

*Status: Point in time view as at 06/04/2008.*

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## SCHEDULES

### SCHEDULE 1

#### THE FINANCIAL SERVICES AUTHORITY

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

- C1 Sch. 1 extended (17.8.2001) by S.I. 2001/2617, arts. 2(a), 4(3), 8, Sch. 2 para. 2

### PART I

#### GENERAL

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

- C1 Sch. 1 Pt. 1 modified (15.12.2007) by The Transfer of Funds (Information on the Payer) Regulations 2007 (S.I. 2007/3298), reg. 4(4)
- C2 Sch. 1 Pt. 1 applied (27.11.2008) by Counter-Terrorism Act 2008 (c. 28), ss. 62, 100(2), Sch. 7 para. 41(1) (with s. 101(2), Sch. 7 para. 43)

#### *Interpretation*

- 1 (1) In this Schedule—
- “the 1985 Act” means the <sup>M1</sup>Companies Act 1985;
  - “non-executive committee” means the committee maintained under paragraph 3;
  - “functions”, in relation to the Authority, means functions conferred on the Authority by or under any provision of this Act.
- (2) For the purposes of this Schedule, the following are the Authority’s legislative functions—
- (a) making rules;
  - (b) issuing codes under section 64 or 119;
  - (c) issuing statements under section 64, 69, 124 or 210;
  - (d) giving directions under section 316, 318 or 328;
  - (e) issuing general guidance (as defined by section 158(5)) [<sup>F1</sup>or guidance under section 158A].

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#### **Textual Amendments**

- F1** Words in [Sch. 1 para. 1\(2\)\(e\)](#) inserted (6.12.2006) by [The Financial Services and Markets Act 2000 \(Markets in Financial Instruments\) \(Modification of Powers\) Regulations 2006 \(S.I. 2006/2975\)](#) {reg. 12}

#### **Marginal Citations**

- M1** [1985 c. 6.](#)

### *Constitution*

- 2 (1) The constitution of the Authority must continue to provide for the Authority to have—
- (a) a chairman; and
  - (b) a governing body.
- (2) The governing body must include the chairman.
- (3) The chairman and other members of the governing body must be appointed, and be liable to removal from office, by the Treasury.
- (4) The validity of any act of the Authority is not affected—
- (a) by a vacancy in the office of chairman; or
  - (b) by a defect in the appointment of a person as a member of the governing body or as chairman.

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

- C3** [Sch. 1 Pt. I para. 2\(3\)](#) modified (18.6.2001) by [S.I. 2001/1821](#), [arts. 1\(1\), 2\(2\)](#)

### *Non-executive members of the governing body*

- 3 (1) The Authority must secure—
- (a) that the majority of the members of its governing body are non-executive members; and
  - (b) that a committee of its governing body, consisting solely of the non-executive members, is set up and maintained for the purposes of discharging the functions conferred on the committee by this Schedule.
- (2) The members of the non-executive committee are to be appointed by the Authority.
- (3) The non-executive committee is to have a chairman appointed by the Treasury from among its members.

### *Functions of the non-executive committee*

- 4 (1) In this paragraph “the committee” means the non-executive committee.
- (2) The non-executive functions are functions of the Authority but must be discharged by the committee.
- (3) The non-executive functions are—

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- (a) keeping under review the question whether the Authority is, in discharging its functions in accordance with decisions of its governing body, using its resources in the most efficient and economic way;
  - (b) keeping under review the question whether the Authority's internal financial controls secure the proper conduct of its financial affairs; and
  - (c) determining the remuneration of—
    - (i) the chairman of the Authority's governing body; and
    - (ii) the executive members of that body.
- (4) The function mentioned in sub-paragraph (3)(b) and those mentioned in sub-paragraph (3)(c) may be discharged on behalf of the committee by a sub-committee.
- (5) Any sub-committee of the committee—
- (a) must have as its chairman the chairman of the committee; but
  - (b) may include persons other than members of the committee.
- (6) The committee must prepare a report on the discharge of its functions for inclusion in the Authority's annual report to the Treasury under paragraph 10.
- (7) The committee's report must relate to the same period as that covered by the Authority's report.

