report must be—
(a) published,
(b) sent to the Treasury, and
(c) sent to the Committees of Parliament referred to in paragraph 36(7) of Schedule 1ZB (the Prudential Regulation Authority).

(7) The Director must report to the chair of the court of directors and be independent of the court of directors, the Prudential Regulation Committee, the Financial Markets Infrastructure Committee and the executive management associated with those Committees.

(8) The chair of the court of directors will be responsible for the remuneration of the Director and for settling any disputes about the resources allocated by the Bank of England to the work of the Office.

(9) "Regulatory actions" means any actions carried out by—

(a) the PRA in discharging its functions under section 2AB and supervision of PRA-authorised persons under section 2K, and

(b) the Bank of England in respect of its FMI functions under section 30D of the Bank of England Act 1998.""

LORD ASHCOMBE

69★ 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.

LORD MACKINLAY OF RICHBOROUGH

70★ 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 HOLMES OF RICHMOND

71★ 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

72★ 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.

Clause 27

LORD PITT-WATSON

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

Member's explanatory statement
This amendment, and the amendment in the name of Lord Pitt-Watson to clause 27 at page 33, line 1, 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 PITT-WATSON

74 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 the amendment in the name of Lord Pitt-Watson to clause 27 at page 32, line 38.

Clause 29

LORD PITT-WATSON

75 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 clause 29).

Clause 33

LORD PITT-WATSON

76 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 Part 5 of that Act, which treat a decision to grant an application on the terms requested like an approval of the application.

LORD PITT-WATSON

77 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 PITT-WATSON

78 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 Part 18 of that Act, which treat a decision to grant an application on the terms requested like an approval of the application.

LORD PITT-WATSON

79 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

80★ 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

LORD PITT-WATSON

81 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.

Clause 40

BARONESS KRAMER

82 Clause 40, page 47, line 30, leave out from beginning to end of line 2 on page 48 and insert—

"(1) The appropriate regulator must 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 must 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(9) (safeguards relating to directions under section 3A) of the Banking Act 2009 and, where applicable, the absence of any such assessment.

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

(1E) The appropriate regulator must 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, seeks to require the PRA to assess whether existing law and regulation makes sufficient provision in the case of ring-fenced bodies owned by overseas groups.

BARONESS KRAMER

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

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 ring-fenced bodies owned by overseas groups.

BARONESS KRAMER

84 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 ring-fenced bodies owned by overseas groups.

BARONESS KRAMER

85 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 ring-fenced bodies owned by overseas groups.

After Clause 40

BARONESS KRAMER

86 After Clause 40, insert the following new Clause—

"Ring-fencing rules etc (No. 2)

In Schedule 1ZB of the Financial Services and Markets Act 2000 (the Prudential Regulation Authority), in paragraph 19—

(a) after sub-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 sub-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, seeks to require the PRA to assess whether existing law and regulation makes sufficient provision in the case of ring-fenced bodies owned by overseas groups.

Clause 44

BARONESS BOWLES OF BERKHAMSTED

87 After Clause 44, insert the following new Clause—

“Tax treatment of risk transformation arrangements

After section 248A of the Financial Services and Markets Act 2000 (transformer vehicles), insert the following new clause—

“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
BARONESS KRAMER

88 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, and

(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 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 HOLMES OF RICHMOND

89★ After Clause 46, insert the following new Clause—

“Issuer Digitalisation Council

(1) The Secretary of State must, within 12 months of the day on which this Act is passed, by regulations made by statutory instrument establish an Issuer Digitalisation Council (the Council) for the purpose of—

(a) defining and publishing standards and guidance to enable traditional and digital issuers to operate in a digitised UK capital market;

(b) publishing a cost-benefit framework for the adoption of tokenised issuance and associated digital infrastructure by issuers, and

(c) providing advice to the Treasury, the FCA and the PRA on matters relating to digital market infrastructure.

