



Financial Services and Markets Act 2000

2000 CHAPTER 8

[^{F1}PART 1A

THE REGULATORS

[^{F1}CHAPTER 3

FURTHER PROVISIONS RELATING TO FCA AND PRA

Textual Amendments

- F1** Pt. 1A substituted for Pt. 1 (24.1.2013 for specified purposes, 19.2.2013 for specified purposes, 1.4.2013 in so far as not already in force) by [Financial Services Act 2012 \(c. 21\)](#), ss. **6(1)**, 122(3) (with Sch. 20); S.I. 2013/113, art. 2(1)(b)(c)(2), Sch. Pts. 2, 3, 4; S.I. 2013/423, art. 3, Sch.

Introductory

3A Meaning of “regulator”

- (1) This section has effect for the interpretation of this Act.
- (2) The FCA and the PRA are the “regulators”, and references to a regulator are to be read accordingly.
- (3) Subsection (2) does not affect—
 - (a) the meaning of the following expressions—
 - “home state regulator”;
 - “host state regulator”;
 - “overseas regulator”;^{F2} ...
 - (b) the meaning of “the appropriate regulator” in Part 18 ([^{F3}recognised investment exchanges, clearing houses and CSDs]) [^{F4}or

Status: Point in time view as at 29/08/2023.

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- (c) the meaning of “regulator” in sections 410A and 410B (fees to meet certain expenses of Treasury).]

Textual Amendments

- F2** Word in s. 3A(3)(a) omitted (1.3.2014) by virtue of [Financial Services \(Banking Reform\) Act 2013 \(c. 33\)](#), **ss. 135(2)(a)**, 148(5); S.I. 2014/377, art. 2(1)(a), Sch. Pt. 1
- F3** Words in s. 3A(3)(b) substituted (28.11.2017) by [The Central Securities Depositories Regulations 2017 \(S.I. 2017/1064\)](#), regs. 1, 2(2) (with regs. 7(4), 9(1))
- F4** S. 3A(3)(c) and word inserted (1.3.2014) by [Financial Services \(Banking Reform\) Act 2013 \(c. 33\)](#), **ss. 135(2)(b)**, 148(5); S.I. 2014/377, art. 2(1)(a), Sch. Pt. 1

Regulatory principles

3B Regulatory principles to be applied by both regulators

- (1) In relation to the regulators, the regulatory principles referred to in section 1B(5)(a) and [F⁵2H(2)] are as follows—

- (a) the need to use the resources of each regulator in the most efficient and economic way;
- (b) the principle that a burden or restriction which is imposed on a person, or on the carrying on of an activity, should be proportionate to the benefits, considered in general terms, which are expected to result from the imposition of that burden or restriction;
- [F⁶(c) the need to contribute towards achieving compliance by the Secretary of State with section 1 of the Climate Change Act 2008 (UK net zero emissions target) and section 5 of the Environment Act 2021 (environmental targets) where each regulator considers the exercise of its functions to be relevant to the making of such a contribution;]
- (d) the general principle that consumers should take responsibility for their decisions;
- (e) the responsibilities of the senior management of persons subject to requirements imposed by or under this Act, including those affecting consumers, in relation to compliance with those requirements;
- (f) the desirability where appropriate of each regulator exercising its functions in a way that recognises differences in the nature of, and objectives of, businesses carried on by different persons [F⁷(including different kinds of person such as mutual societies and other kinds of business organisation)] subject to requirements imposed by or under this Act;
- (g) the desirability in appropriate cases of each regulator publishing information relating to persons on whom requirements are imposed by or under this Act, or requiring such persons to publish information, as a means of contributing to the advancement by each regulator of its objectives;
- (h) the principle that the regulators should exercise their functions as transparently as possible.

- (2) “Consumer” has the meaning given in section 1G.

[F⁸(3) “Objectives”—

- (a) in relation to the FCA means—

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- (i) operational objectives, and
 - (ii) in its application as a secondary objective, the competitiveness and growth objective (see section 1EB), and
- (b) in relation to the PRA means—
- (i) the PRA’s objectives, and
 - (ii) in their application as secondary objectives, the competition objective and competitiveness and growth objective (see section 2H).]

[“Mutual society” has the same meaning as in section 138K.]
F⁹(3A)

- (4) The Treasury may by order amend subsection (2).

Textual Amendments

- F5** Word in s. 3B(1) substituted (1.3.2014) by [Financial Services \(Banking Reform\) Act 2013 \(c. 33\), ss. 130\(2\), 148\(5\); S.I. 2014/377, art. 2\(1\)\(a\), Sch. Pt. 1](#)
- F6** S. 3B(1)(c) substituted (29.8.2023 for specified purposes) by [Financial Services and Markets Act 2023 \(c. 29\), ss. 27, 86\(3\) \(with savings in The Financial Services and Markets Act 2023 \(Commencement No. 2 and Transitional Provisions\) Regulations 2023 \(S.I. 2023/936\), reg. 4\); S.I. 2023/779, reg. 4\(r\)](#)
- F7** Words in s. 3B(1)(f) inserted (6.7.2016) by [Bank of England and Financial Services Act 2016 \(c. 14\), ss. 20\(2\), 41\(3\); S.I. 2016/627, reg. 2\(1\)\(o\)](#)
- F8** S. 3B(3) substituted (29.8.2023) by [Financial Services and Markets Act 2023 \(c. 29\), ss. 28\(5\), 86\(3\) \(with savings in The Financial Services and Markets Act 2023 \(Commencement No. 2 and Transitional Provisions\) Regulations 2023 \(S.I. 2023/936\), reg. 4\); S.I. 2023/779, reg. 4\(s\)](#)
- F9** S. 3B(3A) inserted (6.7.2016) by [Bank of England and Financial Services Act 2016 \(c. 14\), ss. 20\(3\), 41\(3\); S.I. 2016/627, reg. 2\(1\)\(o\)](#)

Corporate governance

3C Duty to follow principles of good governance

In managing its affairs, [F¹⁰the FCA] must have regard to such generally accepted principles of good corporate governance as it is reasonable to regard as applicable to it.

