

SCHEDULES

SCHEDULE 6

DIGITAL SETTLEMENT ASSETS

PART 2

AMENDMENTS TO THE FINANCIAL SERVICES (BANKING REFORM) ACT 2013

- 40 The Financial Services (Banking Reform) Act 2013 is amended as follows.
- 41 (1) Section 41 (meaning of payment system) is amended as follows.
- (2) After subsection (2) insert—
- “(2A) In this Part—
- “funds” includes digital settlement assets (except in section 41(2)(e));
- “digital settlement asset” means a digital representation of value or rights, whether or not cryptographically secured, that—
- (a) can be used for the settlement of payment obligations,
- (b) can be transferred, stored or traded electronically, and
- (c) uses technology supporting the recording or storage of data (which may include distributed ledger technology).
- (2B) In this section, “digital settlement asset” includes a right to, or interest in, a digital settlement asset.
- (2C) The Treasury may by regulations amend the definition of “digital settlement asset” in subsection (2A).”
- 42 (1) Section 42 (participants in payment systems) is amended as follows.
- (2) In subsection (2)(c), for “subsection (5)” substitute “subsections (5) and (5A)”.
- (3) After subsection (5) insert—
- “(5A) “Payment service provider” in relation to a payment system that includes arrangements using digital settlement assets means—
- (a) a person responsible for managing the issuance and redemption of digital settlement assets;
- (b) a person whose business or occupation is to safeguard, or to safeguard and administer digital settlement assets, including their private cryptographic keys (or means of access);
- (c) a digital settlement asset exchange provider;
- (d) a person who—
- (i) sets rules, standards, or conditions of access or participation in relation to the system, or

- (ii) provides any service that facilitates, or supports, a transfer of money or digital settlement assets to be made using the system, including any infrastructure provider in relation to the system.”
- 43 In section 98 (duty of regulators to ensure co-ordinated exercise of functions), for paragraph (c) of subsection (5) substitute—
- “(c) in relation to the FCA—
- (i) the functions conferred on it by or under FSMA 2000 (see section 1A(6) of that Act);
- (ii) the functions conferred on it by or under Part 3 of the Payment Card Interchange Fee Regulations 2015 ([S.I. 2015/1911](#));
- (iii) the functions conferred on it by or under the Electronic Money Regulations 2011 ([S.I. 2011/99](#));
- (iv) its functions in regulating—
- (a) credit institutions where authorised under Part 4A of FSMA 2000, or
- (b) authorised payment institutions under the Payment Services Regulations 2017 ([S.I. 2017/752](#)).”
- 44 In section 110 (interpretation of Part), at the appropriate place insert—
- ““digital settlement asset” has the meaning given by section 41(2A);”;
- ““digital settlement asset exchange provider” has the meaning given by section 182(5B) of the Banking Act 2009;”.
- 45 In section 112 (interpretation: infrastructure companies), after subsection (2)(a) insert—
- “(aa) a recognised DSA service provider,”
- 46 In section 113 (interpretation: other expressions), in subsection (1) at the appropriate place insert—
- ““recognised DSA service provider” means a DSA service provider, as defined by section 182(5A) of the Banking Act 2009, in respect of which a recognition order under section 184A of that Act is in force;”.
- 47 (1) Section 115 (objective of FMI administration) is amended as follows.
- (2) In the opening words of subsection (1) after system insert “, or a recognised DSA service provider,”.
- (3) In subsection (1)(a) after “system” in each place, insert “or provider”.
- 48 In section 143 (Parliamentary control of orders and regulations), after subsection (2) (a) insert—
- “(aa) regulations under section 41(2C) (meaning of “digital settlement asset”);”.