



Financial Services and Markets Act 2000

2000 CHAPTER 8

[^{F1}PART 9B

RING-FENCING

[^{F1}Group restructuring powers

Textual Amendments

- F1** Pt. 9B inserted (1.3.2014 for the insertion of ss. 142A-142F, 142I, 142W-142Z1 for specified purposes, 21.4.2016 for the insertion of s. 142H, 1.1.2019 in so far as not already in force) by [Financial Services \(Banking Reform\) Act 2013 \(c. 33\), ss. 4\(1\), 148\(5\); S.I. 2014/377, art. 2\(1\)\(b\), Sch. Pt. 2; S.I. 2016/512, art. 2\(a\); S.I. 2018/1306, art. 2\(d\)](#)

142K Cases in which group restructuring powers become exercisable

- (1) The appropriate regulator may exercise the group restructuring powers only if it is satisfied that one or more of Conditions A to D is met in relation to a ring-fenced body that is a member of a group.
- (2) Condition A is that the carrying on of core activities by the ring-fenced body is being adversely affected by the acts or omissions of other members of its group.
- (3) Condition B is that in carrying on its business the ring-fenced body—
 - (a) is unable to take decisions independently of other members of its group, or
 - (b) depends on resources which are provided by a member of its group and which would cease to be available in the event of the insolvency of the other member.
- (4) Condition C is that in the event of the insolvency of one or more other members of its group the ring-fenced body would be unable to continue to carry on the core activities carried on by it.

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- (5) Condition D is that the ring-fenced body or another member of its group has engaged, or is engaged, in conduct which is having, or would apart from this section be likely to have, an adverse effect on the advancement by the appropriate regulator—
- (a) in the case of the PRA, of the objective in section 2B(3)(c), or
 - (b) in the case of the FCA, of the continuity objective.
- (6) The appropriate regulator may not exercise the group restructuring powers in relation to any person if—
- (a) either regulator has previously exercised the group restructuring powers in relation to that person, and
 - (b) the decision notice in relation to the current exercise is given before the second anniversary of the day on which the decision notice in relation to the previous exercise was given.
- (7) In this section and sections 142L to 142Q “the appropriate regulator” means—
- (a) where the ring-fenced body is a PRA-authorised person, the PRA;
 - (b) where it is not, the FCA.

142L Group restructuring powers

- (1) In this Part “the group restructuring powers” means one or more of the powers conferred by this section.
- (2) Where the appropriate regulator is the PRA, the powers conferred by this section are as follows—
- (a) in relation to the ring-fenced body, power to impose a requirement on the ring-fenced body requiring it to take any of the steps mentioned in subsection (5),
 - (b) in relation to any member of the ring-fenced body's group which is a PRA-authorised person, power to impose a requirement on the PRA-authorised person requiring it to take any of the steps mentioned in subsection (6),
 - (c) in relation to any member of the ring-fenced body's group which is an authorised person but not a PRA-authorised person, power to direct the FCA to impose a requirement on the authorised person requiring it to take any of the steps mentioned in subsection (6), and
 - (d) in relation to a qualifying parent undertaking, power to give a direction under this paragraph to the parent undertaking requiring it to take any of the steps mentioned in subsection (6).
- (3) Where the appropriate regulator is the FCA, the powers conferred by this section are as follows—
- (a) in relation to the ring-fenced body, power to impose a requirement on the ring-fenced body requiring it to take any of the steps mentioned in subsection (5),
 - (b) in relation to any member of the ring-fenced body's group which is an authorised person but not a PRA-authorised person, power to impose a requirement on the authorised person requiring it to take any of the steps mentioned in subsection (6),
 - (c) in relation to any member of the ring-fenced body's group which is a PRA-authorised person, power to direct the PRA to impose a requirement on the authorised person requiring it to take any of the steps mentioned in subsection (6), and