Textual Amendments

- F10** Words in s. 3C substituted (1.3.2017) by [Bank of England and Financial Services Act 2016 \(c. 14\), s. 41\(3\), Sch. 2 para. 29 \(with Sch. 3\); S.I. 2017/43, reg. 2\(g\)](#)

Relationship between FCA and PRA

3D Duty of FCA and PRA to ensure co-ordinated exercise of functions

- (1) The regulators must co-ordinate the exercise of their respective functions conferred by or under this Act with a view to ensuring—
- (a) that each regulator consults the other regulator (where not otherwise required to do so) in connection with any proposed exercise of a function in a way that

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- may have a material adverse effect on the advancement by the other regulator of any of its objectives;
- (b) that where appropriate each regulator obtains information and advice from the other regulator in connection with the exercise of its functions in relation to matters of common regulatory interest in cases where the other regulator may be expected to have relevant information or relevant expertise;
 - (c) that where either regulator exercises functions in relation to matters of common regulatory interest, both regulators comply with their respective duties under section 1B(5)(a) or 2H(1)(a), so far as relating to the regulatory principles in section 3B(1)(a) and (b).
- (2) The duty in subsection (1) applies only to the extent that compliance with the duty—
- (a) is compatible with the advancement by each regulator of any of its objectives, and
 - (b) does not impose a burden on the regulators that is disproportionate to the benefits of compliance.
- (3) A function conferred on either regulator by or under this Act relates to matters of common regulatory interest if—
- (a) the other regulator exercises similar or related functions in relation to the same persons,
 - (b) the other regulator exercises functions which relate to different persons but relate to similar subject-matter, or
 - (c) its exercise could affect the advancement by the other regulator of any of its objectives.
- [^{F11}(4) In this section, “objectives”—
- (a) in relation to the FCA means—
 - (i) operational objectives [^{F12}, or the purpose for which the FCA must exercise its functions under Part 8B (see section 131U(1))], and
 - (ii) in its application as a secondary objective, the competitiveness and growth objective (see section 1EB), and
 - (b) in relation to the PRA means—
 - (i) the PRA’s objectives, and
 - (ii) in their application as secondary objectives, the competition objective and competitiveness and growth objective (see section 2H).
- (5) Where a regulator is proposing to exercise a function that is not one of its general functions, the reference to “objectives” in subsection (1)(a) does not include the secondary objectives mentioned in subsection (4)(a)(ii) and (b)(ii).
- (6) In this section, “general functions”—
- (a) in relation to the FCA, has the same meaning as in section 1B(6), and
 - (b) in relation to the PRA, has the same meaning as in section 2J(1).]

Textual Amendments

- F11** S. 3D(4)-(6) substituted for s. 3D(4) (29.8.2023) by [Financial Services and Markets Act 2023 \(c. 29\), ss. 28\(6\), 86\(3\)](#) (with savings in [The Financial Services and Markets Act 2023 \(Commencement No. 2 and Transitional Provisions\) Regulations 2023 \(S.I. 2023/936\)](#), [reg. 4](#)); [S.I. 2023/779](#), [reg. 4\(s\)](#)
- F12** Words in s. 3D(4) inserted (29.8.2023) by [Financial Services and Markets Act 2023 \(c. 29\)](#), s. 86(2)(c), [Sch. 8 para. 3](#)

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Modifications etc. (not altering text)

- C1** S. 3D applied (29.6.2017 for specified purposes, 3.7.2017 for specified purposes, 31.7.2017 for specified purposes, 3.1.2018 in so far as not already in force) by [The Financial Services and Markets Act 2000 \(Markets in Financial Instruments\) Regulations 2017 \(S.I. 2017/701\)](#), reg. 1(2)(3)(4)(6), [Sch. 1 para. 6\(3\)](#) (with reg. 7)
- C2** S. 3D applied (with modifications) (6.4.2018 immediately after 2016 c. 16 (N.I.), s. 8(2) comes into force) by [The Financial Services Act 2012 \(Mutual Societies\) Order 2018 \(S.I. 2018/323\)](#), art. 1, [Sch. 1 para. 2\(2\)\(c\)](#) (with art. 3)

