



# Financial Services and Markets Act 2000

## 2000 CHAPTER 8

### [<sup>F1</sup>PART 4A

#### PERMISSION TO CARRY ON REGULATED ACTIVITIES

#### *[<sup>F1</sup>Imposition and variation of requirements*

##### Textual Amendments

- F1** Pt. 4A substituted for ss. 40-55 (24.1.2013 for specified purposes, 1.4.2013 in so far as not already in force) by [Financial Services Act 2012 \(c. 21\)](#), [ss. 11\(2\), 122\(3\)](#) (with [Sch. 20](#)); [S.I. 2013/113](#), [art. 2\(1\)\(b\)\(c\)](#), [Sch. Pts. 2, 3](#); [S.I. 2013/423](#), [art. 3](#), [Sch.](#)

#### **55L Imposition of requirements by FCA**

- (1) Where a person has applied (whether to the FCA or the PRA) for a Part 4A permission or the variation of a Part 4A permission, the FCA may impose on that person such requirements, taking effect on or after the giving or variation of the permission, as the FCA considers appropriate.
- (2) The FCA may exercise its power under subsection (3) in relation to an authorised person with a Part 4A permission (whether given by it or by the PRA) (“A”) if it appears to the FCA that—
  - (a) A is failing, or is likely to fail, to satisfy the threshold conditions for which the FCA is responsible,
  - (b) A has failed, during a period of at least 12 months, to carry on a regulated activity to which the Part 4A permission relates, or
  - (c) it is desirable to exercise the power in order to advance one or more of the FCA's operational objectives.
- (3) The FCA's power under this subsection is a power—
  - (a) to impose a new requirement,

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- (b) to vary a requirement imposed by the FCA under this section, or
  - (c) to cancel such a requirement.
- (4) The FCA's power under subsection (3) is referred to in this Part as its own-initiative requirement power.
- (5) The FCA may, on the application of an authorised person with a Part 4A permission—
- (a) impose a new requirement,
  - (b) vary a requirement imposed by the FCA under this section, or
  - (c) cancel such a requirement.
- (6) The FCA may refuse an application under subsection (5) if it appears to it that it is desirable to do so in order to advance any of its operational objectives.
- (7) The FCA must consult the PRA before imposing or varying a requirement which relates to—
- (a) a person who is, or will on the granting of an application for Part 4A permission be, a PRA-authorised person, or
  - (b) a person who is a member of a group which includes a PRA-authorised person.

**Modifications etc. (not altering text)**

- C1** S. 55L applied (with modifications) (8.6.2023 for specified purposes) by [The Financial Services and Markets Act 2000 \(Financial Promotion\) \(Amendment\) Order 2023 \(S.I. 2023/612\)](#), art. 1(2), **Sch. para. 2** (with art. 11)
- C2** S. 55L(1) modified (1.4.2015) by [The Financial Services and Markets Act 2000 \(Regulated Activities\) \(Amendment\) Order 2015 \(S.I. 2015/369\)](#), arts. 1, **7(4)**
- C3** S. 55L(2) modified by S.I. 1995/1442, reg. 49(2) (as substituted (1.4.2013) by [The Financial Services Act 2012 \(Consequential Amendments and Transitional Provisions\) Order 2013 \(S.I. 2013/472\)](#)), **Sch. 2 para. 12(c)(i)**
- C4** S. 55L(2) modified (2.4.2013) by [The Financial Services and Markets Act 2000 \(Regulated Activities\) \(Amendment\) Order 2013 \(S.I. 2013/655\)](#), arts. 1, **10(4)**
- C5** S. 55L(2) modified (1.4.2015) by [The Financial Services and Markets Act 2000 \(Regulated Activities\) \(Amendment\) Order 2015 \(S.I. 2015/369\)](#), arts. 1, **7(5)**

**55M Imposition of requirements by PRA**

- (1) Where—
- (a) a person has applied for a Part 4A permission in relation to activities which consist of or include a PRA-regulated activity,
  - (b) a PRA-authorised person has applied for a Part 4A permission or the variation of a Part 4A permission, or
  - (c) an authorised person other than a PRA-authorised person has applied for a Part 4A permission to be varied by adding to the regulated activities to which it relates one or more regulated activities which include a PRA-regulated activity,
- the PRA may impose on that person such requirements, taking effect on or after the giving or variation of the permission, as the PRA considers appropriate.
- (2) The PRA may exercise its power under subsection (3) in relation to a PRA-authorised person with a Part 4A permission (“P”) if it appears to the PRA that—

