Financial Services and Markets Bill [HL]

AMENDMENTS

TO BE MOVED

IN GRAND COMMITTEE

[Supplementary to the Marshalled List]

Amendment No.

Schedule 2

LORD HOLMES OF RICHMOND

47A★ Schedule 2, page 72, line 11, at end insert—

"6A After section 1QA insert—

"1QB The Payment Systems Panel

(1) Arrangements under section 1M must include the establishment and maintenance of a panel of persons (to be known as "the Payments System Panel") to represent the interests of—

(a) participants in regulated payment systems, and

(b) those who use, or are likely to use, services provided by regulated payment systems.

(2) The FCA must appoint one of the members of the Payments System Panel to be its chair.

(3) The Treasury's approval is required for the appointment or dismissal of the chair.

(4) The FCA must appoint to the Payments System Panel such persons to represent interests and expertise relevant to the FCA's payment systems objectives.""

Member's explanatory statement

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

LORD HOLMES OF RICHMOND

55A★ Schedule 2, page 77, line 40, at end insert—

“(aa) the ease with which persons who may wish to use those services can do so;”

Member's explanatory statement
The bill’s new payment systems competition objective definition omits elements of the existing statutory competition objective. This amendment and others in the name of Lord Holmes of Richmond seek to ensure the transfer of all existing provisions of the statutory competition objective.

LORD HOLMES OF RICHMOND

55B★ Schedule 2, page 78, line 10, after “providers” insert “, or persons who wish to become infrastructure providers,”

Member's explanatory statement
The bill’s new payment systems competition objective definition omits elements of the existing statutory competition objective. This amendment and others in the name of Lord Holmes of Richmond seek to ensure the transfer of all existing provisions of the statutory competition objective.

LORD HOLMES OF RICHMOND

55C★ Schedule 2, page 78, line 12, after “providers” insert “, or persons who wish to become payment service providers,”

Member's explanatory statement
The bill’s new payment systems competition objective definition omits elements of the existing statutory competition objective. This amendment and others in the name of Lord Holmes of Richmond seek to ensure the transfer of all existing provisions of the statutory competition objective.

Clause 14

LORD HOLMES OF RICHMOND

64A★ Clause 14, page 16, line 35, at end insert—

“(1C) Regulations made under subsection (1A) may make provision in relation to—

(a) the Financial Conduct Authority, in respect of its functions under the Financial Services and Markets Act 2000;

(b) the Financial Conduct Authority, in respect of its functions relating to payment services or electronic money;

(c) Ofcom;

(d) the National Crime Agency;

(e) the National Economic Crime Centre;

(f) law enforcement agencies.”

Member's explanatory statement
The amendment seeks to require more effective intelligence sharing between supervisory authorities.

BARONESS NEVILLE-JONES
LORD ALTRINCHAM

★ *The above-named Lords give notice of their intention to oppose the Question that Clause 14 stand part of the Bill.*

After Clause 14

BARONESS NEVILLE-JONES
LORD ALTRINCHAM

69A★ After Clause 14, insert the following new Clause—

"Anti-money laundering: supervision transition report

(1) Before section 14 of this Act comes into force, the Treasury must lay before Parliament a report on the process for transferring anti-money laundering responsibilities from professional bodies to the Financial Conduct Authority (FCA).

(2) A report under subsection (1) must set out—
  (a) the timetable and transition arrangements for the transfer of responsibilities from professional bodies to the FCA,
  (b) how financial and compliance burdens on the supervised population will be kept proportionate,
  (c) what support, education and guidance arrangements will be in place for the supervised population, and
  (d) a process for consulting with existing supervisory bodies and other affected groups on the regulations and transition materials for the transfer of responsibilities."

Member's explanatory statement
This amendment seeks to require the Treasury to report to Parliament on the process for transferring responsibilities under clause 14.

Clause 16

LORD ASHCOMBE

69B★ Clause 16, page 18, line 33, leave out "5" and insert "3"

LORD ASHCOMBE

73A★ Clause 16, page 20, line 10, leave out "5" and insert "3"

Clause 17

BARONESS BOWLES OF BERKHAMSTED

83A★ Clause 17, page 21, line 34, after "duties)" insert—

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

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

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

(b)"

Member's explanatory statement
This amendment combines the proportionality amendments tabled by Baroness Noakes with additional text restoring protections for the differences in size, nature and objectives of businesses from the original FSMA regulatory principles.

BARONESS BOWLES OF BERKHAMSTED

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

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

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

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

Member's explanatory statement
This amendment combines the proportionality amendments tabled by Baroness Noakes with additional text restoring protections for the differences in size, nature and objectives of businesses from the original FSMA regulatory principles.

