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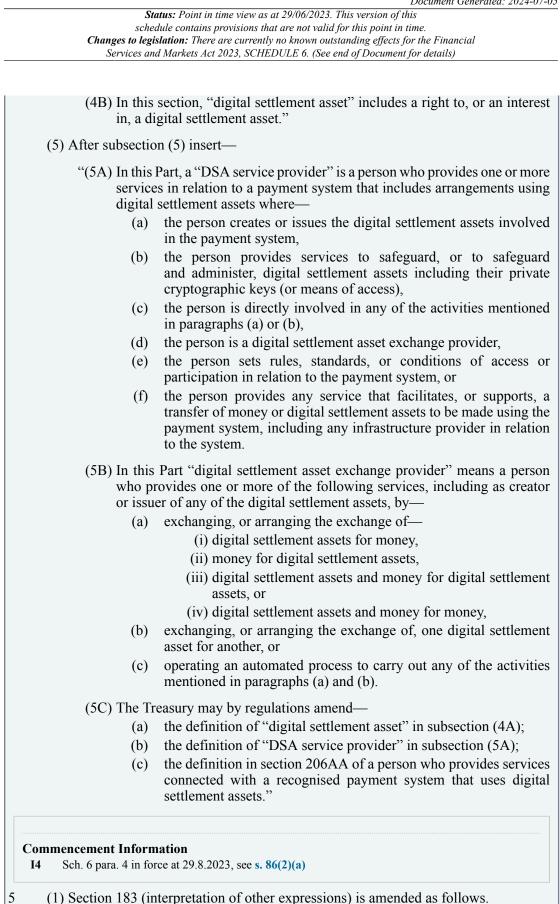
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Status: Point in time view as at 29/06/2023. This version of this schedule contains provisions that are not valid for this point in time. Changes to legislation: There are currently no known outstanding effects for the Financial Services and Markets Act 2023, SCHEDULE 6. (See end of Document for details)

# $S\,C\,H\,E\,D\,U\,L\,E\,S$

VALID FROM 29/08/2023
SCHEDULE 6 Section 22
DIGITAL SETTLEMENT ASSETS
PART 1
Amendments to the Banking Act 2009
The Banking Act 2009 is amended as follows.
Commencement InformationI1Sch. 6 para. 1 in force at 29.8.2023, see s. 86(2)(a)
In the heading to Part 5 (payment systems), after "systems" insert "and service providers".
Commencement Information12Sch. 6 para. 2 in force at 29.8.2023, see s. 86(2)(a)
In section 181 (overview), after "services" insert ", including".
Commencement Information
I3         Sch. 6 para. 3 in force at 29.8.2023, see s. 86(2)(a)
(1) Section 182 (interpretation of payment system) is amended as follows.
(2) In the heading, for "payment system" substitute "key terms".
(3) In subsection (1), after "money" insert "or digital settlement assets".
(4) After subsection (4) insert—
<ul> <li>"(4A) In subsection (1) "digital settlement asset" means a digital representation of value or rights, whether or not cryptographically secured, that—</li> <li>(a) can be used for the settlement of payment obligations,</li> </ul>

- (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).



- (2) In the opening words of paragraph (k) after "system" insert "or to a DSA service provider".
- (3) In sub-paragraph (i) of paragraph (k), after "constituting" insert ", or connected with,".

#### **Commencement Information**

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I5 Sch. 6 para. 5 in force at 29.8.2023, see s. 86(2)(a)

In the cross-heading before section 184 (recognition order), after "systems" insert "and service providers".

**Commencement Information** 

I6 Sch. 6 para. 6 in force at 29.8.2023, see s. 86(2)(a)

In the heading to section 184, after "order" insert ": payment system".

# **Commencement Information**

I7 Sch. 6 para. 7 in force at 29.8.2023, see s. 86(2)(a)

In section 184, in subsection (4), after "constituting" insert "or connected with".

