

Status: Point in time view as at 18/02/2014.

Changes to legislation: Financial Services and Markets Act 2000, PART 1 is up to date with all changes known to be in force on or before 19 July 2024. There are changes that may be brought into force at a future date. Changes that have been made appear in the content and are referenced with annotations. (See end of Document for details)

SCHEDULES

[^{F1}SCHEDULE 1ZA U.K.]

THE FINANCIAL CONDUCT AUTHORITY

Textual Amendments

- F1** Schs. 1ZA, 1ZB substituted for Sch. 1 (24.1.2013 for specified purposes, 19.2.2013 for specified purposes, 1.4.2013 in so far as not already in force) by [Financial Services Act 2012 \(c. 21\)](#), s. 122(3), [Sch. 3](#) (with [Sch. 20](#)); S.I. 2013/113, art. 2(1)(b)(c)(2), Sch. Pts. 2, 3, 4; S.I. 2013/423, art. 3, Sch.

PART 1 U.K.

GENERAL

Modifications etc. (not altering text)

- C1** Sch. 1ZA Pt. 1 modified by S.I. 2007/3298, reg. 4(4) (as amended) (1.4.2013) by [The Financial Services Act 2012 \(Consequential Amendments and Transitional Provisions\) Order 2013 \(S.I. 2013/472\)](#), [Sch. 2 para. 131\(c\)](#)

Interpretation

- 1 In this Schedule—
“the Bank” means the Bank of England;
“functions”, in relation to the FCA, means functions conferred on the FCA by or under any provision of this Act (see section 1A(6) which affects the meaning of references to such functions).

Constitution

- 2 (1) The constitution of the FCA must provide for the FCA to have a governing body.
- (2) The governing body must consist of—
(a) a chair appointed by the Treasury,
(b) a chief executive appointed by the Treasury,
(c) the Bank's Deputy Governor for prudential regulation,
(d) 2 members appointed jointly by the Secretary of State and the Treasury, and
(e) at least one other member appointed by the Treasury.
- (3) The members referred to in sub-paragraph (2)(a), (c) and (d) are to be non-executive members.

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- (4) In exercising its powers under sub-paragraph (2)(e) to appoint executive or non-executive members, the Treasury must secure that the majority of members of the governing body are non-executive members.
- (5) An employee of the FCA may not be appointed as a non-executive member.
- (6) In the following provisions of this Schedule an “appointed member” means a member of the governing body appointed under sub-paragraph (2)(a), (b), (d) or (e).
- 3 (1) The terms of service of the appointed members are to be determined by the Treasury.
- (2) In the case of a member appointed under paragraph 2(2)(d), the Treasury must consult the Secretary of State about the terms of service.
- (3) Before appointing a person as an appointed member, the Treasury (or as the case requires the Treasury and the Secretary of State) must consider whether the person has any financial or other interests that could have a material effect on the extent of the functions as member that it would be proper for the person to discharge.
- (4) The terms of service of an appointed member (“M”) must be such as—
- (a) to secure that M is not subject to direction by the Treasury or the Secretary of State,
 - (b) to require M not to act in accordance with the directions of any other person, and
 - (c) to prohibit M from acquiring any financial or other interests that have a material effect on the extent of the functions as member that it would be proper for M to discharge.
- (5) If an appointed member is an employee of the FCA, the member's interest as employee is to be disregarded for the purposes of sub-paragraphs (3) and (4)(c) and paragraph 4(1)(b).
- (6) A person who is an employee of the PRA is disqualified for appointment as an appointed member.
- (7) The FCA may pay expenses to the Bank's Deputy Governor for prudential regulation in respect of that person's service as a member.
- 4 (1) The Treasury may remove an appointed member from office—
- (a) on the grounds of incapacity or serious misconduct, or
 - (b) on the grounds that in all the circumstances the member's financial or other interests are such as to have a material effect on the extent of the functions as member that it would be proper for the person to discharge.
- (2) Before removing from office a member appointed under paragraph 2(2)(d), the Treasury must consult the Secretary of State.
- 5 The validity of any act of the FCA is not affected—
- (a) by any vacancy in any of the offices mentioned in paragraph 2(2)(a), (b) or (c), or
 - (b) by a defect in the appointment of a person—
 - (i) to any of those offices, or
 - (ii) as an appointed member.
- 6 The Bank's Deputy Governor for prudential regulation must not take part in any discussion by or decision of the FCA which relates to—

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- (a) the exercise of the FCA's functions in relation to a particular person, or
- (b) a decision not to exercise those functions.

