



Financial Services Act 2010

2010 CHAPTER 28

Objectives of FSA etc

1 Financial stability objective

- (1) The Financial Services and Markets Act 2000 is amended as follows.
- (2) In section 2(2) (the FSA's regulatory objectives), after paragraph (a) insert—
“(ab) financial stability;”.
- (3) After section 3 insert—

“3A Financial stability

- (1) The financial stability objective is: contributing to the protection and enhancement of the stability of the UK financial system.
- (2) In considering that objective the Authority must have regard to—
 - (a) the economic and fiscal consequences for the United Kingdom of instability of the UK financial system;
 - (b) the effects (if any) on the growth of the economy of the United Kingdom of anything done for the purpose of meeting that objective; and
 - (c) the impact (if any) on the stability of the UK financial system of events or circumstances outside the United Kingdom (as well as in the United Kingdom).
- (3) The Authority must, consulting the Treasury, determine and review its strategy in relation to the financial stability objective.”

2 Enhancing public understanding of financial matters etc

- (1) The Financial Services and Markets Act 2000 is amended as follows.
- (2) In section 2 (the FSA's general duties)—

Status: This is the original version (as it was originally enacted).

- (a) in subsection (2) (the FSA’s regulatory objectives), omit paragraph (b) (which provides that public awareness is one of those objectives), and
 - (b) in subsection (3) (matters to which FSA must have regard in discharging its general functions), after paragraph (g) insert—
 - “(h) the desirability of enhancing the understanding and knowledge of members of the public of financial matters (including the UK financial system).”
- (3) Omit section 4 (public awareness).
- (4) In section 5(2) (the protection of consumers), after paragraph (b) insert—
- “(ba) any information which the consumer financial education body has provided to the Authority in the exercise of the consumer financial education function;”.
- (5) After section 6 insert—

“Enhancing public understanding of financial matters etc

6A Enhancing public understanding of financial matters etc

- (1) The Authority must establish a body corporate (“the consumer financial education body”) whose function (“the consumer financial education function”) is to enhance—
 - (a) the understanding and knowledge of members of the public of financial matters (including the UK financial system); and
 - (b) the ability of members of the public to manage their own financial affairs.
 - (2) The consumer financial education function includes, in particular—
 - (a) promoting awareness of the benefits of financial planning;
 - (b) promoting awareness of the financial advantages and disadvantages in relation to the supply of particular kinds of goods or services;
 - (c) promoting awareness of the benefits and risks associated with different kinds of financial dealing (which includes informing the Authority and other bodies of those benefits and risks);
 - (d) the publication of educational materials or the carrying out of other educational activities; and
 - (e) the provision of information and advice to members of the public.
 - (3) Schedule 1A makes further provision about the consumer financial education body.”
- (6) After Schedule 1 insert the Schedule 1A set out in Schedule 1 to this Act.
- (7) If members of staff of the FSA are transferred to the consumer financial education body, the transfer is to be regarded for the purposes of TUPE as a relevant transfer, whether or not it would otherwise be so regarded.
- (8) In subsection (7)—
- “the consumer financial education body” has the same meaning as in section 6A of the Financial Services and Markets Act 2000,
 - “the FSA” means the Financial Services Authority, and

“TUPE” means the Transfer of Undertakings (Protection of Employment) Regulations 2006.

3 Meeting FSA’s regulatory objectives

- (1) The Financial Services and Markets Act 2000 is amended as follows.
- (2) In section 44(3) (refusal of application by authorised person to vary or cancel its Part IV permission), for the words from “to it—” to the end substitute “to it that it is desirable to refuse the application in order to meet any of its regulatory objectives.”
- (3) In section 45 (variation or cancellation of Part IV permissions: FSA’s own-initiative power)—
 - (a) in subsection (1), for paragraph (c) substitute—

“(c) it is desirable to exercise the power in order to meet any of its regulatory objectives.”, and
 - (b) after that subsection insert—

“(1A) For the purposes of subsection (1)(c) it does not matter whether there is a relationship between the authorised person and the persons whose interests will be protected by the exercise of the power under this section.”
- (4) In section 138(1) and (1A) (general rule-making power), for “protecting the interests of consumers” substitute “meeting any of its regulatory objectives”.
- (5) In section 194 (general grounds on which power of intervention is exercisable)—
 - (a) in subsection (1), for paragraph (c) substitute—

“(c) it is desirable to exercise the power in order to meet any of its regulatory objectives.”, and
 - (b) after that subsection insert—

“(1A) For the purposes of subsection (1)(c) it does not matter whether there is a relationship between the incoming firm and the persons whose interests will be protected by the exercise of the power of intervention.”