Department of Justice
An Roinn Dlí agus Cirt
Männystrie O tha Laa
www.justice-ni.gov.uk

Organised Crime Branch
Knockview Buildings
Stormont Estate
Belfast BT4 3SG

23 October 2026

TO: ASSEMBLY BUSINESS OFFICE

By email: [redacted]

Dear Team,

FINANCIAL SERVICES AND MARKETS BILL – LEGISLATIVE CONSENT MEMORANDUM

Please would you arrange for the attached Legislative Consent Memorandum to be laid before the Northern Ireland Assembly in accordance with Standing Order 42A(6)(a) on behalf of the Minister of Justice.

Should you require further details, please contact me by email ([redacted]) or alternatively, Debbie Corry, Head of Branch ([redacted])

Kind regards

Beverley Lane
Organised Crime Branch

Enc.

LEGISLATIVE CONSENT MEMORANDUM

FINANCIAL SERVICES AND MARKETS BILL

Draft Legislative Consent Motion

1. The draft motion, which will be tabled by the Minister of Justice, is:

> ***"That this Assembly agrees to the extension to Northern Ireland of provisions, as brought from the House of Lords, within the Financial Services and Markets Bill relating to a power to amend provisions about cryptoassets in the Proceeds of Crime Act 2002 (POCA), as it applies to Northern Ireland (clauses 49 and 51)."***

Background

2. This Memorandum has been laid before the Assembly by the Minister of Justice under Standing Order 42A(6)(a) seeking consent. The Financial Services and Markets Bill ("the Bill") was introduced by the UK Government into the House of Lords on 19th May 2026. This Memorandum, and the clause references within it, relate to the Bill as published when brought from the House of Lords to the House of Commons on 15 September 2026. This version of the Bill and details on the Bill's progress can be found at: Financial Services and Markets Bill

Summary of the Bill and its policy objectives

3. The Bill contains 6 parts, 57 clauses and 3 schedules. The majority of measures extend to the whole of the UK, with one exception. A measure regarding 'credit union common bond' does not extend to Northern Ireland. Apart from the one measure which requires legislative consent, all other measures are reserved or excepted matters and therefore do not require consent.

4. The UK Government has set out that the Bill is intended to modernise the regulation of the financial services sector, supporting it to grow and enable it to provide more lending to businesses. This will ensure that consumer protections keep pace with the digital age while maintaining strong regulation and oversight. In doing so, it will support the UK's position as a

leading global financial centre, improve the competitiveness of UK businesses, and support economic growth and investment.

5. The key measures in the Bill will:
   - provide stronger consumer protection by making terms and conditions easier to understand and improving how complaints are resolved, including through reforms to the Financial Ombudsman Service;
   - ensure simpler regulation and fewer regulators, with the Payment Systems Regulator's responsibilities transferring to the Financial Conduct Authority;
   - ensure that the administrative burden on firms is proportionate;
   - support lending and investment by updating banking rules;
   - support access to essential banking services, such as in-person ones; and
   - modernise oversight of anti-money laundering and counter-terrorist financing supervision.

Provisions which deal with a Devolution Matter

6. The one measure for which legislative consent is sought through this Memorandum relates to a mixed competence matter. As aspects of the provisions relate to transferred matters and fall within the legislative competence of the Assembly, its consent is required for the UK Parliament to legislate for Northern Ireland. The relevant measure is set out below:

> Power to amend provisions about cryptoassets' in the Proceeds of Crime Act 2002 (POCA), as it applies to Northern Ireland (Clauses 49 and 51).

7. Clause 49 enables the UK Secretary of State or HM Treasury to amend specified cryptoasset recovery provisions through secondary legislation. This power extends those provisions to cover new categories of cryptoassets or service providers as technology, markets and criminal methods evolve.

8. It also sets out areas for which cryptoasset provisions may be amended, including to reflect how cryptoassets are traded, business models or the nature of a cryptoasset service provider's connection to the UK.

9. This is important because existing rules are beginning to restrict the effective freezing, seizure and recovery of cryptoassets, particularly where criminals use overseas exchanges. The measure will enable law enforcement to respond more quickly and prevent organised criminals from benefiting from illicit funds.

