Draft Regulations laid before Parliament under paragraph 26 of Schedule 2 to the Financial Services and Markets Act 2000 (c. 8), and sections 5(3) and 84(5) of the Financial Services and Markets Act 2023 (c. 29), for approval by resolution of each House of Parliament.

DRAFT STATUTORY INSTRUMENTS

2024 No.

FINANCIAL SERVICES AND MARKETS

The Insurance Distribution (Regulated Activities and Miscellaneous Amendments) Regulations 2024

Made - - - -	***
Coming into force - -	*1st January 2025*

The Treasury make these Regulations in exercise of the powers conferred by sections 22(1) and (5) and 428(3) of, and paragraph 25(1)(a) of Schedule 2 to, the Financial Services and Markets Act 2000(**a**), and sections 5(1), 83(1) and (2) of the Financial Services and Markets Act 2023(**b**).

In the opinion of the Treasury, one of the effects of these Regulations is that an activity which is not a regulated activity will become a regulated activity.

In accordance with paragraph 26 of Schedule 2 to the Financial Services and Markets Act 2000 and sections 5(3) and 84(5) of the Financial Services and Markets Act 2023(**c**), a draft of these Regulations has been laid before, and approved by a resolution of, each House of Parliament.

PART 1

Introduction

Citation, commencement and extent

1.—(1) These Regulations may be cited as the Insurance Distribution (Regulated Activities and Miscellaneous Amendments) Regulations 2024.

(2) These Regulations come into force on 1st January 2025.

(3) These Regulations extend to England and Wales, Scotland and Northern Ireland.

(**a**) 2000 c. 8.
(**b**) 2023 c. 29.
(**c**) For the meaning of "affirmative procedure", see 84(3) of the Financial Services and Markets Act 2023 (c. 29).

PART 2

Amendment of primary legislation

Amendment of the Terrorism Act 2000

2. In Schedule 3A (regulated sector and supervisory authorities) to the Terrorism Act 2000(**a**)—

(a) in paragraph 1(1), for paragraph (f), substitute—

"(f) the activities of an insurance intermediary as defined in article 33B(4) of the Financial Services and Markets Act 2000 (Regulated Activities) Order 2001(**b**), in respect of contracts of long-term insurance within the meaning given by article 3(1) of, and Part II of Schedule 1 to, that Order;";

(b) in paragraph 3(1), omit the definition of "the Insurance Distribution Directive".

Amendment of the Proceeds of Crime Act 2002

3. In Schedule 9 (regulated sector and supervisory authorities) to the Proceeds of Crime Act 2002(**c**)—

(a) in paragraph 1(1), for paragraph (f), substitute—

"(f) the activities of an insurance intermediary as defined in article 33B(4) of the Financial Services and Markets Act 2000 (Regulated Activities) Order 2001, in respect of contracts of long-term insurance within the meaning given by article 3(1) of, and Part II of Schedule 1 to, that Order;";

(b) in paragraph 3(1), omit the definition of "the Insurance Distribution Directive".

Amendment of the Counter-Terrorism Act 2008

4. In Schedule 7 (terrorist financing and money laundering) to the Counter-Terrorism Act 2008,(**d**) in paragraph 5(2), for paragraph (e), substitute—

"(e) an insurance intermediary as defined in article 33B(4) of the Financial Services and Markets Act 2000 (Regulated Activities) Order 2001, when it acts in respect of contracts of long-term insurance within the meaning given by article 3(1) of, and Part II of Schedule 1 to, that Order;".

(**a**) 2000 c. 11. Paragraphs 1 and 3 of Schedule 3A, were substituted by S.I. 2007/3288 and amended by S.I. 2018/546; there are other amendments but none is relevant to these Regulations.

(**b**) S.I. 2001/544.

(**c**) 2002 c. 29. Paragraphs 1 and 3 of Schedule 9, were substituted by S.I. 2007/3287 and amended by S.I. 2018/546; there are other amendments but none is relevant to these Regulations.

(**d**) 2008 c. 28. There are amendments to paragraph 5 of Schedule 7 but none is relevant to these Regulations.

PART 3

Amendment of secondary legislation

Amendment of the Financial Services and Markets Act 2000 (Regulated Activities) Order 2001

5.—(1) The Financial Services and Markets Act 2000 (Regulated Activities) Order 2001(**a**) is amended as follows.

(2) In article 4 (specified activities: general)—

(a) in paragraph (4A), in the words before sub-paragraph (a), omit the words from ", other than" to the end;

(b) in paragraph (5)—

(i) omit the definition of "ancillary insurance intermediary";

(ii) for the definition of "insurance distribution", substitute—

""insurance distribution" means any regulated activity of the kind specified by article 21, 25(1) or (2), 39A, 53, or, so far as relevant to any of those articles, article 64, which is carried on in relation to a contract of insurance;";

(iii) for the definition of "reinsurance distribution", substitute—

""reinsurance distribution" means any regulated activity of the kind specified by article 21, 25(1) or (2), 39A, 53, or, so far as relevant to any of those articles, article 64, which is carried on in relation to a reinsurance contract.".

