Financial Services and Markets Bill [HL]

SIXTH 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 39

BARONESS NEVILLE-ROLFE
LORD ALTRINCHAM

The above-named Lords give notice of their intention to oppose the Question that Clause 39 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.

BARONESS NEVILLE-ROLFE
LORD ALTRINCHAM
LORD TUNNICLIFFE

The above-named Lords give notice of their intention to oppose the Question that Clause 40 stand part of the Bill.

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 and another in the name of Baroness Neville-Rolfe 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.

BARONESS NEVILLE-ROLFE
LORD ALTRINCHAM
LORD HOWARD OF RISING

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

"Removal of ring-fencing regime for banks

(1) In the Financial Services and Markets Act 2000, omit Part 9B (ring-fencing).

(2) In consequence of subsection (1)—

(a) secondary legislation made under Part 9B of the Financial Services and Markets Act 2000, so far as it relates to ring-fencing, is repealed;

(b) in the Financial Services (Banking Reform) Act 2013, omit—

(i) sections 1 to 8 (ring-fencing and ring-fencing review), and

(ii) Schedule 1 (ring-fencing transfer schemes);

(c) any other provision made by or under any enactment, so far as it is consequential on Part 9B of the Financial Services and Markets Act 2000, is repealed.

(3) The Treasury must, within the period of 12 months beginning with the day on which this Act is passed, publish draft legislation containing provision in connection with the repeal made by subsection (1).

(4) Draft legislation under subsection (3) may in particular—

(a) amend, repeal or revoke any provision made by or under primary or secondary legislation;

(b) make provision governing the transition of ring-fenced bodies and groups to a non-ring-fenced structure;

(c) make provision in connection with the continuity of contractual arrangements and regulatory permissions.

(5) The Prudential Regulation Authority, the Financial Conduct Authority and the Bank of England must, as soon as reasonably practicable after the the day on which this Act is passed—

(a) review their rules, guidance and supervisory statements to identify any provisions relating to the ring-fencing regime;

(b) revoke or amend such provisions as necessary to give effect to subsection (1);

(c) publish a statement setting out how they will ensure an orderly transition away from the ring-fencing regime.

(6) The Treasury must lay before Parliament, within six months of the day on which this Act is passed, a report on the planning for the implementation off the repeal of the ring-fencing regime.

(7) Subsections (1) to (5) may not come into force until the Treasury is satisfied that adequate provision has been made to ensure an orderly transition

(8) In exercising their functions under this section, the Treasury, the Prudential Regulation Authority, the Financial Conduct Authority and the Bank of England must have regard to—

(a) the desirability of maintaining financial stability;

(b) the need to ensure continuity of core banking services;

(c) the objective of promoting the international competitiveness of the United Kingdom's financial services sector."

Member's explanatory statement
This amendment repeals the statutory ring fencing regime for banks and requires the Treasury and regulators to ensure its orderly removal while maintaining financial stability and continuity of core banking services.

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
LORD HOLMES OF RICHMOND

163 After Clause 46, insert the following new Clause—

“Review of tokenisation in UK wholesale financial markets

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

(2) A report under subsection (1) must consider, in particular—
(a) the extent to which the existing legal and regulatory framework supports the safe adoption of tokenisation in UK wholesale financial markets;
(b) the extent to which current arrangements provide sufficient legal certainty in relation to the issuance, holding, transfer and settlement of tokenised financial assets;
(c) the prudential treatment of tokenised assets and the extent to which such treatment is consistent with equivalent non-tokenised assets, where the underlying risks are equivalent;
(d) the availability and suitability of settlement arrangements for tokenised financial market transactions;
(e) the progress of the Digital Securities Sandbox and the extent to which it is expected to support the development of any permanent regulatory framework;
(f) barriers to interoperability between tokenised and non-tokenised market infrastructure, and between different tokenised market infrastructure arrangements;
(g) the effect of the current framework on innovation, investment and the international competitiveness of UK financial markets;
(h) any further legislative or regulatory changes which the Treasury considers may be required.

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

(b) the Prudential Regulation Authority;
(c) the Financial Conduct Authority;
(d) such other persons as the Treasury considers appropriate.

(4) The Treasury must publish the report."

