



House of Commons

NOTICES OF AMENDMENTS

given on

Wednesday 3 July 2013

*For other Amendment(s) see the following page(s) of Supplement to Votes:
487-98*

CONSIDERATION OF BILL

FINANCIAL SERVICES (BANKING REFORM) BILL

Ed Balls
Chris Leslie
Cathy Jamieson
Catherine McKinnell

17

Clause 4, page 9, leave out lines 8 to 21 and insert—

‘Reviews

142J Reviews of ring-fencing

- (1) The Treasury must make arrangements for the carrying out of reviews of the effects of the operation of the provision made by or under this Part in relation to ring-fenced bodies, including ring-fencing rules made by the PRA and the FCA. Such arrangements shall be set out in a statutory instrument subject to approval by resolution of both Houses of Parliament.
- (2) The first review must be completed before the end of the period of two years beginning with the date on which section 4 of the Financial Services (Banking Reform) Act 2013, so far as it inserts this section, comes into force.
- (3) Subsequent reviews must be completed before the end of the period of two years beginning with the date on which the previous review was completed.
- (4) Not less than nine months, nor more than 12 months, before the date on which a review is due to be completed, the PRA and the FCA must publish a joint assessment of the impact of the operation of their ring-fence rules.
- (5) For the purposes of this section a review is completed when the report of it is published.

142JA Persons by whom reviews are to be conducted

- (1) The Treasury shall appoint not fewer than five persons to conduct a review of whom one is to chair it.
- (2) A person may not be appointed to chair a review unless the chairman of the Treasury Committee of the House of Commons has notified the Treasury that, in

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the chairman's opinion, the person is likely to act independently of the Treasury, the PRA and the FCA in carrying out the review.

- (3) The persons appointed to conduct a review must include at least one person with substantial experience in central banking or financial regulation at a senior level.
- (4) The reference in subsection (2) to the Treasury Committee of the House of Commons—
 - (a) if the name of that Committee is changed, is to be treated as a reference to that Committee by its new name, and
 - (b) if the functions of that Committee (or substantially corresponding functions) become functions of a different Committee of the House of Commons, is to be treated as a reference to the Committee by which the functions are exercisable;

and any question arising under paragraph (a) or (b) is to be determined by the Speaker of the House of Commons.

142JB Reports of review

- (1) The persons appointed to conduct a review must give the Treasury a report of the review.
- (2) The report must include an assessment of the extent to which the provision made by or under this Part in relation to ring-fenced bodies, including ring-fencing rules made by the PRA and by the FCA, are facilitating the advancement by the PRA of the objective in section 2B(3)(c) and by the FCA of the continuity objective.
- (3) If the report is made before section 4 of the Financial Services (Banking Reform) Act 2013, so far as it inserts section 142JD, has come into force it must also include a recommendation as to whether or not section 4 of that Act should be brought into force to that extent.
- (4) The report must include—
 - (a) recommendations to the Treasury as to the provision that should be included in orders and regulations under this Part, and
 - (b) recommendations to the PRA and the FCA about the provision that should be included in ring-fencing rules.
- (5) The Treasury must lay a copy of the report before Parliament and publish it in such manner as it thinks fit.’

Ed Balls
Chris Leslie
Cathy Jamieson
Catherine McKinnell

18

Clause 4, page 9, line 21, at end insert—

‘Full separation

142JD General requirement of separation

- (1) Where the members of any group include one or more ring-fenced bodies and one or more other bodies, the members of the group must, before the end of the period of five years beginning with the relevant commencement date, take steps to secure that there are no members of the group that are ring-fenced bodies.
- (2) If in the case of any group steps to secure that there are no members of the group that are ring-fenced bodies are not taken within the period specified in subsection (1)—

Financial Services (Banking Reform) Bill, *continued*

- (a) at the end of that period the Part 4A permission of each member of the group that is a ring-fenced body shall be treated as having been cancelled to the extent that it relates to a core activity, and
 - (b) after the end of that period the appropriate regulator must refuse to give any member of the group a Part 4A permission to carry on a core activity.
- (3) At the end of the period specified in subsection (1)—
- (a) section 142H(1)(b) and (4) to (7), and
 - (b) section 142JC,
- cease to have effect.
- (4) In subsection (1) “the relevant commencement date” means the day appointed for the coming into force of section 4 of the Financial Services (Banking Reform) Act 2013 so far as it inserts this section.’