#### *Arrangements for discharging functions*

- 5 (1) The Authority may make arrangements for any of its functions to be discharged by a committee, sub-committee, officer or member of staff of the Authority.
- [<sup>F2</sup>(2) But—
- (a) in exercising the legislative functions mentioned in paragraph 1(2)(a) to (d), the Authority must act through its governing body; and
  - (b) the legislative function mentioned in paragraph 1(2)(e) may not be discharged by an officer or member of staff of the Authority.]
- (3) Sub-paragraph (1) does not apply to the non-executive functions.

#### **Textual Amendments**

**F2** Sch. 1 para. 5(2) substituted (12.7.2007) by [The Regulatory Reform \(Financial Services and Markets Act 2000\) Order 2007 \(S.I. 2007/1973\)](#), **art. 14**

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

**C4** Sch. 1 para. 5 extended (18.6.2001) by S.I. 2001/1821, **arts. 1(1), 2(1)(b)(c)**

**C5** Sch. 1 para. 5(1) excluded by [Serious Organised Crime and Police Act 2005 \(c. 15\)](#), s. 71(6B) (as inserted (6.4.2010) by [Coroners and Justice Act 2009 \(c. 25\)](#) {ss. 113(4)}, 182(5) (with s. 180); S.I. 2010/816, **art. 2**, Sch. para. 6)

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### *Monitoring and enforcement*

- 6 (1) The Authority must maintain arrangements designed to enable it to determine whether persons on whom requirements are imposed by or under this Act [<sup>F3</sup>, or by any directly applicable Community regulation made under the markets in financial instruments directive,] are complying with them.
- (2) Those arrangements may provide for functions to be performed on behalf of the Authority by any body or person who, in its opinion, is competent to perform them.
- (3) The Authority must also maintain arrangements for enforcing the provisions of, or made under, this Act [<sup>F4</sup>or of any directly applicable Community regulation made under the markets in financial instruments directive].
- (4) Sub-paragraph (2) does not affect the Authority’s duty under sub-paragraph (1).

#### **Textual Amendments**

**F3** Words in Sch. 1 para. 6(1) inserted (1.4.2007 for certain purposes, otherwise 1.11.2007) by [The Financial Services and Markets Act 2000 \(Markets in Financial Instruments\) Regulations 2007 \(S.I. 2007/126\)](#), regs. 1(2), 3(5), [Sch. 5 para. 23\(a\)](#)

**F4** Words in Sch. 1 para. 6(3) inserted (1.4.2007 for certain purposes, otherwise 1.11.2007) by [The Financial Services and Markets Act 2000 \(Markets in Financial Instruments\) Regulations 2007 \(S.I. 2007/126\)](#), regs. 1(2), 3(5), [Sch. 5 para. 23\(b\)](#)

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

**C6** Sch. 1 para. 6 modified (18.7.2002 for certain purposes and 21.8.2002 otherwise) by [The Electronic Commerce Directive \(Financial Services and Markets\) Regulations 2002 \(S.I. 2002/1775\)](#), regs. 1, [12\(2\)](#)

**C7** Sch. 1 Pt. I para. 6(2) applied (with modifications) (17.8.2001) by [S.I. 2001/2617](#), arts. 2(a), 4(3), 8, [Sch. 2 para. 3](#)

### *Arrangements for the investigation of complaints*

- 7 (1) The Authority must—
- (a) make arrangements (“the complaints scheme”) for the investigation of complaints arising in connection with the exercise of, or failure to exercise, any of its functions (other than its legislative functions); and
  - (b) appoint an independent person (“the investigator”) to be responsible for the conduct of investigations in accordance with the complaints scheme.
- (2) The complaints scheme must be designed so that, as far as reasonably practicable, complaints are investigated quickly.
- (3) The Treasury’s approval is required for the appointment or dismissal of the investigator.
- (4) The terms and conditions on which the investigator is appointed must be such as, in the opinion of the Authority, are reasonably designed to secure—
- (a) that he will be free at all times to act independently of the Authority; and
  - (b) that complaints will be investigated under the complaints scheme without favouring the Authority.

