

## SCHEDULE

### Modifications of legislation

#### Part 3

This Part sets out modifications made to the Financial Services and Markets Act 2000 (FSMA 2000) and the version so modified is referred to in this Part as “DSS FSMA”. The provisions specified in the first column are modified as provided for in the corresponding entry in the second column.

<i>Provision</i>	<i>Modification</i>
Section 55L	<p>Treat the power conferred by subsection (3) as exercisable by the Bank of England to impose requirements on a sandbox entrant where the Bank of England is the appropriate regulator.</p> <p>Treat that power as exercisable only if it appears to the Bank of England that any of the following conditions is met—</p> <ul style="list-style-type: none"> <li>(a) it is desirable to exercise the power in order to advance the Bank of England’s financial stability objective or implement the FMI sandbox arrangements under s13(1) of the Act;</li> <li>(b) the sandbox entrant has failed, or is likely to fail, to satisfy a requirement or condition in its SAN, or has failed to comply with any other obligation imposed on it by or under these Regulations.</li> </ul> <p>Treat the powers conferred by subsection (5) as exercisable by the Bank of England to impose requirements on a sandbox entrant on the application of that entity.</p> <p>Treat the powers in subsections (3) and (5) of DSS FSMA as exercisable whether or not there is a relationship between the entity in relation to which it is exercised and the persons whose interests will be protected by its exercise.</p> <p>Treat the following provisions as applying in relation to requirements imposed by the Bank of England under this section of DSS FSMA as they apply in relation to requirements imposed by the FCA, with the following modifications—</p> <ul style="list-style-type: none"> <li>(a) sub-section (6) (power to refuse an application);</li> <li>(b) section 55N (further provision);</li> <li>(c) section 55P (prohibitions and restrictions);</li> <li>(d) section 55R(1) (persons connected with an applicant);</li> <li>(e) section 55U(3) to (8) (applications under this part);</li> <li>(f) section 55V(1) to (6) (determination of applications);</li> <li>(g) section 55X(2) and (4)(f) (determination of applications: warning notices and decision notices on refusal of applications);</li> <li>(h) section 55Y (exercise of own-initiative power: procedure).</li> </ul>

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<i>Provision</i>	<i>Modification</i>
	<p>The modifications are—</p> <ul style="list-style-type: none"> <li>(a) a reference to the FCA is to be read as a reference to the Bank of England;</li> <li>(b) references to own-initiative powers are to be read as a reference to the power conferred by section 55L(3) of DSS FSMA;</li> <li>(c) references to an authorised person are to be read as a reference to a sandbox entrant;</li> <li>(d) in section 55L(6), the reference to the FCA’s operational objectives is to be read as a reference to the Bank of England’s Financial Stability Objective or implementing and operating the FMI sandbox arrangements;</li> <li>(e) section 55N has effect as if the reference to regulated activities in subsection (2) is a reference to FMI activities carried out in the DSS by a sandbox entrant.</li> </ul>
Section 128	Treat references to a recognised CSD in subsections (1) and (2) as including a reference to a digital securities depository.
Section 137T	<p>Treat the reference in paragraph (a) to “authorised persons” as including a reference to a sandbox entrant and a person participating under regulation 3(4).</p> <p>Treat sub-paragraph (b) as also including a reference to “guidance” where reference is made to “rules”.</p> <p>Treat the reference to “regulator” in sub-paragraph (b) as a reference to the appropriate regulator under regulation 3(8)(a) and (b).</p>
Section 138B	Treat the references to “regulator” under subsections (1), (3), (4) and (5) as including a reference to the FCA as having a power to give directions under regulation 7.
Section 138G	Treat the powers conferred on “either regulator” referred to in subsections (1) and (2) as including an appropriate regulator.
Section 138I	Treat this section as disappplied.
Section 138IA	Treat this section as disappplied.
Section 138IB	Treat this section as disappplied.
Section 138L	Treat this section as disappplied.
Section 138Q	Treat subsection (5) as disappplied.
Section 138R	Treat this section as disappplied.
Section 138S	Treat subsection (2)(f)-(i) as disappplied.
Section 139A	Treat subsections (3), (4) and (5) as disappplied.
Section 165	Treat the references to “authorised person” in subsections (1), (3), (7), (8) and (11) as including a reference to a sandbox entrant and reference to “either regulator” as including a reference to an appropriate regulator.

