

**Financial Services (Miscellaneous Amendments) Bill 2012**  
**Second Reading approved**

3.2. Mr Teare to move:

*That the Financial Services (Miscellaneous Amendments) Bill 2012 be read the second time.*

**The Deputy Speaker:** We now move on to Item 3.2, the Financial Services (Miscellaneous Amendments) Bill 2012, and I call upon the Minister for the Treasury, Mr Teare.

**Mr Teare:** Thank you, Mr Deputy Speaker.

The Financial Services (Miscellaneous Amendments) Bill 2012 seeks to make important amendments to the Financial Services Act 2008 and the Collective Investment Schemes Act 2008. These Acts together provide for the supervision and regulation of financial activities by the Financial Supervision Commission, which with your agreement I will refer to as the FSC from now on.

The Bill contains four parts and a schedule. Part 1 is the introduction. Part 2 amends the Financial Services Act 2008 in clauses 4 to 25. Part 3 amends the Collective Investment Schemes Act 2008 in clauses 26 to 34. Part 4 contains closing provisions in clauses 35 and 36. The schedule relates to part 2.

The amendments proposed by the Bill have a number of effects: they reflect evolving international standards in financial regulation; they revise powers relating to lack of fitness and propriety; they clarify existing provisions; they improve consistency between the two Acts; and they also reduce costs or administrative burdens. Some changes result from comments made by assessors of the International Monetary Fund following their last visit to the Island. Other changes reflect industry comments or the FSC's regulatory experience since the Acts were introduced in 2008. Matters that relate to the IMF's comments include, in clause 20, the introduction of explicit criteria for the dismissal of FSC board members, a requirement for the FSC to consider financial stability when making decisions, and a clarification of Treasury's powers to specify policies and strategies for the FSC.

Lastly, in clause 21, a power is provided for the FSC to review the perimeter of regulation.

Additionally, I understand that the Hon. Member for Douglas, Mr Henderson, will be moving a minor technical amendment at the clauses stage to bring the FSC's definition of controller into line with that of adjacent jurisdictions, in clause 19. This change is also designed to meet international standards. Items that are designed to reduce costs for industry or Government include a power for the FSC to facilitate in the transfer of deposit-taking business, in clause 5, and allowing some licence over reporting forms and requirements to be specified outside legislation, subject to adequate notice to relevant parties, in clause 22 and 32.

The Bill also enables the Financial Services Commission to charge civil penalties for non-compliance with the Collective Investment Schemes Act, in clause 30. This brings that Act into line with the Financial Services Act in terms of civil penalties powers. All such penalties are payable to the general revenue, and not to the FSC.

In addition, the Bill includes clauses designed to increase consumer protection, such as enhanced powers that deal with the lack of fitness or propriety, in clauses 6 to 10, 15, 18 and 29, and a widening of matters which constitute an action for breach, in clauses 12 and 14. Action for breach may include public statements, a licence revocation, penalties or other sanctions listed in the Act.

Other new powers in the Bill clarify that the FSC's statutory indemnity provisions extend to those carrying out the FSC's statutory functions, in clause 16, and the FSC's current role in overseeing certain auditors in respect of particular audits, in clause 21.

New provisions also enable specific requirements for authorised and recognised collective investment schemes to be varied, in clauses 33 and 34. The changes will enable the FSC to respond more promptly to the needs of the funds industry. In addition, the Bill makes an amendment to the Financial Services Ombudsman Schemes compensation limit and incorporates two existing gateways into the Act so that all existing gateways will be in one place.

The Bill also makes a consequential amendment to the Companies Act 1931 in respect of the new transfer of deposit-taking provision. Importantly, new appeal provisions are added in respect of relevant new powers and the Bill reformats the current and the new appeal provisions into a simpler format.

The Bill has been the subject of a wide consultation and all comments received have been addressed. There is no indication that the Bill will place any additional administrative or financial burden on the regulated sectors or on Government.

Mr Deputy Speaker, I move that the Financial Services (Miscellaneous Amendments) Bill 2012 now be read for a second time.

**The Deputy Speaker:** Mr Henderson.

**Mr Henderson:** Gura mie eu, Lhiass-loayreyder.  
I beg to second, sir, and reserve my remarks.

**The Deputy Speaker:** Hon. Members, proposed and seconded that the Financial Services (Miscellaneous Amendments) Bill 2012 be read a second time. Those in favour, say aye; those against, no. The ayes have it.  
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