

# FINANCIAL SERVICES ACT 2010

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## EXPLANATORY NOTES

### COMMENTARY ON SECTIONS AND SCHEDULES

#### *Banking Act 2009*

#### *Section 20: Services forming part of recognised inter-bank payment systems*

#### **New section 206A: Services forming part of recognised inter-bank payment systems**

229. *Subsection (1)* confers a power on the Treasury to make order(s) applying (and modifying (*subsection (7)*)) any sections under Part 5 of the Act to “service providers”. “Service providers” are defined in *subsection (2)* as persons who supply services (such as telecommunication and IT systems) that form part of the arrangements of an inter-bank payment system that is specified by the Treasury as a recognised system under section 184(1) of the Act. The Bank of England may not be regarded as a service provider (*subsection (5)*).
230. An order under *subsection (1)* may be made only after consultation (*subsection (6)*) and only if a draft has been approved by each House of Parliament (*subsection (8)*).
231. It is envisaged that any order made applying Part 5 to service providers would make provision for the role of the FSA and the Bank of England in relation to persons who are subject to the oversight of the FSA, either as a person who has a permission under Part 4 of FSMA, or is a recognised persons under Part 18 of that Act.
232. In the event an order is made applying provisions of Part 5 to service providers, the Treasury must specify in any recognition orders made under section 184 of the Act the service providers who are to be subject to the Bank of England’s oversight under Part 5 of the Act (as applied) (*subsection (2(b))*). Before specifying any person as a service provider, the Treasury must consult with various parties, including the person whom the Treasury proposes to specify (*subsection (4)*).