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- (5) Before making the complaints scheme, the Authority must publish a draft of the proposed scheme in the way appearing to the Authority best calculated to bring it to the attention of the public.
- (6) The draft must be accompanied by notice that representations about it may be made to the Authority within a specified time.
- (7) Before making the proposed complaints scheme, the Authority must have regard to any representations made to it in accordance with sub-paragraph (6).
- (8) If the Authority makes the proposed complaints scheme, it must publish an account, in general terms, of—
  - (a) the representations made to it in accordance with sub-paragraph (6); and
  - (b) its response to them.
- (9) If the complaints scheme differs from the draft published under sub-paragraph (5) in a way which is, in the opinion of the Authority, significant the Authority must (in addition to complying with sub-paragraph (8)) publish details of the difference.
- (10) The Authority must publish up-to-date details of the complaints scheme including, in particular, details of—
  - (a) the provision made under paragraph 8(5); and
  - (b) the powers which the investigator has to investigate a complaint.
- (11) Those details must be published in the way appearing to the Authority to be best calculated to bring them to the attention of the public.
- (12) The Authority must, without delay, give the Treasury a copy of any details published by it under this paragraph.
- (13) The Authority may charge a reasonable fee for providing a person with a copy of—
  - (a) a draft published under sub-paragraph (5);
  - (b) details published under sub-paragraph (10).
- (14) Sub-paragraphs (5) to (9) and (13)(a) also apply to a proposal to alter or replace the complaints scheme.

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

- C8** Sch. 1 Pt. I para. 7(1)(a) restricted (19.7.2001) by S.I. 2001/2326, arts. 1(1)(a), 18(3)  
**C9** Sch. 1 Pt. I para. 7(2)-(14) applied (19.7.2001) by S.I. 2001/2326, arts. 1(1)(a), 18(2)(a)

**Commencement Information**

- II** Sch. 1 Pt. I para. 7 wholly in force at 3.9.2001; Sch. 1 Pt. I para. 7 not in force at Royal Assent see s. 431(2); Sch. 1 Pt. I para. 7 in force for specified purposes at 19.7.2001 by S.I. 2001/2364, art. 2(2) (with art. 3); Sch. 1 Pt. I para. 7 in force in so far as not already in force at 3.9.2001 by S.I. 2001/2632, art. 2(2), Sch. Pt. 2

*Investigation of complaints*

- 8 (1) The Authority is not obliged to investigate a complaint in accordance with the complaints scheme which it reasonably considers would be more appropriately dealt

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with in another way (for example by referring the matter to the Tribunal or by the institution of other legal proceedings).

- (2) The complaints scheme must provide—
- (a) for reference to the investigator of any complaint which the Authority is investigating; and
  - (b) for him—
    - (i) to have the means to conduct a full investigation of the complaint;
    - (ii) to report on the result of his investigation to the Authority and the complainant; and
    - (iii) to be able to publish his report (or any part of it) if he considers that it (or the part) ought to be brought to the attention of the public.
- (3) If the Authority has decided not to investigate a complaint, it must notify the investigator.
- (4) If the investigator considers that a complaint of which he has been notified under sub-paragraph (3) ought to be investigated, he may proceed as if the complaint had been referred to him under the complaints scheme.
- (5) The complaints scheme must confer on the investigator the power to recommend, if he thinks it appropriate, that the Authority—
- (a) makes a compensatory payment to the complainant,
  - (b) remedies the matter complained of,
- or takes both of those steps.
- (6) The complaints scheme must require the Authority, in a case where the investigator—
- (a) has reported that a complaint is well-founded, or
  - (b) has criticised the Authority in his report,
- to inform the investigator and the complainant of the steps which it proposes to take in response to the report.
- (7) The investigator may require the Authority to publish the whole or a specified part of the response.
- (8) The investigator may appoint a person to conduct the investigation on his behalf but subject to his direction.
- (9) Neither an officer nor an employee of the Authority may be appointed under sub-paragraph (8).
- (10) Sub-paragraph (2) is not to be taken as preventing the Authority from making arrangements for the initial investigation of a complaint to be conducted by the Authority.