#### **Commencement Information**

I8 Sch. 6 para. 8 in force at 29.8.2023, see s. 86(2)(a)

After section 184 insert—

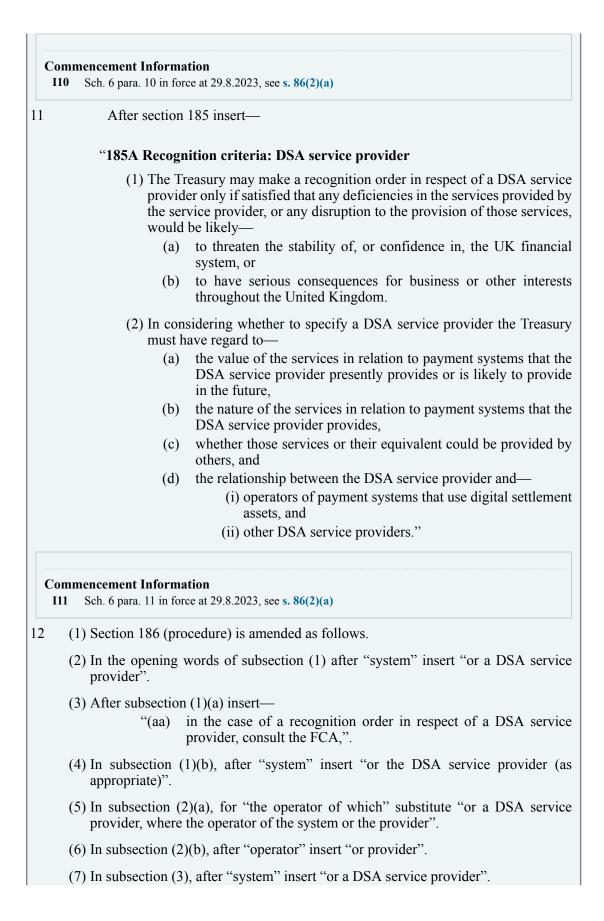
# "184A Recognition order: DSA service provider

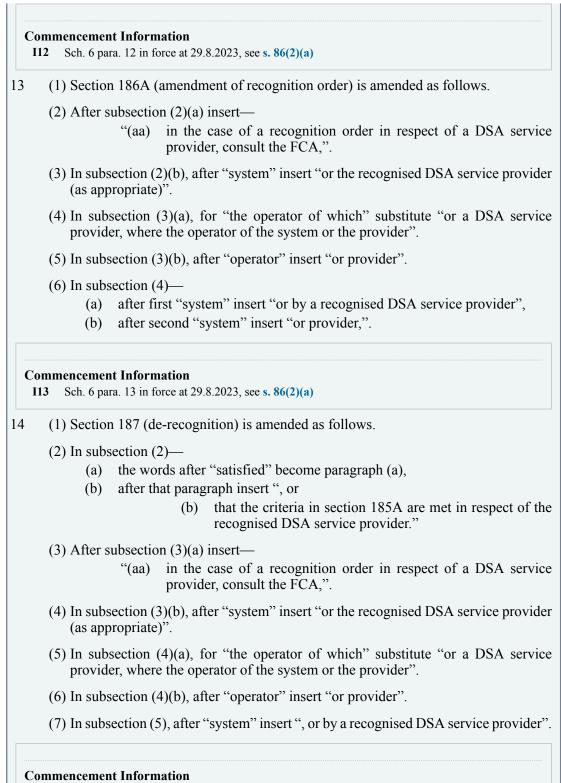
- (1) The Treasury may by order ("recognition order") specify a DSA service provider as a recognised DSA service provider for the purposes of this Part.
- (2) A recognition order under this section must specify in as much detail as is reasonably practicable the services provided.
- (3) The Treasury may not specify a DSA service provider operated solely by the Bank of England."

