

Supplementary Legislative Consent Memorandum

Financial Services and Markets Bill

Background

1. This Supplementary Legislative Consent Memorandum (LCM) has been lodged by Neil Gray MSP, Cabinet Secretary for Justice, in accordance with Rule 9B.3.1(a) of the Parliament's Standing Orders. It should be read in conjunction with the Scottish Government's previous memorandum on the Financial Services and Markets Bill ("the Bill") at [LCM-S7-8](#) ("the original LCM").
2. The Bill was introduced in the House of Lords on 19 May 2026 and completed its passage through the Lords on 15 September 2026. It has now been introduced in the House of Commons for consideration. The Bill is available on the UK Parliament website at [Financial Services and Markets Bill \[HL\] - Parliamentary Bills - UK Parliament](#).

Content of the Bill

3. The Bill contains a package of measures relating to financial services regulation, consumer protection, banking services, and financial crime. Its objectives include supporting growth and lending, ensuring regulatory frameworks remain fit for a digital economy, improving access to financial services, and strengthening the UK's anti-money laundering and cryptoasset regimes. Further detail on the Bill's provisions is provided in the original LCM.

Provisions which require the consent of the Scottish Parliament

4. As outlined in the original LCM, the majority of the Bill concerns the regulation of financial services and markets, which is largely a reserved matter in respect of Scotland. The Scottish Government and the UK Government agree that clauses 49 and 51 (previously numbered clauses 46 and 47) are the only clauses in the Bill which require consent of the Scottish Parliament as the provisions fall within the legislative competence of the Scottish Parliament. The content of these clauses remains unchanged since the original LCM was lodged.

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5. During the Bill's passage through the Lords, an amendment was agreed (clause 52) to require HM Treasury (HMT) to publish and lay a report before UK Parliament about how certain delegated powers are expected to be used, including the proposed cryptoasset powers. The UK Government opposes this amendment and is considering how to proceed on this point as the Bill progresses through the Commons. Both the Scottish Government and the UK Government share the view that this amendment does not trigger the requirement for legislative consent.

6. Clause 49 confers a delegated power on the Secretary of State and HMT to make amendments by secondary legislation to cryptoasset confiscation, seizure and forfeiture powers in the Proceeds of Crime Act 2002 (POCA), provisions in the Anti-terrorism, Crime & Security Act 2001 (ATCSA) and the Terrorism Act 2000 (TACT), and to other Acts of Parliament. Clause 51 repeals existing powers within POCA, ATCSA and TACT to amend certain definitions, such as 'cryptoasset' and 'crypto wallet' via secondary legislation because these are being replaced by the broader power in clause 49. A more detailed outline of these powers is included in the original LCM.

7. Since the original LCM was lodged, the Scottish Government has engaged in discussions with the UK Government. Assurances have been given that have satisfied the Scottish Government that substantive amendments will not be pursued under clause 49 to legislation applying to Scotland and relating to devolved matters, without prior consultation with the Scottish Ministers.

8. The Scottish Ministers must be consulted before regulations are made under clause 49 where the regulations amend Parts 3 or 5 of POCA. Insofar as regulations amend or repeal other Acts under clause 49(4), there is no express requirement to consult the Scottish Ministers. However, due to the reasons given below the Scottish Government is satisfied that consultation will be achieved, and recommends consent on that basis.

Reasons for recommending legislative consent

9. The Scottish Government is supportive of the aims of the areas of the Bill which fall within the legislative competence of the Scottish Parliament. The Scottish Government considers that the new cryptoasset powers will help ensure that law enforcement agencies can adapt to the shifting and developing nature of the cryptoasset environment and ensure that the recovery of proceeds of crime is not obstructed by future changes in the digital landscape.

10. As POCA is a complex mix of both reserved and devolved matters, it is appropriate that the proceeds of crime regime remains consistent across the UK jurisdictions and, therefore, that the proposed amendments should be made by the UK Parliament.

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11. The UK Government has provided assurances that the Scottish Ministers will be consulted on substantive changes provided for by these powers insofar as they apply to Scotland and relate to devolved matters. On this basis, having regard to the requirement to consult the Scottish Ministers on any regulations amending Parts 3 or 5 of POCA, and due to the highly circumscribed nature of the power contained in clause 49, the Scottish Government is satisfied that the devolution settlement is being suitably respected.

12. For these reasons, the Scottish Government recommends that the Parliament gives its consent to the relevant provisions in the Bill.

Consultation

13. As outlined in the original LCM, the Scottish Government has undertaken consultation with key operational partners, including the Civil Recovery Unit (CRU), Police Scotland and the Crown Office and Procurator Fiscal Service (COPFS). Stakeholders are broadly supportive of the proposed provisions. The Scottish Government will continue to engage with stakeholders as the Bill progresses.

Financial implications

14. As outlined in the original LCM, there are limited financial implications in relation to this Bill.

Post EU scrutiny

15. To the extent that the Bill provisions relate to the recovery of proceeds of crime, it relates to matters covered by the EU Directive 2024/1260 on asset recovery and confiscation. The Scottish Government considers the provisions are consistent with the Scottish Government's commitment to align with EU law.

Conclusion

16. The Scottish Government recommends that the Scottish Parliament consent to clauses 49 and 51 of the Bill for the reasons outlined in paragraphs 9 to 12 of this LCM and paragraphs 13 to 14 of the original LCM.

Draft motion on legislative consent

17. The draft motion, which will be lodged by the Cabinet Secretary for Justice, is:

“That the Parliament, noting that the Financial Services and Markets Bill, introduced in the House of Lords on 19 May 2026, makes provision that falls

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within the legislative competence of the Parliament, agrees to give consent to such provision as is made by clauses 49 and 51.”

Scottish Government
October 2026

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