Clause 20

LORD HOLMES OF RICHMOND

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

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

After Clause 20

LORD HOLMES OF RICHMOND

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

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

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

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

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

(a) the competition objective, and

(b) the competitiveness and growth objective.

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

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

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

(b) the medium and long-term growth

of the economy of the United Kingdom.""

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

After Clause 22

LORD HUNT OF WIRRAL

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

"FCA: wholesale markets and firms division

(1) The FCA must, within 12 months of the day on which this Act is passed—

(a) establish and maintain a dedicated unit (a “Wholesale Markets and Firms Division”) within its organisation, and
(b) appoint a Deputy Chief Executive to lead this division.

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

(3) The FCA, in discharging its functions through a Wholesale Markets and Firms Division, must—
(a) act in a way which advances the regulator’s operational objectives,
(b) act, so far as reasonably possible, in a way which advances the regulator’s duties under section 1EB (competitiveness and growth objective) and section 3B (regulatory principles to be applied by both regulators) of the Financial Services and Markets Act 2000, and
(c) have regard, in particular, to the desirability of—
(i) reducing regulatory burdens on participants in wholesale markets,
(ii) facilitating innovation in wholesale financial services, and
(iii) promoting sustainable growth and international competitiveness of UK wholesale markets.

(4) A Wholesale Markets and Firms Division must be responsible for—
(a) the development, implementation and supervision of rules and policies relating to wholesale markets;
(b) authorisation and supervision of wholesale markets and firms;
(c) engagement with market participants active in wholesale markets, including international firms;
(d) advising the regulator on the impact of its policies and rules on wholesale market activity, investment and competitiveness.

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

(6) A report under subsection (5) must—
(a) be provided to the Treasury, and
(b) include an assessment of—
(i) steps taken to reduce regulatory burdens in wholesale markets,
(ii) progress in supporting innovation,
(iii) the contribution of wholesale markets to investment and growth in the United Kingdom, and
(iv) the extent to which the regulator has advanced its secondary competitiveness and growth objective in relation to wholesale markets.

(7) In this section—
“wholesale firms” means regulated firms whose customers, clients or counterparties are pre-dominantly not covered by the UK consumer duty;

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

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

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

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

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

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

After Clause 46

LORD RANGER OF NORTHWOOD

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

"Digital Assets Industry Forum

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

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

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

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

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

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

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

(4) The Forum must be co-chaired by—

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Member's explanatory statement

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

LORD RANGER OF NORTHWOOD

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

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

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

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

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

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

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

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

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

(i) new entrants and incumbent firms,

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

(iii) smaller firms and larger firms,

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

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

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

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

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

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

(a) the Bank of England;

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

(4) The Treasury must publish the report.”

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

LORD RANGER OF NORTHWOOD

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

“Review of consumer redress mechanisms in relation to digital assets

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

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

(i) whether a digital asset activity is regulated,

(ii) what redress mechanisms are available in relation to that activity, and

(iii) the limits of any such mechanisms,

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

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

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

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

(a) the Financial Conduct Authority;

(b) the Prudential Regulation Authority;

(c) the Bank of England;

(d) the scheme operator of the ombudsman scheme;

(e) the Financial Services Compensation Scheme;

(f) representatives of relevant industry forum;

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

(4) The Treasury must publish the report.”

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

After Clause 47

BARONESS NEVILLE-ROLFE
LORD ALTRINCHAM

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

“Reform of financial services dispute resolution

(1) The Treasury must, within the period of 12 months beginning with the day on which this Act is passed, publish draft legislation containing provision—

(a) replacing the ombudsman scheme established under Part XVI of the Financial Services and Markets Act 2000 with a scheme to be known as the Financial Adjudication Service;

(b) removing the requirement in section 228(2) of that Act that complaints be determined by reference to what is fair and reasonable in all the circumstances of the case;

(c) requiring complaints within the compulsory jurisdiction of the Financial Adjudication Service to be determined by reference to such statutory requirements as may be specified.

(d) providing free access to the Financial Adjudication Service for complainants;

(e) providing that the expenses of the Financial Adjudication Service are met by levies or fees imposed on regulated persons;

(f) providing that determinations of the Financial Adjudication Service are binding on both parties unless appealed as described in subsection (2);

(g) making such amendments to Part XVI and Schedule 17 of the Financial Services and Markets Act 2000, and any other enactment, as the Treasury considers necessary for the purposes of that provision.

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

Member's explanatory statement

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

Financial Services and Markets Bill [HL]

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22 June 2026