Professional standards

Ed Balls
Chris Leslie
Cathy Jamieson
Catherine McKinnell

NC3

To move the following Clause:—

‘After section 65 of FSMA 2000 insert—

“65A Professional Standards

- (1) The regulator will raise standards of professionalism in financial services by mandating a licensing regime based on training and competence. This must—
 - (a) apply to all approved persons exercising controlled functions, regardless of financial sector;
 - (b) specify minimum thresholds of competence including integrity, professional qualifications, continuous professional development and adherence to a recognised code of conduct and revised Banking Standards Rules;
 - (c) make provisions in connection with—
 - (i) the granting of a licence;
 - (ii) the refusal of a licence;
 - (iii) the withdrawal of a licence; and
 - (iv) the revalidation of a licensed person of a prescribed description whenever the appropriate regulator sees fit, either as a condition of the person continuing to hold a licence or of the person’s licence being restored;
 - (d) be evidenced by individuals holding an annual validation of competence;
 - (e) include specific provision for a Senior Persons Regime in relation to activities involving the exercise of a significant influence over a controlled function under section 59 of the Act.
- (2) In section 59, remove “authorised” and insert “licensed” throughout the section.”’.

Financial Services (Banking Reform) Bill, *continued*
Duty of Care

Ed Balls
Chris Leslie
Cathy Jamieson
Catherine McKinnell

NC4

To move the following Clause:—

‘At all times when carrying out core activities a ring-fenced body shall—

- (a) be subject to a fiduciary duty towards its customers in the operation of core services; and
- (b) be subject to a duty of care towards its customers across the financial services sector.’.

Remuneration reform

Ed Balls
Chris Leslie
Cathy Jamieson
Catherine McKinnell

NC5

To move the following Clause:—

‘Within six months of Royal Assent of this Act the Chancellor of the Exchequer shall, in consultation with the appropriate regulation, lay before Parliament proposals on reform of remuneration at UK financial institutions which shall include incentives to take account of the performance and stability of a UK financial institution over a five- to 10-year period.’.

Financial Crime Unit

Ed Balls
Chris Leslie
Cathy Jamieson
Catherine McKinnell

NC6

To move the following Clause:—

- (1) The Secretary of State shall by order create a new Financial Crime Unit as part of the Serious Fraud Office for the purpose of tackling financial crime.
- (2) The Treasury shall conduct a review into the creation of the Financial Crime Unit and consult on its proposals for the Financial Crime Unit’s powers and responsibilities.
- (3) The Treasury shall lay its proposals before both Houses of Parliament no later than six months after this Act comes into force.
- (4) The orders under subsection (1) may make such amendments to legislation as appear to the Treasury to be necessary or expedient for the purpose of creating the Financial Crime Unit.
- (5) The orders under subsection (1) may only be made if they have been laid before and approved by a resolution of each House of Parliament.’.

Financial Services (Banking Reform) Bill, *continued*

Protection for whistleblowers

Ed Balls
Chris Leslie
Cathy Jamieson
Catherine McKinnell

NC7

To move the following Clause:—

- ‘(1) After section 43B(f) of the Employment Rights Act 1996 there is inserted—
 - “(g) that a breach of regulated activities under FSMA 2000 or the Financial Services Act 2012 has been committed, is being committed, or is likely to be committed.”.
- (2) After section 43B(5) of the Employment Rights Act 1996 there is inserted—
 - “The chairman of the board of directors of any relevant UK financial institution will be informed of any protected disclosure made by a worker which qualifies under the terms of Part IVA of this Act.”.’.

