

Financial Services Bill

AMENDMENTS
TO BE MOVED
IN GRAND COMMITTEE

After Clause 23

LORD TUNNICLIFFE
LORD EATWELL

Insert the following new Clause—

“Parliamentary statement: market access for Gibraltar and Crown Dependencies

Within 12 months of the day on which this Act is passed, the Treasury must lay before both Houses of Parliament a statement, or statements, containing an assessment of—

- (a) the Gibraltar Financial Services Commission and its regulatory framework, as it applies to approved activities,
- (b) the compatibility of that regulatory framework, as it applies to approved activities, with equivalent provisions in the United Kingdom,
- (c) the current position regarding financial services market access enjoyed by the Crown Dependencies, and
- (d) the case for extending, in whole or in part, financial services market access provisions for Gibraltar (under sections 22 and 23) to the Crown Dependencies.”

Member’s explanatory statement

This probing amendment aims to understand how the Government will assess regulatory alignment between the UK and Gibraltar, by requiring an initial assessment within 12 months of Royal Assent. It also seeks to understand why the Government is not exploring opportunities to improve market access for (and regulatory cooperation with) the Crown Dependencies.

After Clause 30

LORD TUNNICLIFFE
LORD EATWELL

Insert the following new Clause—

“Review of penalties for insider dealing and financial services offences

- (1) Within six months of the day on which this Act is passed, the Treasury must commission a review of penalties for insider dealing and financial services offences (“market abuse”).
- (2) The review under subsection (1) must include statistics relating to—
 - (a) the perceived level of market abuse,
 - (b) the number of arrests for market abuse, and
 - (c) the number of successful convictions for market abuse
 in each of the last five financial years.
- (3) The review under subsection (1) must also contain a summary of steps being taken by Her Majesty’s Government to ensure market abuse offences are identified and punished.
- (4) Within one month of the review under subsection (1) being completed, the Treasury must—
 - (a) lay the document before both Houses of Parliament, and
 - (b) make a statement responding to the review, including a declaration of whether and how the Treasury will act to—
 - (i) increase the resources available to those charged with investigating market abuse,
 - (ii) modernise and reform the United Kingdom’s suspicious activity reporting regime, and
 - (iii) ensure greater consistency in the intensity of supervision across different parts of the financial services sector.
- (5) After the requirements under subsection (4) have been met, the Treasury may by regulations enact such reforms of market abuse provisions that are identified in the review.
- (6) Regulations under this section are subject to the affirmative procedure.”

Member’s explanatory statement

This probing amendment seeks to understand what steps the Government is taking to improve identification and punishment of market abuse. It asks for the Treasury to outline proposals for enacting recommendations from a 2018 evaluation by the Financial Action Task Force, the global money laundering and terrorist financing watchdog.

Clause 34

LORD STEVENSON OF BALMACARA

Page 40, line 30, at end insert—

- “(4B) The regulations may also include the following as part of the scheme—

Clause 34 - continued

- (a) provision to ensure that debt advisers that are responsible for the delivery of debt advice in support of a plan for the repayment of some, or all, of an individual's debts have been properly authorised by the FCA;
- (b) provision to ensure that when an individual is deemed suitable to enter into a plan for the repayment of some or all of their outstanding debts, the organisation holding funds on behalf of the individual and making the agreed repayments to creditors must be a charity or other not-for-profit organisation properly authorised by the FCA;
- (c) provision to ensure that the aggregate provision payable in respect of the costs of operating the repayment plan, other repayment plans, the debt respite scheme and the wider debt advice services being provided meets the reasonable annual costs of the organisations involved;
- (d) provision that the debts that are dealt with under a plan for repayment include those owed to Her Majesty's Government and those owed to other UK public bodies and service providers;
- (e) provision that when an individual has entered into a plan for the repayment of some or all of their outstanding debts, they will receive protection from any warrant or action from bailiffs appointed by a UK court."

Member's explanatory statement

This amendment probes the nature and content of the regulations which will establish the Statutory Debt Management Scheme, foreshadowed by the Debt Respite Scheme.

After Clause 34

LORD STEVENSON OF BALMACARA

Insert the following new Clause—

“Review of provisions relating to personal debt

- (1) Within two years of the day on which this Act is passed, the Secretary of State must undertake a review of the impact on debt of the changes made by section 34 of this Act.
- (2) The review under subsection (1) must consider the effects of the debt respite scheme on—
 - (a) households,
 - (b) individuals with a protected characteristic as defined under section 4 the Equality Act 2010 (the protected characteristics),
 - (c) small companies as defined under Part 15 of the Companies Act 2006 (accounts and reports), and
 - (d) charitable bodies and not-for-profit bodies authorised by the FCA to administer the debt respite and the statutory debt management schemes.