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- (d) in relation to a qualifying parent undertaking, power to give a direction under this paragraph to the parent undertaking requiring it to take any of the steps mentioned in subsection (6).
- (4) A parent undertaking of a ring-fenced body by reference to which the group restructuring powers are exercisable is for the purposes of this Part a “qualifying parent undertaking” if—
- (a) it is a body corporate which is incorporated in the United Kingdom and has a place of business in the United Kingdom, and
 - (b) it is not itself an authorised person.
- (5) The steps that the ring-fenced body may be required to take are—
- (a) to dispose of specified property or rights to an outside person;
 - (b) to apply to the court under Part 7 for an order sanctioning a ring-fencing transfer scheme relating to the transfer of the whole or part of the business of the ring-fenced body to an outside person;
 - (c) otherwise to make arrangements discharging the ring-fenced body from specified liabilities.
- (6) The steps that another authorised person or a qualifying parent undertaking may be required to take are—
- (a) to dispose of any shares in, or securities of, the ring-fenced body to an outside person;
 - (b) to dispose of any interest in any other body corporate that is a member of the ring-fenced body's group to an outside person;
 - (c) to dispose of other specified property or rights to an outside person;
 - (d) to apply to the court under Part 7 for an order sanctioning a ring-fencing transfer scheme relating to the transfer of the whole or part of the business of the authorised person or qualifying parent undertaking to an outside person.
- (7) In subsections (5) and (6) “outside person” means a person who, after the implementation of the disposal or scheme in question, will not be a member of the group of the ring-fenced body by reference to which the powers are exercised (whether or not that body is to remain a ring-fenced body after the implementation of the disposal or scheme in question).
- (8) It is immaterial whether a requirement to be imposed on an authorised person by the appropriate regulator, or by the other regulator at the direction of the appropriate regulator, is one that the regulator imposing it could impose under section 55L or 55M.

142M Procedure: preliminary notices

- (1) If the appropriate regulator proposes to exercise the group restructuring powers in relation to any authorised person or qualifying parent undertaking (“the person concerned”), the regulator must give each of the relevant persons a notice (a “preliminary notice”).
- (2) The preliminary notice must—
 - (a) state that it is a preliminary notice,
 - (b) state that the regulator proposes to exercise the group restructuring powers,
 - (c) state the action which the regulator proposes to take in the exercise of those powers,

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- (d) be in writing, and
 - (e) give reasons for the proposed action (which must include the regulator's reasons for being satisfied as to the matters mentioned in section 142K(1)).
- (3) The appropriate regulator must give a copy of the preliminary notice to the Treasury.
- (4) The preliminary notice must specify a reasonable period (which may not be less than 14 days) within which any of the relevant persons may make representations to the regulator.
- (5) The relevant persons are—
- (a) the person concerned,
 - (b) the ring-fenced body, if not the person concerned, and
 - (c) any other authorised person who will, in the opinion of the appropriate regulator, be significantly affected by the exercise of the group restructuring powers.

142N Procedure: warning notice and decision notice

- (1) If the appropriate regulator has given a preliminary notice under section 142M, it must either—
- (a) if, having considered any representations made by any of the relevant persons, it still proposes to exercise the group restructuring powers, give each of the relevant persons a warning notice during the warning notice period, or
 - (b) before the end of the warning notice period, give each of them a written notice stating that it has decided not to exercise the powers and give a copy of that notice to the Treasury.
- (2) The “warning notice period” is the period—
- (a) beginning 3 months after the end of the period specified under section 142M(4) as that within which any representations must be made, and
 - (b) ending 6 months after the end of that period.
- (3) Before giving a warning notice under subsection (1)(a), the appropriate regulator must—
- (a) give the Treasury a draft of the notice,
 - (b) provide the Treasury with any information that the Treasury may require in order to decide whether to give their consent, and
 - (c) obtain the consent of the Treasury.
- (4) The action specified in the warning notice may be different from that specified in the preliminary notice if—
- (a) the appropriate regulator considers that different action is appropriate as a result of any change in circumstances since the preliminary notice was given, or
 - (b) the person concerned consents to the change.
- (5) The regulator must, in particular, have regard to anything that—
- (a) has been done by the person concerned since the giving of the preliminary notice, and
 - (b) represents action that would have been required in pursuance of the proposals in that notice.