(3) In article 33B (provision of information - contracts of insurance), in paragraph (4)—

(a) for the meaning of "insurance intermediary", substitute—

""insurance intermediary" means a person, other than an insurance or reinsurance undertaking, or an employee of such an undertaking, who has Part 4A permission to carry on an insurance distribution activity;";

(b) for the meaning of "reinsurance intermediary", substitute—

""reinsurance intermediary" means a person, other than a reinsurance undertaking, or an employee of such an undertaking, who has Part 4A permission to carry on an insurance distribution activity in relation to a contract of insurance that concerns reinsurance;".

(4) In article 72B (activities carried on by a provider of relevant goods or services), in paragraph (1)(c)—

(a) in paragraph (i), for "600 euro" substitute "£500";

(b) in paragraph (ii), for "200 euro" substitute "£175";

(c) in the words after paragraph (ii), omit the words "sterling or".

(5) Omit Schedule 4 (relevant text of the Insurance Distribution Directive).

(**a**) S.I. 2001/544. Article 4(4A) and (5) were substituted by S.I. 2018/546 and amended by S.I. 2019/632. In article 33B, the definitions of "insurance intermediary" and "reinsurance intermediary" were substituted by S.I. 2019/632. Article 72B was inserted by S.I. 2003/1476 and substituted by S.I. 2018/546; there are other amendments but none is relevant to these Regulations. Schedule 4, parts 1 to 5 were added by S.I. 2003/1476 and substituted by S.I. 2018/546. Schedule 4, part 6 was added by S.I. 2019/632.

Amendment of the Financial Services and Markets Act 2000 (Qualifying Provisions) Order 2013

6.—(1) The Financial Services and Markets Act 2000 (Qualifying Provisions) Order 2013(**a**) is amended as follows.

(2) In article 2 (qualifying provisions: general), in paragraph (2), omit sub-paragraph (l).

(3) In article 3 (qualifying provisions: disciplinary measures)—

(a) in paragraph (2), omit sub-paragraph (o);

(b) in paragraph (3), omit sub-paragraph (m).

(4) In article 5 (qualifying provisions: injunctions and restitution)—

(a) in paragraph (2), omit sub-paragraph (o);

(b) in paragraph (5), omit sub-paragraph (n).

(5) In article 6 (qualifying provisions: fees), in paragraph (2), omit sub-paragraph (q).

Amendment of the Money Laundering, Terrorist Financing and Transfer of Funds (Information on the Payer) Regulations 2017

7. In regulation 10(2) (credit institutions and financial institutions) of the Money Laundering, Terrorist Financing and Transfer of Funds (Information on the Payer) Regulations 2017(**b**), in paragraph (f), for the words from "Article 2.5" to "sub-paragraph (b))" substitute "article 33B(4) of the Regulated Activities Order".

Name
Name
Two of the Lords Commissioners of His Majesty's Treasury

(**a**) S.I. 2013/419. Articles 2, 3, 5 and 6 were amended by S.I. 2018/546; there are other amendments but none is relevant to these Regulations.

(**b**) S.I. 2017/692. Regulation 10 was amended by S.I. 2019/253; there are other amendments but none is relevant to these Regulations.

EXPLANATORY NOTE

(This note is not part of the Regulations)

These Regulations replace references to Directive (EU) 2016/97 of the European Parliament and of the Council of 20 January 2016 on insurance distribution (recast) ("Insurance Distribution Directive") for or in connection with the purpose of making the law clearer or more accessible. All the relevant concepts are contained in domestic legislation and so references to the Insurance Distribution Directive are no longer required.

These Regulations replace references, in three Acts and one Order, to the definition of "insurance intermediary" contained in the Insurance Distribution Directive with references to the same term in article 33B(4) of the Financial Services and Markets Act 2000 (Regulated Activities) Order 2001 (S.I. 2001/544) ("RAO"). References to "ancillary insurance intermediary" are removed without replacement.

These Regulations also amend article 72B of the RAO so that the denomination of amounts is changed from euros to sterling. The change in denomination, whilst intending to retain the status quo, may affect the scope of certain regulated activities, due to the fluctuation of currency exchange. Therefore, in the opinion of the Treasury, one of the effects of these Regulations is that an activity which is not a regulated activity (within the meaning of the Financial Services and Markets Act 2000 c. 8) will become a regulated activity.

These Regulations remove references to instruments made under the Insurance Distribution Directive from the Financial Services and Markets Act 2000 (Qualifying Provisions) Order 2013 (S.I. 2013/419). This amendment is consequential on the revocation of those instruments by section 1 of, and Schedule 1 to, the Financial Services and Markets Act 2023 (c. 29) (commenced on 5 April 2024 by regulation 4 of the Financial Services and Markets Act 2023 (Commencement No. 4 and Transitional and Saving Provisions) (Amendment) Regulations 2023 (S.I. 2023/1382 (C. 97)).

An Impact Assessment has not been prepared for this instrument, as no, or no significant, impact on the private, voluntary or public sector is foreseen.

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