#### **Commencement Information**

I9 Sch. 6 para. 9 in force at 29.8.2023, see s. 86(2)(a)

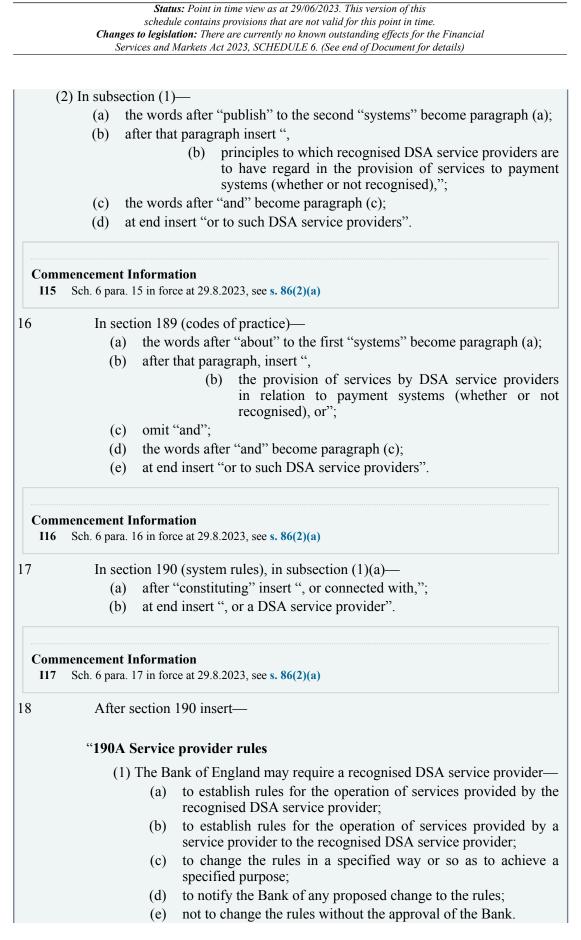
10 In the heading to section 185 (recognition criteria) after "criteria" insert ": payment system".



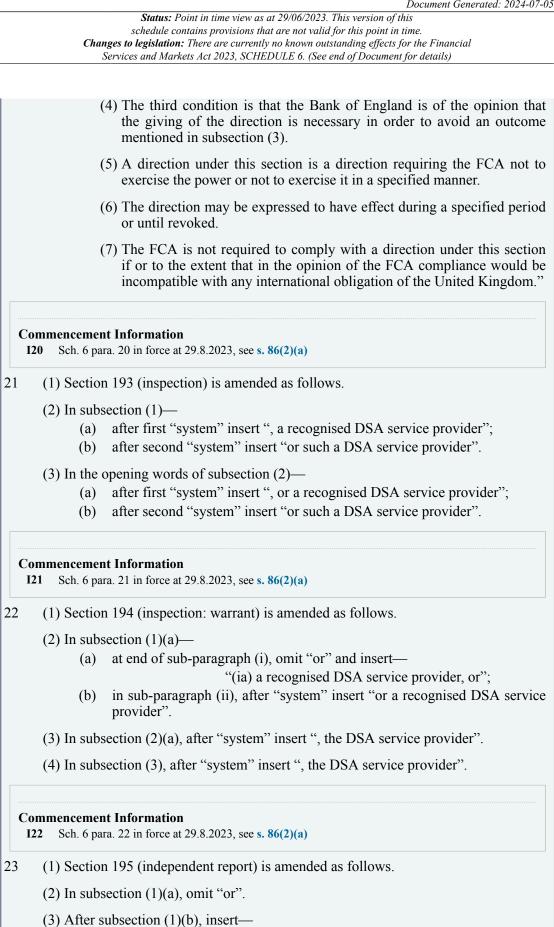


II4 Sch. 6 para. 14 in force at 29.8.2023, see s. 86(2)(a)