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- (a) P is failing, or is likely to fail, to satisfy the threshold conditions for which the PRA is responsible,
  - (b) P has failed, during a period of at least 12 months, to carry on a regulated activity to which the Part 4A permission relates, or
  - (c) it is desirable to exercise the power in order to advance any of the PRA's objectives.
- (3) The PRA's power under this subsection is a power—
- (a) to impose a new requirement,
  - (b) to vary a requirement imposed by the PRA under this section, or
  - (c) to cancel such a requirement.
- (4) The PRA's power under subsection (3) is referred to in this Part as its own-initiative requirement power.
- (5) The PRA may, on the application of a PRA-authorized person with a Part 4A permission—
- (a) impose a new requirement,
  - (b) vary a requirement imposed by the PRA under this section, or
  - (c) cancel such a requirement.
- (6) The PRA may refuse an application under subsection (5) if it appears to it that it is desirable to do so in order to advance any of its objectives.
- [ The PRA may not exercise its powers under this section to impose a requirement<sup>F2</sup>(6A) relating to the regulated activity specified in article 63S of the Financial Services and Markets Act 2000 (Regulated Activities) Order 2001 (administering a benchmark).]
- (7) The PRA must consult the FCA before imposing or varying a requirement.

#### Textual Amendments

**F2** S. 55M(6A) inserted (27.2.2018) by [The Financial Services and Markets Act 2000 \(Benchmarks\) Regulations 2018 \(S.I. 2018/135\)](#), regs. 1(2), **40(8)**

#### Modifications etc. (not altering text)

**C6** S. 55M(2) modified by S.I. 1995/1442, reg. 49(2) (as substituted (1.4.2013) by [The Financial Services Act 2012 \(Consequential Amendments and Transitional Provisions\) Order 2013 \(S.I. 2013/472\)](#)), **Sch. 2 para. 12(c)(i)**

### 55N Requirements under section 55L or 55M: further provisions

- (1) A requirement may, in particular, be imposed—
  - (a) so as to require the person concerned to take specified action, or
  - (b) so as to require the person concerned to refrain from taking specified action.
- (2) A requirement may extend to activities which are not regulated activities.
- (3) A requirement may be imposed by reference to the person's relationship with—
  - (a) the person's group, or
  - (b) other members of the person's group.

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- (4) A requirement may be expressed to expire at the end of such period as the regulator imposing it may specify, but the imposition of a requirement that expires at the end of a specified period does not affect the regulator's power to impose a new requirement.
- (5) A requirement may refer to the past conduct of the person concerned (for example, by requiring the person concerned to review or take remedial action in respect of past conduct).
- (6) In this section “requirement” means a requirement imposed under section 55L or 55M.

**Modifications etc. (not altering text)**

- C7 S. 55N applied (8.6.2023 for specified purposes) by [The Financial Services and Markets Act 2000 \(Financial Promotion\) \(Amendment\) Order 2023 \(S.I. 2023/612\)](#), art. 1(2), **Sch. para. 1(a)** (with art. 11)

**General requirement relating to financial promotion approval**

**F3 55NA**

- (1) An authorised person must not approve the content of a communication for the purposes of section 21 unless the person has permission to do so given by the FCA under this section.
- (2) An authorised person who approves the content of a communication for the purposes of section 21 otherwise than in accordance with permission granted under this section is to be taken to have contravened a requirement imposed on the person by the FCA under this Act.
- (3) Permission may be granted by the FCA under this section on the application of—
  - (a) an authorised person, or
  - (b) an applicant for Part 4A permission that has yet to be determined.
- (4) The FCA may grant a person permission under this section—
  - (a) on the terms sought in the application (which may include the grant of permission to give approvals generally for the purposes of section 21), or
  - (b) subject to any other terms the FCA considers appropriate (which may in particular provide for the giving of permission in a narrower description of case than that sought in the application).
- (5) Where the FCA grants permission to a person under this section, the FCA may vary or cancel the permission—
  - (a) on the application of the person to whom it was given, or
  - (b) of its own initiative,
 and subsection (4)(b) applies to the variation of permission as it applies to its grant.
- (6) If the FCA grants or varies permission under this section it must set out the terms on which the permission is given, described in such way as it considers appropriate.
- (7) The FCA may refuse to grant an application for permission under this section, or for its variation or cancellation under subsection (5)(a), if it appears to the FCA that it is desirable to do so in order to advance one or more of its operational objectives.
- (8) The FCA may vary or cancel a person’s permission under subsection (5)(b) if it appears to the FCA that—