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<i>Provision</i>	<i>Modification</i>
	<p>Treat subsection (4) as including— “(c) in relation to the exercise by an appropriate regulator of the powers conferred by subsections (1), (2) and (3) in exercising functions conferred by these Regulations”.</p> <p>Treat subsection (7) as including a person participating under regulation 3(4).</p>
Section 166	<p>Treat the reference to “authorised person” in subsection (2) (a) as including a sandbox entrant and a person participating under regulation 3(4).</p> <p>Treat the reference to “either regulator” in subsection (1) as including a reference to the appropriate regulator.</p>
Section 166A	<p>Treat the references to “either regulator” in subsection (1) as including a reference to the appropriate regulator.</p> <p>Treat the reference to “authorised person” in subsections (1) to (4) and (7) to (9) as including a reference to a sandbox entrant and a person participating under regulation 3(4).</p>
Section 167	<p>Treat the references to an “authorised person” in subsections (1A) and (4A) as including a reference to a sandbox entrant and a person participating under regulation 3(4).</p> <p>Treat the reference to an “investigating authority” in subsection (5A) as including a reference to an appropriate regulator.</p>
Section 168	<p>Treat subsection (4) as including when a sandbox entrant, or a person participating under regulation 3(4) has failed to comply with a provision of these Regulations.</p> <p>Treat subsection (6) (investigating authority) as including the appropriate regulator if that regulator appointed the investigator.</p>
Section 170	<p>Treat subsection (10) (investigating authority) as including the appropriate regulator if that regulator appointed the investigator.</p>
Section 171	<p>Treat subsection (1A) as including a sandbox entrant, and a person participating under regulation 3(4).</p>
Section 175	<p>Treat “either regulator” under subsection (1) as including reference to an appropriate regulator.</p>
Section 176	<p>Treat subsection (3A) as including a reference to a sandbox entrant and a person participating under regulation 3(4).</p>
Section 204A	<p>Treat subsection (2) and (6) as each including— “(ab) by or under the Financial Services and Markets Act 2023”.</p>

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<i>Provision</i>	<i>Modification</i>
Section 205	Treat the reference to an “authorised person” as including a sandbox entrant and a person participating under regulation 3(4).
Section 206	Treat the reference to an “authorised person” as including a reference to a sandbox entrant and a person participating under regulation 3(4).
Section 207(1)	Treat the references to an “authorised person” as including a sandbox entrant and a person participating under regulation 3(4).
Section 208	Treat the references to an “authorised person” in subsections (1) and (4) as including a sandbox entrant and a person participating under regulation 3(4).
Section 209	Treat the reference to an “authorised person” as including a sandbox entrant and a person participating under regulation 3(4).
Section 211	Treat this section as disapplied.
Section 285(3D)	Treat a digital securities depository as exempt from the general prohibition in respect of any regulated activities carried on in connection with any of the FMI activities under regulation 3(5) (b) or ancillary FMI activities (as defined in these Regulations) for which it has approval under its SAN.
Section 285A	Treat the definition of “appropriate regulator” in subsection (2) as including a reference to the Bank of England.
Section 296(1)	Treat subsection (1) as modified so that— <ul style="list-style-type: none"> <li>— the reference to “appropriate regulator” includes a reference to the appropriate regulator under regulation 3(8)(a) and (b),</li> <li>— the reference to “recognised body” includes a reference to a digital securities depository, and</li> <li>— paragraph (b) includes a reference to obligations imposed by or under these Regulations.</li> </ul>
Section 298	In this section treat a reference to— <ul style="list-style-type: none"> <li>— the “appropriate regulator” as including a reference to the Bank of England;</li> <li>— a “recognised body” as including a reference to a digital securities depository;</li> <li>— a “direction under section 296” as including a direction given under that section in relation to a digital securities depository.</li> </ul> <p>In subsection (7A) treat a reference to “recognised CSD” as a reference to a digital securities depository.</p>
Section 299	Treat a reference to “recognised body” as including a reference to a digital securities depository.