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

BARONESS NEVILLE-ROLFE
LORD ALTRINCHAM
LORD RANGER OF NORTHWOOD

164 After Clause 46, insert the following new Clause—

"Digital assets strategy

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

(2) A strategy under subsection (1) must consider, in particular—
(a) the Government's approach to the regulation of digital assets, including cryptoassets, qualifying stablecoins, Central Bank Digital Currencies, tokenised securities and other digital and tokenised financial assets;
(b) the practical operation of digital asset businesses and activities under current legal, regulatory and market conditions in the United Kingdom;
(c) the extent to which firms carrying on, or seeking to carry on, digital asset activities in the United Kingdom are able to obtain and maintain appropriate access to banking, payment and settlement services;
(d) the risks to competition, innovation and lawful market participation arising from the withdrawal or denial of such services, including where this is done on a blanket or insufficiently risk-sensitive basis;
(e) developments in the law, regulation and supervisory practice of other jurisdictions so far as relevant to the safe regulation of new asset classes and digital financial market infrastructure, including digital currency exchanges;
(f) the interaction between the regulation of digital assets and the development of related regimes and initiatives, including in relation to tokenisation, stablecoins, digital settlement assets and other digital payment or settlement arrangements relevant to financial markets;
(g) the implications of the current and proposed framework for consumer protection, market integrity, financial stability and the international competitiveness of the United Kingdom;
(h) any legislative or regulatory changes which the Treasury considers may be required.

(3) In preparing a strategy under subsection (1), the Treasury must consult—
(a) the Bank of England,
(b) the Prudential Regulation Authority,
(c) the Financial Conduct Authority,
(d) representatives from industry forums, and
(e) such other persons as the Treasury considers appropriate.”

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

LORD RANGER OF NORTHWOOD

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

“Digital Assets Industry Forum

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

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

(3) In carrying out the duty under subsection (1), the regulators must secure, so far as reasonably practicable, that the Forum includes representatives of—
(a) firms carrying on, or seeking to carry on, digital asset activities in the United Kingdom,
(b) recognised industry and trade bodies representing such firms,
(c) firms and bodies operating in related areas of banking, payments, settlement, custody, market infrastructure and tokenisation, and
(d) such other persons as the regulators consider appropriate.

(4) The Forum must be co-chaired by—
(a) a senior representative nominated jointly by the Financial Conduct Authority and the Prudential Regulation Authority, and
(b) a senior person appointed from among the non-regulator members of the Forum in accordance with the statement of policy under subsection (6).

(5) In exercising their functions in relation to digital assets and related digital financial market infrastructure, the regulators must have regard to the desirability of using the Forum to—
(a) obtain views on the practical effect, clarity, consistency and proportionality of proposed rules, guidance and supervisory approaches,

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

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

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

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

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

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

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

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

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

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

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

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

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

Member's explanatory statement

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

LORD RANGER OF NORTHWOOD

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

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

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

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

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

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

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

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

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

(i) new entrants and incumbent firms,

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

(iii) smaller firms and larger firms,

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

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

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

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

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

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

(a) the Bank of England;

(b) the Prudential Regulation Authority;

(c) the Financial Conduct Authority;

(d) the Competition and Markets Authority;

(e) representatives from industry forums;

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

(4) The Treasury must publish the report."

Member's explanatory statement

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

LORD RANGER OF NORTHWOOD

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

“Review of consumer redress mechanisms in relation to digital assets

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

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

(a) the extent to which existing consumer redress mechanisms applying in relation to financial services, including complaints, ombudsman, compensation and other redress arrangements, are capable of operating effectively in relation to digital assets and related activities,

(b) the extent to which the Financial Conduct Authority, the Prudential Regulation Authority, the Bank of England, the scheme operator of the ombudsman scheme and the Financial Services Compensation Scheme are prepared for the development of a regulated digital assets market in the United Kingdom,

(c) whether the Government intends that consumer redress in relation to digital assets should be addressed principally through adaptation and clarification of existing regulatory and redress mechanisms, or through a comprehensive review of the framework,

(d) the advantages and disadvantages of a gradual approach as compared with a comprehensive or system-wide approach, including the effect of each on clarity, proportionality, speed of implementation and international competitiveness,

(e) whether the current and proposed frameworks are likely to provide outcomes that are fair, timely and comprehensible for consumers and market participants in relation to digital assets,

(f) the extent to which consumers and firms are able to determine with reasonable clarity—

(i) whether a digital asset activity is regulated,

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

(iii) the limits of any such mechanisms,

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

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

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

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

(a) the Financial Conduct Authority;

(b) the Prudential Regulation Authority;

(c) the Bank of England;

(d) the scheme operator of the ombudsman scheme;

(e) the Financial Services Compensation Scheme;

(f) representatives of relevant industry forum;

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

(4) The Treasury must publish the report.”