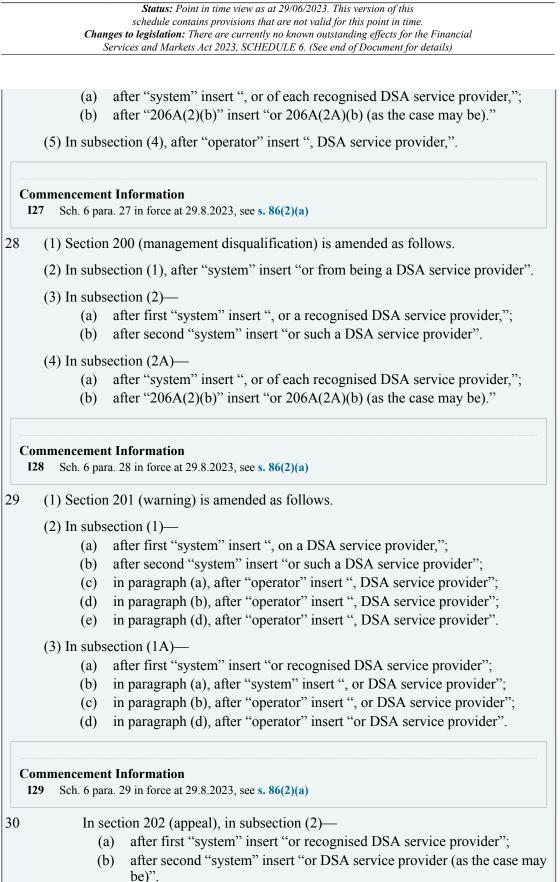
15 (1) Section 188 (principles) is amended as follows.