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<i>Provision</i>	<i>Modification</i>
Section 312E	<p>In subsection (1) treat the reference to “recognised body” as including a reference to a digital securities depository.</p> <p>In subsection (3)—</p> <ul style="list-style-type: none"> <li>(i) treat the reference to “appropriate regulator” as including a reference to the Bank of England;</li> <li>(ii) treat the reference to “relevant requirement” as including a requirement (which may include a requirement imposed by a SAN) that is imposed by or under these Regulations.</li> </ul>
Section 312F	<p>Treat the reference to “appropriate regulator” as including a reference to the Bank of England.</p> <p>Treat the reference to “recognised body” as including a digital securities depository.</p>
Section 312FA	<p>Treat the reference to “recognised CSD” as including a reference to a digital securities depository.</p> <p>Treat subsections (2)(c) and (3)-(4) as disapplied.</p>
Section 312G	<p>Treat the reference to “appropriate regulator” as including a reference to the Bank of England.</p> <p>Treat the reference to “recognised body” as including a reference to a digital securities depository.</p>
Section 312H	<p>Treat the reference to “appropriate regulator” as including a reference to the Bank of England.</p> <p>Treat the reference to “recognised body” as including a reference to a digital securities depository.</p>
Section 312I	Treat the reference to “appropriate regulator” as including a reference to the Bank of England.
Section 312J	Treat the reference to “appropriate regulator” as including a reference to the Bank of England.
Section 312K	Treat this section as disapplied.
Section 380	<p>Treat subsection (6)(a) as including a reference to “(vii) imposed by or under the Financial Services and Markets Act 2023.”</p> <p>Treat subsection (6)(b) as including a reference to “by or under the Financial Services and Markets Act 2023” after the word “Act”.</p> <p>Treat the references in subparagraphs (1) to (3), (6), and (9) to (11) to “appropriate regulator” as including a reference to an appropriate regulator.</p>
Section 382	Treat subsection (9)(a) as including a reference to “(v) by or under the Financial Services and Markets Act 2023.”

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<i>Provision</i>	<i>Modification</i>
	<p>Treat subsection (9)(b) a including a reference to “by or under the Financial Services and Markets Act 2023”.</p> <p>Treat the references to “appropriate regulator” in subparagraphs (1), (7), (9) and (12) to (14) as including a reference to an appropriate regulator.</p>
Section 384	<p>Treat the reference to an “authorised person” in subparagraph (1) as including a reference to a sandbox entrant and a person participating under regulation 3(4).</p> <p>Treat the references to “appropriate regulator” in subparagraph (1), (7) to (8) and (12) to (14) as including a reference to the FCA.</p> <p>Treat subsection (7) as including a reference to a requirement imposed by or under the Financial Services and Markets Act 2023.</p>
Section 396	Treat this section as disapplied.
Section 398	Treat subsection (1A) as including a reference to the Financial Services and Markets Act 2023.
Section 401	<p>Treat subsection (1) as including an offence under the Financial Services and Markets Act 2023.</p> <p>Treat the reference to “appropriate regulator” in subsection (3A)(i) as including a reference to the Bank of England.</p> <p>Treat the reference to “appropriate regulator” in subsection (3AB) as including a reference to the Bank of England.</p>
Section 403	Treat subsection (7) as including a reference to the Financial Services and Markets Act 2023.
Section 413(1)	Treat the reference to “this Act” as including a reference to these Regulations.
Section 417	Treat the reference to rules in subsection (1) as including rules made by or under the Financial Services and Markets Act 2023.
Schedule 17A—	
Part 1	
Paragraphs 1 to 6	Treat these paragraphs as disapplied.
Paragraphs 7	Treat reference to a “recognised CSD” as including a reference to a digital securities depository.
Paragraph 8	Treat this paragraph as disapplied.
Paragraph 9(2)	Treat this sub-paragraph as modified so that a reference to the Bank of England includes the definition under regulation 3(8) (b);