Competition and Markets Authority review into competitiveness

Ed Balls
Chris Leslie
Cathy Jamieson
Catherine McKinnell

NC8

To move the following Clause:—

- ‘(1) The Chancellor of the Exchequer shall instruct the Competition and Markets Authority to begin a full market study, according to its powers under the Enterprise Act 2002, into UK financial services institutions involved in the provision of core services.
- (2) The full market study will consider:
 - (a) the level of competition among UK institutions involved in the provision of core services.
 - (b) the obstacles to increasing competition for UK institutions involved in the provision of core services.
 - (c) possible actions that could be taken to facilitate new UK institutions being competitive in the provision of core services.
- (3) The full market study will be published within a year of Royal Assent of this Act.
- (4) The review must result in a report to the Treasury.
- (5) The Treasury shall lay a copy of the report before both Houses of Parliament.’.

Leverage ratio

Ed Balls
Chris Leslie
Cathy Jamieson
Catherine McKinnell

NC9

To move the following Clause:—

- ‘(1) The Bank of England Act 1998 is amended as follows.
- (2) In Part 1A section 9D(1), for “may”, substitute “shall”.

Financial Services (Banking Reform) Bill, *continued*

- (3) In Part 1A after section 9D(1) insert—
- “(1A) The notice in subsection (1) shall include a target for the overall leverage of the UK’s financial system, to encompass also the activities of foreign financial institutions and non-bank originators of credit.”
- (4) After section 9D(3) insert—
- “(4) After each three month period, the Financial Policy Committee must respond to the notice of the economic policy of Her Majesty’s Government in subsection (1) by notifying the Treasury of—
- (a) any action that the Committee has taken to regulate leverage in the financial system to the identified target in a manner consistent with maintaining adequate credit availability and growth in the economy, or
 - (b) the Committee’s reasons for not intending to act to regulate leverage in the financial system to the identified target.
- (5) Notification under subsection (4) must be given in writing.
- (6) The Treasury shall—
- (a) publish in such a manner as they think fit any notification received under subsection (4), and
 - (b) lay a copy of such a notification before Parliament.”’.

Sale of state-owned banking assets

Ed Balls
Chris Leslie
Cathy Jamieson
Catherine McKinnell

NC10

To move the following Clause:—

- ‘(1) Before the sale of banking assets in the ownership of HM Treasury, the Treasury shall lay before Parliament a report setting out—
- (a) the manner in which the best interests of the taxpayer are to be protected in connection with such sale,
 - (b) the expected impact that any sale might have on competition for the provision of core services, customer choice and the rate of economic growth,
 - (c) an appraisal of the options for potential structural changes in the bank concerned including—
 - (i) the separation of the provision of core services from the provision of investment activities,
 - (ii) the retention of a class of assets in the ownership of HM Treasury,
 - (iii) the impact of any sale on the creation of a regional banking network.
- (2) A copy of the report in subsection (1) shall be laid before Parliament and sufficient time shall be given for the appropriate committees of both Houses of Parliament to consider its findings before any sale decision.’.

Financial Services (Banking Reform) Bill, *continued*

Reckless misconduct in the management of a bank

Ed Balls
Chris Leslie
Cathy Jamieson
Catherine McKinnell

NC11

To move the following Clause:—

- ‘(1) Within the three months of Royal Assent of this Act the Government shall publish proposals for the creation of a new criminal offence of reckless misconduct in the management of a bank.
 - (2) The new offence in subsection (2) should cover those approved persons who are licensed under a Senior Persons Regime.
 - (3) The Government shall bring forward further proposals within three months of Royal Assent of this Act for the civil recovery of monies obtained by individuals who have been found guilty of reckless misconduct in the management of a bank.’
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