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

LORD HOLMES OF RICHMOND

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

“Cross-border cooperation frameworks

(1) The Secretary of State must use reasonable endeavours, within 12 months of the day on which this Act is passed, to enter into Memoranda of Understanding with the relevant regulatory authorities in—

(a) the United States of America,

(b) the European Union,

(c) Singapore,

(d) Hong Kong,

(e) Switzerland, and

(f) the United Arab Emirates.

(2) Each Memorandum of Understanding must address, so far as is reasonably practicable—

(a) mutual recognition or equivalence arrangements for digital asset standards,

(b) cross-border settlement interoperability, including atomic settlement and delivery-versus-payment models,

(c) regulatory information sharing in relation to digital asset service providers,

(d) coordination on composability standards for decentralised finance and programmable finance applications.

(3) The FCA must, in exercising its functions relating to digital markets, actively participate in relevant international fora on—

(a) cross-border settlement standards,

(b) tokenisation interoperability, and
(c) composability protocols for digital financial markets.

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

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

LORD HOLMES OF RICHMOND

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

“Shared digital identity and compliance utilities

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

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

(3) The FCA may make rules—
(a) requiring regulated institutions to register with and use the identity utility or compliance utility once operational;
(b) providing that compliance with compliance utility standards satisfies the customer due diligence requirements of the Money Laundering, Terrorist Financing and Transfer of Funds (Information on the Payer) Regulations 2017.

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

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

LORD HOLMES OF RICHMOND

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

"Prudential alignment of tokenised and traditional assets

(1) The PRA and the FCA must, within 18 months of the day on which this Act is passed, jointly publish guidance ensuring consistent treatment of tokenised and traditional instruments in respect of—
(a) capital requirements, ensuring that tokenised instruments that are economically equivalent to traditional instruments attract equivalent capital treatment,
(b) liquidity requirements, ensuring that tokenised high-quality liquid assets are eligible for the same treatment as their traditional equivalents, subject to assessment of operational and settlement risk, and
(c) collateral eligibility, ensuring that tokenised securities posted as collateral are recognised on terms at least as favourable as their traditional equivalents, subject to appropriate haircuts for settlement and custody risk.

(2) The guidance must explain—
(a) the methodology by which equivalence is assessed,
(b) where differential treatment is applied, the basis for such differential treatment, and
(c) the transitional arrangements applicable during the period before tokenised markets achieve full operational maturity.

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

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

LORD HOLMES OF RICHMOND

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

"Interoperability sandbox and fast-lane authorisation

(1) The FCA must establish and operate an additional Digital Financial Markets Sandbox ("the Sandbox") for the purpose of enabling—

(a) multi-institution pilots of composable digital workflows, including cross-network settlement, programmable collateral, and tokenised asset issuance;
(b) testing of cross-border delivery-versus-payment models in partnership with foreign regulatory sandboxes;
(c) interoperability testing between traditional market infrastructure and distributed ledger technology-based systems.

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

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

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

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

LORD HOLMES OF RICHMOND

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

"Digital financial markets education and use case library

(1) The FCA must, within 12 months of the day on which this Act is passed, develop and publish a national digital financial markets education programme, covering—
(a) an explanation of composability in financial markets, its benefits, and the operational, legal, and regulatory changes it requires,
(b) educational materials targeted at regulated institutions, professional market participants, and retail investors, and
(c) training resources for compliance, risk, and legal professionals at regulated institutions.

(2) The FCA must publish and maintain a digital markets use case library, covering—
(a) wholesale use cases, including—
(i) programmable collateral management;
(ii) tokenised fund structures and net asset value calculation;
(iii) cross-border delivery-versus-payment settlement;
(iv) on-chain corporate actions;
(v) intraday repurchase agreements using tokenised assets;
(b) retail use cases, including—
(i) tokenised savings products;
(ii) retail participation in tokenised bond markets;
(iii) digital wallet-based payment and settlement;
(c) in each case, the regulatory treatment applicable to each use case, cross-referenced to the relevant sections of the Financial Services and Markets Act 2000 and FCA rules.

