



Financial Services and Markets Act 2023

2023 CHAPTER 29

PART 1

REGULATORY FRAMEWORK

CHAPTER 3

ACCOUNTABILITY OF REGULATORS

FCA and PRA objectives and regulatory principles

25 Competitiveness and growth objective

(1) FSMA 2000 is amended as follows.

(2) In section 1B (FCA's general duties), after subsection (4) insert—

“(4A) When discharging its general functions in the way mentioned in subsection (1) the FCA must, so far as reasonably possible, act in a way which, as a secondary objective, advances the competitiveness and growth objective (see section 1EB).”

(3) After section 1E insert—

“1EB Competitiveness and growth objective

The competitiveness and growth objective is: facilitating, subject to aligning with relevant international standards—

- (a) the international competitiveness of the economy of the United Kingdom (including in particular the financial services sector), and
- (b) its growth in the medium to long term.”

(4) In section 2H—

Changes to legislation: There are currently no known outstanding effects for the Financial Services and Markets Act 2023, Cross Heading: FCA and PRA objectives and regulatory principles. (See end of Document for details)

- (a) in the title, for “competition objective” substitute “objectives”;
- (b) for subsection (1) substitute—
 - “(1) When discharging its general functions in a way that advances its objectives (see section 2F), the PRA must, so far as reasonably possible, act in a way that advances the following secondary objectives—
 - (a) the competition objective, and
 - (b) the competitiveness and growth objective.
 - (1A) The competition objective is: facilitating effective competition in the markets for services provided by PRA-authorised persons in carrying on regulated activities.
 - (1B) The competitiveness and growth objective is: facilitating, subject to aligning with relevant international standards—
 - (a) the international competitiveness of the economy of the United Kingdom (including in particular the financial services sector through the contribution of PRA-authorised persons), and
 - (b) its growth in the medium to long term.”

Commencement Information

- 11** S. 25 not in force at Royal Assent, see [s. 86\(3\)](#)
- 12** S. 25 in force at 29.8.2023 by [S.I. 2023/779](#), [reg. 4\(p\)](#)

26 Competitiveness and growth objective: reporting requirements

- (1) Each regulator must make two reports to the Treasury on how it has complied with its duty to advance the competitiveness and growth objective.
- (2) The reports prepared by each regulator under subsection (1) must in particular explain—
 - (a) the action taken by the regulator to ensure that the competitiveness and growth objective is embedded in its operations, processes and decision-making, and
 - (b) how any rules and guidance that the regulator has made advance that objective.
- (3) The first report under this section must be made before the end of 12 months beginning with the first day on which section 25 of this Act comes into force, and must relate to that period.
- (4) The second report under this section must be made before the end of 24 months beginning with the first day on which section 25 of this Act comes into force, and must relate to the period beginning with the day on which the first report is published.
- (5) The Treasury must lay a copy of each report prepared under this section before Parliament.
- (6) Each regulator must publish its reports prepared under this section in such manner as it thinks fit.
- (7) In this section—

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- (a) “regulator” means the FCA and the PRA;
- (b) references to the competitiveness and growth objective, and the duty to advance that objective, are—
 - (i) in relation to the FCA, references to its objective in section 1EB of FSMA 2000 and to its duty to advance that objective under section 1B(4A) of that Act, and
 - (ii) in relation to the PRA, references to its objective in section 2H(1B) of FSMA 2000 and to its duty to advance that objective under section 2H(1)(b) of that Act.

Commencement Information

- I3** S. 26 not in force at Royal Assent, see [s. 86\(3\)](#)
- I4** S. 26 in force at 29.8.2023 by [S.I. 2023/779, reg. 4\(q\)](#)

27 Regulatory principles

In section 3B of FSMA 2000 (regulatory principles to be applied by both regulators), in subsection (1) for paragraph (c) substitute—

- “(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;”.

Commencement Information

- I5** S. 27 not in force at Royal Assent, see [s. 86\(3\)](#)
- I6** S. 27 in force at 29.8.2023 for specified purposes by [S.I. 2023/779, reg. 4\(r\)](#)

28 Sections 25 and 27: consequential amendments

- (1) FSMA 2000 is amended as follows.
- (2) In section 1JA (Treasury recommendations in connection with general duties), after subsection (1)(c) insert—
 - “(ca) how to discharge the duty in section 1B(4A) (duty to advance competitiveness and growth objective);”.
- (3) In section 1K (guidance about objectives), after subsection (1) insert—
 - “(1A) The reference in subsection (1) to the FCA’s operational objectives includes, in its application as a secondary objective, the competitiveness and growth objective (see section 1EB).”
- (4) In section 2I (guidance about objectives), after subsection (1) insert—
 - “(1A) The reference in subsection (1) to the PRA’s objectives includes, in their application as secondary objectives, the competition objective and competitiveness and growth objective (see section 2H).”

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(5) In section 3B (regulatory principles to be applied by both regulators), for subsection (3) substitute—

“(3) “Objectives”—

- (a) in relation to the FCA means—
 - (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).”

(6) In section 3D (duty of FCA and PRA to ensure co-ordinated exercise of functions), for subsection (4) substitute—

“(4) In this section, “objectives”—

- (a) in relation to the FCA means—
 - (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).

(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).”

(7) In section 138I (consultation by the FCA), in subsection (2)(d) after “1B(1)” insert “, (4A)”.

(8) In section 143G (matters to consider when making Part 9C rules)—

- (a) in subsection (1)—
 - (i) insert “and” after paragraph (a), and
 - (ii) omit paragraphs (b) and (c);
- (b) omit subsection (2).

(9) In section 232A (scheme operator’s duty to provide information to FCA)—

- (a) the existing words become subsection (1), and
- (b) after that subsection insert—

“(2) The reference in subsection (1) to the FCA’s operational objectives includes, in its application as a secondary objective, the competitiveness and growth objective (see section 1EB).”

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(10) In paragraph 11 of Schedule 1ZA (FCA annual report), in sub-paragraph (1) after paragraph (d) insert—

“(da) how, in its opinion, it has complied with the duty in section 1B(4A),”.

(11) In paragraph 20 of Schedule 1ZB (consultation about PRA annual report), in sub-paragraph (1)(c) for “and the PRA has facilitated effective competition in accordance with” substitute “including its secondary objectives under”.

Commencement Information

I7 S. 28 not in force at Royal Assent, see **s. 86(3)**

I8 S. 28 in force at 29.8.2023 by **S.I. 2023/779, reg. 4(s)**

Changes to legislation:

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