(2) The Council must include within its scope—

(a) onboarding processes for issuers entering a tokenised market;

(b) token design standards and issuer obligations in respect of lifecycle events (including issuance, transfer, redemption, corporate actions, and maturity);

(c) disclosure obligations applicable to tokenised securities and digital settlement assets;

(d) analysis of the relative costs and benefits of adoption compared to traditional issuance models.

(3) Regulations under subsection (1) must provide for—

(a) the composition of the Council, which must include representatives of issuers, regulated intermediaries, the FCA, the PRA, the Bank of England and HM Treasury;

(b) a requirement to publish its work programme and outputs;

(c) annual reporting to Parliament by the Secretary of State.

(4) The Council is not a public body for the purposes of the Public Bodies Act 2011 unless the Secretary of State so provides by order.

(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
The Council is modelled on existing FCA panel structures. A regulatory cost-benefit framework for adoption is intended to avoid the market failure of issuers refusing digitalisation due to perceived regulatory uncertainty. The 12-month deadline mirrors the approach taken in section 3 of the Financial Services Act 2012 for the creation of the Financial Policy Committee.

After Clause 47

BARONESS SHEEHAN
BARONESS YOUNG OF OLD SCONE
THE LORD BISHOP OF MANCHESTER
BARONESS COFFEY

90 After Clause 47, insert the following new Clause—

"Forest risk commodities

Within six months of the day on which this Act is passed, the Secretary of State must make regulations under Schedule 17 of the Environment Act 2021 (use of forest risk commodities in commercial activity), including regulations under paragraph 1."

BARONESS NORTHOVER

91 After Clause 47, insert the following new Clause—

"Green mortgage products: standards and eligibility checks

(1) The Treasury must, within 12 months of the passing of this Act, publish a report on the provision of clearer standards for mortgage products marketed by reference to—

(a) the energy efficiency or environmental performance of a property,

(b) the making of energy efficiency or environmental improvements to a property, or

(c) measures to improve a property's resilience to climate-related risks, including flood risk.

(2) The report must consider whether the Financial Conduct Authority should make rules or issue guidance requiring relevant firms to provide clearer information to consumers and mortgage intermediaries, including through—

(a) more consistent terminology and product descriptions,

(b) short, standardised product summaries setting out eligibility criteria, potential consumer benefits and verification requirements, and

(c) point-of-sale checks to identify whether such products may be relevant to a customer, including where the customer is purchasing an efficient or resilient home, or intends to carry out relevant property improvements.

(3) In preparing the report, the Treasury must consult—

(a) the Financial Conduct Authority,

(b) mortgage lenders,

(c) mortgage intermediaries,

(d) consumer representatives, and

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

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

Member's explanatory statement

This amendment would require the Treasury to report on the case for clearer standards for green mortgage products, including consistent terminology, standardised product summaries and point-of-sale checks to help consumers and brokers identify relevant products.

BARONESS ALTMANN
BARONESS BOWLES OF BERKHAMSTED

92 After Clause 47, insert the following new Clause—

"Permitted operation of Defined Benefit Superfunds by insurance undertakings

After section 137FBB of the Financial Services and Markets Act 2000 (FCA general rules: early exit pension charges) insert—

"137FBBA Permitted operation of Defined Benefit Superfunds by insurers

(1) Notwithstanding any law or rule in or derived from the Solvency UK framework including any rules which restrict insurance companies to insurance business, a PRA-authorised insurance undertaking may establish, own or operate a Defined Benefit Superfund Scheme.

(2) A PRA-authorised insurance undertaking may carry on activities relating to the establishment, ownership or operation of a Defined Benefit Superfund Scheme—

(a) directly, or

(b) through any body corporate within the same group, including a subsidiary or parent undertaking, notwithstanding any provision of the Solvency UK framework or any rule restricting insurance undertakings to the carrying on of insurance business.

