



House of Commons

Tuesday 22 May 2012

CONSIDERATION OF BILL

FINANCIAL SERVICES BILL, AS AMENDED

NOTE

The Amendments have been arranged in accordance with the Order of the House [23 April 2012].

Mr Chancellor of the Exchequer

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Page 39, line 36 [*Clause 7*], after ‘25(1)’ insert—
 ‘(a) after “22(1)” insert “ or (1A)”, and’.

Chris Leslie
 Cathy Jamieson
 Mark Durkan

75

Page 43, line 16 [*Clause 9*], at end insert—
 ‘(3) Within a year of Royal Assent to the Financial Services Act 2012, the Treasury shall publish a report on measures to improve the stewardship of institutional investments, which may require amendment under subsection (1).’.

Lisa Nandy
 Teresa Pearce
 John McDonnell
 Debbie Abrahams
 Yasmin Qureshi
 Mark Durkan

45

Page 64, line 8 [*Clause 14*], at end insert—
 ‘(3A) In section 73, subsection (1), insert at end:

Financial Services Bill, *continued*

“(g) to foster ethical corporate behaviour, including respect for internationally-recognised human rights.”’.

Stella Creasy
Mr Philip Hollobone
Mark Durkan
Sir Peter Bottomley
Yvonne Fovargue
Caroline Lucas

Total signatories: 12

Hugh Bayley

40

Page **80**, line **2** [*Clause 22*], at end insert—

‘(2A) The FCA may make rules or apply a sanction to authorised persons who offer credit on terms that the FCA judge to cause consumer detriment. This may include rules that determine a maximum total cost for consumers of a product and determine the maximum duration of a supply of a product or service to an individual consumer.’.

Chris Leslie
Cathy Jamieson
Mark Durkan

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Page **82**, line **10** [*Clause 22*], at end insert—

‘(c) provide for a requirement that an employee representative should be a member of the remuneration committee of a relevant body corporate, and
(d) provide for a requirement that the remuneration consultants advising on remuneration policy shall be appointed by the shareholders of a relevant body corporate.’.

Mr Chancellor of the Exchequer

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Page **93**, line **43** [*Clause 22*], leave out ‘section 1B(1)’ and insert ‘its duties under section 1B(1) and (5)(a)’.

Financial Services Bill, *continued*

Mr Chancellor of the Exchequer

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Page 95, line 9 [*Clause 22*], leave out from ‘with’ to end of line 10 and insert ‘its duties under—

- (i) section 2B(1) or, as the case requires, section 2C(1) or 2D(3), and
 - (ii) section 2G, and’.
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Mark Durkan
Jonathan Edwards

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Page 108 [*Clause 25*], leave out lines 29 and 30.

Mark Durkan
Jonathan Edwards

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Page 108 [*Clause 25*], leave out lines 34 to 39.

Mr Chancellor of the Exchequer

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Page 125 [*Clause 40*], leave out line 7 and insert—

- ‘(4) Sections 425A and 425B (meaning of “consumers”) apply for the purposes of this section, but the references to consumers in this section do not include consumers who are authorised persons.’.
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Mr Chancellor of the Exchequer

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Page 126, line 16 [*Clause 40*], leave out from ‘that’ to end of line 18 and insert—

- (i) if the complaint would fall within the compulsory jurisdiction or the consumer credit jurisdiction, the ombudsman would be likely to make an award under section 229(2)(a) or give a direction under section 229(2)(b), or
 - (ii) if voluntary jurisdiction rules made for the purposes of section 227 provide for the making of an award against a respondent or the giving of a direction that a respondent take certain steps in relation to a complainant, and the complaint would fall within the voluntary jurisdiction, the ombudsman would be likely to make such an award or give such a direction.’.
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Financial Services Bill, *continued*

Chris Leslie
Cathy Jamieson
Mark Durkan

73

Page 127, line 38 [*Clause 40*], at end insert—

‘Complaints by small businesses

234I Small businesses—complaints and proceedings

- (1) The Treasury and Secretary of State shall bring forward proposals within three months of Royal Assent to the Financial Services Act 2012 in the following areas—
- (a) to introduce provision for collective proceedings before the court in respect of financial services claims made on an opt-out basis by small and medium sized enterprises; and
 - (b) to introduce provision for complaints by small and medium sized enterprises to the FCA that a feature, or combination of features, of a market in the United Kingdom for financial services is, or appears to be, significantly damaging the interests of small business.’.

Mr Chancellor of the Exchequer

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Page 128, line 30 [*Clause 45*], at end insert—

‘() omit the definition of “notice of control”.’.

