Financial Services and Markets Bill [HL]

MARSHALLED

LIST OF AMENDMENTS

TO BE MOVED

IN GRAND COMMITTEE

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

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

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

Amendment No.

Clause 1

BARONESS NEVILLE-ROLFE
LORD ALTRINCHAM

1 Clause 1, page 1, line 4, leave out subsection (1)

Member's explanatory statement
This probing 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 and associated legislation.

BARONESS BOWLES OF BERKHAMSTED

Baroness Bowles of Berkhamsted gives notice of her intention to oppose the Question that Clause 1 stand part of the Bill.

Member's explanatory statement
This opposition to Clause 1, together with my opposition to Schedule 1, would remove the changes to the Consumer Credit Act 1974.

After Clause 1

BARONESS BOWLES OF BERKHAMSTED

2 After Clause 1, insert the following new Clause—

"Interaction with FCA Rules

(1) Nothing in this Act prevents the Financial Conduct Authority from making rules relating to consumer credit.

(2) FCA rules made under subsection (1) may supplement, but may not diminish, any right or remedy contained in the Consumer Credit Act 1974.

(3) In determining any question arising under the Consumer Credit Act 1974, a court may have regard to any relevant rules made by the Financial Conduct Authority for the purpose of promoting clarity or transparency, but such rules may not be treated as limiting or reducing any statutory right or remedy."

Schedule 1

BARONESS NEVILLE-ROLFE
LORD ALTRINCHAM

3 Schedule 1, page 57, line 6, leave out paragraphs 1 to 51

Member's explanatory statement
This probing 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 and associated legislation.

BARONESS BOWLES OF BERKHAMSTED

4 Schedule 1, page 57, line 20, leave out sub-paragraph (c)

BARONESS BOWLES OF BERKHAMSTED

5 Schedule 1, page 58, line 1, leave out sub-paragraph (b)

BARONESS BOWLES OF BERKHAMSTED

6 Schedule 1, page 58, line 3, leave out paragraphs 9 to 17

BARONESS BOWLES OF BERKHAMSTED

7 Schedule 1, page 61, line 24, leave out sub-paragraph (a)

BARONESS BOWLES OF BERKHAMSTED

8 Schedule 1, page 61, line 41, leave out paragraph 21

Member's explanatory statement
This amendment seeks to keep the relevant provisions in paragraph 21 of Schedule 1 within the Consumer Credit Act, with minor amendments made to some of these provisions which allow for the form and content requirements to be moved to FCA rules.

BARONESS BOWLES OF BERKHAMSTED

9 Schedule 1, page 62, line 1, leave out sub-paragraphs (b) and (c)

BARONESS BOWLES OF BERKHAMSTED

10 Schedule 1, page 62, line 4, at end insert—

"21A In section 86A(4) (FCA to prepare information sheets on arrears and defaults), for "Regulations" substitute "FCA rules"."

Member's explanatory statement
The effect of this amendment is to allow the FCA to make rules in relation to the information to be included in arrears information sheets and default information sheets.

BARONESS BOWLES OF BERKHAMSTED

11 Schedule 1, page 62, line 4, at end insert—

"21A In section 86B(8) (notice of sums in arrears under fixed-sum credit agreements etc.), for "Regulations" substitute "FCA rules"."

Member's explanatory statement
The effect of this amendment is to allow the FCA to make rules in relation to the form and content of the notices of sums in arrears under fixed term credit agreements.

BARONESS BOWLES OF BERKHAMSTED

12 Schedule 1, page 62, line 4, at end insert—

"21A In section 86C (notice of sums in arrears under running-account credit agreements)—

(a) in subsection (4), after "Act" insert "or FCA rules (where appropriate)";

(b) in subsection (6), for "Regulations" substitute "FCA rules"."

Member's explanatory statement
The effect of these amendments is to allow the FCA to make rules in relation to the form and content of notices of sums in arrears under running-account credit agreements and the way in which any such notices may be incorporated in a statement or other notice which a creditor gives the debtor

in relation to the agreement, whether that's by virtue of another provision of the Consumer Credit Act 1974 or FCA rules (where appropriate).

BARONESS BOWLES OF BERKHAMSTED

13 Schedule 1, page 62, line 4, at end insert—

"21A In section 86E (notice of default sums)—

(a) in subsection (3), after "Act" insert "or FCA rules (where appropriate)";

(b) in subsection (7), leave out subsection (b) and insert—

"(7A) FCA rules may make provision about the form and content of notices under this section.""

Member's explanatory statement
This amendment, and another in the name of Baroness Bowles, seeks to allow the FCA to make rules in relation to the form and content of notices of default sums and the way in which any such notice may be incorporated in a statement or other notice which a creditor gives the debtor in relation to the agreement, whether that is by virtue of another provision of Consumer Credit Act 1974 or FCA rules (where appropriate).

BARONESS BOWLES OF BERKHAMSTED

14 Schedule 1, page 62, line 4, at end insert—

"21A In section 88 (contents and effect of default notice)—

(a) in subsection (1), for "be in the prescribed form" substitute "contain information as required by FCA rules";

(b) in subsection (4), omit from "in" to end and insert "as required by FCA rules"."

Member's explanatory statement
This amendment, and another in the name of Baroness Bowles, seeks to provide that a default notice must contain information as required by FCA rules.

BARONESS BOWLES OF BERKHAMSTED

15 Schedule 1, page 62, line 10, leave out sub-paragraph (c)

BARONESS BOWLES OF BERKHAMSTED

16 Schedule 1, page 64, line 30, leave out paragraph 33

BARONESS BOWLES OF BERKHAMSTED

17 Schedule 1, page 64, line 32, leave out paragraphs 34 to 38

BARONESS BOWLES OF BERKHAMSTED

Baroness Bowles of Berkhamsted gives notice of her intention to oppose the Question that Schedule 1 be the First Schedule to the Bill.

Member's explanatory statement
This is consequential on my opposition to Clause 1 and removes the detailed amendments to the Consumer Credit Act 1974.

Clause 3

BARONESS NOAKES
LORD VAUX OF HARROWDEN

18 Clause 3, page 1, line 21, at end insert—

“(1A) Before making regulations under this section the Treasury must consult persons which provide banking services and such other persons as the Treasury consider may be affected by the regulations.”

Member's explanatory statement
This amendment requires the Treasury to consult banks and others who might be affected by regulations on access to banking services.

BARONESS NOAKES
LORD VAUX OF HARROWDEN

19 Clause 3, page 1, line 21, at end insert—

“(1A) Before making regulations under this section the Treasury must be satisfied that the banking services included in the regulations will not be provided on a voluntary basis.”

Member's explanatory statement
This amendment ensures that regulations imposing banking service requirements can be made only if they will not be provided on a voluntary basis.

BARONESS NOAKES
LORD VAUX OF HARROWDEN

20 Clause 3, page 2, line 1, leave out “regulations” and insert “the first regulations under this section”

Member's explanatory statement
This amendment, together with another in the name of Baroness Noakes, requires an independent review before further regulations are made in respect of the provision of banking services.