(3) For the purposes of this section, a "Defined Benefit Superfund Scheme" means a trust-based occupational pension scheme—

(a) that has received a transfer of defined-benefit liabilities from another trust-based occupational pension scheme,

(b) that is supported by a capital buffer, and

(c) that is not supported by a substantive employer covenant, or

(d) a trust-based occupational pension scheme that is managed or administered with a view to it becoming such a scheme.

(4) An insurance undertaking operating a Defined Benefit Superfund Scheme under subsection (1) must ensure strict legal, financial, and operational separation between its core insurance business and the Superfund business, such that—

(a) no assets backing the capital requirements of the insurance business may be used to support, guarantee, or subsidise the liabilities or capital buffers of the Superfund,

(b) no assets or capital held within the Superfund may be used to meet the Solvency Capital Requirement of the insurance business, and

(c) the failure or insolvency of the Superfund must not trigger any transfer of capital from the insurance business, nor any other response that would diminish policy holder protection, or reduce the overall capital held to support the insurance business.

(5) The PRA must issue a regulatory framework to enforce the separation required under subsection (4), including rules governing the prohibition of intra-group transfers and cross-subsidies between the insurance undertaking and the Superfund Scheme.””

BARONESS NEVILLE-ROLFE
LORD ALTRINCHAM

93 After Clause 47, insert the following new clause—

“Use of powers

The Treasury must publish and lay before Parliament a report setting out how the powers conferred by the following provisions are expected to be used—

(a) section 1;
(b) Schedule 1;
(c) section 13;
(d) Schedule 2;
(e) section 14;
(f) section 37;
(g) section 46.”

Member's explanatory statement
This amendment and others in the name of Baroness Neville-Rolfe would require the Treasury to provide Parliament with information on the intended use of certain significant delegated powers before bringing them into force for the first time, including powers relating to consumer credit, payment systems regulation, anti-money laundering supervision, overseas recognition regimes and cryptoassets.

BARONESS NEVILLE-ROLFE
LORD ALTRINCHAM

94★ After Clause 47, insert the following new Clause—

“Duty to support financial capability and financial education

The FCA must take reasonable steps to work with the Money and Pensions Service, the Secretary of State for Education, relevant education bodies, providers of initial teacher training and continuing professional development, and relevant industry bodies to support the delivery of financial education.”

Member's explanatory statement
This amendment would require the Financial Conduct Authority to take reasonable steps to work with the Money and Pensions Service, education bodies and industry stakeholders to support the delivery of financial education.

LORD HOWARD OF RISING

95★ After Clause 47, insert the following new Clause—

"Review of regulatory provisions for the protection of commercially sensitive information

(1) The Treasury must, within 12 months of the day on which this Act is passed, carry out a review of the regulatory provisions for the protection of commercially sensitive information by financial services firms.

(2) In carrying out the review, the Treasury must consult—
(a) the Financial Conduct Authority,
(b) the Prudential Regulation Authority,
(c) the Competition and Markets Authority,
(d) such persons representing the interests of financial services firms, and
(e) such persons representing the interests of employees, senior managers and other individuals working in financial services as the Treasury considers appropriate.

(3) The Treasury must lay before Parliament, and publish, a report setting out—
(a) the findings of the review,
(b) any steps the Treasury considers should be taken by the Government or by regulators in consequence of the review, and
(c) whether the Treasury considers that further legislative provision is necessary.

(4) In this section "commercially sensitive information" includes information, data, documents, systems, processes, models, methodologies, algorithms, trading strategies, client information, pricing information, business plans and other information whose disclosure or misuse could reasonably be expected to prejudice the commercial interests of a financial services firm."

Member's explanatory statement
This probing amendment would require the Treasury to review whether financial services firms have adequate means to protect commercially sensitive information.

LORD HOLMES OF RICHMOND

96★ 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.

(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.

BARONESS BENNETT OF MANOR CASTLE

97★ After Clause 47, insert the following new Clause—

“Rules pertaining to the FCA’s power to regulate and prohibit ransom payments

(1) The FCA must make general rules prohibiting an FCA regulated person from—
(a) making, offering, authorising or facilitating a ransom payment, and
(b) insuring or indemnifying any person in respect of a ransom payment.