3E Memorandum of understanding

- (1) The regulators must prepare and maintain a memorandum which describes in general terms—
 - (a) the role of each regulator in relation to the exercise of functions conferred by or under this Act which relate to matters of common regulatory interest, and
 - (b) how the regulators intend to comply with section 3D in relation to the exercise of such functions.
- (2) The memorandum may in particular contain provisions about how the regulators intend to comply with section 3D in relation to—
 - (a) applications for Part 4A permission;
 - (b) the variation of permission;
 - (c) the imposition of requirements;
 - (d) the obtaining and disclosure of information;
 - (e) cases where a PRA-authorized person is a member of a group whose other members include one or more other authorised persons (whether or not PRA-authorized persons);
 - ^{F13}(f)
 - (g) the making of rules;
 - ^{F14}(ga) [directions under section 71O (designated activities: directions);]
 - (h) directions under section 138A (modification or waiver of rules);
 - (i) powers to appoint competent persons under Part 11 (information gathering and investigations) to conduct investigations on their behalf;
 - (j) functions under Part 12 (control over authorised persons);
 - ^{F15}(k)
 - (l) functions under Part 19 (Lloyd's);
 - (m) functions under section 347 (record of authorised persons etc.);
 - (n) functions under Part 24 (insolvency);
 - (o) fees payable to either regulator.
- (3) The memorandum must contain provision about the co-ordination by the regulators of—
 - ^{F16}(a)
 - (b) their relations with regulatory bodies outside the United Kingdom, and
 - (c) the exercise of their functions in relation to the compensation scheme.
- (4) The regulators must review the memorandum at least once in each calendar year.

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- (5) The regulators must give the Treasury a copy of the memorandum and any revised memorandum.
- (6) The Treasury must lay before Parliament a copy of any document received by them under this section.
- (7) The regulators must ensure that the memorandum as currently in force is published in the way appearing to them to be best calculated to bring it to the attention of the public.
- (8) The memorandum need not relate to any aspect of compliance with section 3D if the regulators consider—
 - (a) that publication of information about that aspect would be against the public interest, or
 - (b) that that aspect is a technical or operational matter not affecting the public.
- (9) The reference in subsection (1)(a) to matters of common regulatory interest is to be read in accordance with section 3D(3).

Textual Amendments

- F13** S. 3E(2)(f) omitted (31.12.2020) by virtue of [The EEA Passport Rights \(Amendment, etc., and Transitional Provisions\) \(EU Exit\) Regulations 2018 \(S.I. 2018/1149\)](#), reg. 1(3), **Sch. para. 2** (with reg. 4); 2020 c. 1, Sch. 5 para. 1(1)
- F14** S. 3E(2)(ga) inserted (29.8.2023) by [Financial Services and Markets Act 2023 \(c. 29\)](#), ss. **8(4)**, 86(3); S.I. 2023/779, reg. 4(e)
- F15** S. 3E(2)(k) omitted (31.12.2020) by virtue of [The EEA Passport Rights \(Amendment, etc., and Transitional Provisions\) \(EU Exit\) Regulations 2018 \(S.I. 2018/1149\)](#), reg. 1(3), **Sch. para. 2** (with reg. 4); 2020 c. 1, Sch. 5 para. 1(1)
- F16** S. 3E(3)(a) omitted (31.12.2020) by virtue of [The Financial Services and Markets Act 2000 \(Amendment\) \(EU Exit\) Regulations 2019 \(S.I. 2019/632\)](#), regs. 1(3), 7; 2020 c. 1, Sch. 5 para. 1(1)

Modifications etc. (not altering text)

- C3** S. 3E applied (with modifications) (6.4.2018 immediately after 2016 c. 16 (N.I.), s. 8(2) comes into force) by [The Financial Services Act 2012 \(Mutual Societies\) Order 2018 \(S.I. 2018/323\)](#), art. 1, **Sch. 1 para. 2(2)(d)** (with art. 3)

3F With-profits insurance policies

- (1) The regulators must prepare and maintain a memorandum which describes in general terms—
 - (a) the role of each regulator in relation to the exercise of functions conferred by or under this Act so far as they relate to with-profits insurers, and
 - (b) how the regulators intend to comply with section 3D in relation to the exercise of those functions so far as they relate to the effecting or carrying out of with-profits policies by with-profits insurers.
- (2) The memorandum required by this section may be combined with the memorandum required by section 3E.
- (3) If the memorandum required by this section is contained in a separate document, the PRA and the FCA must publish the memorandum as currently in force in such manner as they think fit.

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- (4) Subsections (1) to (3) apply only if the effecting or carrying out of with-profits policies is a PRA-regulated activity.
- (5) For the purposes of this section—
 - (a) a “with-profits policy” is a contract of insurance under which the policyholder is eligible to receive a financial benefit at the discretion of the insurer;
 - (b) a “with-profits insurer” is a PRA-authorized person who has a Part 4A permission, or permission resulting from any other provision of this Act, relating to the effecting or carrying out of with-profits policies (whether or not the permission also relates to contracts of insurance of other kinds).
- (6) The Treasury may by order amend the definition of “with-profits policy” applying for the purposes of this section.

3G Power to establish boundary between FCA and PRA responsibilities

- (1) The Treasury may by order specify matters that, in relation to the exercise by either regulator of its functions relating to PRA-authorized persons, are to be, or are to be primarily, the responsibility of one regulator rather than the other.
- (2) The order may—
 - (a) provide that one regulator is or is not to have regard to specified matters when exercising specified functions;
 - (b) require one regulator to consult the other.