BARONESS NEVILLE-ROLFE
LORD ALTRINCHAM

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

"(b) published evidence that there is material consumer detriment arising from inadequate access to essential in-person banking services,

(c) whether the cost to banks and other forms of providing such services is reasonable,

(d) the likely commercial and operational impact of the regulations on banks and other firms, and

(e) the need for any provision made by the regulations to be proportionate.

(2A) Before making regulations under subsection (1), the Treasury must consult—

(a) such persons appearing to the Treasury to represent banks, building societies and other providers of banking services as the Treasury considers appropriate, and

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

(2B) When laying a draft of regulations under this section before Parliament, the Treasury must publish a statement summarising—

(a) the evidence considered under subsection (2)(b),

(b) the likely costs and commercial impacts considered under subsection (2)(c) and (d), and

(c) the consultation undertaken under subsection (2A)."

Member's explanatory statement
The purpose of this amendment is to ensure that any intervention in relation to in-person banking services is evidence-based, proportionate, and balanced, taking account not only of consumer interests but also of the legitimate commercial considerations which may lead firms to reduce in-person provision.

BARONESS TYLER OF ENFIELD

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

"(b) a clear definition of what constitutes an acceptable banking hub format for particular types of location and the minimum time between it becoming operational and the branch closure that triggers its requirement coming into effect,

(c) existing banking services provided under the Post Office Banking Framework."

LORD SIKKA

23★ Clause 3, page 2, line 4, at end insert—

"(b) the need for in-person banking provision in village, district and town centres and the potential for funding such centres through a levy on banks."

Member's explanatory statement
This amendment seeks to place a duty on the Secretary of State to have regard to the need for local banking services when making regulations under clause 3.

BARONESS BOWLES OF BERKHAMSTED

24 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 NOAKES
LORD VAUX OF HARROWDEN

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

"(2A) Before making any other regulations under this section, other than for matters considered by the Treasury to be minor, the Treasury must commission an independent review into whether any further regulations in respect of the provision of banking services are required."

Member's explanatory statement
This amendment, together with another in the name of Baroness Noakes, requires an independent review before further regulations are made in respect of the provision of banking services.

LORD VAUX OF HARROWDEN

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

Member's explanatory statement
This amendment probes the necessity for regulations under this clause to amend primary legislation.

BARONESS BOWLES OF BERKHAMSTED

27 Clause 3, page 2, line 10, leave out "from time to time" and insert "on the date the regulations are made"

Member's explanatory statement
This amendment would prevent the automatic updating of primary legislation when FCA rules change, so that any change to the law requires an active Parliamentary decision rather than occurring silently through regulatory updates.

LORD VAUX OF HARROWDEN

Lord Vaux of Harrowden gives notice of his intention to oppose the Question that Clause 3 stand part of the Bill.

Member's explanatory statement
This is to probe the Government's intentions in relation to access to banking services and how they intend to narrow the breadth of the power to regulate.

After Clause 3

BARONESS KRAMER
THE LORD BISHOP OF MANCHESTER

28 After Clause 3, insert the following new Clause—

"Access to affordable credit

(1) The Financial Conduct Authority must—
(a) within 12 months of the passing of this Act, establish, publish and maintain a framework for assessing and rating the performance of relevant deposit takers in providing access to affordable credit, and
(b) annually publish updated ratings and scores produced by the Authority under the framework.

(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 Authority 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 Authority considers relevant to the objective of promoting access to affordable credit.

(4) For the purposes of subsection (2), the Authority 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) For the purposes of this section, "relevant deposit takers" are—

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

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

which meet an Authority-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 CDFIs. It uses existing regulatory data where possible, with proportionate requirements for firms of different sizes.

BARONESS KRAMER

As an amendment to Amendment 28

29 After subsection (4) insert—

"(4A) Where a relevant deposit taker receives a score or rating below a minimum threshold prescribed by rules made under this section, the Authority must require the deposit taker to take proportionate remedial action to improve its rating.

(4B) The Authority may—

(a) make such rules or issue such guidance applying to designated persons as appear to the Authority 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;

for the purpose mentioned in subsection (4A)."

Member's explanatory statement

This amendment to Baroness Kramer's amendment gives the FCA a duty to ensure, through rules and guidance, that relevant banks and building societies which fall short of a minimum threshold performance in providing access to affordable credit are required to take proportionate steps to remedy the situation.

BARONESS BOWLES OF BERKHAMSTED

30 After Clause 3, insert the following new Clause—

"Fiduciary duty owed to retail customers

After section 137B of the Financial Services and Markets Act 2000 (FCA general rules: clients' money, right to rescind etc), insert—

"137BA Fiduciary duty owed to retail customers

(1) A firm carrying on a regulated activity owes a fiduciary duty to act in the best interests of its retail customers, including small businesses within the meaning of rules made by the FCA, in relation to any regulated activity carried on for or with them.

(2) The fiduciary duty in subsection (1) includes, but is not limited to—
  (a) avoiding conduct, systems or practices that exploit unequal bargaining power,
  (b) ensuring that products and services are suitable for the customer's needs and circumstances,
  (c) ensuring that terms, notices and requirements are fair, reasonable and capable of being complied with in practice,
  (d) avoiding reliance on classifications, contractual terms or technical interpretations that defeat the reasonable expectations of the customer, and
  (e) taking reasonable steps to prevent foreseeable harm.

(3) Nothing in this section prevents the FCA from making rules which impose higher standards or more specific obligations.""

Clause 6

LORD DAVIES OF BRIXTON

31 Clause 6, page 5, line 10, leave out from the second "the" to end of line 16 and insert "end of the period of ten years beginning with the act or omission to which the complaint relates, determined in accordance with the rules (which may provide for different times in relation to different cases).

(1B) Among other things, rules made under sub-paragraph 13(1) must provide in specified circumstances for the applicable time limit to end at a later time where—
  (a) in the opinion of the Financial Ombudsman, the failure to comply with that time limit was due to exceptional circumstances;
  (b) the complainant only became aware (or ought reasonably to have become aware) of material facts or detriment to them relating to the act or omission complained of after the expiry of that time limit."

Member's explanatory statement
This amendment amends Clause 6 to ensure that the ten-year longstop is the default position for Financial Ombudsman complaints, in line with the preferred option in the Impact Assessment and as opposed to the six-year provision in current FCA rules (DISP 2.8).

BARONESS NEVILLE-ROLFE
LORD ALTRINCHAM

32★ Clause 6, page 5, line 11, leave out "ten" and insert "six"

Member's explanatory statement
This amendment would retain a six-year longstop for complaints under the compulsory jurisdiction of the ombudsman scheme, rather than extending it to ten years.

LORD SHARKEY

33 Clause 6, page 5, leave out lines 15 and 16 and insert—

"(1B) The Secretary of State may, by regulations, give the FCA powers to rule on specified circumstances in which the applicable time limit may be a later time.

(1C) The regulations under sub-paragraph (1B) must justify what constitutes a specified circumstance."