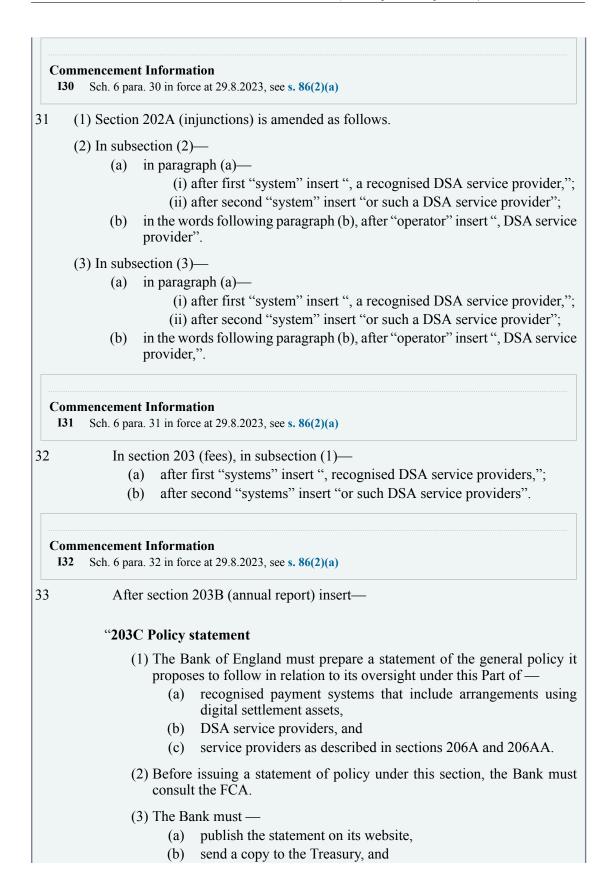


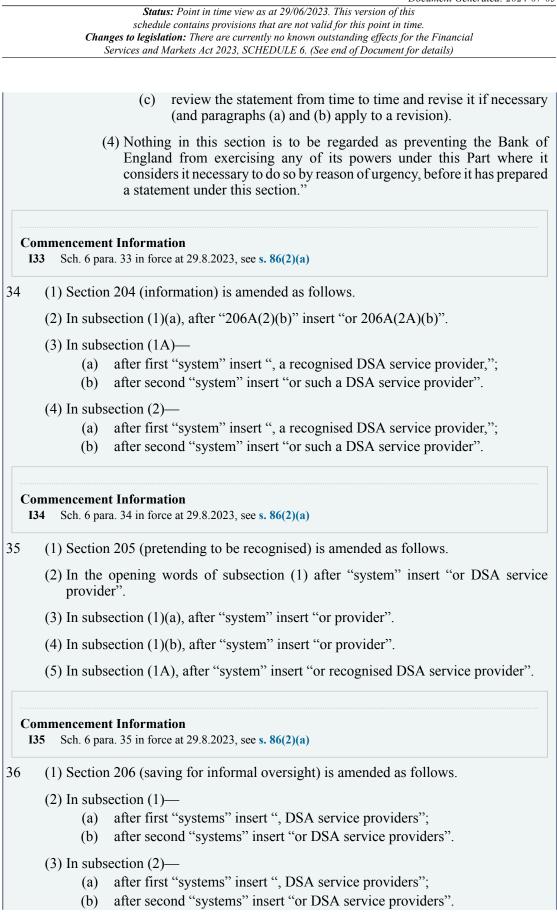
	(2) A requirement under subsection (1)(d) or (e) may be general or specific.
Co I1	mmencement Information Sch. 6 para. 18 in force at 29.8.2023, see s. 86(2)(a)
9	(1) Section 191 (directions) is amended as follows.
	<ul> <li>(2) In subsection (1)— <ul> <li>(a) the words after the first "to" to the first "system" become paragraph (a);</li> <li>(b) after that paragraph insert ",</li> <li>(b) to a recognised DSA service provider,";</li> <li>(c) the words after "or" become paragraph (c);</li> <li>(d) at the end of that paragraph insert "or to such DSA service providers".</li> </ul> </li> </ul>
	<ul> <li>(3) In subsection (2)— <ul> <li>(a) in paragraph (a), omit "to the system";</li> <li>(b) in paragraph (b), omit "to the system".</li> </ul> </li> </ul>
	<ul> <li>(4) In subsection (3)—</li> <li>(a) after "operator" insert ", DSA service provider";</li> <li>(b) after "operator's" insert ", DSA service provider's".</li> </ul>
	(5) In subsection (4)(b), after "operator" insert ", DSA service provider".
11 0	mmencement Information Sch. 6 para. 19 in force at 29.8.2023, see s. 86(2)(a) After section 192 (role of FCA and PRA), insert— "192A Power of Bank to require FCA to refrain from specified action
	(1) Where the first, second and third conditions are met, the Bank of England may give a direction under this section to the FCA.
	<ul> <li>(2) The first condition is that the FCA is proposing to exercise any of it powers in relation to— <ul> <li>(a) a recognised payment system that includes arrangements using digital settlement assets, or</li> <li>(b) a recognised DSA service provider.</li> </ul> </li> </ul>
	<ul> <li>(3) The second condition is that the Bank of England is of the opinion that the exercise of the power in the manner proposed may— <ul> <li>(a) threaten the stability of the UK financial system,</li> <li>(b) have serious consequences for business or other interests in th United Kingdom (including for the payment system or provide in relation to which the powers are proposed to be exercised), or</li> </ul></li></ul>
	<ul> <li>(c) have an adverse effect on the Bank's ability to act in its capacity as a monetary authority.</li> </ul>