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<i>Provision</i>	<i>Modification</i>
Paragraph 10(1)	Treat sub-paragraph (1) as modified so that  the reference to rules made by the Bank of England under any provision made by or under the Financial Services and Markets Act 2000 includes in relation to a reference to rules made by the Bank of England under regulation 7.  Treat paragraphs (b), (c), (i) and (j) as disapplied.
Paragraph 10(2)	Treat a reference to “recognised CSD” as including a reference to a digital securities depository.
Paragraph 10(3)	Treat this sub-paragraph as disapplied.
Paragraph 10(4)	Treat this sub-paragraph as disapplied.
Paragraph 10A	Treat this paragraph as disapplied.
Paragraph 11(1)	Treat a reference to “recognised CSD” as including a reference to a digital securities depository.
Paragraph 11(2)	Treat paragraph (a) as including a reference to information or documents reasonably required in connection with the exercise by the Bank of England of functions conferred on it in connection with these Regulations.  Treat paragraph (d)(i) as including a reference to these Regulations.
Paragraph 11(3)	In consequence of the modifications made to paragraph 11(2) by this Schedule, section 165(4) is disapplied in relation to sections 165(1) and (3), as modified under this paragraph 11.
Paragraph 12	Treat the reference to a “recognised CSD” in this paragraph as including a reference to a digital securities depository.
Paragraph 13(1)	Treat the reference to a “recognised CSD” in this subparagraph as including a reference to a digital securities depository.
Paragraph 14(2)	Treat this subparagraph as modified to include a power that allows the Bank of England to exercise powers conferred by section 168(5) if it appears to the Bank of England that there are circumstances suggesting a digital securities depository may— (a) be guilty of an offence under section 398(1) or an offence under prescribed regulations relating to money laundering; (b) have contravened a provision made by or under these Regulations; (c) may have contravened its SAN; or (d) may have breached the general prohibition; and (e) treat sub-paragraphs (2)(e) to (o) as disapplied.
Paragraph 15	Treat this paragraph as disapplied.
Paragraph 17(1)	Treat paragraphs (e) and (f) as disapplied, and paragraph (h) as modified to refer to “sections 192K to 192M”.

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<i>Provision</i>	<i>Modification</i>
Paragraph 17(2)	Treat this subparagraph as including a reference to a digital securities depository.
Paragraph 17(3)	Treat this subparagraph as modified to include— (a) the general condition in subsection (2) were that the Bank of England considers it is desirable to give the direction for the effective regulation of the FMI sandbox arrangements; and (b) treat a reference to a “recognised CSD” as including a digital securities depository.
Paragraph 17(4)	Treat a reference to a “recognised CSD” as including a reference to a digital securities depository.
Paragraphs 18	Treat a reference to a “recognised CSD” as including a reference to a digital securities depository.  Treat subparagraph (1)(c) as disapplied.
Paragraph 19	Treat a reference to a “recognised CSD” as including a reference to a digital securities depository.
Paragraph 20	Treat a reference to a “recognised CSD” as including a reference to a digital securities depository.
Paragraph 21	Treat a reference to a “recognised CSD” as including a reference to a digital securities depository.
Paragraph 22	Treat this paragraph as disapplied.
Paragraph 23	Treat this paragraph as modified so that— (a) section 348 (restrictions on disclosure of confidential information by FCA, PRA etc) is modified so that subsections (2)(b) and (5) include a reference to the disclosure of confidential information to the Bank of England in connection with the DSS; (b) section 349 (exemptions from section 348) is modified so that subsection (2)(c) includes a reference to the Bank of England in connection with the FMI sandbox arrangements; (c) section 350 (disclosure of information by the Inland Revenue) is modified so that subsection (1)(a) includes reference to the Bank of England in connection with the FMI sandbox arrangements.  Treat a reference to a “recognised CSD” in this paragraph as including a reference to a digital securities depository.
Paragraph 24(2)	Treat a reference to a “recognised CSD” in this sub-paragraph as including a reference to a digital securities depository.
Paragraph 25(2)	Treat this sub-paragraph as including a reference to the Bank of England.
Paragraph 26(2)	Treat this subparagraph as modified so that for the purposes of the application under regulation 4, any reference in