Member's explanatory statement
Currently, the Bill gives powers to the FCA to determine where the applicable time limit may be a later time. This amendment, and another in the name of Lord Sharkey, moves that to being a power that the Secretary of State may only give to the FCA through an affirmative statutory instrument, which must include definition as what situations would allow the FCA to change to the time limit.

BARONESS BOWLES OF BERKHAMSTED

34 Clause 6, page 5, line 16, at end insert—

"(1C) The applicable time limit must not operate to bar a complaint where, in relation to the same act, omission, course of conduct or relationship, any of the following applies—

(a) the respondent firm would not be prevented by any applicable limitation period from enforcing rights arising from that act, omission, course of conduct or relationship;

(b) the respondent firm continues to rely on, assert, or seek to enforce any term, security, guarantee, classification, contractual right or other continuing obligation arising from that act, omission, course of conduct or relationship;

(c) the limitation period applicable to the respondent firm's enforcement rights has been, or is capable of being, renewed, extended, revived, refreshed, postponed or otherwise affected by any acknowledgment, part-payment, agreement, variation, restructuring, standstill, forbearance or other relevant event.

(1D) For the purposes of subsection (1C), the Ombudsman may consider any continuing reliance on, assertion of, or attempt to enforce a term, security, guarantee, classification, contractual right or other continuing obligation as part of the complaint."

LORD SHARKEY

35 Clause 6, page 5, line 22, at end insert—

"(6) In section 429(2) of the Financial Services and Markets Act 2000, after "Schedule 2A" insert "or paragraph 13(1B) of Schedule 17"."

Member's explanatory statement
Currently, the Bill gives powers to the FCA to determine where the applicable time limit may be a later time. This amendment, and another in the name of Lord Sharkey, moves that to being a power that the Secretary of State may only give to the FCA through an affirmative statutory instrument, which must include definition as what situations would allow the FCA to change to the time limit.

Clause 7

BARONESS NEVILLE-ROLFE
LORD ALTRINCHAM

36 Clause 7, page 9, line 38, at end insert—

"(4) Regulations under this section must provide that—
 (a) the FCA must give any opinion requested by the Financial Ombudsman within 30 days, except in exceptional circumstances specified in the regulations,
 (b) where an interim response is given, the FCA must state the reasons why a final opinion cannot yet be given and the date by which it expects to provide one, and
 (c) the FCA and the scheme operator must publish annually information on—
 (i) the number of referrals made,
 (ii) the average time taken to respond, and
 (iii) the number of complaints delayed for more than 30 days by reason of referral."

Member's explanatory statement
This amendment would require regulations governing referrals from the Financial Ombudsman to the FCA to include a 30-day time limit for FCA opinions (subject to specified exceptional circumstances), require reasons and an expected date for any interim response, and provide for annual publication of data on referrals and delays.

LORD SHARKEY

Lord Sharkey gives notice of his intention to oppose the Question that Clause 7 stand part of the Bill.

Member's explanatory statement
This is to facilitate discussion of consumer protection.

Clause 8

LORD SHARKEY

37 Clause 8, page 11, line 3, leave out from beginning to end of line 6 on page 12 and insert—

"(2) A complaint is to be determined by reference to what is, in the opinion of the Financial Ombudsman, fair and reasonable in all the circumstances of the case.

(2A) In considering what is fair and reasonable in all the circumstances of the case, to the extent relevant—

(a) the Financial Ombudsman must take into account—

(i) the FCA rules,

(ii) law and regulations; and

(iii) codes of practice or any other guidelines that must be taken into account by a court or tribunal;

(b) the Financial Ombudsman may (among other things) take into account—

(i) anything published by the FCA or other regulators (including guidance or standards), and

(ii) any voluntary industry codes of practice."

Member's explanatory statement
This amendment, and others in the name of Lord Sharkey to clause 8, seeks to replace provisions in clause 8 to preserve the jurisdiction of the FOS and updates the factors that the FOS must or may take into account in the exercise of its discretion.

LORD ROBOROUGH

38 Clause 8, page 11, line 4, at end insert "and the FCA"

Member's explanatory statement
This amendment, and another to Clause 8 in the name of Lord Roborough, seeks to require the FCA to provide a view on the fair and reasonable test as well as the FOS.

LORD ROBOROUGH

39 Clause 8, page 11, line 9, leave out from "omission," to end of line 11

Member's explanatory statement
This amendment, and another to Clause 8 in the name of Lord Roborough, seeks to limit the FOS to only make decisions based on FCA rules, rather than applying a fair and reasonable test.

LORD ROBOROUGH

40 Clause 8, page 11, line 32, leave out from beginning to end of line 6 on page 12

Member's explanatory statement
This amendment, and another to Clause 8 in the name of Lord Roborough, seeks to limit the FOS to only make decisions based on FCA rules, rather than applying a fair and reasonable test.

LORD ROBOROUGH

41 Clause 8, page 11, line 34, after "Ombudsman" insert "and the FCA"

Member's explanatory statement
This amendment, and another to Clause 8 in the name of Lord Roborough, seeks to require the FCA to provide a view on the fair and reasonable test as well as the FOS.

LORD SHARKEY

42 Clause 8, page 12, line 7, leave out "in paragraph 14(2), omit paragraph (a)" and insert "for sub-paragraph 14(2)(a) substitute—

(a) specify matters which are to be taken into account in assessing the relevance or significance of an act or omission relevant to the complaint under investigation, consideration and determination under section 228;"

Member's explanatory statement
This amendment, and others in the name of Lord Sharkey to clause 8, seeks to replace provisions in clause 8 to preserve the jurisdiction of the FOS and updates the factors that the FOS must or may take into account in the exercise of its discretion.

LORD SHARKEY

43 Clause 8, page 12, leave out lines 9 to 13

Member's explanatory statement
This amendment, and others in the name of Lord Sharkey to clause 8, seeks to replace provisions in clause 8 to preserve the jurisdiction of the FOS and updates the factors that the FOS must or may take into account in the exercise of its discretion.

LORD DAVIES OF BRIXTON

Lord Davies of Brixton gives notice of his intention to oppose the Question that Clause 8 stand part of the Bill.

Member's explanatory statement
This probes the Government's intentions for the proposed changes to the discretion of the Financial Ombudsman to decide complaints on the basis of what is "fair and reasonable" in all the circumstances of the case, and preserves the current position of the issues around the exercise of that discretion being dealt with in FCA approved rules and guidance.

Clause 10

BARONESS NEVILLE-ROLFE
LORD ALTRINCHAM

44★ Clause 10, page 12, line 37, at end insert—

"(b) after subsection (1) insert—

"(1A) Rules under this section may not require the establishment or operation of a consumer redress scheme in respect of loss or damage where, by reason only of the lapse of time, no remedy or relief would be available in legal proceedings on the date on which the rules are made.

(1B) Subsection (1A) does not apply where the Treasury or the FCA considers that an exception equivalent to that applying in legal proceedings in cases of deliberate concealment or fraud would apply.""