a recognised DSA service provider to appoint an expert to report "(c) on the provision of services to payment systems (whether or not recognised), or a service provider in relation to a recognised DSA service provider (d) to appoint an expert to report on the provision of services to the DSA service provider." (4) In subsection (2)(a), after "operator" insert ", recognised DSA service provider". (5) In subsection (2)(b), after "operator" insert ", recognised DSA service provider". **Commencement Information** I23 Sch. 6 para. 23 in force at 29.8.2023, see s. 86(2)(a) 24 In section 196 (compliance failure) after first "system" insert ", a recognised DSA service provider"; (a) after second "system" insert "or such a DSA service provider". (b) **Commencement Information** I24 Sch. 6 para. 24 in force at 29.8.2023, see s. 86(2)(a) 25 In section 197 (publication), in subsection (1) after first "system" insert ", a recognised DSA service provider"; (a) after second "system" insert "or such a DSA service provider". (b) **Commencement Information** Sch. 6 para. 25 in force at 29.8.2023, see s. 86(2)(a) I25 26 In section 198 (penalty), in subsection (1) after first "system" insert ", a recognised DSA service provider"; (a) after second "system" insert "or such a DSA service provider". (b) **Commencement Information** I26 Sch. 6 para. 26 in force at 29.8.2023, see s. 86(2)(a) 27 (1) Section 199 (closure) is amended as follows. (2) In subsection (2)— (a) after "concerned" insert ", the DSA service provider concerned"; (b) after second "system" insert ", providing services,"; (c) after third "system" insert "or recognised DSA service provider". (3) In subsection (3)(a) after first "system" insert ", or DSA service provider"; (a) after second "system" insert ", or a recognised DSA service provider". (b) (4) In subsection (3A)—







**Commencement Information** 

**I36** 

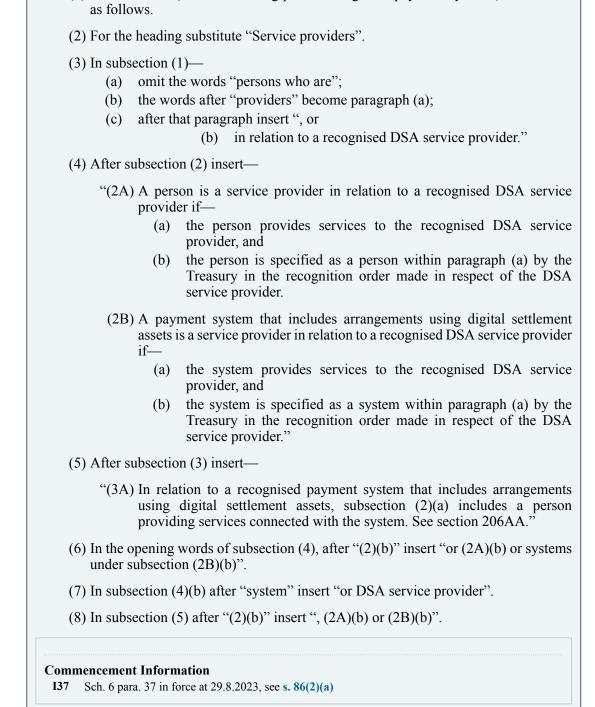
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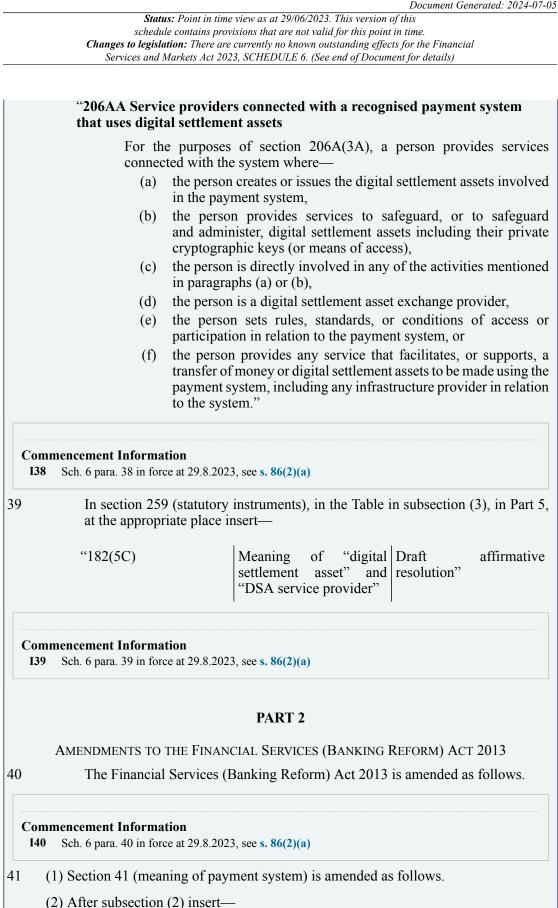
Sch. 6 para. 36 in force at 29.8.2023, see s. 86(2)(a)