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<i>Provision</i>	<i>Modification</i>
	<p>section 380 of FSMA 2000 as modified by this Part to a relevant requirement includes a requirement that is imposed under these Regulations—</p> <ul style="list-style-type: none"> <li>(a) in connection with a digital securities depository; or</li> <li>(b) a contravention of which constitutes an offence that the appropriate regulator has the power to prosecute by or under these Regulations.</li> </ul>
Paragraph 28	<p>Treat this paragraph as modified as follows.</p> <p>The power conferred by section 384(5) of FSMA 2000 is exercisable by the Bank of England where conditions A and B are met.</p> <p>Condition A is that the Bank is satisfied that a digital securities depository has contravened a relevant requirement, or been knowingly concerned in the contravention of a relevant requirement.</p> <p>Condition B is that—</p> <ul style="list-style-type: none"> <li>(a) profits have accrued to the digital securities depository as a result of the contravention; or</li> <li>(b) one or more persons have suffered loss or been otherwise adversely affected as a result of the contravention.</li> </ul> <p>For these purposes a reference to “relevant requirement” has the meaning given in paragraph 26(2) as modified by this Part.</p> <p>Where this paragraph applies, section 384(5) and (6) of FSMA 2000 are to have effect as if—</p> <ul style="list-style-type: none"> <li>(a) any reference to the person concerned were to a digital securities depository; and</li> <li>(b) any reference to subsection (1) were a reference to the second sentence of this modified version of paragraph 28.</li> </ul>
Paragraph 29	<p>Treat this paragraph as modified so that—</p> <ul style="list-style-type: none"> <li>(a) a reference to a “recognised body” in the sections of FSMA 2000 referred to in this paragraph shall include a reference to a digital securities depository or a sandbox entrant;</li> <li>(b) the provisions of Part 26 (notices) apply in relation to a warning or decision notice given by the Bank of England under section 55X(2) or (4), section 312G or 312H, as they apply to those sections under this table.</li> </ul>
Paragraph 30	<p>Treat this paragraph as modified so that section 398 (misleading FCA: residual cases) applies to information given to the Bank of England in purported compliance with a requirement that is imposed by or under any provision of these Regulations that apply to a digital securities depository.</p>

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<i>Provision</i>	<i>Modification</i>
Paragraph 32	Treat this paragraph as modified so that paragraph 17 of Schedule 1ZB (records) applies in relation to the recording of decisions made by the Bank of England in the exercise of its functions relating to a digital securities depository.
Paragraph 33	Treat this paragraph as disapplied.
Paragraph 34	Treat a reference to a “recognised CSD” in this paragraph as including a reference to a digital securities depository.
Paragraph 35	Treat a reference to a “recognised CSD” in this paragraph as including a reference to a digital securities depository.
Paragraph 36	<p>Treat paragraph (1) as modified to provide that the Bank of England may, in connection with the discharge of any of its functions by or under these Regulations, require a sandbox entrant or any person applying to participate in the DSS as a sandbox entrant, to pay fees to the Bank. of England.</p> <p>Treat paragraph (2) as disapplied.</p> <p>Treat paragraph (3) as providing the appropriate regulator under regulation 3(8)(b) with a power to set fees for the purpose of meeting expenses incurred by it or the FCA—</p> <ul style="list-style-type: none"> <li>(a) in preparation for the exercise of functions by the Bank of England in connection with the discharge of any of its functions relating to the DSS; or</li> <li>(b) for the purpose of facilitating the exercise by the Bank of England of those functions or otherwise in connection with their exercise by it.</li> </ul>
Paragraph 37	Treat this paragraph as providing the appropriate regulator under regulation 3(8)(b) with a power in connection with the FMI sandbox arrangements.