



Financial Services Act 2010

2010 CHAPTER 28

Objectives of FSA etc

1 Financial stability objective

- (1) The Financial Services and Markets Act 2000 is amended as follows.
- (2) In section 2(2) (the FSA's regulatory objectives), after paragraph (a) insert—
“(ab) financial stability;”.
- (3) After section 3 insert—

“3A Financial stability

- (1) The financial stability objective is: contributing to the protection and enhancement of the stability of the UK financial system.
- (2) In considering that objective the Authority must have regard to—
 - (a) the economic and fiscal consequences for the United Kingdom of instability of the UK financial system;
 - (b) the effects (if any) on the growth of the economy of the United Kingdom of anything done for the purpose of meeting that objective; and
 - (c) the impact (if any) on the stability of the UK financial system of events or circumstances outside the United Kingdom (as well as in the United Kingdom).
- (3) The Authority must, consulting the Treasury, determine and review its strategy in relation to the financial stability objective.”

2 Enhancing public understanding of financial matters etc

- (1) The Financial Services and Markets Act 2000 is amended as follows.
- (2) In section 2 (the FSA's general duties)—

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Changes to legislation: There are currently no known outstanding effects for the Financial Services Act 2010, Cross Heading: Objectives of FSA etc. (See end of Document for details)

- (a) in subsection (2) (the FSA's regulatory objectives), omit paragraph (b)(which provides that public awareness is one of those objectives), and
 - (b) in subsection (3) (matters to which FSA must have regard in discharging its general functions), after paragraph (g) insert—
 - “(h) the desirability of enhancing the understanding and knowledge of members of the public of financial matters (including the UK financial system).”
- (3) Omit section 4(public awareness).
- (4) In section 5(2) (the protection of consumers), after paragraph (b) insert—
- “(ba) any information which the consumer financial education body has provided to the Authority in the exercise of the consumer financial education function;”.
- (5) After section 6 insert—

“Enhancing public understanding of financial matters etc

6A Enhancing public understanding of financial matters etc

- (1) The Authority must establish a body corporate (“the consumer financial education body”) whose function (“the consumer financial education function”) is to enhance—
 - (a) the understanding and knowledge of members of the public of financial matters (including the UK financial system); and
 - (b) the ability of members of the public to manage their own financial affairs.
 - (2) The consumer financial education function includes, in particular—
 - (a) promoting awareness of the benefits of financial planning;
 - (b) promoting awareness of the financial advantages and disadvantages in relation to the supply of particular kinds of goods or services;
 - (c) promoting awareness of the benefits and risks associated with different kinds of financial dealing (which includes informing the Authority and other bodies of those benefits and risks);
 - (d) the publication of educational materials or the carrying out of other educational activities; and
 - (e) the provision of information and advice to members of the public.
 - (3) Schedule 1A makes further provision about the consumer financial education body.”
- (6) After Schedule 1 insert the Schedule 1A set out in Schedule 1 to this Act.
- (7) If members of staff of the FSA are transferred to the consumer financial education body, the transfer is to be regarded for the purposes of TUPE as a relevant transfer, whether or not it would otherwise be so regarded.
- (8) In subsection (7)—
- “the consumer financial education body” has the same meaning as in section 6A of the Financial Services and Markets Act 2000,
 - “the FSA” means the Financial Services Authority, and

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“TUPE” means the Transfer of Undertakings (Protection of Employment) Regulations 2006.

Commencement Information

- II** S. 2 partly in force; s. 2(1)(5)(7)(8) in force at Royal Assent and s. 2(6) in force for specified purposes at Royal Assent see s. 26(1)(b)

3 Meeting FSA's regulatory objectives

- (1) The Financial Services and Markets Act 2000 is amended as follows.
- (2) In section 44(3) (refusal of application by authorised person to vary or cancel its Part IV permission), for the words from “to it—” to the end substitute “ to it that it is desirable to refuse the application in order to meet any of its regulatory objectives. ”
- (3) In section 45 (variation or cancellation of Part IV permissions: FSA's own-initiative power)—
 - (a) in subsection (1), for paragraph (c) substitute—

“(c) it is desirable to exercise the power in order to meet any of its regulatory objectives.”, and
 - (b) after that subsection insert—

“(1A) For the purposes of subsection (1)(c) it does not matter whether there is a relationship between the authorised person and the persons whose interests will be protected by the exercise of the power under this section.”
- (4) In section 138(1) and (1A) (general rule-making power), for “protecting the interests of consumers” substitute “ meeting any of its regulatory objectives ”.
- (5) In section 194 (general grounds on which power of intervention is exercisable)—
 - (a) in subsection (1), for paragraph (c) substitute—

“(c) it is desirable to exercise the power in order to meet any of its regulatory objectives.”, and
 - (b) after that subsection insert—

“(1A) For the purposes of subsection (1)(c) it does not matter whether there is a relationship between the incoming firm and the persons whose interests will be protected by the exercise of the power of intervention.”

Commencement Information

- I2** S. 3 wholly in force at 8.6.2010; s. 3(1)(4) in force at Royal Assent and s. 3(2)(3)(5) in force at 8.6.2010 see s. 26(1)(c)(2)(a)

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