

Financial Services Bill introduced today

- Financial Services Bill to maintain UK's world-leading regulatory standards and openness to international markets introduced today
- this Bill is the first step in shaping a regulatory framework for the UK's financial services sector outside of the EU
- it will enhance the competitiveness of the sector and ensure it continues to deliver for UK consumers and businesses

A new Bill designed to ensure the UK's world-leading financial services sector continues to thrive and grasp new opportunities on the global stage will be introduced to Parliament today (21 October 2020).

The Financial Services Bill is an important first step in taking responsibility for our financial services regulation, ensuring that the UK maintains the highest regulatory standards and remains an open and dynamic global financial centre now that we have left the EU.

John Glen, Economic Secretary to the Treasury, said:

Now the UK has left the EU, we must ensure we have a regulatory regime that works for the UK and allows us to seize new opportunities in the global economy.

Following the work we've done to prepare for EU exit and ensure a smooth transition to a UK rule book, this Bill is the next step in delivering a regulatory framework that boosts the competitiveness of our world-leading financial services sector and ensures that UK consumers are properly protected.

It's part of an ambitious programme to enhance the UK's first-class standards and our attractiveness as a location for business, both of which will be crucial to help our economy bounce back.

Measures in the Bill will:

Enhance the UK's world-leading prudential standards and promote financial stability by enabling the implementation of the remaining Basel III standards and a new prudential regime for investment firms, and giving the Financial Conduct Authority the powers it needs to oversee an orderly transition away from the LIBOR benchmark.

Promote openness between the UK and international markets by simplifying the process to market overseas investment funds in the UK and delivering a Ministerial commitment to provide long-term access between the UK and Gibraltar for financial services firms.

Maintain an effective financial services regulatory framework and sound capital markets with a number of smaller measures, including measures to improve the functioning of the Packaged Retail and Insurance-based Investment Products Regulation and increase penalties for market abuse.

Following its introduction to Parliament, the Bill will be subject to the usual processes of legislative scrutiny in both the House of Commons and the House of Lords. Once both Houses of Parliament have agreed, it will move forwards to receive Royal Assent at which point the Bill will become law. The timing of the Bill's progression through Parliament is subject to parliamentary scheduling.

Notes to editors:

More information about the [Financial Services Bill Consultations](#) and the [Amendments to the Benchmarks Regulation to support LIBOR transition](#) can be found on gov.uk.

Where appropriate, HM Treasury will publish further detail on the measures below in due course, through policy statements and consultation responses. A consultation response on the Gibraltar Authorisation Regime and the Overseas Funds Regime will be published shortly.

Summary of the measures

Objective: Enhance the UK's world-leading prudential standards and promote financial stability

No	Measure	Purpose
1	Implementing the remaining Basel 3 standards	This measure will enable updates to the prudential regulatory regime to implement the remaining Basel 3 banking standards.
2	Investment Firms' Prudential Regime (IFPR)	This measure will enable the implementation of a more proportionate prudential framework for the regulation of investment firms.
3	LIBOR transition	This measure will clarify and extend the FCA's set of powers to ensure the orderly wind-down of the critical LIBOR benchmark.
4	Benchmarks: extension of third- country transitional period	This measure will extend the transitional period for third-country benchmarks from end-2022 to end-2025, avoiding financial stability risks and economic repercussions for UK users should they lose access.

Objective: Promote openness between the UK and overseas markets

No	Measure	Purpose
5	Overseas Funds Regime	This measure will introduce new equivalence regimes for retail investment funds and money market funds, which will simplify the process for investment funds that are domiciled overseas to market to UK consumers.

No	Measure	Purpose
6	Gibraltar Authorisation Regime	This measure will deliver long-term market access between the UK and Gibraltar for financial services firms on the basis of alignment and cooperation, now that the UK and Gibraltar have left the EU.
7	Markets in Financial Instruments Regulation (MiFIR)	This measure updates the regime which regulates the services and activities of third-country firms in the UK, following an equivalence decision. This will ensure the FCA has an appropriate degree of oversight over firms that could register under the regime.

Objective: Maintain the effectiveness of the FS regulatory framework and sound capital markets

No	Measure	Purpose
8	Amending the Packaged Retail and Insurance-based Investment Products (PRIIPs) Regulation	This measure will improve the functioning of the onshored PRIIPs Regulation by enabling the FCA to make clarificatory rules regarding the scope of the Regulation and removing reference to performance scenarios. It will also enable HMT to further extend the exemption currently in place for Undertakings for the Collective Investment in Transferable Securities (UCITS) funds.
9	Amendments to the Market Abuse Regulation	This measure will make two amendments to the Market Abuse Regulation to bolster the effectiveness of the regime while reducing some of the administrative burden on issuers.
10	Extending the criminal penalties for market abuse	This measure increases the maximum prison sentence for market abuse from 7 to 10 years in line with other sentences for financial crimes, as recommended by the 2015 Fair and Effective Markets Review.
11	Increasing beneficial ownership transparency for Trusts	This will clarify the Government's ability to enforce and make changes to extra-territorial trust registration powers
12	Completing the implementation of European Market Infrastructure Regulation (EMIR REFIT)	This measure will ensure that clearing members and clients that offer clearing services do so on a fair, reasonable, non-discriminatory and transparent (FRANDT) basis. This measure will also improve trade repository data quality and make it easier for firms to move from one trade repository to another.
13	Amendments to the Banking Act in relation to the Financial Collateral Arrangement Regulations (FCARs)	This measure will ensure the Financial Collateral Arrangement Regulations stand on a sound statutory footing providing certainty to markets.
14	Cancellation of the authorisation of firms	The measure will streamline the FCA's process for removing a firm's authorisation and taking them off the public register, to improve accuracy and reduce the risk of fraud.

No	Measure	Purpose
15	Term of the FCA Chief Executive	This measure legislates to make the appointment of the FCA CEO subject to a fixed, once renewable, 5-year term – in line with previous government commitments to the Treasury Select Committee.
16	Statutory Debt Repayment Plan (SDRP)	This measure builds on existing legislation to enable the Government to impose SDRPs on creditors and to provide for a charging mechanism by which creditors will contribute to the funding of the Breathing Space Scheme (both Breathing Space and the SDRP).
17	Help to Save Successor Accounts	This measure means when a Help to Save account matures and the account holder has not transferred it elsewhere, the balance can be transferred into a standard NS&I savings account automatically, keeping the funds safe and in a savings account until the owner decides what they want to do with the money.