3H Parliamentary control of orders under section 3G

- (1) No order may be made under section 3G unless—
 - (a) a draft of the order has been laid before Parliament and approved by a resolution of each House, or
 - (b) subsection (3) applies.
- (2) Subsection (3) applies if an order under section 3G contains a statement that the Treasury are of the opinion that, by reason of urgency, it is necessary to make the order without a draft being so laid and approved.
- (3) Where this subsection applies the order—
 - (a) must be laid before Parliament after being made, and
 - (b) ceases to have effect at the end of the relevant period unless before the end of that period the order is approved by a resolution of each House of Parliament (but without that affecting anything done under the order or the power to make a new order).
- (4) The “relevant period” is a period of 28 days beginning with the day on which the order is made.
- (5) In calculating the relevant period no account is to be taken of any time during which Parliament is dissolved or prorogued or during which both Houses are adjourned for more than 4 days.

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Power of PRA to restrain proposed action by FCA

31 Power of PRA to require FCA to refrain from specified action

- (1) Where the first, second and third conditions are met, the PRA may give a direction under this section to the FCA.
- (2) The first condition is that the FCA is proposing—
 - (a) to exercise any of its regulatory powers in relation to PRA-authorized persons generally, a class of PRA-authorized persons or a particular PRA-authorized person, or
 - (b) to exercise any of its insolvency powers in relation to—
 - (i) a PRA-authorized person,
 - (ii) an appointed representative whose principal, or one of whose principals, is a PRA-authorized person, or
 - (iii) a person who is carrying on a PRA-regulated activity in contravention of the general prohibition.
- (3) In subsection (2)—
 - (a) “regulatory powers”, in relation to the FCA, means
 - [its powers in relation to the regulation of authorised persons, other
 - ^{F17}(i)] than its powers in relation to consent for the purposes of section 55F or 55I [^{F18}, a power conferred on it by sections 234I to 234M] or its powers under Part 24 [^{F19}, or
 - (ii) its powers in relation to designated activities under Part 5A;]
 - (b) “insolvency powers”, in relation to the FCA, means its powers under Part 24.
- (4) The second condition is that the PRA is of the opinion that the exercise of the power in the manner proposed may—
 - (a) threaten the stability of the UK financial system, ^{F20}...
 - (b) result in the failure of a PRA-authorized person in a way that would adversely affect the UK financial system [^{F21}, or
 - (c) threaten the continuity of core services provided in the United Kingdom].
- (5) The third condition is that the PRA is of the opinion that the giving of the direction is necessary in order to avoid the possible consequence falling within subsection (4).
- (6) A direction under this section is a direction requiring the FCA not to exercise the power or not to exercise it in a specified manner.
- (7) The direction may be expressed to have effect during a specified period or until revoked.
- (8) The FCA is not required to comply with a direction under this section if or to the extent that in the opinion of the FCA compliance would be incompatible with any ^{F22}... international obligation of the United Kingdom.
- (9) The reference in subsection (4)(b) to the “failure” of a PRA-authorized person is to be read in accordance with section 2J(3) and (4).

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Textual Amendments

- F17** Words in s. 3I(3)(a) renumbered as s. 3I(3)(a)(i) (29.8.2023) by [Financial Services and Markets Act 2023 \(c. 29\)](#), **ss. 8(5)(a)**, 86(3); S.I. 2023/779, reg. 4(e)
- F18** Words in s. 3I(3)(a) inserted (1.11.2014) by [Financial Services \(Banking Reform\) Act 2013 \(c. 33\)](#), s. 148(5), **Sch. 8 para. 4**; S.I. 2014/2458, art. 2(b)(bb)(ii)
- F19** S. 3I(3)(a)(ii) and word inserted (29.8.2023) by [Financial Services and Markets Act 2023 \(c. 29\)](#), **ss. 8(5)(b)**, 86(3); S.I. 2023/779, reg. 4(e)
- F20** Word in s. 3I(4)(a) omitted (1.1.2019) by virtue of [Financial Services \(Banking Reform\) Act 2013 \(c. 33\)](#), **ss. 3(a)**, 148(5); S.I. 2018/1306, art. 2(c)
- F21** S. 3I(4)(c) and word inserted (1.1.2019) by [Financial Services \(Banking Reform\) Act 2013 \(c. 33\)](#), **ss. 3(b)**, 148(5); S.I. 2018/1306, art. 2(c)
- F22** Words in s. 3I(8) omitted (31.12.2020) by virtue of [The Financial Services and Markets Act 2000 \(Amendment\) \(EU Exit\) Regulations 2019 \(S.I. 2019/632\)](#), regs. 1(3), **8**; 2020 c. 1, Sch. 5 para. 1(1)

Modifications etc. (not altering text)

- C4** Ss. 3I-3K applied (with modifications) (6.4.2018 immediately after 2016 c. 16 (N.I.), s. 8(2) comes into force) by [The Financial Services Act 2012 \(Mutual Societies\) Order 2018 \(S.I. 2018/323\)](#), art. 1, Sch. 1 paras. 2(2)(e), **3** (with art. 3)

3J Power of PRA in relation to with-profits policies

- (1) Where the first, second and third conditions are met, the PRA may give a direction under this section to the FCA.
- (2) The first condition is that the FCA is proposing to exercise any of its regulatory powers in relation to with-profits insurers, a class of with-profits insurers or a particular with-profits insurer.
- (3) In subsection (2) “regulatory powers”, in relation to the FCA, means its powers in relation to the regulation of authorised persons, including its powers under Part 24 (insolvency) but not its powers in relation to consent for the purposes of section 55F or 55I.
- (4) The second condition is that the proposed exercise of the power relates to the provision of financial benefits under with-profits policies at the discretion of the insurer, or affects or may affect the amount, timing or distribution of financial benefits that are so provided or the entitlement to future benefits that are so provided.
- (5) The third condition is that the PRA is of the opinion that the giving of the direction is desirable in order to advance the PRA's general objective or its insurance objective.
- (6) A direction under this section is a direction requiring the FCA not to exercise the power or not to exercise it in a specified manner.
- (7) The direction may be expressed to have effect during a specified period or until revoked.
- (8) The FCA is not required to comply with a direction under this section if or to the extent that in the opinion of the FCA compliance would be incompatible with any^{F23}... international obligation of the United Kingdom.
- (9) Subsections (1) to (8) apply only if the effecting or carrying out of with-profits policies is a PRA-regulated activity.