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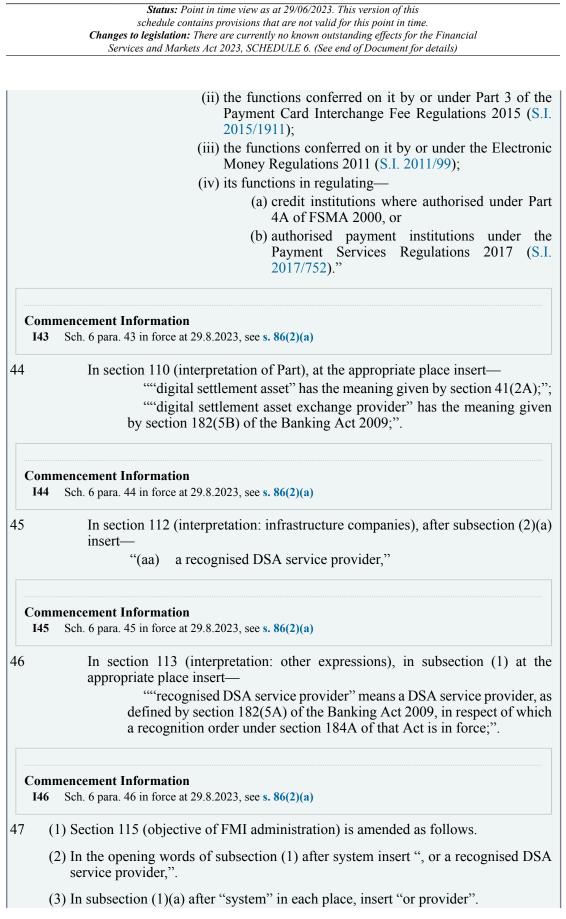
(1) Section 206A (services forming part of recognised payment systems) is amended



After section 206A 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
	<ul><li>(c) uses technology supporting the recording or storage of data (which may include distributed ledger technology).</li></ul>
	(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)."
C	nmencement Information
	1 Sch. 6 para. 41 in force at 29.8.2023, see s. 86(2)(a)
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—
	<ul> <li>(a) a person responsible for managing the issuance and redemption of digital settlement assets;</li> </ul>
	<ul> <li>(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);</li> </ul>
	(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."
	<ul> <li>nmencement Information</li> <li>Sch. 6 para. 42 in force at 29.8.2023, see s. 86(2)(a)</li> </ul>
43	In section 98 (duty of regulators to ensure co-ordinated exercise of functions), for percentage (a) of subsection (5) substitute
	for paragraph (c) of subsection (5) substitute— "(c) in relation to the FCA—
	(i) the functions conferred on it by or under FSMA 2000
	(i) the functions conferred on it by or under 15007 2000 (see section 1A(6) of that Act);



I47	mencement Information Sch. 6 para. 47 in force at 29.8.2023, see s. 86(2)(a)
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");".
Com I48	mencement Information Sch. 6 para. 48 in force at 29.8.2023, see s. 86(2)(a)

# **Status:**

Point in time view as at 29/06/2023. This version of this schedule contains provisions that are not valid for this point in time.

## **Changes to legislation:**

There are currently no known outstanding effects for the Financial Services and Markets Act 2023, SCHEDULE 6.