Remuneration

7 The FCA must pay to the appointed members such remuneration as may be determined—

- (a) in the case of the non-executive members, by the Treasury;
- (b) in the case of the executive members, by the FCA.

Arrangements for discharging functions

8 (1) The FCA may make arrangements for any of its functions to be discharged by a committee, sub-committee, officer or member of staff of the FCA, but subject to the following provisions.

(2) In exercising its legislative functions, the FCA must act through its governing body.

(3) For that purpose, the following are the FCA's legislative functions—

- (a) making rules;
- (b) issuing codes under section 64 or 119;
- (c) issuing statements under—
 - (i) section 63C, 64, 69, 88C, 89S, 93, 124, 131J, 138N, 192H, 192N, 210 or 312J,
 - (ii) section 345D (whether as a result of section 345(2) [F², section 249(1) or 261K(1)]), or
 - (iii) section 80 of the Financial Services Act 2012;
- (d) giving directions under section 316, 318 or 328.

(4) The function of issuing general guidance (as defined in section 139B(5)) may not be discharged by an officer or member of staff of the FCA.

Textual Amendments

F2 Words in Sch. 1ZA para. 8(3)(c)(ii) substituted (6.6.2013) by [The Collective Investment in Transferable Securities \(Contractual Scheme\) Regulations 2013 \(S.I. 2013/1388\)](#), regs. 1, **3(21)** (with reg. 24)

Modifications etc. (not altering text)

C2 Sch. 1ZA para. 8(2) modified (20.2.2013) by [The Financial Services Act 2012 \(Transitional Provisions\) \(Rules and Miscellaneous Provisions\) Order 2013 \(S.I. 2013/161\)](#), arts. 1(1), **3(8)(a)(9)**

C3 Sch. 1ZA para. 8(2) modified (26.7.2013 for specified purposes, 1.4.2014 in so far as not already in force) by [The Financial Services and Markets Act 2000 \(Regulated Activities\) \(Amendment\) \(No. 2\) Order 2013 \(S.I. 2013/1881\)](#), arts. 1(2)(6), **64(6)**

Records

9 The FCA must maintain satisfactory arrangements for—

- (a) recording decisions made in the exercise of its functions, and
- (b) the safe-keeping of those records which it considers ought to be preserved.

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Publication of record of meetings of governing body

- 10 (1) The FCA must publish a record of each meeting of its governing body—
- (a) before the end of the period of 6 weeks beginning with the day of the meeting, or
 - (b) if no meeting of the governing body is subsequently held during that period, before the end of the period of 2 weeks beginning with the day of the next meeting.
- (2) The record must specify any decision taken at the meeting (including decisions to take no action) and must set out, in relation to each decision, a summary of the deliberations of the governing body.
- (3) Sub-paragraphs (1) and (2) do not require the publication of information whose publication within the time required by sub-paragraph (1) would in the opinion of the governing body be against the public interest.
- (4) Publication under this section is to be in such manner as the FCA thinks fit.