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

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

LORD HOLMES OF RICHMOND

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

"Issuer Digitalisation Council

(1) The Secretary of State must, within 12 months of the day on which this Act is passed, by regulations made by statutory instrument establish an Issuer Digitalisation Council ("the Council") for the purpose of—
(a) defining and publishing standards and guidance to enable traditional and digital issuers to operate in a digitised UK capital market;
(b) publishing a cost-benefit framework for the adoption of tokenised issuance and associated digital infrastructure by issuers;
(c) providing advice to the Treasury, the FCA and the PRA on matters relating to digital market infrastructure.

(2) The Council must include within its scope—
(a) onboarding processes for issuers entering a tokenised market;
(b) token design standards and issuer obligations in respect of lifecycle events (including issuance, transfer, redemption, corporate actions, and maturity);
(c) disclosure obligations applicable to tokenised securities and digital settlement assets;
(d) analysis of the relative costs and benefits of adoption of tokens compared to traditional issuance models.

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

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

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

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

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

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

Member's explanatory statement

The Council is modelled on existing FCA panel structures (see Schedule 1ZA to FSMA 2000, as amended by Schedule 2 to this Bill). A regulatory cost-benefit framework for adoption is intended to avoid the market failure of issuers refusing digitalisation due to perceived regulatory uncertainty. The 12-month deadline mirrors the approach taken in section 3 of the Financial Services Act 2012 for the creation of the Financial Policy Committee.

LORD HOLMES OF RICHMOND

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

“Common token and data standards

(1) The FCA may, having consulted the Bank of England, the PRA and the Council established under section (*Issuer Digitalisation Council*), make rules requiring regulated institutions to—

(a) adopt and implement a unified token standard aligned with ISO 20022 and such other international best practice as the FCA may specify;

(b) use a common data taxonomy for the representation and communication of tokenised assets, rights and obligations;

(c) implement messaging standards compatible with such standards as will promote interoperability between regulated institutions and public sector payment and settlement systems.

(2) The FCA must publish and maintain a digital assets taxonomy, which must—

(a) define the categories of tokenised instrument, digital settlement asset and cryptoasset to which rules under subsection (1) apply;

(b) be reviewed at least every two years;

(c) be developed in consultation with the Council, the Bank of England, the Treasury and international standard-setting bodies.

(3) Rules under subsection (1) may—

(a) make provision applying to different categories of regulated institution, including authorised persons, recognised bodies, and participants in regulated payment systems;

(b) provide for a transition period not exceeding three years from the date on which rules are made;

(c) specify minimum technical requirements by reference to standards maintained by third parties, as those standards have effect from time to time.

(4) For the purposes of this section, "regulated institution" means—

(a) an authorised person, as defined in section 31 of the Financial Services and Markets Act 2000 (authorised persons);

(b) a recognised body within the meaning of Part 18 of the Financial Services and Markets Act 2000 (recognised investment exchanges, clearing houses, CSDs and other parties);

(c) a participant in a regulated payment system within the meaning of Part 8C of the Financial Services and Markets Act 2000 (inserted by Schedule 2 of this Act)."

Member's explanatory statement
This amendment uses the existing FCA rule-making powers under section 138I of FSMA 2000 but applies them specifically to digital asset standards. The reference to ISO 20022 avoids specifying a proprietary standard. Linking to the Part 8C payment systems framework ensures payment rail neutrality. The mandatory taxonomy prevents regulatory arbitrage through definitional ambiguity — a known failure mode in crypto regulation globally.

LORD HOLMES OF RICHMOND

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

"FCA rules: model contracts

(1) The FCA must, within 18 months of the day on which this Act is passed, make rules setting out model clauses for use in financial transactions involving tokenised securities, including provisions addressing—

(a) transfer of title and settlement finality;

(b) corporate action entitlements;

(c) insolvency treatment of tokenised assets.

(2) The rules may make different provision for different types of tokenised instrument or distributed ledger system."

Member's explanatory statement
This amendment proposes the use of model clauses for tokenised securities transactions, following the approach taken in other jurisdictions including Singapore.

LORD HOLMES OF RICHMOND

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

"Payment rail neutral framework for digital assets

(1) The Secretary of State may by regulations made by statutory instrument establish a framework for the use of digital settlement assets as payment and settlement instruments in wholesale and retail markets, covering—

(a) tokenised bank deposits issued by authorised deposit takers;
(b) regulated digital settlement tokens, being digital settlement assets backed on a one-to-one basis by fiat currency held in a segregated account;
(c) synthetic models involving tokenised representations of commercial bank money;
(d) fully-backed stablecoins issued by an authorised person as defined in section 31 of the Financial Services and Markets Act 2000 (authorised persons).

