



Financial Services (Banking Reform) Act 2013

2013 CHAPTER 33

PART 1

RING-FENCING

Ring-fencing

2 Modification of objectives of Financial Conduct Authority

After section 1I of FSMA 2000 insert—

“Modifications applying if core activity not regulated by PRA

1IA Modifications applying if core activity not regulated by PRA

- (1) If and so long as any regulated activity is a core activity (see section 142B) without also being a PRA-regulated activity (see section 22A), the provisions of this Chapter are to have effect subject to the following modifications.
- (2) Section 1B is to have effect as if—
 - (a) in subsection (3), after paragraph (c) there were inserted—
 - “(d) in relation to the matters mentioned in section 1EA(2), the continuity objective (see section 1EA).”, and
 - (b) in subsection (4), for “or the integrity objective,” there were substituted “, the integrity objective or (in relation to the matters mentioned in section 1EA(2)) the continuity objective.”.
- (3) After section 1E there is to be taken to be inserted—

“1EA Continuity objective

- (1) In relation to the matters mentioned in subsection (2), the continuity objective is: protecting the continuity of the provision in the United Kingdom of core services (see section 142C).
- (2) Those matters are—
 - (a) Part 9B (ring-fencing);
 - (b) ring-fenced bodies (see section 142A);
 - (c) any body corporate incorporated in the United Kingdom that has a ring-fenced body as a member of its group;
 - (d) applications under Part 4A which, if granted, would result, or would be capable of resulting, in a person becoming a ring-fenced body.
- (3) The FCA’s continuity objective is to be advanced primarily by—
 - (a) seeking to ensure that the business of ring-fenced bodies is carried on in a way that avoids any adverse effect on the continuity of the provision in the United Kingdom of core services,
 - (b) seeking to ensure that the business of ring-fenced bodies is protected from risks (arising in the United Kingdom or elsewhere) that could adversely affect the continuity of the provision in the United Kingdom of core services, and
 - (c) seeking to minimise the risk that the failure of a ring-fenced body or of a member of a ring-fenced body’s group could adversely affect the continuity of the provision in the United Kingdom of core services.
- (4) In subsection (3)(c), “failure” is to be read in accordance with section 2J(3) to (4).”