Member's explanatory statement
This amendment would ensure that the FCA may not use the availability of redress under the ombudsman scheme to impose a consumer redress scheme under section 404 in circumstances where no remedy would be available in legal proceedings by reason of limitation, subject to equivalent exceptions for fraud or deliberate concealment.

After Clause 12

LORD HUNT OF WIRRAL

45★ 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, retained 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

46 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.

LORD VAUX OF HARROWDEN

47 After Clause 13, insert the following new Clause—

"Review of the mandatory authorised push payment fraud reimbursement requirement

No later than six months after 7 October 2027, the FCA must carry out and publish a review of the impact of the authorised push payment fraud reimbursement requirement ("the requirement"). The review should include such matters as the FCA considers appropriate, but must include—

(a) an assessment of the effectiveness of the requirement in protecting consumers from fraud,

(b) an assessment of the appropriateness of the existing consumer standard of caution,

(c) an assessment of the extent to which the requirement has incentivised the payments industry to invest in fraud prevention,

(d) an assessment of the appropriateness of the required split of reimbursement between payment service providers receiving and sending fraudulent payments,

(e) an assessment of whether additional payment systems should be included within the requirement,

(f) an assessment of the limits that apply to the requirement,

(g) an assessment of any behavioural changes of either consumers or payment service providers that have resulted from the requirement, and

(h) proposals for any amendments that the FCA considers should be made to the requirement."

Member's explanatory statement
This amendment seeks to require the FCA to carry out a review of the impact of the APP fraud reimbursement requirement after three years of its operation.

Schedule 2

BARONESS BOWLES OF BERKHAMSTED

48 Schedule 2, page 72, line 14, at end insert—

“(aa) after subsection (3), insert—

“(3A) The relevant regulator must ensure that any public consultation to which this section applies remains open for a period that complies with paragraphs (a) or (b)—

(a) where the proposals relate to minor or general changes, the consultation period must be no less than 4 weeks and no more than 6 weeks;

(b) where the proposals relate to material rule changes, the consultation period must be no less than 6 weeks and no more than 8 weeks.

(3B) In determining whether proposals constitute minor or general changes or material rule changes, the regulator must have regard to—

(a) the likely impact of the proposals on regulated persons,

(b) the complexity of the proposals, and

(c) the extent to which respondees would reasonably require time to consider and respond.

(3C) The regulator may depart from the requirements in subsections (3A) and (3B) only where it considers that there are exceptional circumstances, in which case it must publish a statement setting out—

(a) the reasons for the departure, and

(b) the period of consultation adopted.””

LORD VAUX OF HARROWDEN

49 Schedule 2, page 73, leave out lines 27 and 28

Member's explanatory statement
This amendment probes why payment systems that do not include arrangements using digital settlement assets should not be included in the definition of “payment systems”.

LORD VAUX OF HARROWDEN

50 Schedule 2, page 75, line 26, leave out “may” and insert “must”

Member's explanatory statement
This amendment seeks to make it a requirement, rather than an option, that a payment system must be designated if it is likely to create serious consequences for users in the event of deficiency or disruption.

LORD VAUX OF HARROWDEN

51 Schedule 2, page 75, line 27, leave out "only"

Member's explanatory statement
This amendment seeks to make it a requirement, rather than an option, that a payment system must be designated if it is likely to create serious consequences for users in the event of deficiency or disruption.

LORD VAUX OF HARROWDEN

52 Schedule 2, page 76, leave out lines 21 and 22

Member's explanatory statement
This amendment seeks to ensure that the Treasury may only withdraw a designation if the grounds for designation are no longer met.

LORD VAUX OF HARROWDEN

53 Schedule 2, page 76, line 24, leave out from "are" to "met" in line 25 and insert "satisfied that the grounds for designation in section 131Z5(2) are no longer"

Member's explanatory statement
This amendment seeks to ensure that the Treasury may only withdraw a designation if the grounds for designation are no longer met.

BARONESS KRAMER

54 Schedule 2, page 77, line 12, at end insert—

"(2A) The service-user objective includes the interests of consumers using the payment system, including—

(a) that the payment system is inclusive,

(b) that the payment system offers a clear approach to consumer redress,

(c) that the payment system promotes access to cash, and

(d) that the payment system promotes choice and interoperability with other recognised payment systems."

Member's explanatory statement
This amendment would expand the FCA's service-user objective in new section 131Z7(2) so that it takes account of inclusion, consumer redress, access to cash, and choice and interoperability between payment systems.

LORD VAUX OF HARROWDEN

55 Schedule 2, page 77, line 22, at end insert—

"(5) For the avoidance of doubt, the FCA's strategic objective, operational objectives and secondary objective apply equally to its regulation of payment systems."

Member's explanatory statement
This amendment probes whether the FCA's wider objectives, including its secondary growth and competition objective, apply to the regulation of payment systems.

LORD STOCKWOOD

56 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).

BARONESS KRAMER

57 Schedule 2, page 80, line 15, at end insert—

"(d) imposing a levy on participants across all recognised payment systems to support financial inclusion."

Member's explanatory statement
This amendment would enable a levy to be imposed on all participants in recognised payment systems, including technology firms moving into the payments space, to support financial inclusion.

LORD HOLMES OF RICHMOND
LORD VAUX OF HARROWDEN

58 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 VAUX OF HARROWDEN

59 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 STOCKWOOD

60 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 STOCKWOOD

61 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 STOCKWOOD

62 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 STOCKWOOD

63 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.

LORD VAUX OF HARROWDEN

64 Schedule 2, page 109, line 4, leave out sub-paragraph (10)

Member's explanatory statement
This amendment probes whether the existing mandatory APP fraud reimbursement regulations of the PSR will be continued by the FSA, including the ability to vary the regulations under section 72(9) of FSMA 2023.

After Clause 14

BARONESS KRAMER

65 After Clause 14, insert the following new Clause—

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

(1) Within three months of the passing of this Act, 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 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

66 After Clause 14, insert the following new Clause—

Anti-money laundering supervisory functions

(1) Within three months of the passing of this Act, 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

67 After Clause 14, insert the following new Clause—

Professional expertise in anti-money laundering supervision

(1) In exercising anti-money laundering supervisory, 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

68 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

69 After Clause 14, insert the following new Clause—

Anti-money laundering: regional supervision

(1) Within six months of the passing of this Act, 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

BARONESS NOAKES
LORD VAUX OF HARROWDEN

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

“(ba) its secondary objective,”

Member's explanatory statement
This amendment requires the FCA to include its secondary competitiveness and growth objective in its long term strategy.

BARONESS NOAKES

71 Clause 16, page 19, line 15, at end insert—

“(4A) In preparing or revising a strategy, the FCA must consult persons it considers would be affected by the strategy including persons it regulates.”

Member's explanatory statement
This amendment would require the FCA to consult regulated firms and others affected by its strategy.

BARONESS BOWLES OF BERKHAMSTED
LORD VAUX OF HARROWDEN

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

"(5A) A strategy must include a review of all regulations with the specific aim of identifying outdated or otherwise unnecessary regulatory requirements and set out how the FCA will eliminate unnecessary regulations to the extent that such action is appropriate."