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- (10) In this section “with-profits insurer” and “with-profits policy” have the same meaning as they have for the purposes of section 3F.

Textual Amendments

F23 Words in s. 3J(8) omitted (31.12.2020) by virtue of [The Financial Services and Markets Act 2000 \(Amendment\) \(EU Exit\) Regulations 2019 \(S.I. 2019/632\)](#), regs. 1(3), 9; 2020 c. 1, Sch. 5 para. 1(1)

Modifications etc. (not altering text)

C4 Ss. 3I-3K applied (with modifications) (6.4.2018 immediately after 2016 c. 16 (N.I.), s. 8(2) comes into force) by [The Financial Services Act 2012 \(Mutual Societies\) Order 2018 \(S.I. 2018/323\)](#), art. 1, Sch. 1 paras. 2(2)(e), 3 (with art. 3)

3K Revocation of directions under section 3I or 3J

- (1) The PRA may at any time by notice to the FCA revoke a direction under section 3I or 3J.
- (2) The revocation of a direction under section 3I or 3J does not affect the validity of anything previously done in accordance with it.

Modifications etc. (not altering text)

C4 Ss. 3I-3K applied (with modifications) (6.4.2018 immediately after 2016 c. 16 (N.I.), s. 8(2) comes into force) by [The Financial Services Act 2012 \(Mutual Societies\) Order 2018 \(S.I. 2018/323\)](#), art. 1, Sch. 1 paras. 2(2)(e), 3 (with art. 3)

3L Further provisions about directions under section 3I or 3J

- (1) Before giving a direction under section 3I or 3J, the PRA must consult the FCA.
- (2) A direction under section 3I or 3J must be given or confirmed in writing, and must be accompanied by a statement of the reasons for giving it.
- (3) A notice revoking a direction under section 3I or 3J must be given or confirmed in writing.
- (4) The PRA must—
 - (a) publish the direction and statement, or the notice, in such manner as it thinks fit, and
 - (b) where the direction or notice relates to a particular authorised person or a particular with-profits insurer, give a copy of the direction and statement, or the notice, to that person.
- (5) The PRA must give the Treasury a copy of—
 - (a) a direction under section 3I;
 - (b) a statement relating to such a direction;
 - (c) a notice revoking such a direction.
- (6) The Treasury must lay before Parliament any document received by them under subsection (5).

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- (7) Subsection (4) does not apply where the PRA, after consulting the Treasury, decides that compliance with that subsection would be against the public interest, and at any time when this subsection excludes the application of subsection (4) in relation to a direction under section 3I, subsection (6) also does not apply.
- (8) Where the PRA decides that compliance with subsection (4) would be against the public interest, it must from time to time review that decision and if it subsequently decides that compliance is no longer against the public interest it must—
 - (a) comply with that subsection, and
 - (b) in the case of a direction under section 3I, notify the Treasury for the purposes of subsection (6).

Directions relating to consolidated supervision

3M Directions relating to consolidated supervision of groups

- (1) This section applies where one of the regulators (“the supervising regulator”), but not the other, is the competent authority for the purpose of consolidated supervision that is required in relation to some or all of the members of a group (“the relevant group”) in pursuance of ^{F24}—
 - (a) any implementing provision contained in subordinate legislation (within the meaning of the Interpretation Act 1978) made otherwise than by any of the following—
 - (i) statutory instrument, and
 - (ii) statutory rule for the purposes of the Statutory Rules (Northern Ireland) Order 1979 (S.I. 1979/1573 (N.I. 12)); ^{F25} ...
 - (b) any other implementing provision (as amended from time to time),
[Part 9C rules;
 - ^{F26}(c) [
 - (d) CRR rules; or
 - (e) rules made under section 192XA.]
- (2) “Consolidated supervision” includes supplementary supervision.

[“Implementing provision” means an enactment that immediately before IP completion ^{F27}(2A) day implemented provisions of any of the relevant directives.]

- (3) The “relevant directives” are—
 - (a) the ^{F28}capital requirements directive];
 - (b) Directive 2002/87/EC of the European Parliament and of the Council on the supplementary supervision of credit institutions, insurance undertakings and investment firms in a financial conglomerate;
 - ^{F29}(c)
 - (d) Directive 2009/138/EC of the European Parliament and the Council of 25 November 2009 on the taking-up and pursuit of the business of Insurance and Reinsurance (Solvency II).
 - ^{F30}(e) [Directive 2014/59/EU of the European Parliament and of the Council of 15th May 2014 establishing a framework for the recovery and resolution of credit institutions and investment firms.]