Chris Leslie
Cathy Jamieson
Mark Durkan

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Page 130, line 38 [*Clause 47*], at end insert—

- ‘(g) making provision for the increased diversity of the financial services sector and promotion of mutual societies, including arrangements to measure the number of members of mutual societies, and the market share for mutual societies as a proportion of the UK financial services sector.’.

Mr Chancellor of the Exchequer

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Page 136, line 22 [*Clause 58*], leave out from ‘Bank’ to ‘on’ in line 23 and insert ‘must give the Treasury one or more reports’.

Financial Services Bill, *continued*

Chris Leslie
Cathy Jamieson
Mark Durkan

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Page 137, line 36 [*Clause 61*], at end insert ‘and how a temporary Stability Committee would be convened and function in a crisis.’.

Chris Leslie
Cathy Jamieson

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Page 137, line 40 [*Clause 61*], at end insert ‘and ensure that the Governor and all Bank of England deputy governors and the Chief Executive of the FCA may consult the Treasury directly.’.

Mr Chancellor of the Exchequer

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Page 165, line 21 [*Clause 97*], at end insert—
‘() an order under section 91 (power to make further provision about regulation of consumer credit);’.

Chris Leslie
Cathy Jamieson
Mark Durkan

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Page 204, line 37 [*Schedule 5*], at end insert—
‘(2) In subsection (1) after “approved persons”, insert “and the standards of stewardship expected of approved persons who are institutional investors.”’.

Mr Chancellor of the Exchequer

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Page 240, line 8 [*Schedule 10*], leave out ‘are, or are not, to’ and insert ‘may, or may not,’.

Mr Chancellor of the Exchequer

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Page 240, line 10 [*Schedule 10*], leave out ‘are, or are not, to’ and insert ‘may, or may not,’.

Financial Services Bill, *continued*

Chris Leslie
Cathy Jamieson
Mark Durkan

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Page 247, line 24 [*Schedule 12*], at end insert—

‘(c) after subsection (10) insert—

“(11) Data Collection

- (a) The PRA should require the submission of reports from any PRA-*authorised* person for the purpose of assessing the extent to which a financial activity or financial market in which the PRA-*authorised* person participates may pose a threat to financial stability in accordance with the PRA’s general objective. The PRA shall collect, in a manner determined by the PRA and in consultation with the FPC, financial transaction data and position data from the PRA-*authorised* person companies.
- (b) For the purposes of (a)—
 - (i) “financial transaction data” shall mean data pertaining to the structure and legal description of a financial contract, with sufficient detail to describe the rights and obligations between counterparties and make possible an independent valuation; and
 - (ii) “position data” shall mean data pertaining to data on financial assets or liabilities held on the balance sheet of a financial company, where positions are created or changed by the execution of a financial transaction and which includes information that identifies counterparties, the valuation by the financial company of the position, and information that makes possible an independent valuation of the position.
- (c) The FCA shall assist the PRA in accordance with Clause 3D to ensure that the PRA is able to exercise its function as described in (a).
- (d)
 - (i) To facilitate the effective collection of data, the PRA should prepare and publish, in a manner that is easily accessible to the public and in the form of a summary or collection of information so framed that it is not possible to ascertain from it information relating to any particular person—
 - (a) a database detailing relevant counterparties; and
 - (b) a financial instrument reference database; and
 - (c) formats and standards for PRA data, including standards for reporting financial transaction and position data to the PRA; and
 - (ii) Where possible, the PRA shall co-operate with foreign regulators to the extent required to

Financial Services Bill, *continued*

- collect relevant information on PRA-authorised persons already collected by those foreign regulators;
- (e) The PRA shall develop and maintain sufficient resources to review the collection of data referred to in (a) above in order to—
 - (i) develop and maintain metrics and reporting systems for risks to the financial stability of the United Kingdom;
 - (ii) evaluate stress tests or other stability-related evaluations of financial entities overseen;
 - (iii) investigate disruptions and failures in the financial markets;
 - (iv) conduct studies on the impact of policies relating to systemic risk;
 - (v) promote best practices for financial risk management to PRA-authorised persons.
 - (f) The PRA shall publish a report which compiles the data collected in accordance with (a) on a periodic basis as determined by the PRA, which shall be—
 - (i) made available to the public in an easily accessible medium; and
 - (ii) in the form of a summary or collection of information so framed that it is not possible to ascertain from it information relating to any particular person.”.’.

Mr Chancellor of the Exchequer

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Page 288, line 18 [*Schedule 18*], at end insert—

‘(c) in paragraphs (c) and (d), for “notice of control” substitute “section 178 notice”.

(2A) In subsection (2)(b), for “notices of control” substitute “section 178 notices”.’.