Member's explanatory statement
This amendment requires the FCA to, as part of their long-term strategies, periodically review their rulebooks and detail how they intend to consolidate them where appropriate.

BARONESS NOAKES
LORD VAUX OF HARROWDEN

73 Clause 16, page 19, line 29, leave out subsection (4)

Member's explanatory statement
This amendment probes why the Treasury's power to make recommendations to the FCA should be restricted to its long-term strategy.

BARONESS NOAKES

74 Clause 16, page 20, line 26, at end insert—

"(4A) In preparing or revising a strategy, the PRA must consult persons it considers would be affected by the strategy including persons it regulates."

Member's explanatory statement
This amendment would require the PRA to consult regulated firms and others affected by its strategy.

BARONESS BOWLES OF BERKHAMSTED
LORD VAUX OF HARROWDEN

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

"(5A) A strategy must include a review of all regulations with the specific aim of identifying outdated or otherwise unnecessary regulatory requirements and set how the PRA will eliminate unnecessary regulations to the extent that such action is appropriate."

Member's explanatory statement
This amendment requires the PRA to, as part of their long-term strategies, periodically review their rulebooks and detail how they intend to consolidate them where appropriate.

BARONESS NOAKES
LORD VAUX OF HARROWDEN

76 Clause 16, page 21, line 13, leave out subsection (8)

Member's explanatory statement
This amendment probes why the Treasury's power to make recommendations to the PRA should be restricted to its long-term strategy.

BARONESS BOWLES OF BERKHAMSTED

Baroness Bowles of Berkhamsted gives notice of her intention to oppose the Question that Clause 16 stand part of the Bill.

Member's explanatory statement
This is intended to challenge the Government's reasoning behind introducing the provisions of Clause 16.

After Clause 16

BARONESS NOAKES
LORD VAUX OF HARROWDEN

77 After Clause 16, insert the following new Clause—

"Review of regulatory principles

(1) Within 12 months of this Act coming into force, the Treasury must carry out a review of the regulatory principles in section 3B(1) of the Financial Services and Markets Act 2000.

(2) The review must in particular consider whether—
   (a) the regulatory principles duplicate other requirements in the Financial Services and Markets Act 2000 or elsewhere, or
   (b) are no longer required.

(3) The review may make recommendations as to whether section 3B(1) needs to be amended or whether there are other mechanisms which can achieve the same result.

(4) The review must be laid before each House of Parliament."

Member's explanatory statement
This amendment calls for a review of the regulatory principles in section 3B(1) of FSMA.

Clause 17

BARONESS KRAMER

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

"(2) In section 3B (regulatory principles to be applied by both regulators), in subsection (1), at the end insert—

"(i) the need to consider—

(i) the interconnections between private credit vehicles and PRA-authorised banks, insurance companies and pension fund, and

(ii) the limitations of the FCA's regulatory perimeter in managing the interconnection between private credit vehicles and non-regulated financial organisations.""

Member's explanatory statement

This probing amendment would replace the removal of the regulatory-principles duties in Clause 17 with a new "have regard" to risks to financial stability arising from the interconnection of private credit markets with banks, insurers and pension funds, as well as with non-regulated institutions.

BARONESS KRAMER

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

"(2) In section 3B (regulatory principles to be applied by both regulators), in subsection (1), at the end insert—

"(i) the need to assess the impact on the taxpayer of any provision of backstop arrangements by the Bank of England to private stablecoin.""

Member's explanatory statement

This probing amendment would replace the removal of the regulatory-principles duties in Clause 17 with a new "have regard" to the risks to taxpayers should the Bank of England provide a liquidity backstop to private stablecoin.

BARONESS NORTHOVER

80 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), insert—

"(i) the need to consider climate risk;

(j) the desirability of sustainable growth in the economy of the United Kingdom in the medium or long term.""

LORD HOLMES OF RICHMOND

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

“(2) In Section 3B(1) (regulatory principles to be applied by both regulators), in paragraph (b), for the words from “considered” to the end of that paragraph substitute “taking into consideration the nature of the service or product being delivered, the nature of risk to the consumer, whether the cost of implementation is proportionate to that level of risk and whether the burden or restriction enhances UK international competitiveness;””

Member's explanatory statement
This amendment seeks to amend the existing regulatory principle for the FCA and PRA and require that the nature of, and risk to, the consumer and the service or product being delivered must be considered when imposing a new burden or restriction.

BARONESS TYLER OF ENFIELD

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

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

“(i) the need to consider financial inclusion.””

BARONESS NOAKES
BARONESS NEVILLE-ROLFE

83 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.”;”

(b)”

Member's explanatory statement
This amendment places proportionality (currently a regulatory principle) in the general duties of the FCA.

BARONESS NOAKES
BARONESS NEVILLE-ROLFE

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

“(3A) In section 2B(1) (the PRA’s general objective), at end insert “and 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.””

Member's explanatory statement
This amendment places proportionality (currently a regulatory principle) into the PRA's general objective.

BARONESS NOAKES
BARONESS NEVILLE-ROLFE

85 Clause 17, page 22, line 3, at end insert “and omit subsection (1)(b).”

Member's explanatory statement
This amendment removes proportionality from the regulatory principles. Proportionality has been placed into the FCA's general duties and the PRA's general objective by other amendments in the name of Baroness Noakes.

BARONESS NOAKES

86 Clause 17, page 22, line 3 at end, insert “and after subsection (1)(h) insert—

(j) the regulatory principles in section 21(2) of the Legislative and Regulatory Reform Act 2006.”

Member's explanatory statement
This amendment places the regulatory principles of the Legislative and Regulatory Reform Act 2006 into FSMA in order that they cannot be repealed by secondary legislation.

LORD HOLMES OF RICHMOND

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

“(5A) In section 3B (regulatory principles to be applied by both regulators)—

(a) in paragraph (a), after “way” 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;”;

(b) in paragraph (d), after “decisions” 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;";

(c) 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.

BARONESS BOWLES OF BERKHAMSTED
BARONESS NOAKES
LORD VAUX OF HARROWDEN

The above-named Lords give notice of their intention to oppose the Question that Clause 17 stand part of the Bill.

Member's explanatory statement
This probes the Government's reasoning behind introducing the provisions of Clause 17.

After Clause 17

BARONESS BOWLES OF BERKHAMSTED

88 After Clause 17, insert the following new Clause—

"Treasury statement of concern

(1) Where the Treasury considers that rules or guidance made by the Financial Conduct Authority or the Prudential Regulation Authority are inconsistent with primary legislation or statutory objectives, the Treasury may publish a statement of concern.

(2) Where a statement of concern is published under subsection (1), the Financial Conduct Authority or the Prudential Regulation Authority must, within 60 days, publish a response explaining—

(a) whether it agrees with the concern, and

(b) what action it proposes to take.

(3) The Treasury must lay before Parliament any statement of concern published under this section, together with any response received from the Financial Conduct Authority or the Prudential Regulation Authority."