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- (4) The supervising regulator may, if it considers it necessary to do so for the effective consolidated supervision of the relevant group, give the other regulator a direction under this section.
- (5) A direction under this section is a direction requiring the other regulator to exercise, or not to exercise, a relevant function in a specified manner in relation to authorised persons who are members of the relevant group.
- (6) The direction may relate to members of the relevant group other than the members in respect of which consolidated supervision is required.
- (7) A “relevant function”, in relation to either regulator, is a function conferred by or under this Act which relates to the regulation of authorised persons, but does not include—
 - (a) the regulator's function of making rules under this Act;
 - (b) its function of preparing and issuing codes under this Act;
 - (c) its function of determining the general policy and principles by reference to which it performs particular functions;
 - (d) the FCA's functions in relation to the giving of general guidance;
 - (e) the PRA's functions in relation to the giving of guidance under section 2I;
 - (f) the FCA's functions in relation to consent for the purposes of section 55F or 55I.
- (8) The direction may not require the regulator to which it is given (“the directed regulator”) to do anything that it has no power to do, but the direction is relevant to the exercise of any discretion conferred on the directed regulator.
- (9) The directed regulator must comply with the direction as soon as practicable, but this is subject to subsections (10) and (11).
- (10) The directed regulator is not required to comply with a direction under this section if or to the extent that in its opinion compliance would be incompatible with any ^{F31}... international obligation of the United Kingdom.
- (11) Directions given by the FCA under this section are subject to any directions given to the FCA under section 3I or 3J.

Textual Amendments

- F24** S. 3M(1)(a)(b) substituted for words in s. 3M(1) (31.12.2020) by [The Financial Services and Markets Act 2000 \(Amendment\) \(EU Exit\) Regulations 2019 \(S.I. 2019/632\)](#), regs. 1(3), **10(2)**; 2020 c. 1, Sch. 5 para. 1(1)
- F25** Word in s. 3M(1)(a) omitted (1.1.2022) by virtue of [The Financial Services Act 2021 \(Prudential Regulation of Credit Institutions and Investment Firms\) \(Consequential Amendments and Miscellaneous Provisions\) Regulations 2021 \(S.I. 2021/1376\)](#), regs. 1(3), **4(2)(a)**
- F26** S. 3M(1)(c)-(e) inserted (1.1.2022) by [The Financial Services Act 2021 \(Prudential Regulation of Credit Institutions and Investment Firms\) \(Consequential Amendments and Miscellaneous Provisions\) Regulations 2021 \(S.I. 2021/1376\)](#), regs. 1(3), **4(2)(b)**
- F27** S. 3M(2A) inserted (31.12.2020) by [The Financial Services and Markets Act 2000 \(Amendment\) \(EU Exit\) Regulations 2019 \(S.I. 2019/632\)](#), regs. 1(3), **10(3)** (as amended by S.I. 2020/1301, regs. 1, 3, [Sch. para. 33\(a\)](#)); 2020 c. 1, [Sch. 5 para. 1\(1\)](#)
- F28** Words in s. 3M(3)(a) substituted (1.1.2014) by [The Capital Requirements Regulations 2013 \(S.I. 2013/3115\)](#), reg. 1(2), [Sch. 2 para. 3\(a\)](#)

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- F29** S. 3M(3)(c) omitted (1.1.2014) by virtue of [The Capital Requirements Regulations 2013 \(S.I. 2013/3115\)](#), reg. 1(2), [Sch. 2 para. 3\(b\)](#)
- F30** S. 3M(3)(e) inserted (1.1.2015) by [The Bank Recovery and Resolution Order 2014 \(S.I. 2014/3329\)](#), arts. 1(2), [113](#)
- F31** Words in s. 3M(10) omitted (31.12.2020) by virtue of [The Financial Services and Markets Act 2000 \(Amendment\) \(EU Exit\) Regulations 2019 \(S.I. 2019/632\)](#), regs. 1(3), [10\(4\)](#); 2020 c. 1, Sch. 5 para. 1(1)

3N Revocation of directions under section 3M

- (1) The supervising regulator may at any time by notice to the other regulator revoke a direction under section 3M.
- (2) The revocation of the direction does not affect the validity of anything previously done in accordance with it.
- (3) Expressions defined for the purposes of section 3M have the same meaning in this section.

3O Further provisions about directions under section 3M

- (1) Before giving a direction under section 3M, the supervising regulator must consult the other regulator.
- (2) A direction under section 3M must be given or confirmed in writing, and must be accompanied by a statement of the reasons for giving it.
- (3) A notice revoking a direction under section 3M must be given or confirmed in writing.
- (4) The regulator to which a direction under section 3M is given must give a copy of the direction and statement to each of the authorised persons to whom the direction relates.
- (5) The supervising regulator must publish the direction and statement, or the notice, in such manner as it thinks fit.
- (6) But subsection (4) or (5) does not apply in a case where the regulator on which the duty is imposed considers that compliance with that subsection would be against the public interest.
- (7) In a case where a regulator decides that compliance with subsection (4) or (5) would be against the public interest, the regulator must from time to time review that decision and if it subsequently decides that compliance is no longer against the public interest it must comply with the subsection.
- (8) Expressions defined for the purposes of section 3M have the same meaning in this section.

3P Consultation by regulator complying with direction

- (1) If the directed regulator is required by this Act to consult any person other than the supervising regulator before exercising the relevant function to which the direction relates, the directed regulator must give the supervising regulator copies of any written representations received from the persons consulted.