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- (a) the person has failed, during a period of at least 12 months, to give, or to refuse to give, any approvals for the purposes of section 21 in accordance with the permission, or
  - (b) it is desirable to vary or cancel the permission in order to advance one or more of its operational objectives.
- (9) The FCA must consult—
- (a) the PRA before giving permission under this section to, or before varying or cancelling permission under this section given to—
    - (i) a person who is, or will on the granting of an application for Part 4A permission be, a PRA-*authorised* person, or
    - (ii) a person who is a member of a group which includes a PRA-*authorised* person;
  - (b) the Gibraltar regulator (within the meaning of Schedule 2A) before giving permission under this section to, or before varying or cancelling permission under this section given to, a Gibraltar-based person.
- (10) Subsection (9)(b) does not apply in a case where the FCA varies or cancels permission of a Gibraltar-based person in exercise of its power under subsection (5)(b), but the FCA must inform the Gibraltar regulator in writing of the variation or cancellation.
- (11) Subsections (1) and (2) do not apply if the giving of approval falls within an exemption conferred by regulations made under section 55NB.
- (12) Nothing in this section limits any other power under this Act to impose requirements in relation to approvals given for the purposes of section 21 so far as those requirements are additional to the requirement imposed by subsection (1) of this section (but any such other requirement that is inconsistent with the requirement imposed by that subsection is of no effect to the extent of that inconsistency).

#### Textual Amendments

- F3** Ss. 55NA, 55NB inserted (29.6.2023 for specified purposes) by [Financial Services and Markets Act 2023 \(c. 29\)](#), ss. 20(3), 86(1)(c) (with s. 20(5))

### **55NB Section 55NA: power to provide for exemptions**

- (1) The Treasury may by regulations provide for exemptions from the requirement imposed by section 55NA(1) not to give approvals for the purposes of section 21 without permission.
- (2) Regulations under subsection (1) may provide for an exemption to have effect—
  - (a) in respect of specified persons;
  - (b) in respect of persons falling within a specified class;
  - (c) in respect of approval given in relation to activities of a specified description;
  - (d) only in specified circumstances;
  - (e) subject to specified conditions.
- (3) In this section “specified” means specified in regulations under this section.]

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### Textual Amendments

- F3** Ss. 55NA, 55NB inserted (29.6.2023 for specified purposes) by [Financial Services and Markets Act 2023 \(c. 29\)](#), **ss. 20(3)**, 86(1)(c) (with s. 20(5))

## 55O Imposition of requirements on acquisition of control

- (1) This section applies if it appears to the appropriate regulator that—
  - (a) a person has acquired control over a UK authorised person who has a Part 4A permission, but
  - (b) there are no grounds for exercising its own-initiative requirement power.
- (2) If it appears to the appropriate regulator that the likely effect of the acquisition of control on the UK authorised person, or on any of its activities, is uncertain, the appropriate regulator may—
  - (a) impose on the UK authorised person a requirement that could be imposed by that regulator under section 55L or 55M (as the case may be) on the giving of permission, or
  - (b) vary a requirement imposed by that regulator under that section on the UK authorised person.
- (3) “The appropriate regulator” means—
  - (a) in a case where the UK authorised person is a PRA-authorized person, the FCA or the PRA;
  - (b) in any other case, the FCA.
- (4) This section does not affect any duty of the appropriate regulator to consult or obtain the consent of the other regulator in connection with the imposition of the requirement.
- (5) Any reference to a person having acquired control is to be read in accordance with Part 12.

## 55P Prohibitions and restrictions

- (1) This section applies if—
  - (a) on a person being given a Part 4A permission, either regulator imposes an assets requirement on that person,
  - (b) an assets requirement is imposed on an authorised person, or
  - (c) an assets requirement previously imposed on such a person is varied.
- (2) A person on whom an assets requirement is imposed is referred to in this section as “A”.
- (3) The “appropriate regulator” is the regulator which imposed the requirement.
- (4) “Assets requirement” means a requirement under section 55L or 55M—
  - (a) prohibiting the disposal of, or other dealing with, any of A's assets (whether in the United Kingdom or elsewhere) or restricting such disposals or dealings, or
  - (b) that all or any of A's assets, or all or any assets belonging to consumers but held by A or to A's order, must be transferred to and held by a trustee approved by the appropriate regulator.