Member's explanatory statement
This new Clause would enable the Treasury to publish a statement of concern where regulator rules or guidance appear inconsistent with primary legislation or statutory objectives, requiring a published response and Parliamentary transparency.

Clause 18

BARONESS NOAKES

89 Clause 18, page 22, line 32, leave out subsections (2) and (3)

Member's explanatory statement
This amendment, together with another in the name of Baroness Noakes, ensures that the FCA and the PRA continue to give guidance about how they intend to advance their objectives.

BARONESS NEVILLE-ROLFE
LORD ALTRINCHAM

90 Clause 18, page 23, line 15, leave out subsection (7)

Member's explanatory statement
This probing amendment seeks to question the Government on who determines whether a rule change would have no or minimal cost impact – a determination which would mean that the FCA or PRA will not need to do a Cost Benefit Analysis.

LORD HOLMES OF RICHMOND

91 Clause 18, page 23, line 15, leave out subsections (7) and (8)

Member's explanatory statement
This amendment seeks to remove proposed changes to the regulators' duties to consult and the information provided within those consultations.

BARONESS NOAKES

92 Clause 18, page 23, line 29, leave out subsection (8)

Member's explanatory statement
This amendment, together with another in the name of Baroness Noakes, ensures that the the FCA and the PRA continue to give guidance about how they intend to advance their objectives.

BARONESS NOAKES

93 Clause 18, page 23, line 38, leave out subsection (11) and insert—

"(11) Omit section 339B (duty to meet auditors of certain institutions)."

Member's explanatory statement
This amendment deletes all requirements on the regulators to meet the auditors of PRA authorised persons instead of only the FCA.

BARONESS NOAKES

94 Clause 18, page 23, line 39, at end insert—

"(11A) In section 340 (appointment), in subsection (3A)(a) for "must" substitute "may""

Member's explanatory statement
This amendment enables but does not require the PRA to impose certain rules on auditors of PRA authorised persons.

BARONESS TYLER OF ENFIELD

95★ Clause 18, page 24, line 3, at end insert—

"(b) after paragraph (ic) (omitted by sub-paragraph (a) above), insert—

"(id) how the discharge of its functions during the year has affected financial inclusion, including—

(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, and

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

BARONESS NOAKES
BARONESS NEVILLE-ROLFE
LORD VAUX OF HARROWDEN

96 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 TYLER OF ENFIELD

97★ Clause 18, page 24, line 3, at end insert—

"(12A) After paragraph (11)(4) of Schedule 1ZA, insert—

"(4A) The FCA must when engaging with the relevant Parliamentary committees, be prepared to demonstrate how it has had regard to financial inclusion in carrying out its general functions during the reporting period.

(4B) In this paragraph, "financial inclusion" means ensuring that individuals, particularly those on low incomes or in vulnerable circumstances and those who are excluded from products and services, have access to useful and affordable financial products and services.""

BARONESS NOAKES
BARONESS NEVILLE-ROLFE
LORD VAUX OF HARROWDEN

98 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 Bowles of Berkhamsted gives notice of her intention to oppose the Question that Clause 18 stand part of the Bill.

Member's explanatory statement
This is probing to challenge the Government's reasoning behind introducing the provisions of Clause 18.

After Clause 19

BARONESS NOAKES
BARONESS NEVILLE-ROLFE
LORD VAUX OF HARROWDEN

99 After Clause 19, insert the following new Clause—

"FCA and PRA secondary competitiveness and growth objectives

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

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

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

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

Clause 20

BARONESS NOAKES
LORD VAUX OF HARROWDEN

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

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

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

LORD HUNT OF WIRRAL

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

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

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

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

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

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

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

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

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

After Clause 20

BARONESS NOAKES
BARONESS NEVILLE-ROLFE

102 After Clause 20, insert the following new Clause—

“Competitiveness and growth objective: Financial Markets Infrastructure functions

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

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

(2A) Its secondary objectives are—

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

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

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

BARONESS NORTHOVER

103 After Clause 20, insert the following new Clause—

“Climate risk and environment principle: reporting requirements

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

“Climate risk and environment principles: reporting requirements

3RG Annual reports to the Treasury

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

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

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

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

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

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

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

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

LORD HOLMES OF RICHMOND

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

"Financial inclusion objective: reporting requirements

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

"Financial inclusion: reporting requirements

3RG Financial inclusion reporting

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

(2) The report must include—

(a) information on access to financial services,

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

(c) measures taken to increase financial inclusion.

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

Member's explanatory statement
This amendment seeks to require the FCA and PRA to publish a report on what measures they have taken to increase financial inclusion.

Clause 21

BARONESS NEVILLE-ROLFE
LORD ALTRINCHAM

105 Clause 21, page 26, line 3, leave out "changing" and insert "reducing"

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

LORD HOLMES OF RICHMOND

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

LORD HOLMES OF RICHMOND

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

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

LORD HOLMES OF RICHMOND

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

"(za) after subsection (2) insert—

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

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

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

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

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

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

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

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

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

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

Member's explanatory statement

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

BARONESS NEVILLE-ROLFE
LORD ALTRINCHAM

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

"(aa) after subsection (4) insert—

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

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

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

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

BARONESS NEVILLE-ROLFE
LORD ALTRINCHAM

110 Clause 21, page 26, line 25, leave out "changing" and insert "reducing"

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

LORD HOLMES OF RICHMOND

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

LORD HOLMES OF RICHMOND

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

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

BARONESS NEVILLE-ROLFE
LORD ALTRINCHAM

113 Clause 21, page 26, line 31, leave out "changing" and insert "reducing"

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

BARONESS NEVILLE-ROLFE
LORD ALTRINCHAM

114 Clause 21, page 26, line 36, leave out "changing" and insert "reducing"

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

LORD HOLMES OF RICHMOND

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

LORD HOLMES OF RICHMOND

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

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

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

After Clause 22

BARONESS BOWLES OF BERKHAMSTED

117 After Clause 22, insert the following new Clause—

"Section 166 reviews: threshold and proportionality requirements

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

(2) After subsection (1) insert—

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

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

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

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

(ii) the expected burden on the firm, and

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

(3) After subsection (4) insert—

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

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

(b) the sectors to which they relate, and

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

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

Member's explanatory statement
This new Clause would introduce a statutory threshold for the use of section 166 skilled persons reviews, requiring the regulator to demonstrate a material risk of serious detriment and to consider proportionality, and would require annual publication of the number, sectoral distribution and aggregate cost of such reviews.

BARONESS NOAKES

118 After Clause 22, insert the following new Clause—

"Reports by skilled persons

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

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

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

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

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

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

BARONESS NOAKES
LORD VAUX OF HARROWDEN

119 After Clause 22, insert the following new Clause—

“Cost benefit panels

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

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

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

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

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

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

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

BARONESS NEVILLE-ROLFE
LORD ALTRINCHAM

120 After Clause 22, insert the following new Clause—

“Review of bank capital requirements

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

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

(3) The Treasury must published the report.”