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- (6) If the regulator decides to exercise the group restructuring powers it must give each of the relevant persons a decision notice.
- (7) The decision notice must specify the date or dates by which each of the following must be completed—
 - (a) any disposal of shares, securities or other property that is required by the notice;
 - (b) any transfer of liabilities for which the notice requires arrangements to be made.
- (8) The giving of consent for the purpose of subsection (4)(b) does not affect any right to refer to the Tribunal the matter to which any decision notice resulting from the warning notice relates.
- (9) “The relevant persons” has the same meaning as in section 142M.

142O References to Tribunal

- (1) A notified person who is aggrieved by—
 - (a) the imposition by either regulator of a requirement as a result of section 142L(2)(a) or (b) or (3)(a) or (b),
 - (b) a requirement to be imposed as a result of the giving by one regulator to the other of a direction under section 142L(2)(c) or (3)(c), or
 - (c) the giving by either regulator of a direction under section 142L(2)(d) or (3)(d),may refer the matter to the Tribunal.
- (2) “Notified person” means a person to whom a decision notice under section 142N(6) was given or ought to have been given.

142P Subsequent variation of requirement or direction

- (1) A regulator may at any time with the consent of the person concerned vary—
 - (a) a requirement imposed by it as a result of section 142L(2)(a) or (b) or (3)(a) or (b), or
 - (b) a direction given by it as a result of section 142L(2)(c) or (d) or (3)(c) or (d).
- (2) The person concerned may at any time apply to the appropriate regulator for the variation of—
 - (a) a requirement imposed by it as a result of section 142L(2)(a) or (b) or (3)(a) or (b), or
 - (b) a direction given by it as a result of section 142L(2)(c) or (d) or (3)(c) or (d).
- (3) Sections 55U, 55V, 55X and 55Z3 apply to an application under subsection (2) as they apply to an application for the variation of a requirement imposed by the appropriate regulator under section 55L or 55M.

142Q Consultation etc. between regulators

- (1) Where a notice under section 142M or a warning notice or decision notice under section 142N relates to a requirement to be imposed in pursuance of a direction to be given as a result of section 142L(2)(c) or (3)(c), the appropriate regulator must—
 - (a) consult the other regulator before giving the notice, and

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- (b) give a copy of the notice to the other regulator.
- (2) The appropriate regulator must consult the other regulator before varying under section 142P a direction given as a result of section 142L(2)(c) or (3)(c).
- (3) Directions given by the FCA as a result of section 142L(3)(c) are subject to any directions given to the FCA under section 3I.

142R Relationship with regulators' powers under Parts 4A and 12A

- (1) Subsection (2) applies in relation to—
 - (a) a ring-fenced body which is a member of a mixed group, and
 - (b) a parent undertaking of such a ring-fenced body.
- (2) A regulator may not exercise its general powers in relation to the ring-fenced body or parent undertaking so as to achieve either of the results in subsection (3).
- (3) Those results are—
 - (a) that no existing group member is a parent undertaking of the ring-fenced body;
 - (b) that the ring-fenced body is not a member of a mixed group.
- (4) In subsection (3)(a) “existing group member” means a person who is a member of the ring-fenced body's group at the time when the requirement is imposed or the direction given.
- (5) Except as provided by subsections (1) to (4), the provisions of sections 142K to 142Q do not limit the general powers of either regulator.
- (6) For the purposes of this section, a regulator's “general powers” are its powers under the following provisions—
 - (a) section 55L or 55M (imposition of requirements in connection with Part 4A permission);
 - (b) section 192C (power to direct qualifying parent undertaking).
- (7) For the purposes of this section, a ring-fenced body is a member of a mixed group if a member of the ring-fenced body's group carries on an excluded activity.]

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Changes and effects yet to be applied to the whole Act associated Parts and Chapters:

- Act applied (with modifications) by [S.I. 2023/1347 reg. 8](#)
- Act power to apply conferred (temp. until 15.5.2039) by [2014 c. 21 s. 79\(4\)](#)
- Act power to apply conferred (temp. until 15.5.2039) by [2014 c. 21 s. 81\(10\)](#)

Whole provisions yet to be inserted into this Act (including any effects on those provisions):

