
EXPLANATORY NOTE

(This note is not part of the Regulation)

These Regulations are the first commencement regulations made under the Financial Services and Markets Act 2023 (c. 29) (“the Act”).

Regulation 2 brings into force provisions of the Act on the day after these Regulations are made. Section 1 of the Act revokes retained EU law which is referred to in Schedule 1 to the Act. Paragraph (a) brings into force section 1(1) of the Act so far as it relates to the revocation of the provisions set out in paragraphs (f) and (g). The provisions in paragraph (f) contain deadlines in Regulation (EU) 2020/852 of the European Parliament and of the Council of 18 June 2020 on the establishment of a framework to facilitate sustainable investment (EUR 2020/852). The Money Market Funds Regulations 2018 (S.I. 2018/698) are set out in paragraph (g). Paragraph (b) brings into force other provisions of section 1 dealing with the revocation of retained EU law. Paragraphs (c) to (e) bring into force interpretative provisions and a power to modify retained EU law during a transitional period.

Regulation 3 brings into force on 29th August 2023 section 1(1) of the Act so far as it relates to the revocation of the retained EU law listed in the Schedule to these Regulations.

Regulation 4 brings into force on 29th August 2023 provisions of the Act dealing with—

- transitional amendments relating to financial instruments, derivatives, securitisation and critical third parties (Parts 1 to 3 and 6 of Schedule 2 and the partial commencement of section 2(1));
- the power to restate and modify retained EU law which is revoked by section 1(1) and Schedule 1, the power to replace references to EU directives and provision relating to requirements on regulators where they restate retained EU law in their rules (sections 4, 5 and 6);
- designated activities (section 8 and Schedule 3);
- the definition of the Bank of England’s Financial Stability Objective (section 9(6));
- rules relating to investment exchanges and data reporting service providers (section 11);
- a financial market infrastructure sandbox (sections 13 to 17 and Schedule 4);
- critical third parties (sections 18 and 19);
- a power to make regulations relating to digital settlement assets (section 23);
- FCA and PRA objectives and regulatory principles (sections 25 to 28);
- FCA and PRA powers to make rules (sections 29 to 32 and 34);
- FCA and PRA engagement (sections 35 to 39);
- the duty of the FCA and others to co-operate and consult (section 40);
- regulator panels and related policy statements (sections 41 to 47);
- the Payment Systems Regulator (partial commencement of section 51 and Schedule 7);
- consultation on rules by the PRA, FCA and Payment Systems Regulator (section 53);
- central counterparties (partial commencement of section 57 and Schedule 11);
- miscellaneous amendments to FSMA (sections 59, 63 and 65 to 69);
- credit unions (section 73 and Schedule 14);

Status: This is the original version (as it was originally made).

- miscellaneous amendments to the Banking Act 2009 (section 75);
- arrangements for the investigation of complaints (section 76);
- a review relating to forest risk commodities (section 79).

Regulation 5 brings into force on 1st January 2024 section 1(1) of the Act so far as it relates to the revocation of a number of provisions of retained EU law listed in Schedule 1 to the Act.

An impact assessment has not been published for these Regulations as they have no impact on the costs to business or the public or voluntary sectors independent of the provision these Regulations bring into force. A full impact assessment has been published in relation to the Act and copies can be obtained from HM Treasury, 1 Horse Guards Road, London, SW1A 2HQ or at <https://bills.parliament.uk/publications/49053/documents/2621>.