

# Government lays Financial Services and Markets Bill

## AT A GLANCE

July 2022

### What's new?

- On 20 July 2022, the UK Government laid the [Financial Services and Markets Bill](#) (FSMB) in Parliament. The FSMB implements the outcomes of the Government's Future Regulatory Framework (FRF) review by revoking onshored EU financial services regulation and delegating rule-making to regulators.
- The Bill also delivers a number of planned regulatory reforms across financial services, changes proposed through the Wholesale Markets Review, amendments to bring stablecoins into the regulatory perimeter, and legislation to protect access to cash in the UK.
- At his Mansion House speech on 19 July 2022, the Chancellor outlined the importance of the FSMB in delivering on the Government's post-Brexit vision for an open, competitive, green and technology-driven UK financial services sector.

### What does this mean?

- Trailed at the [Queen's speech](#) in May 2022, the FSMB contains provisions impacting a wide range of financial services sectors and establishes a new financial services regulatory framework between Government, Parliament, and regulators.
- Most notably, the FSMB implements the outcomes of the [FRF Review](#) which will see onshored EU financial services regulation revoked and rule-making powers delegated to the regulators to design regulation better suited to UK markets.
- The FSMB gives regulators a new, secondary objective for growth and international competitiveness designed to facilitate regulatory focus on these areas in the medium and long term. It also introduces a new principle that regulators must 'have regard' to the UK net zero target as part of their usual business.
- In recognition of the regulators' new rule-making powers, the Bill strengthens the accountability mechanisms between Government, Parliament and regulators by placing additional requirements on regulators, for example to respond to HM Treasury (HMT) recommendations, and to respond in writing to Parliamentary committee consultation responses.
- The Bill also grants HMT powers to require a rule review by the regulator, where this is deemed in the public interest.
- The Bill takes forward proposals aimed at maintaining the competitiveness of the UK financial sector. This includes implementing a suite of changes following the [Wholesale Markets Review](#) such as removal of the Share Trading Obligation and Double Volume Cap.
- New tools have been granted to the Bank of England to mitigate the risks of failure of critical financial

### Contacts

**Conor MacManus**  
Director

T: +44 (0) 7718 979428  
E: conor.macmanus@pwc.com

**Rory Davis**  
Manager

T: +44 (0) 7483 326478  
E: rory.davis@pwc.com



# AT A GLANCE

July 2022

institutions. Powers have also been given to HMT to [designate third party providers](#) as 'critical', thereby subjecting these providers to regulatory oversight.

- Existing E-Money regulation and payment system regulatory frameworks have been amended to bring [stablecoins](#), where used as a means of payment, into the regulatory perimeter. These amendments provide powers to establish an FCA authorisation and supervision regime for stablecoins and to enable Bank of England regulation and supervision of systemically important stablecoin payment systems.
- From a financial inclusion perspective, the Bill introduces measures to protect access to cash by granting HMT powers to designate firms as subject to FCA oversight for the purposes of maintaining cash withdrawal and deposit facilities.
- The Payment Systems Regulator has also been granted new powers to require firms to reimburse victims of [APP scams](#) in designated payment systems.
- A number of other changes are introduced through the Bill, including establishing a Senior Managers & Certification Regime for central counterparties, introducing a sandbox for financial market infrastructures, and providing HMT with a framework to implement mutual recognition agreements.

## What does this mean for firms?

- The FSMB is wide-ranging and will impact firms from a broad range of sectors in different ways, ranging from increased regulatory scrutiny, to a removal of burdensome or inefficient regulations.
- Many of the reforms included in the Bill have been well trailed by regulators and will make positive changes to the regulatory framework to promote UK openness and competitiveness.
- The Government acknowledges that the process to revoke and replace all onshored EU financial services regulation with new rules will take a number of years to complete.
- Consulting on and implementing new rules will therefore represent a significant programme of work for regulators, and firms should be remain alert to these changes.
- Firms should consider the strategic and operational challenges this regulatory change will bring, particularly those firms operating in both the EU and UK.
- Parliamentary scrutiny of the Bill will now commence. Debate is expected to continue over the extent of the powers that Government and Parliament have to intervene in regulators' rule-making authority.

## Contacts

**Conor MacManus**  
Director

T: +44 (0) 7718 979428  
E: conor.macmanus@pwc.com

**Rory Davis**  
Manager

T: +44 (0) 7483 326478  
E: rory.davis@pwc.com

## Next steps

The Bill is now subject to Parliamentary scrutiny and is likely to reach Committee stage after summer 2022. Due to the size and detail of the Bill, Royal Assent is unlikely before 2023. A number of reforms in the Bill will then require further consultation from regulators before implementation.

[www.pwc.co.uk/regdevelopments](http://www.pwc.co.uk/regdevelopments)

This content is for general information purposes only, and should not be used as a substitute for consultation with professional advisors.

© 2022 PricewaterhouseCoopers LLP. All rights reserved. PwC refers to the UK member firm, and may sometimes refer to the PwC network. Each member firm is a separate legal entity. Please see [www.pwc.com/structure](http://www.pwc.com/structure) for further details.