Mr Chancellor of the Exchequer

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Page 288 [*Schedule 18*], leave out lines 20 and 21 and insert—

“(4A) “The appropriate regulator”—

(a) for the purposes of subsection (1)(a) and (b), is the regulator to which the application for permission under Part 4A is made;

(b) for the purposes of subsection (1)(c) and (d), is the appropriate regulator as defined in section 178(2A).

(4B) “Section 178 notice” means a notice given under section 178.”’.

Mr Chancellor of the Exchequer

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Page 288, line 24 [*Schedule 18*], leave out sub-paragraphs (2) to (5) and insert—

‘(2) In subsection (1)—

(a) for “the Authority”, in the first place, substitute “a regulator”,

Financial Services Bill, *continued*

- (b) in paragraph (a), for “subsections (7) to (9) of section 52 do” substitute “section 55X does”, and
 - (c) in paragraph (b), for “Authority” substitute “regulator”.
- (3) In subsection (2)—
- (a) for “the Authority”, in the first place, substitute “a regulator”,
 - (b) in paragraph (a), for “section 52(1) and (2)” substitute “subsections (1) to (3) of section 55V”, and
 - (c) in paragraph (b), for “Authority” substitute “regulator”.
- (4) In subsection (3)—
- (a) for “the Authority”, in the first place, substitute “a regulator”, and
 - (b) in paragraph (b), for “Authority” substitute “regulator”.

Mr Chancellor of the Exchequer

Page 315, line 22 [*Schedule 21*], after ‘this’ insert ‘Part of this’.

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Mr Chancellor of the Exchequer

Page 316, line 11 [*Schedule 21*], leave out ‘the scheme’ and insert ‘a scheme under this paragraph’.

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Mr Chancellor of the Exchequer

Page 316, line 18 [*Schedule 21*], after first ‘this’ insert ‘Part of this’.

20

Mr Chancellor of the Exchequer

Page 317, line 2 [*Schedule 21*], at end insert—

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‘PART 2

PROPERTY, RIGHTS AND LIABILITIES OF OFFICE OF FAIR TRADING

Interpretation

6 In this Part of this Schedule “the OFT” means the Office of Fair Trading.

Transfer schemes

- 7 (1) This paragraph applies if after the passing of this Act the Treasury make an order under section 22 of FSMA 2000 which has the effect that an activity—
- (a) ceases to be an activity in respect of which a licence under section 21 of Consumer Credit Act 1974 is required or would be required but for

Financial Services Bill, *continued*

the exemption conferred by subsection (2), (3) or (4) of that section or paragraph 15(3) of Schedule 3 to FSMA 2000, and

- (b) becomes a regulated activity for the purposes of FSMA 2000.
 - (2) The OFT must make one or more schemes under this paragraph for the transfer of property, rights and liabilities of the OFT to the FCA.
 - (3) A scheme under this paragraph made by the OFT is not to be capable of coming into force unless it is approved by the Treasury and the Secretary of State.
 - (4) The OFT may not submit a scheme under this paragraph to the Treasury or the Secretary of State for their approval without the consent of the FCA.
 - (5) Sub-paragraph (6) applies if —
 - (a) the OFT fails, before such time as may be notified to it by the Treasury as the latest time for submission of a scheme under this paragraph in connection with an order falling within sub-paragraph (1), to submit such a scheme to the Treasury and the Secretary of State for their approval, or
 - (b) the Treasury or the Secretary of State decide not to approve a scheme that has been submitted to them by the OFT (either with or without modifications).
 - (6) Where this sub-paragraph applies, the Treasury may, with the approval of the Secretary of State, make a scheme under this paragraph for the transfer to the FCA of such of the OFT’s property, rights and liabilities as appear to the Treasury appropriate to be transferred to the FCA in consequence of the order falling within sub-paragraph (1).
 - (7) The property, rights and liabilities which are the subject of a scheme under this paragraph are transferred in accordance with the provisions of the scheme on such day as the scheme may specify.
 - (8) The OFT must provide the Treasury or the Secretary of State with all such information and other assistance as either of them may reasonably require for the purposes of, or otherwise in connection with, the exercise of any power conferred on the Treasury or the Secretary of State by this paragraph.
 - (9) In the following provisions of this Part of this Schedule a scheme under this paragraph is referred to as a “transfer scheme”.
- 8 The property, rights and liabilities that may be the subject of a transfer scheme include—
- (a) any that would not otherwise be capable of being transferred or assigned, and
 - (b) rights and liabilities under a contract of employment.
- 9 A transfer scheme may—
- (a) apportion, or provide for the apportionment of, property, rights and liabilities,
 - (b) define the property, rights and liabilities to be transferred by specifying them or by describing them (including describing them by reference to functions that are transferred by the order falling within paragraph 7(1));
 - (c) contain provision for the payment of compensation by the FCA to the OFT;
 - (d) contain provision for the payment of compensation by the OFT or the FCA to any person whose interests are adversely affected by the scheme;
 - (e) contain supplemental, incidental, transitional and consequential provision.