After Clause 34 - continued

- (3) A Minister of the Crown must, as soon as practicable upon completion of the review, lay a statement outlining its findings before both Houses of Parliament.”

Member’s explanatory statement

The amendment proposes that, within two years of Royal Assent, a review of the impact of the Debt Respite and Statutory Debt Management Schemes should be carried out, and presented to Parliament.

After Clause 40

BARONESS HAYMAN

Insert the following new Clause –

“Climate change as an FCA objective

- (1) The Financial Services and Markets Act 2000 is amended as follows.
- (2) In section 1B (the FCA’s general duties), after subsection (3)(c) insert –
 “(d) the climate-related financial risk objective (see section 1EA).”
- (3) After section 1E insert –

“1EA The climate-related financial risk objective

- (1) The climate-related financial risk objective is: taking account of climate-related financial risks through capital or assets held by institutions regulated by the FCA.
- (2) The matters which the FCA must take account of in considering climate-related financial risks mentioned in subsection (1) include –
- (a) physical climate risks relating to specific weather events and longer term shifts in the climate,
 - (b) transitional climate risks arising from the process of adjustment towards a low-carbon economy, and
 - (c) liability risks arising from parties who have suffered loss or damage from physical or transition risk factors seeking to recover losses from those they hold responsible.”

Member’s explanatory statement

This amendment amends the Financial Services and Markets Act 2000 to insert a new FCA climate-related financial risk objective.

LORD STEVENSON OF BALMACARA

Insert the following new Clause –

“Standard Variable Rates: cap on charges for mortgage prisoners

- (1) In section 137A of the Financial Services and Markets Act 2000 (the FCA’s general rules) at the end insert –
 “(7) The FCA must make rules by virtue of subsection (1) in relation to introducing a cap on the interest rates charged to mortgage prisoners in relation to regulated mortgage contracts, with a view to securing an appropriate degree of protection for consumers.

After Clause 40 - continued

- (8) In subsection (7) “mortgage prisoner” means a consumer who cannot switch to a different lender because of their characteristics and has a regulated mortgage contract with one of the following type of firms –
 - (a) inactive lenders, or firms authorised for mortgage lending that are no longer lending; and
 - (b) unregulated entities, or firms not authorised for mortgage lending.
- (9) The rules made by the FCA under subsection (7) must set the level of the cap on the Standard Variable Rate at a level no more than 2 percentage points above the Bank of England base rate.
- (10) In subsection (9) “Standard Variable Rate” means the variable rate of interest charged under the regulated mortgage contract after the end of any initial introductory deal.
- (11) The FCA must ensure any rules that it is required to make as a result of the amendment made by subsection (7) are made not later than 31 July 2021.””

Member’s explanatory statement

This new Clause would require the FCA to introduce a cap on the Standard Variable Rates charged to consumers who cannot switch to a different lender because of their characteristics and who have a regulated mortgage contract with either an inactive lender or an unregulated entity.

LORD TUNNICLIFFE
LORD EATWELL

Insert the following new Clause –

“UK-EU regulatory equivalence

- (1) Within one month of the day on which this Act is passed, the Treasury must lay a statement before both Houses of Parliament containing –
 - (a) an update on the status of negotiations regarding recognition of regulatory equivalence for UK financial services firms operating within the European Union;
 - (b) a summary of the areas in which equivalence recognition –
 - (i) has been granted to UK-based businesses on the same basis as which the UK has granted equivalence recognition to EU based businesses, and
 - (ii) has not been granted.
- (2) Within six months of the day on which this Act is passed, the Treasury must publish a strategy outlining the steps it proposes to take to provide security to retail investors based in the United Kingdom in the event of any equivalence recognition being withdrawn.
- (3) The strategy under subsection (2) must include an assessment of the risks and potential mitigations for investments of different sizes and terms of maturity.”

Member's explanatory statement

This amendment would require the Government to update Parliament on its financial services equivalence negotiations with the EU. Recognising that equivalence can be withdrawn with little or no notice, the amendment also requires the Treasury to publish a strategy outlining steps to mitigate the impact of any changes on different types of retail investor.

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8 February 2021