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- (5) If the appropriate regulator—
- (a) imposes a requirement of the kind mentioned in subsection (4)(a), and
  - (b) gives notice of the requirement to any institution with whom A keeps an account,
- the notice has the effects mentioned in subsection (6).
- (6) Those effects are that—
- (a) the institution does not act in breach of any contract with A if, having been instructed by A (or on A's behalf) to transfer any sum or otherwise make any payment out of A's account, it refuses to do so in the reasonably held belief that complying with the instruction would be incompatible with the requirement, and
  - (b) if the institution complies with such an instruction, it is liable to pay to the appropriate regulator an amount equal to the amount transferred from, or otherwise paid out of, A's account in contravention of the requirement.
- (7) If the appropriate regulator imposes a requirement of the kind mentioned in subsection (4)(b), no assets held by a person as trustee in accordance with the requirement may, while the requirement is in force, be released or dealt with except with the consent of the appropriate regulator.
- (8) If, while a requirement of the kind mentioned in subsection (4)(b) is in force, A creates a charge over any assets of A held in accordance with the requirement, the charge is (to the extent that it confers security over the assets) void against the liquidator and any of A's creditors.
- (9) Assets held by a person as trustee (“T”) are to be taken to be held by T in accordance with any requirement mentioned in subsection (4)(b) only if—
- (a) A has given T written notice that those assets are to be held by T in accordance with the requirement, or
  - (b) they are assets into which assets to which paragraph (a) applies have been transposed by T on the instructions of A.
- (10) A person who contravenes subsection (7) is guilty of an offence and liable on summary conviction to a fine not exceeding level 5 on the standard scale.
- (11) “Charge” includes a mortgage (or in Scotland a security over property).
- (12) Subsections (7) and (9) do not affect any equitable interest or remedy in favour of a person who is a beneficiary of a trust as a result of a requirement of the kind mentioned in subsection (4)(b).

**Modifications etc. (not altering text)**

**C8** S. 55P applied (with modifications) (8.6.2023 for specified purposes) by [The Financial Services and Markets Act 2000 \(Financial Promotion\) \(Amendment\) Order 2023 \(S.I. 2023/612\)](#), art. 1(2), **Sch. para. 3** (with art. 11)

**F<sup>4</sup>55PA. Assets requirements imposed on insurance undertakings or reinsurance undertakings**

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#### Textual Amendments

- F4** S. 55PA 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), **19**; 2020 c. 1, Sch. 5 para. 1(1)

### **Requirements relating to general meetings**

**F5** **55PB.**

- (1) This section applies where—
- (a) either regulator has imposed a general meeting requirement on an authorised person who is a bank, building society or investment firm,
  - (b) the authorised person has not complied with the general meeting requirement, and
  - (c) the appropriate regulator considers that the authorised person has infringed, or is likely in the near future to infringe—
    - (i) a relevant requirement within the meaning of section 204A; or
    - (ii) one or more of Articles 3 to 7, 14 to 17 or 24 to 26 of Regulation (EU) No 600/2014 of 15th May 2014 of the European Parliament and of the Council on Markets in Financial Instruments.
- (2) A general meeting requirement is a requirement under section 55L or 55M that the authorised person call a general meeting of its shareholders or members.
- (3) The appropriate regulator may call a general meeting of the shareholders or members of the authorised person.
- (4) The appropriate regulator may propose business for consideration and decision at the general meeting.
- (5) The meeting must be called in the same manner, as far as practicable, as that in which meetings are required to be called by the board of directors (or the equivalent management body) of the authorised person.
- (6) For the purposes of this section—
- “bank” has the meaning given in section 2 of the Banking Act 2009;
- “building society” has the meaning given in the Building Societies Act 1986;
- “investment firm” has the meaning given in <sup>F6</sup>Article 4(1)(2) of the capital requirements regulation];
- “the appropriate regulator” means the regulator who imposed the general meeting requirement.]]

#### Textual Amendments

- F5** S. 55PB inserted (16.12.2016) by [The Bank Recovery and Resolution Order 2016 \(S.I. 2016/1239\)](#), arts. 1(2), **31**
- F6** Words in s. 55PB(6) substituted (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(4)**



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