(2) Regulations under subsection (1) must be made in accordance with the following principles—
(a) payment rail neutrality, meaning that no single payment instrument or technology must be privileged over others without objective justification based on risk;
(b) safety, meaning that each instrument type must be subject to requirements ensuring the safety of user funds, including capital, liquidity or collateral requirements calibrated to the risk profile of the instrument;
(c) redeemability, meaning that holders of instruments within subsection (1)(b) and (d) must be able to redeem at par on demand or within a specified period;
(d) transparency, meaning that issuers must publish regular disclosures covering reserve composition, redemption terms, and operational risks.

(3) The FCA may make rules giving effect to a framework established by regulations under subsection (1), including rules specifying—
(a) the authorisation requirements applicable to each instrument type;
(b) prudential and conduct requirements;
(c) the requirements for recognition of a digital settlement asset as a "digital settlement asset" for the purposes of Part 8C of the Financial Services and Markets Act 2000 (inserted by Schedule 2 of this Act).

(4) In exercising functions under this section, the FCA and the Treasury must have regard to the objective of not creating regulatory asymmetries between instrument types that produce materially equivalent economic outcomes for users.

(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 operationalises payment rail neutrality. The four instrument types are intended to reflect current market reality. The redeemability and transparency requirements borrow from the Electronic Money Regulations 2011 (which the Bill partially repeals) but update them for a digital ledger technology environment. Subsection (4) creates an explicit anti-asymmetry duty, seeking to guard against lobbying that might push regulators to favour one rail.

LORD HOLMES OF RICHMOND

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

"Custodial infrastructure: bridging traditional and token-native systems

(1) The Secretary of State may by regulations made by statutory instrument designate the following as regulated activities for the purposes of the Financial Services and Markets Act 2000 (in addition to any activities already so treated)—

(a) safeguarding and administering tokenised securities using a distributed ledger system;

(b) operating infrastructure bridging a traditional central securities depository and a distributed ledger system ("bridge infrastructure");

(c) providing omnibus or segregated tokenised custody arrangements for retail or wholesale clients.

(2) The FCA must make rules, within 24 months of any designation under subsection (1) taking effect, specifying—

(a) the conditions for authorisation as a tokenised custodian in each category;

(b) client asset protection requirements, including requirements for segregation of tokenised assets equivalent in outcome to the requirements applicable to traditional custody;

(c) operational resilience requirements for bridge infrastructure;

(d) disclosure obligations to clients regarding the technical and legal nature of their custodial arrangement.

(3) Rules under subsection (2) must ensure that—

(a) a custodian operating both traditional and tokenised custody is subject to requirements that are equivalent in outcome to those applicable to traditional custody under the Client Assets Sourcebook (CASS);

(b) no competitive advantage is conferred on tokenised custodians relative to traditional custodians through differential treatment of materially equivalent risks.

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

Member's explanatory statement
This amendment uses the existing regulated activities order mechanism (section 22 of FSMA 2000). The bridge infrastructure category means existing central securities depositories (CREST, Euroclear) will not be replaced overnight; they will be bridged.

LORD HOLMES OF RICHMOND

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

"Tokenised markets issuer pathway

(1) The FCA must, within two years of the day on which this Act is passed, publish a tokenised markets issuer pathway, setting out—

(a) the regulatory requirements applicable to issuers wishing to issue securities in tokenised form, across all stages of the issuance life cycle;

(b) governance requirements for the operation and maintenance of tokenised securities programmes;

(c) life cycle management standards, covering issuance, secondary market trading, corporate actions, redemption and maturity;

(d) composability requirements: standards enabling tokenised securities to interact with decentralised finance protocols, digital payment rails, and cross-border settlement systems;

(e) interoperability requirements consistent with the standards mandated under section (*Common token and data standards*);

(f) disclosure standards for tokenised securities, including prospectus disclosure adaptations.

(2) The pathway must be developed in consultation with—

(a) the Council established under section (*Issuer Digitalisation Council*);

(b) the Bank of England;

(c) the Prudential Regulation Authority;

(d) industry representatives nominated by the Treasury.