10. The power does not permit the creation of any new power, offence, liability or other substantive change. Before making regulations affecting Parts 4 and 5 of POCA, the UK Secretary of State or HM Treasury must consult the Department of Justice.

11. Clause 51 repeals the overlapping delegated powers in POCA concerning the amendment of certain crypto definitions.

12. The power will also enable the UK Secretary of State to amend the Terrorism Act 2000 and the Anti-Terrorism, Crime and Security Act 2001. As those provisions are reserved, legislative consent is sought only in respect of the provisions affecting Parts 4 and 5 of POCA.

Reasons for making the Provisions

13. The Economic Crime and Corporate Transparency Act 2023 introduced crypto recovery powers into POCA. This included delegated powers to update certain definitions, including 'cryptoasset' and 'crypto wallet' through secondary legislation. However other provisions cannot currently be amended, and this is now beginning to limit the effectiveness of the legislation.

14. The new power is needed to address these limitations and future-proof the framework as the cryptoasset sector and criminal methods evolve at pace. This measure will ensure that the UK has the powers needed to tackle organised crime and the increasing criminal use of cryptoassets.

Reasons for utilising the Bill rather than an Act of the Assembly

15. The UK Government has assessed that this measure is a mixed competence issue which means that some aspects of the provisions are devolved, whilst others are reserved. The Department agrees with this position.

16. The Department's legislative programme would not allow equivalent Assembly legislation within the current mandate. Delay would create a gap in Northern Ireland's legislative framework and weaken the response to serious organised and economic crime.

17. It is worth noting that in recent years, Westminster has, with the Assembly's agreement, legislated for Northern Ireland in relation to economic crime matters. This has helped to ensure a consistent approach is maintained across the UK and reduced the risk of a loophole in Northern Ireland where

serious criminal activity could be carried out while prohibited in other regions.

18. It is recommended that the most appropriate approach is to request legislative consent from the Assembly for Westminster to legislate on behalf of Northern Ireland in relation to the specific provisions of the Financial Services and Markets Bill as set out above.

Consultation

19. The Department of Justice has engaged with stakeholders and operational partners across the justice sector who are supportive for the measures to be introduced.

Human Rights and Equality

20. The Minister in charge of the Bill in the Commons, the Chancellor of the Exchequer, has made a statement under section 19(1)(a) of the Human Rights Act 1998 ("HRA") that, in his view, the provisions of the Bill are compatible with the Convention rights. A copy of the Government's Human Rights Memorandum can be found at: ECHR Memorandum

21. The Department's assessment is that the proposals are considered to be compliant.

22. The proposals have also been screened for compliance with Article 2 of the Windsor Framework. It is considered that the devolved provisions in the Financial Services and Markets Bill which will extend to Northern Ireland will not result in a diminution of rights, safeguards and equality of opportunity provisions or discrimination protections. The provisions in the Bill which will extend to Northern Ireland are considered to be compliant with Article 2(1).

Financial Implications

23. There are not considered to be any financial implications arising from the devolved measure contained in the Bill that it is proposed would extend to Northern Ireland. It is possible that the new measure could lead to an increase in asset recovery.

Summary of Regulatory Impact

24. There is not considered to be a regulatory impact in terms of the provisions

dealing with the devolved matter. A copy of the UK Government's Impact Assessment can be found at: Impact Assessment

Engagement to date with the Committee for Justice

25. The Department has briefed and continues to engage with the Committee for Justice in relation to the provisions within the Bill that the Minister wishes to extend to Northern Ireland. This has included a written paper which was considered by the Committee on 1 October 2026 and an oral briefing from officials which was provided on 22 October 2026. Officials will continue to engage with the Committee as the Bill progresses. Executive approval for the LCM was provided on 22 October 2026.

Conclusion

26. The Minister of Justice considers that, in the interests of improving the response to serious organised and economic crime, the provisions of the Bill that deal with a devolved matter, should extend to Northern Ireland.

Department of Justice

23 October 2026