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

BARONESS BOWLES OF BERKHAMSTED

121 After Clause 22, insert the following new Clause—

"Periodic independent review of financial regulators

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

"1SA Periodic independent review of financial regulators

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

(a) the Financial Conduct Authority,

(b) the Prudential Regulation Authority, and

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

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

(a) the Treasury has proposed the appointment, and

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

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

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

(a) internal operations and controls,

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

(c) regulatory perimeters and customer classifications,

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

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

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

(g) the skills base of staff,

(h) follow up from previous reviews,

(i) access to redress and effective remedies,

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

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

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

(m) redress shortfalls, repeat misconduct and deterrence,

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

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

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

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

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

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

(7) A copy of the report must be—

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

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

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

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

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

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

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

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

BARONESS BOWLES OF BERKHAMSTED

122 After Clause 22, insert the following new Clause—

"Reducing regulator duplication

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

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

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

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

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

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

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

(a) rule-making,

(b) supervisory activity,

(c) investigatory functions, and

(d) enforcement decisions.

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

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

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

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

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

BARONESS BOWLES OF BERKHAMSTED

123 After Clause 22, insert the following new Clause—

"Safeguards on regulatory information collecting

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

LORD HOLMES OF RICHMOND

124 After Clause 22, insert the following new Clause—

"Financial inclusion objective

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

"1EC Financial inclusion objective

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

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

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

(b) the affordability of such services, and

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

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

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

LORD HOLMES OF RICHMOND

125 After Clause 22, insert the following new Clause—

“Financial fraud prevention

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

“1EC Financial fraud prevention

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

(2) Rules under this section may, in particular—
(a) require authorised persons to participate in fraud data sharing arrangements,
(b) require reporting of suspected fraud in real time or near real time, and
(c) require the use of automated or technological systems for fraud detection.

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

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

LORD HOLMES OF RICHMOND

126 After Clause 22, insert the following new Clause—

“Open finance framework

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

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

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

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

LORD HOLMES OF RICHMOND

127 After Clause 22, insert the following new Clause—

"FCA innovation unit

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

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

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

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

LORD HOLMES OF RICHMOND

128 After Clause 22, insert the following new Clause—

"FCA financial inclusion unit

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

(2) The Unit must—
  (a) exercise the functions transferred to the FCA by Schedule 2 to the Financial Services and Markets Act 2026 insofar as they relate to access and equity in payment systems;
  (b) monitor and report on financial inclusion across payment systems, banking access, and consumer credit markets;
  (c) make recommendations to the FCA board on rules and guidance necessary to advance financial inclusion.

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

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

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

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

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

LORD HOLMES OF RICHMOND

129 After Clause 22, insert the following new Clause—

"Cost Benefit Analysis Panel reform

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

(2) After section 138IA(4)(b) insert—

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

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

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

(3) After section 138IA(4) insert—

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

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

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

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

(4) After section 138JA(4)(b) insert—

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

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

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

(5) After section 138JA(4) insert—

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

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

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

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

Member's explanatory statement

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

LORD HOLMES OF RICHMOND

130 After Clause 22, insert the following new Clause—

"Digital operational resilience of regulated firms

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

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

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

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

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

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

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

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

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

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

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

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

LORD HOLMES OF RICHMOND

131 After Clause 22, insert the following new Clause—

"AI governance in regulated activities

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

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

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

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

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

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

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

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

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

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

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

BARONESS NEVILLE-ROLFE
LORD ALTRINCHAM

132 After Clause 22, insert the following new Clause—

"Cost benefit analysis: guidance and supervisory practices

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

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

"(4A) The duties under this section, including the preparation and publication of a cost benefit analysis and the consideration of representations by the

Cost Benefit Analysis Panel, apply also (subject to subsection (4B)) where the FCA—

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

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

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

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

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

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

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

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

(4F) Where—

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

(4F) Where—

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

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

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

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

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

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

LORD BRIDGES OF HEADLEY
BARONESS NOAKES
BARONESS BOWLES OF BERKHAMSTED

133 After Clause 22, insert the following new Clause—

"Office for Financial Regulatory Accountability

Creation of an Office for Financial Regulatory Accountability

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

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

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

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

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

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

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

LORD BRIDGES OF HEADLEY
BARONESS NOAKES
BARONESS BOWLES OF BERKHAMSTED

134 After Clause 22, insert the following new Clause—

"Charter for Financial Regulatory Accountability

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

(2) The Charter must in particular set out—
   (a) the Treasury's objectives in relation to financial regulation, and
   (b) the means by which the Treasury's objectives in relation to financial services regulation will be attained.

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

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

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

LORD BRIDGES OF HEADLEY
BARONESS NOAKES
BARONESS BOWLES OF BERKHAMSTED

135 After Clause 22, insert the following new Clause—

"Main duties of the Office

(1) The main duties of the Office created under section (*Creation of an Office for Financial Regulatory Accountability*) are to prepare and publish reports which—
 (a) assess both financial regulators' overall performance in terms of meeting their statutory objectives and regulatory principles under Financial Services and Markets Act 2000, and
 (b) provide analysis of the impact assessments of specific pieces of financial regulation, so as to determine how those regulations are contributing to meeting the regulators' objectives under Financial Services and Markets Act 2000.

(2) In discharging its duties under subsection (1)(b) the Office must prioritise analysing regulations that, in its opinion—
 (a) restrict domestic competition,
 (b) reduce the international competitiveness of financial services in the United Kingdom,
 (c) create new compliance costs, or
 (d) have a significant impact on business, individuals or the economy of the United Kingdom.

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

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

LORD BRIDGES OF HEADLEY
BARONESS NOAKES
BARONESS BOWLES OF BERKHAMSTED

136 After Clause 22, insert the following new Clause—

"Reports of the Office

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

(a) publish each of its reports,
(b) lay it before Parliament, and
(c) send a copy of it to the Treasury.

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

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

LORD BRIDGES OF HEADLEY
BARONESS NOAKES
BARONESS BOWLES OF BERKHAMSTED

137 After Clause 22, insert the following new Clause—

"Right to information and data

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

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

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

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

LORD BRIDGES OF HEADLEY
BARONESS NOAKES
BARONESS BOWLES OF BERKHAMSTED

138 After Clause 22, insert the following new Clause—

"Membership of the Office

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

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

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

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

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

(4) The Office may employ staff."

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

LORD BRIDGES OF HEADLEY
BARONESS NOAKES
BARONESS BOWLES OF BERKHAMSTED

139 After Clause 22, insert the following new Clause—

"Financial arrangements of the Office

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

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

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

BARONESS HAYMAN
BARONESS NORTHOVER
BARONESS PENN
BARONESS GRIFFIN OF PRINCETHORPE

140 After Clause 22, insert the following new Clause—

"Requirement to make rules on climate transition plans

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

"137SC Rules to require climate transition plans

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

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

BARONESS KRAMER

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

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

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

(2) A "relevant account" means—
 (a) a Child Trust Fund within the meaning of the Child Trust Funds Act 2004;
 (b) a junior individual savings account within the meaning of regulations made under Chapter 3 (income from individual investment plans) of Part 6 (exempt income) of the Income Tax (Trading and Other Income) Act 2005;
 (c) an account of any other description specified by the FCA in rules made under this section.