Financial Services Bill, *continued*

- 10 A transfer scheme which relates to rights and liabilities under a contract of employment must provide for the transfer to which the scheme relates to be treated as if it were a relevant transfer for the purposes of the Transfer of Undertakings (Protection of Employment) Regulations 2006.’.

ORDER OF THE HOUSE [6 FEBRUARY, AS AMENDED, 21 FEBRUARY]

That the following provisions shall apply to the Financial Services Bill—

Committal

1. The Bill shall be committed to a Public Bill Committee.

Proceedings in Public Bill Committee

2. Proceedings in the Public Bill Committee shall (so far as not previously concluded) be brought to a conclusion on Thursday 22 March 2012.
3. The Public Bill Committee shall have leave to sit twice on the first day on which it meets.

Consideration and Third Reading

4. Proceedings on Consideration shall (so far as not previously concluded) be brought to a conclusion one hour before the moment of interruption on the day on which those proceedings are commenced.
5. Proceedings on Third Reading shall (so far as not previously concluded) be brought to a conclusion at the moment of interruption on that day.
6. Standing Order No. 83B (Programming committees) shall not apply to proceedings on Consideration and Third Reading.

Other proceedings

7. Any other proceedings on the Bill (including any proceedings on consideration of Lords amendments or on any further messages from the Lords) may be programmed.

ORDER OF THE COMMITTEE [21 FEBRUARY 2012]

That—

- (1) the Committee shall (in addition to its first meeting at 10.30 am on Tuesday 21 February) meet—
 - (a) at 4.00 pm on Tuesday 21 February;
 - (b) at 9.30 am and 1.00 pm on Thursday 23 February;
 - (c) at 10.30 am and 4.00 pm on Tuesday 28 February;
 - (d) at 9.30 am and 1.00 pm on Thursday 1 March;
 - (e) at 10.30 am and 4.00 pm on Tuesday 6 March;
 - (f) at 9.30 am and 1.00 pm on Thursday 8 March;
 - (g) at 9.30 am and 1.00 pm on Thursday 15 March;
 - (h) at 4.00 pm on Tuesday 20 March;
 - (i) at 9.30 am on Thursday 22 March.
- (2) the proceedings shall be taken in the following order: Clauses 1 to 3; Schedule 1; Clause 4; Schedule 2; Clause 5; Schedule 3; Clauses 6 to 10; Schedule 4; Clauses 11 to 13; Schedule 5; Clauses 14 to 20; Schedule 6; Clauses 21 to 27; Schedule 7; Clauses 28 to 32; Schedule 8; Clauses 33 and

Financial Services Bill, *continued*

34; Schedule 9; Clause 35; Schedule 10; Clause 36; Schedule 11; Clauses 37 and 38; Schedule 12; Clause 39; Schedule 13; Clauses 40 and 41; Schedule 14; Clause 42; Schedule 15; Clause 43; Schedule 16; Clauses 44 to 90; Schedule 17; Clauses 91 to 94; Schedules 18 and 19; Clauses 95 to 99; Schedules 20 and 21; Clauses 100 to 103; new Clauses; new Schedules; remaining proceedings on the Bill.

- (3) the proceedings shall (so far as not previously concluded) be brought to a conclusion at 10.25 am on Thursday 22 March.

ORDER OF THE HOUSE [23 APRIL 2012]

That the Order of 6 February 2012 (Financial Services Bill (Programme)), as varied by the Order of 21 February 2012 (Financial Services Bill (Programme) (No. 2)) be further varied as follows:

- 1. Paragraphs 4 and 5 of the Order shall be omitted.
- 2. Proceedings on Consideration and Third Reading shall be completed in two days.
- 3. Proceedings on Consideration shall be taken on the days shown in the first column of the following Table and in the order so shown.
- 4. Proceedings on Consideration shall (so far as not previously concluded) be brought to a conclusion at the times specified in the second column of the Table.

TABLE

<i>Proceedings</i>	<i>Time for conclusion of proceedings</i>
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First day

New Clauses and New Schedules; amendments to Clauses 1 to 3; amendments to Schedule 1; amendments to Clause 4; amendments to Schedule 2; amendments to Clause 5; amendments to Schedule 3	10.00 pm
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Second day

Remaining proceedings on Consideration	Three hours after commencement of proceedings on Consideration on the second day.
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- 5. Proceedings on Third Reading shall (so far as not previously concluded) be brought to a conclusion four hours after the commencement of proceedings on consideration on the second day.