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

**C10** Sch. 1 Pt. I para. 8 power to apply conferred (19.7.2001) by S.I. 2001/2326, arts. 1(1)(a), 18(2)(b)

**Commencement Information**

**I2** Sch. 1 Pt. I para. 8 wholly in force at 3.9.2001; Sch. 1 Pt. I para. 8 not in force at Royal Assent see s. 431(2); Sch. 1 Pt. I para. 8 in force for specified purposes at 19.7.2001 by S.I. 2001/2364, art. 2(2) (with

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art. 3); Sch. 1 Pt. I para. 8 in force in so far as not already in force at 3.9.2001 by S.I. 2001/2632, art. 2(2), Sch. Pt. 2

### Records

- 9 The Authority must maintain satisfactory arrangements for—
- (a) recording decisions made in the exercise of its functions; and
  - (b) the safe-keeping of those records which it considers ought to be preserved.

### Annual report

- 10 (1) At least once a year the Authority must make a report to the Treasury on—
- (a) the discharge of its functions;
  - (b) the extent to which, in its opinion, the regulatory objectives have been met;
  - (c) its consideration of the matters mentioned in section 2(3); and
  - (d) such other matters as the Treasury may from time to time direct.
- (2) The report must be accompanied by—
- (a) the report prepared by the non-executive committee under paragraph 4(6); and
  - (b) such other reports or information, prepared by such persons, as the Treasury may from time to time direct.
- (3) The Treasury must lay before Parliament a copy of each report received by them under this paragraph.
- (4) The Treasury may—
- (a) require the Authority to comply with any provisions of [<sup>F5</sup>the Companies Act 2006] about accounts and their audit which would not otherwise apply to it; or
  - (b) direct that any such provision of that Act is to apply to the Authority with such modifications as are specified in the direction.
- (5) Compliance with any requirement imposed under sub-paragraph (4)(a) or (b) is enforceable by injunction or, in Scotland, an order under section 45(b) of the <sup>M2</sup>Court of Session Act 1988.
- (6) Proceedings under sub-paragraph (5) may be brought only by the Treasury.

#### Textual Amendments

**F5** Words in Sch. 1 para. 10(4)(a) substituted (6.4.2008) by The Companies Act 2006 (Consequential Amendments etc) Order 2008 (S.I. 2008/948), arts. 2(2), 3(1), Sch. 1 para. 213 (with arts. 6, 11, 12)

#### Marginal Citations

**M2** 1988 c. 36.

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#### *Annual public meeting*

- 11 (1) Not later than three months after making a report under paragraph 10, the Authority must hold a public meeting (“the annual meeting”) for the purposes of enabling that report to be considered.
- (2) The Authority must organise the annual meeting so as to allow—
- (a) a general discussion of the contents of the report which is being considered; and
  - (b) a reasonable opportunity for those attending the meeting to put questions to the Authority about the way in which it discharged, or failed to discharge, its functions during the period to which the report relates.
- (3) But otherwise the annual meeting is to be organised and conducted in such a way as the Authority considers appropriate.
- (4) The Authority must give reasonable notice of its annual meeting.
- (5) That notice must—
- (a) give details of the time and place at which the meeting is to be held;
  - (b) set out the proposed agenda for the meeting;
  - (c) indicate the proposed duration of the meeting;
  - (d) give details of the Authority’s arrangements for enabling persons to attend; and
  - (e) be published by the Authority in the way appearing to it to be most suitable for bringing the notice to the attention of the public.
- (6) If the Authority proposes to alter any of the arrangements which have been included in the notice given under sub-paragraph (4) it must—
- (a) give reasonable notice of the alteration; and
  - (b) publish that notice in the way appearing to the Authority to be best calculated to bring it to the attention of the public.

#### *Report of annual meeting*

- 12 Not later than one month after its annual meeting, the Authority must publish a report of the proceedings of the meeting.



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