(3) The conditions are that—
 (a) there has been provided to the relevant provider either—

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

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

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

(4) Rules made under this section must—

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

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

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

(5) The purpose of rules made under this section is to enable access to be obtained to money held in a relevant account on behalf of an account holder who lacks capacity without the need for an order or appointment of the Court of Protection or any equivalent order of a court.

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

Member's explanatory statement

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

BARONESS SHEEHAN
BARONESS BOYCOTT
BARONESS YOUNG OF OLD SCONE

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

"Requirement to make rules on nature-related financial disclosures

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

"137SC Rules to require nature-related financial disclosures

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

Clause 27

LORD STOCKWOOD

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

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

LORD STOCKWOOD

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

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

Clause 29

LORD STOCKWOOD

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

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

After Clause 31

BARONESS NEVILLE-ROLFE
LORD ALTRINCHAM

146 After Clause 31, insert the following new Clause—

"Review of notification arrangements for previously approved senior managers

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

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

(3) The Treasury must publish the report."

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

Clause 33

LORD STOCKWOOD

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

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

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

LORD STOCKWOOD

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

"(aa) after subsection (1) insert—

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

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

LORD STOCKWOOD

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

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

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

(b) after that sub-paragraph insert—

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

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

LORD STOCKWOOD

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

"(a) after subsection (1) insert—

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

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

After Clause 36

LORD HOWARD OF RISING

151★ After Clause 36, insert the following new Clause—

"Review of expedited authorisation for firms with previously approved senior managers

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

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

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

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

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

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

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

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

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

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

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

(a) the FCA,

(b) the PRA,

(c) the Bank of England, and

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

(4) The Treasury must publish the report."

Member's explanatory statement

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

Clause 37

BARONESS NOAKES

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

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

BARONESS NOAKES

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

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

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

LORD STOCKWOOD

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

BARONESS NOAKES

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

Clause 40

BARONESS KRAMER

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

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

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

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

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

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

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

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

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

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

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

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

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

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

(a) to ring-fenced bodies, or

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

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

BARONESS KRAMER

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

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

BARONESS KRAMER

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

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

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

BARONESS KRAMER

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

"(c) after subsection (5) insert—

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

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

After Clause 40

BARONESS NEVILLE-ROLFE
LORD ALTRINCHAM

159 After Clause 40, insert the following new Clause—

"Ring-fencing consultation

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

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

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

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

BARONESS KRAMER

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

"Ring-fencing rules etc (No. 2)

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

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

Clause 41

LORD HOLMES OF RICHMOND

161 Clause 41, page 49, line 29, at end insert—

"(12) The regulations may extend the scope of the commercial credit data sharing scheme to include, with the consent of the data subject—
(a) rental payment history held by landlords or letting agents;
(b) utility payment data held by licensed energy or water suppliers;

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

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

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

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

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

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

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

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

Clause 44

BARONESS BOWLES OF BERKHAMSTED

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

"(5) After section 284A insert—

"284AA Tax treatment of risk transformation arrangements

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

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

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

(4) Where—

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

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

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

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

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

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

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

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

Member's explanatory statement

The amendment requires HM Treasury to produce guidance in consultation with HMRC to confirm the tax status of Insurance-Linked Securities vehicles.

After Clause 46

BARONESS NEVILLE-ROLFE
LORD ALTRINCHAM

163 After Clause 46, insert the following new Clause—

“Review of tokenisation in UK wholesale financial markets

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

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

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

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

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

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

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

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

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

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

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

(a) the Bank of England;

(b) the Prudential Regulation Authority;

(c) the Financial Conduct Authority;

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

(4) The Treasury must publish the report."

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

BARONESS NEVILLE-ROLFE
LORD ALTRINCHAM
LORD RANGER OF NORTHWOOD

164 After Clause 46, insert the following new Clause—

"Digital assets strategy

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

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

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

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

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

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

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

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

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

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

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

(a) the Bank of England,

(b) the Prudential Regulation Authority,

(c) the Financial Conduct Authority,

(d) representatives from industry forums, and

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

Member's explanatory statement

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

After Clause 47

BARONESS NEVILLE-ROLFE
LORD ALTRINCHAM

165 After Clause 47, insert the following new Clause—

"FCA operational readiness report

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

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

(a) staffing and resourcing,

(b) systems capability,

(c) expected impacts on authorisations, supervision and enforcement timeliness,

(d) expected impacts on service standards for firms and consumers, and

(e) such mitigation measures as the Treasury and the FCA consider necessary."

Member's explanatory statement

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

BARONESS NEVILLE-ROLFE
LORD ALTRINCHAM

166 After Clause 47, insert the following new Clause—

"Duty to have regard to net regulatory burden

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

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

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

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

BARONESS NEVILLE-ROLFE
LORD ALTRINCHAM

167 After Clause 47, insert the following new Clause—

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

The FCA must take such steps as it considers appropriate to promote public understanding of—
(a) financial services and markets,
(b) personal financial management,
(c) saving, borrowing and long-term financial resilience,
(d) financial decision-making and financial risk, and
(e) pensions."

Member's explanatory statement
This amendment would give the FCA a statutory duty to promote public understanding of financial services and financial capability, and to report annually on the steps it has taken, the groups most

at risk of poor financial literacy or exclusion, and the contribution of improved financial capability to consumer resilience, competition and economic growth.

LORD HOLMES OF RICHMOND

168 After Clause 47, insert the following new Clause—

"Designated artificial intelligence officer

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

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

(a) safe,

(b) ethical,

(c) unbiased, and

(d) non-discriminatory use of AI.

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

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

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

Member's explanatory statement

This amendment seeks to require firms in the financial services sector to have a designated AI officer.

LORD HOLMES OF RICHMOND

169 After Clause 47, insert the following new Clause—

"Know Your Customer regulations review

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

(a) enabling greater inclusion,

(b) enabling greater efficiency, and

(c) removing outdated measures."

Member's explanatory statement

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

LORD HOLMES OF RICHMOND

170 After Clause 47, insert the following new Clause—

"National financial education strategy

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

(2) The Strategy must—

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

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

(i) cryptoassets,

(ii) digital assets,

(iii) stable coins,

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

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

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

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

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

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

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

LORD HOLMES OF RICHMOND

171 After Clause 47, insert the following new Clause—

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

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

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

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

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

BARONESS SHEEHAN
BARONESS BOYCOTT
BARONESS YOUNG OF OLD SCONE

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

“Forest risk commodities

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

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

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

Clause 52

BARONESS NEVILLE-ROLFE
LORD ALTRINCHAM

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

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

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

BARONESS NEVILLE-ROLFE
LORD ALTRINCHAM

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

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

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

Financial Services and Markets Bill [HL]

MARSHALLED
LIST OF AMENDMENTS
TO BE MOVED
IN GRAND COMMITTEE

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