(3) The pathway is not a binding instrument but the FCA must have regard to it when exercising its functions under the Financial Service and Markets Act 2000 in relation to tokenised securities."

Member's explanatory statement
This amendment proposes a "pathway" model, which is deliberately non-prescriptive. The FCA's duty to "have regard" intends to provide market participants with regulatory certainty. The composability requirement in subsection (1)(d) seeks to prevent the creation of isolated tokenised issuance silos that cannot interact with the broader digital financial system.

LORD HOLMES OF RICHMOND

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

"Long-term payment rail innovation and neutrality

(1) In exercising its functions under Part 8C of the Financial Services and Markets Act 2000 (payment systems) and under any regulations made under section (*Payment rail neutral framework for digital assets*), the FCA must have regard to the principles that—

(a) no payment instrument, payment rail, or settlement mechanism should receive regulatory treatment that is materially more favourable than that received by other instruments, rails or mechanisms presenting materially equivalent risks, unless such differential treatment is objectively justified on grounds of systemic risk, consumer protection, or financial stability;

(b) stablecoins, tokenised deposits, and alternative settlement assets should be capable of competing on a level regulatory playing field, as those markets evolve.

(2) The FCA must publish, at intervals of not more than three years, a review of whether the existing regulatory framework for payment rails—

(a) remains consistent with the principles in subsection (1);

(b) provides a sufficiently flexible framework to accommodate innovations not foreseeable at the time of this Act;

(c) creates any regulatory asymmetries that require correction.

(3) Following a review under subsection (2), the Treasury may make amendments to regulations made under section (*Payment rail neutral framework for digital assets*) or to the payment systems framework in Part 8C of the Financial Services and Markets Act 2000 (payment systems) as appear to the Secretary of State to be necessary to maintain payment rail neutrality."

Member's explanatory statement

The amendment ensures that the regulatory framework does not ossify around the payment technologies that are current at the time of enactment. The three-year review cycle mirrors the approach taken for the FCA's Regulatory Initiatives Grid.

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 LAWLOR
As an amendment to Amendment 165

165A After subsection (2)(a), insert—

"(aa) the provision of preparatory training relating to the interpretation and application of the provisions of this Act,"

BARONESS NEVILLE-ROLFE
LORD ALTRINCHAM

166 After Clause 47, insert the following new Clause—

"Duty to have regard to net regulatory burden

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

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

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

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

BARONESS NEVILLE-ROLFE
LORD ALTRINCHAM
BARONESS ALTMANN

167 After Clause 47, insert the following new Clause—

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

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

(a) financial services and markets,

(b) personal financial management,

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

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

(e) pensions."

Member's explanatory statement

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

LORD HOLMES OF RICHMOND

168 After Clause 47, insert the following new Clause—

"Designated artificial intelligence officer

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

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

(a) safe,

(b) ethical,

(c) unbiased, and

(d) non-discriminatory use of AI.

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

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

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

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

LORD HOLMES OF RICHMOND

169 After Clause 47, insert the following new Clause—

"Know Your Customer regulations review

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

(a) enabling greater inclusion,
(b) enabling greater efficiency, and
(c) removing outdated measures."

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

LORD HOLMES OF RICHMOND

170 After Clause 47, insert the following new Clause—

"National financial education strategy

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

(2) The Strategy must—
  (a) identify gaps in financial literacy among adults and young people across the United Kingdom, with particular regard to underserved and financially excluded communities;
  (b) set out a plan for improving consumer understanding of digital and emerging financial products, including—
    (i) cryptoassets,
    (ii) digital assets,
    (iii) stable coins,
    (iv) AI-driven financial services, and embedded finance,
  (c) establish measurable outcomes and milestones for improving financial literacy over a five year period;
  (d) specify how the Strategy will be coordinated with the FCA's strategy under section 1JZA of the Financial Services and Markets Act 2000.