- Pt. 17 Ch. 3B inserted by [2023 c. 29 s. 64\(3\)](#)
- Pt. 20C inserted by [2016 c. 14 s. 30\(3\)](#)
- s. 31(1)(aa) inserted by [2021 c. 22 s. 22\(2\)](#)
- s. 32A inserted by [2021 c. 22 s. 22\(3\)](#)
- s. 32A power to apply (with modifications) conferred by [2021 c. 22 s. 23\(10\)](#)
- s. 36A and cross-heading inserted by [2021 c. 22 s. 22\(4\)](#)
- s. 71J and cross-heading inserted by [2021 c. 22 Sch. 8 para. 4](#)
- s. 86(9A) inserted by [S.I. 2019/707 reg. 8\(9\)](#) (This amendment not applied to legislation.gov.uk. Reg. 8(6)-(10) omitted (6.9.2019) by virtue of S.I. 2019/1234, regs. 1(2), 13(c))
- s. 87A(11) inserted by [S.I. 2019/707 reg. 10\(5\)](#) (This amendment not applied to legislation.gov.uk. Reg. 10(4)(5) omitted (6.9.2019) by virtue of S.I. 2019/1234, regs. 1(2), 15(b))
- s. 124(10)(c)(i) word omitted by [S.I. 2019/310 reg. 5\(11\)\(b\)](#) (This amendment not applied to legislation.gov.uk. Reg. 5(11)(b) omitted immediately before IP completion day by virtue of S.I. 2020/1385, regs. 1(4), 51(2)(e))
- s. 129(7)(a) word inserted by [S.I. 2019/310 reg. 5\(12\)\(a\)\(i\)](#) (This amendment not applied to legislation.gov.uk. Reg. 5(12)(a)(b) omitted immediately before IP completion day by virtue of S.I. 2020/1385, regs. 1(4), 51(2)(f))
- s. 129(7)(c) omitted and word by [S.I. 2019/310 reg. 5\(12\)\(a\)\(ii\)](#) (This amendment not applied to legislation.gov.uk. Reg. 5(12)(a)(b) omitted immediately before IP completion day by virtue of S.I. 2020/1385, regs. 1(4), 51(2)(f))
- s. 214(5A) inserted by [2021 c. 22 Sch. 8 para. 8](#)
- s. 261E(A1) inserted by [2023 c. 29 s. 64\(2\)\(a\)](#)
- s. 367A inserted by [2021 c. 22 Sch. 8 para. 10](#)
- s. 395(13)(h)(i) inserted by [2021 c. 22 Sch. 8 para. 12\(2\)\(c\)](#)
- s. 395(13)(bc)-(be) word inserted by [2021 c. 22 Sch. 8 para. 12\(2\)\(b\)](#)
- s. 395(14) inserted by [2021 c. 22 Sch. 8 para. 12\(3\)](#)
- s. 427A(3) words substituted by [2002 c. 40 Sch. 17 para. 59](#) (This amendment not applied to legislation.gov.uk. The Financial Services and Markets Act 2000 does not contain a section 427A.)
- Sch. 1ZA para. 32(c) and word inserted by [2021 c. 22 Sch. 8 para. 18](#)
- Sch. 2A para. 19(2)(b)(iia) inserted by [2023 c. 29 Sch. 10 para. 19\(a\)](#)
- Sch. 2A2B power to apply (with modifications) conferred by [2021 c. 22 s. 23\(10\)](#)
- Sch. 2A power to apply (with modifications) conferred by [2021 c. 22 s. 23\(10\)](#)
- Sch. 2B inserted by [2021 c. 22 Sch. 7](#)
- Sch. 2B power to apply (with modifications) conferred by [2021 c. 22 s. 23\(10\)](#)
- Sch. 11A para. 5(3) inserted by [S.I. 2019/707 reg. 38\(5\)\(b\)](#) (This amendment not applied to legislation.gov.uk. Reg. 38(2)-(5)(7)(8) omitted (6.9.2019) by virtue of S.I. 2019/1234, regs. 1(2), 20)

- Sch. 17A para. 12 words substituted by [S.I. 2019/662 reg. 13\(1\)](#) (This amendment not applied to [legislation.gov.uk](#). Reg. 13(1) substituted (25.6.2020) by S.I. 2020/646, regs. 1(2)(c), 11(3))