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- (2) Expressions defined for the purposes of section 3M have the same meaning in this section.

Co-operation with Bank of England

3Q Co-operation by FCA ^{F32}... with Bank of England

- (1) [^{F33}The FCA] must take such steps as it considers appropriate to co-operate with the Bank of England in connection with—
- (a) the pursuit by the Bank of its Financial Stability Objective, and
 - (b) the Bank's compliance with its duties under sections 58 and 59 of the Financial Services Act 2012 (duty to notify Treasury of possible need for public funds and of subsequent changes).
- (2) Co-operation under subsection (1) may include the sharing of information that the [^{F34}FCA] is not prevented from disclosing.

Textual Amendments

- F32** Words in s. 3Q heading omitted (1.3.2017) by virtue of [Bank of England and Financial Services Act 2016 \(c. 14\)](#), s. 41(3), [Sch. 2 para. 30\(2\)](#) (with [Sch. 3](#)); S.I. 2017/43, reg. 2(g)
- F33** Words in s. 3Q(1) substituted (1.3.2017) by [Bank of England and Financial Services Act 2016 \(c. 14\)](#), s. 41(3), [Sch. 2 para. 30\(3\)](#) (with [Sch. 3](#)); S.I. 2017/43, reg. 2(g)
- F34** Word in s. 3Q(2) substituted (1.3.2017) by [Bank of England and Financial Services Act 2016 \(c. 14\)](#), s. 41(3), [Sch. 2 para. 30\(4\)](#) (with [Sch. 3](#)); S.I. 2017/43, reg. 2(g)

Arrangements for provision of services

3R Arrangements for provision of services

- (1) The regulators may enter into arrangements with each other for the provision of services by one of them to the other.
- (2) [^{F35}The FCA] may enter into arrangements with the Bank of England for the provision of services—
- (a) by the Bank to the [^{F36}FCA], or
 - (b) by the [^{F37}FCA] to the Bank.
- (3) Either regulator may enter into arrangements with any of the bodies specified in subsection (4) for the provision of services by the regulator to that body.
- (4) Those bodies are—
- [^{F38}(a) the [^{F39}Money and Pensions Service] (see Part 1 of the Financial Guidance and Claims Act 2018),]
 - (b) the scheme manager (see section 212(1)), and
 - (c) the scheme operator (see section 225(2)).
- (5) The FCA may enter into arrangements with—
- (a) a local weights and measures authority in England, Wales or Scotland, or
 - (b) the Department of Enterprise, Trade and Investment in Northern Ireland,

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for the provision by the authority or department to the FCA of services which relate to activities to which this subsection applies.

- (6) Subsection (5) applies to activities that are regulated activities by virtue of—
- (a) an order made under section 22(1) in relation to an investment of a kind falling within paragraph 23 or 23B of Schedule 2, or
 - (b) an order made under section 22(1A)(a).
- (7) Arrangements under this section are to be on such terms as may be agreed by the parties.

Textual Amendments

- F35** Words in s. 3R(2) substituted (1.3.2017) by [Bank of England and Financial Services Act 2016 \(c. 14\)](#), s. 41(3), [Sch. 2 para. 31\(a\)](#) (with [Sch. 3](#)); S.I. 2017/43, reg. 2(g)
- F36** Word in s. 3R(2)(a) substituted (1.3.2017) by [Bank of England and Financial Services Act 2016 \(c. 14\)](#), s. 41(3), [Sch. 2 para. 31\(b\)](#) (with [Sch. 3](#)); S.I. 2017/43, reg. 2(g)
- F37** Word in s. 3R(2)(b) substituted (1.3.2017) by [Bank of England and Financial Services Act 2016 \(c. 14\)](#), s. 41(3), [Sch. 2 para. 31\(b\)](#) (with [Sch. 3](#)); S.I. 2017/43, reg. 2(g)
- F38** S. 3R(4)(a) substituted (1.10.2018) by [Financial Guidance and Claims Act 2018 \(c. 10\)](#), s. 37(5), [Sch. 3 para. 11](#); S.I. 2018/1029, reg. 2(q) (with [Sch. para. 1](#))
- F39** Words in s. 3R(4)(a) substituted (6.4.2019) by [The Financial Guidance and Claims Act 2018 \(Naming and Consequential Amendments\) Regulations 2019 \(S.I. 2019/383\)](#), reg. 1(1), [Sch. para. 7\(a\)](#)

F⁴⁰ Rules

Textual Amendments

- F40** Ss. 3RA-3RD and cross-heading inserted (29.8.2023) by [Financial Services and Markets Act 2023 \(c. 29\)](#), [ss. 29\(2\)](#), 86(3); S.I. 2023/779, reg. 4(t)

3RA Duty of FCA and PRA to review rules

- (1) Each regulator must keep under review generally any rules made by the regulator under this Act or any other enactment (whenever passed or made).
- (2) Subsection (1) does not apply to rules made for the purpose of complying with a direction or recommendation of the Financial Policy Committee of the Bank of England under—
- (a) section 9H of the Bank of England Act 1998 (directions to FCA or PRA requiring macro-prudential measures), or
 - (b) section 9Q of that Act (recommendations to FCA and PRA).