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

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

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

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

LORD HOLMES OF RICHMOND

171 After Clause 47, insert the following new Clause—

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

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

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

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

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

BARONESS SHEEHAN
BARONESS BOYCOTT
BARONESS YOUNG OF OLD SCONE
BARONESS PENN

172 After Clause 47, insert the following new Clause—

“Forest risk commodities

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

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

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

BARONESS NEVILLE-ROLFE
LORD ALTRINCHAM

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

"Reform of financial services dispute resolution

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

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

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

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

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

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

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

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

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

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

LORD CARLILE OF BERRIEW

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

"Review: claims management services

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

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

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

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

BARONESS BENNETT OF MANOR CASTLE

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

"Review of the City of London Corporation

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

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

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

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

BARONESS NEVILLE-ROLFE
LORD ALTRINCHAM

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

"Review of regulatory causes of debanking

(1) Within 12 months of the day on which this Act is passed, the Treasury must lay before Parliament a report reviewing the extent to which individuals, businesses, charities and other organisations have been refused access to banking services, had banking services terminated, or had the use of banking services materially

restricted as a result of regulatory requirements, regulatory uncertainty or risk aversion arising from the operation of the regulatory framework.

(2) A report under subsection (1) must consider, in particular—
  (a) the scale and nature of debanking in the United Kingdom;
  (b) the categories of individuals, businesses, charities and other organisations most affected by debanking;
  (c) the sectors, industries or lawful activities most affected by debanking;
  (d) the extent to which debanking decisions are attributable, wholly or partly, to—
    (i) anti-money laundering requirements,
    (ii) counter-terrorist financing requirements,
    (iii) sanctions compliance,
    (iv) financial crime prevention requirements,
    (v) regulatory reporting, monitoring or due diligence obligations,
    (vi) regulatory guidance or supervisory expectations,
    (vii) fear of regulatory enforcement or supervisory criticism,
    (viii) uncertainty or confusion as to the proper interpretation of regulatory requirements, or
    (ix) the cumulative cost or burden of regulatory compliance.

(3) In preparing the report under subsection (1), the Treasury must seek evidence from, and consult—
  (a) the Financial Conduct Authority;
  (b) the Prudential Regulation Authority;
  (c) the Financial Ombudsman;
  (d) relevant financial institutions;
  (e) persons who have been refused banking services, had banking services terminated, or had such services materially restricted;
  (f) politically exposed persons, their family members and known close associates;
  (g) persons appearing to the Treasury to represent the interests of politically exposed persons, their family members and known close associates;
  (h) persons representing firms operating in the defence sector or sectors connected with national security;
  (i) persons representing charities, voluntary organisations and civil society organisations;
  (j) persons representing small and medium-sized enterprises, start-ups and new market entrants;
  (k) persons with expertise in anti-money laundering, counter-terrorist financing, sanctions compliance and financial crime regulation;
  (l) such other persons as the Treasury considers appropriate.

(4) The Treasury must publish the report.”

Member's explanatory statement
This new clause would require the Treasury to review whether debanking has occurred as a result of excessive regulation, regulatory uncertainty, confusion, supervisory expectations, enforcement risk or risk aversion arising from the operation of the regulatory framework. The review would identify the sectors and customer groups most affected, including politically exposed persons and their families, defence firms, charities, SMEs and other affected persons.

BARONESS NEVILLE-ROLFE

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

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

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

(2) In carrying out the review, the Treasury must consult—

(a) the Financial Conduct Authority,

(b) the Prudential Regulation Authority,

(c) the Competition and Markets Authority,

(d) such persons representing the interests of financial services firms, and

(e) such persons representing the interests of employees, senior managers and other individuals working in financial services as the Treasury considers appropriate.

(3) The Treasury must lay before Parliament, and publish, a report setting out—

(a) the findings of the review,

(b) any steps the Treasury considers should be taken by the Government or by regulators in consequence of the review, and

(c) whether the Treasury considers that further legislative provision is necessary.

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

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

BARONESS NEVILLE-ROLFE

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

"Review: senior management regime

(1) Within 12 months of the day on which this Act is passed, the Treasury must lay before Parliament a report on the effectiveness and operation of the senior managers regime under Part 5 of the Financial Services and Markets Act 2000 and other relevant financial services regulations and enactments.

(2) The review must in particular consider the effect of the regulatory regime for senior managers on—

(a) the ability of authorised persons to recruit, retain or deploy individuals to perform senior management functions;

(b) the attractiveness of the United Kingdom as a location for senior management functions in internationally active financial services firms."

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 and another in the name of Baroness Neville-Rolfe 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.

Financial Services and Markets Bill [HL]

SIXTH MARSHALLED
LIST OF AMENDMENTS
TO BE MOVED
IN GRAND COMMITTEE

7 July 2026

PUBLISHED BY AUTHORITY OF THE HOUSE OF LORDS