Modifications etc. (not altering text)

- C4 Sch. 1ZA para. 10 applied (20.2.2013) by [The Financial Services Act 2012 \(Transitional Provisions\) \(Rules and Miscellaneous Provisions\) Order 2013 \(S.I. 2013/161\)](#), arts. 1(1), **7(3)(a)**

Annual report

- 11 (1) At least once a year the FCA must make a report to the Treasury on—
- (a) the discharge of its functions,
 - (b) the extent to which, in its opinion, its operational objectives have been advanced,
 - (c) the extent to which, in its opinion, it has acted compatibly with its strategic objective,
 - (d) how, in its opinion, it has complied with the duty in section 1B(4),
 - (e) its consideration of the matter mentioned in section 1B(5)(b),
 - (f) its consideration of the principles in section 3B,
 - (g) how it has complied with section 3D,
 - (h) any direction received under section 3I or 3J during the period to which the report relates,
 - [any rules that it has made as a result of section 137C during the period to which the report relates and the kinds of regulated credit agreement (within the meaning of that section) to which the rules apply,]
 - (i) how it has complied with section 354A(1) so far as relating to co-operation with persons outside the United Kingdom, and
 - (j) such other matters as the Treasury may from time to time direct.
- ^{F3}(ha)
- (2) Sub-paragraph (1) does not require the inclusion in the report of any information whose publication would in the opinion of the FCA be against the public interest.
- (3) The report must be accompanied by—
- (a) a statement of the remuneration of the appointed members of the governing body of the FCA during the period to which the report relates, and

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(b) such other reports or information, prepared by such persons, as the Treasury may from time to time direct.

(4) The Treasury must lay before Parliament a copy of each report received by them under this paragraph.

Textual Amendments

F3 Sch. 1ZA para. 11(1)(ha) inserted (18.2.2014) by [Financial Services \(Banking Reform\) Act 2013 \(c. 33\)](#), ss. [131\(2\)](#), [148\(2\)](#)

Annual public meeting

- 12 (1) Not later than 3 months after making a report under paragraph 11, the FCA must hold a public meeting (“the annual meeting”) for the purposes of enabling that report to be considered.
- (2) The FCA must organise the annual meeting so as to allow—
- (a) a general discussion of the contents of the report which is being considered, and
 - (b) a reasonable opportunity for those attending the meeting to put questions to the FCA about the way in which it discharged, or failed to discharge, its functions during the period to which the report relates.
- (3) But otherwise the annual meeting is to be organised and conducted in such a way as the FCA considers appropriate.
- (4) The FCA must give reasonable notice of its annual meeting.
- (5) That notice must—
- (a) give details of the time and place at which the meeting is to be held,
 - (b) set out the proposed agenda for the meeting,
 - (c) indicate the proposed duration of the meeting,
 - (d) give details of the FCA's arrangements for enabling persons to attend, and
 - (e) be published by the FCA in the way appearing to it to be best calculated to bring the notice to the attention of the public.
- (6) If the FCA proposes to alter any of the arrangements which have been included in the notice given under sub-paragraph (5), it must—
- (a) give reasonable notice of the alteration, and
 - (b) publish that notice in the way appearing to the FCA to be best calculated to bring it to the attention of the public.

Report of annual meeting

- 13 Not later than one month after its annual meeting, the FCA must publish a report of the proceedings of the meeting.

Accounts and audit

- 14 (1) The Treasury may—

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- (a) require the FCA to comply with any provisions of the Companies Act 2006 about accounts and their audit which would not otherwise apply to it, or
 - (b) direct that any provision of that Act about accounts and their audit is to apply to the FCA with such modifications as are specified in the direction, whether or not the provision would otherwise apply to the FCA.
- (2) Compliance with any requirement under sub-paragraph (1)(a) or (b) is enforceable by injunction or, in Scotland, an order for specific performance under section 45 of the Court of Session Act 1988.
- (3) Proceedings under sub-paragraph (2) may be brought only by the Treasury.
- 15 (1) The FCA must send a copy of its annual accounts to the Comptroller and Auditor General as soon as is reasonably practicable.
- (2) The Comptroller and Auditor General must—
 - (a) examine, certify and report on accounts received under this paragraph, and
 - (b) send a copy of the certified accounts and the report to the Treasury.
- (3) The Treasury must lay the copy of the certified accounts and the report before Parliament.
- (4) Except as provided by paragraph 14(1), the FCA is exempt from the requirements of Part 16 of the Companies Act 2006 (audit), and its balance sheet must contain a statement to that effect.
- (5) In this paragraph “annual accounts” has the meaning given in section 471 of the Companies Act 2006.]

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