3RB Statement of policy relating to review of rules

- (1) Each regulator must prepare and publish a statement of its policy with respect to its review of rules under section 3RA.
- (2) The statement must provide information about—
- (a) how representations (including by a statutory panel) can be made to each regulator with respect to its review of rules under section 3RA, and

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- (b) the arrangements to ensure that those representations are considered.
- (3) In this section “statutory panel” has the meaning given by section 1RB(5).
- (4) If a statement published under this section is altered or replaced by a regulator, the regulator must publish the altered or replaced statement.
- (5) A statement prepared under this section must be published by the regulator in the way appearing to that regulator to be best designed to bring it to the attention of the public.

3RC Requirement to review specified rules

- (1) The Treasury may by direction require a regulator to carry out a review of specified rules if—
 - (a) the rules have been in force for at least 12 months,
 - (b) the Treasury consider that it is in the public interest that the rules are reviewed, and
 - (c) it does not appear to the Treasury that—
 - (i) the regulator is carrying out, or proposes to carry out, a review of those rules, or
 - (ii) if the regulator proposes to carry out a review, the proposals are appropriate for the purposes of carrying out an effective review.
- (2) Subsection (1) only applies to rules falling within section 3RA(1).
- (3) The Treasury must consult the regulator concerned before giving a direction under subsection (1).
- (4) In exercising the power under this section, the Treasury must have regard to the desirability of minimising any adverse effect that the carrying out of the review may have on the exercise by the regulator of any of its other functions.
- (5) A direction under subsection (1) may—
 - (a) specify the period within which a review must be carried out;
 - (b) determine the scope and conduct of a review;
 - (c) require the provision of interim reports during the carrying out of a review.
- (6) Provision made in a direction under subsection (5)(b) may include a requirement—
 - (a) for a review to be carried out by a person appointed by the regulator who is independent of the regulator;
 - (b) for any such appointment to be made only with the approval of the Treasury.
- (7) As soon as practicable after giving a direction under subsection (1) the Treasury must—
 - (a) lay before Parliament a copy of the direction, and
 - (b) publish the direction in such manner as the Treasury think fit.
- (8) Subsection (7) does not apply where the Treasury consider that publication of the direction would be against the public interest.
- (9) A direction under subsection (1) may be varied or revoked by the giving of a further direction.

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3RD Report on certain reviews

- (1) This section applies where the Treasury have given a direction to a regulator under section 3RC(1) to carry out a review.
- (2) The regulator must make a written report to the Treasury as to the opinion of the regulator in relation to the following matters—
 - (a) if the regulator is the FCA, whether the rules under review—
 - (i) are compatible with the FCA’s strategic objective,
 - (ii) advance one or more of the FCA’s operational objectives, and
 - (iii) advance the competitiveness and growth objective;
 - (b) if the regulator is the PRA, whether the rules under review—
 - (i) advance one or more of the PRA’s objectives, and
 - (ii) advance the PRA’s competition objective and the PRA’s competitiveness and growth objective;
 - (c) whether and to what extent the rules are functioning effectively and achieving their intended purpose;
 - (d) whether any amendments should be made to the rules and, if so, what those amendments should be;
 - (e) whether any rules should be revoked (with or without replacement);
 - (f) whether any other action should be taken and, if so, what that action should be.
- (3) As soon as practicable after receiving the report the Treasury must—
 - (a) lay before Parliament a copy of the report, and
 - (b) publish the report in such manner as the Treasury think fit.
- (4) When complying with subsection (3) the Treasury may withhold material from the report if the Treasury consider that publication of the material would be against the public interest.

[^{F41}3RE] Power of Treasury to require making of rules by regulations

- (1) The Treasury may by regulations require a regulator to exercise a power under this Act to make rules in relation to a specified activity or a specified description of person.
- (2) Regulations under this section may—
 - (a) specify matters that the rules must cover;
 - (b) specify a period within which the rules must be made.
- (3) But except so far as permitted by subsection (2), regulations under this section may not require rules to be made—
 - (a) in a specified form or with specified content, or
 - (b) to achieve or advance a specified outcome.
- (4) If no period is specified under subsection (2)(b) the rules must be made as soon as reasonably practicable after the coming into force of the regulations.]]

Textual Amendments

F41 S. 3RE inserted (29.8.2023) by [Financial Services and Markets Act 2023 \(c. 29\)](#), ss. **30(2)**, 86(3); S.I. 2023/779, reg. 4(u)

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Enhancing public understanding of financial matters etc.]

^{F42}3S The consumer financial education body

.....

Textual Amendments

F42 S. 3S omitted (6.4.2021) by virtue of [Financial Guidance and Claims Act 2018 \(c. 10\)](#), s. 37(5), [Sch. 3 para. 12](#); S.I. 2021/433, reg. 2(b)(ii)

^{F43}Interpretation

Textual Amendments

F43 S. 3T and cross-heading inserted (6.7.2016) by [Bank of England and Financial Services Act 2016 \(c. 14\)](#), s. 41(3), [Sch. 2 para. 32](#) (with Sch. 3); S.I. 2016/627, reg. 2(2)(i)

3T Interpretation

In this Part “enactment” includes—

- (a) an enactment contained in subordinate legislation within the meaning of the Interpretation Act 1978;
- (b) an enactment contained in, or in an instrument made under, an Act of the Scottish Parliament;
- (c) an enactment contained in, or in an instrument made under, a Measure or Act of the National Assembly for Wales;
- (d) an enactment contained in, or in an instrument made under, Northern Ireland legislation.]

Status:

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Changes to legislation:

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