(2) The prohibition on facilitating a payment applies where the person knows, or has reasonable grounds to suspect, that it is a ransom payment.

(3) The rules must require an FCA regulated person to notify the FCA within 72 hours of receiving a ransom demand.

(4) The rules may exempt a payment only where it is necessary to prevent an imminent risk to life or of serious injury and has been approved in advance by the Secretary of State.

(5) The rules must be made within 12 months of the day on which this Act is passed.

(6) In this section—
“FCA regulated person” means an authorised person or a person supervised by the FCA under the Payment Services Regulations 2017 or the Electronic Money Regulations 2011;
“ransom demand” means a demand for money, cryptoassets or any other property or benefit made in connection with an act, or threatened act, that would, if done in the United Kingdom, constitute an offence under any of sections 1 to 3ZA of the Computer Misuse Act 1990;
“ransom payment” means a payment or transfer made in response to a ransom demand;
“cryptoasset” has the meaning given in section 417 of the Financial Services and Markets Act 2000.”

Clause 50

BARONESS NEVILLE-ROLFE
LORD ALTRINCHAM
BARONESS BOWLES OF BERKHAMSTED
LORD VAUX OF HARROWDEN

98 Leave out Clause 50

Clause 52

LORD SHARKEY

99 Clause 52, page 55, line 30, at end insert—

"(A1) Sections 7 and 8 may not be brought into force until the report under section (*Review of the memorandum of understanding between the FCA and the FOS*) has been published and laid before Parliament."

Member's explanatory statement
This amendment is consequential on another amendment in the name of Lord Sharkey.

BARONESS NEVILLE-ROLFE
LORD ALTRINCHAM

100 Clause 52, page 55, line 31, leave out subsection (1) and insert—

"(1) The following provisions cannot come into force until the requirement set out in section (*Use of powers*) has been met—
  (a) section 1;
  (b) Schedule 1;
  (c) section 13;
  (d) Schedule 2;
  (e) section 14;
  (f) section 37;
  (g) section 46."

Member's explanatory statement
This amendment and others in the name of Baroness Neville-Rolfe would require the Treasury to provide Parliament with information on the intended use of certain significant delegated powers before bringing them into force for the first time, including powers relating to consumer credit, payment systems regulation, anti-money laundering supervision, overseas recognition regimes and cryptoassets.

BARONESS NEVILLE-ROLFE
LORD ALTRINCHAM

101 Clause 52, page 55, line 35, leave out paragraph (a)

Member's explanatory statement
This amendment and others in the name of Baroness Neville-Rolfe would require the Treasury to provide Parliament with information on the intended use of certain significant delegated powers before bringing them into force for the first time, including powers relating to consumer credit, payment systems regulation, anti-money laundering supervision, overseas recognition regimes and cryptoassets.

BARONESS NEVILLE-ROLFE
LORD ALTRINCHAM

102 Clause 52, page 55, line 37, leave out paragraph (c)

Member's explanatory statement
This amendment and others in the name of Baroness Neville-Rolfe would require the Treasury to provide Parliament with information on the intended use of certain significant delegated powers before bringing them into force for the first time, including powers relating to consumer credit, payment systems regulation, anti-money laundering supervision, overseas recognition regimes and cryptoassets.

BARONESS NEVILLE-ROLFE
LORD ALTRINCHAM

103 Clause 52, page 55, line 38, at end insert—

“(da) section (*Use of powers*);”

Member's explanatory statement
This amendment and others in the name of Baroness Neville-Rolfe would require the Treasury to provide Parliament with information on the intended use of certain significant delegated powers before bringing them into force for the first time, including powers relating to consumer credit, payment systems regulation, anti-money laundering supervision, overseas recognition regimes and cryptoassets.

Financial Services and Markets Bill [HL]

MARSHALLED

LIST OF AMENDMENTS

TO BE MOVED

ON REPORT

3 September 2026

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