**Criminal Justice Committee**
**Wednesday 18 November 2026**
**12th Meeting, 2026 (Session 7)**

# Legislative consent memorandum on the Financial Services and Markets Bill (UK Parliament legislation)

## Note by the Clerk

1. Legislative Consent Memorandum LCM-S7-8 was lodged by Neil Gray MSP, Cabinet Secretary for Justice, on 25 June 2026 and referred to the Criminal Justice Committee for scrutiny. A Supplementary Legislative Consent Memorandum (LCM-S7-8a) was subsequently lodged by the Cabinet Secretary on 6 October 2026.

2. Both LCMs are available on the Scottish Parliament website.

## Financial Services and Markets Bill

3. The Financial Services and Markets Bill was introduced in the House of Lords on 19 May 2026.

4. The Bill and associated documents can be viewed on the UK Parliament website.

5. The purpose of the Bill is to update the regulation of the UK financial services sector, modernise consumer protection and redress systems, streamline aspects of the regulatory framework, expand access to credit unions, update the ring-fencing regime, enable action to support access to in-person banking services, strengthen measures to tackle financial crime, and update powers relating to cryptoassets.

6. The Bill completed its passage through the House of Lords on 15 September 2026 and was introduced in the House of Commons on the same day. It is currently at Committee stage in the House of Commons.

## Legislative consent procedure

7. Under the Sewel Convention, the UK Parliament does not normally legislate on devolved matters, or to alter the legislative competence of the Parliament or the executive competence of the Scottish Government, without the consent of the Scottish Parliament. Consent is given by means of a resolution of the Parliament.

8. Under Chapter 9B of the Standing Orders, the Scottish Government must lodge a legislative consent memorandum (LCM) in relation to each UK Parliament Bill that contains provision ("relevant provision") that would require the Parliament's consent under the Convention. Sometimes the Scottish Government may be required to lodge one or more supplementary LCMs during the passage of a Bill. It is also possible for an LCM to be lodged by an individual MSP.

9. Every LCM lodged is referred to a lead committee for scrutiny, and may also be referred to other committees. If the Bill confers power on the Scottish Ministers to make subordinate legislation, the Delegated Powers and Law Reform Committee (DPLRC) must also consider the LCM and may report on it to the lead committee.

10. Once the lead committee has reported, the Scottish Government normally lodges a motion on legislative consent for consideration in the Chamber. Such a motion may give consent to relevant provision in the Bill, refuse consent to such provision, or a mixture of the two. A draft of the motion is normally included in the LCM.

## The Scottish Government's LCM and supplementary LCM

11. While the majority of the Bill concerns the regulation of financial services and markets, which is largely a reserved matter, it also contains provisions that would allow changes to be made to legislation relating to the confiscation, seizure and forfeiture of cryptoassets and other criminal assets. The Bill does this in part by amending the Proceeds of Crime Act 2002 ("POCA"), which relates to a complex mix of reserved and devolved matters. The LCM explains that, although the proceeds of crime are generally devolved, POCA also provides for confiscation and civil recovery in relation to reserved matters such as drug trafficking and money laundering.

12. In Annexe A to the Explanatory Notes on the Bill, the UK Government set out its view that clause 49 (previously numbered clause 46) requires the legislative consent of the Scottish Parliament.

13. The supplementary LCM states that 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 that require the consent of the Scottish Parliament, as they fall within the Parliament's legislative competence.

14. Clause 49 would confer a delegated power on the Secretary of State and HM Treasury to amend, by regulations, provisions relating to the confiscation, seizure and forfeiture of cryptoassets in the Proceeds of Crime Act 2002, the Anti-terrorism, Crime and Security Act 2001, the Terrorism Act 2000, and other Acts of Parliament.

15. Clause 51 would repeal existing powers in those Acts to amend certain definitions, such as "cryptoasset" and "crypto wallet", as those powers would be replaced by the broader power in clause 49.

16. The supplementary LCM notes that, since the original LCM was lodged, the Scottish Government has engaged in further discussions with the UK Government regarding the role of the Scottish Ministers in relation to the exercise of the powers conferred by clause 49. The Scottish Government supports the overall intent of the Bill's provisions and states that it is satisfied with assurances given by the UK Government that the Scottish Ministers will be consulted on substantive changes made under these powers insofar as they apply to Scotland and relate to devolved matters.

17. On this basis, the Scottish Government recommends that the Parliament gives its consent to the relevant provisions in the Bill.

18. The current draft motion on legislative consent, from LCM-S7-8a, is as follows:

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

## Scrutiny by DPLR Committee

19. The LCM and sLCM were considered by the Delegated Powers and Law Reform Committee (DPLRC) at its meeting on 27 October 2026. The DPLRC's report on the LCMs was published on 28 October 2026.

20. The Committee reported that it is content with delegation of the power in principle and with the choice of the affirmative procedure. The Committee also draws the following matters to the Criminal Justice Committee's attention:

- Only the Treasury or the Secretary of State can exercise the power within the Scottish Parliament's legislative competence.
- Regulations will be laid before and scrutinised by the United Kingdom Parliament only.
- The Treasury or the Secretary of State must consult with the Scottish Ministers before making regulations which amend Parts 3 or 5 of the Proceeds of Crime Act 2002.

21. The regulations will fall within the scope of the UK Statutory Instrument Protocol and will be notified to the Scottish Parliament only after becoming law.

## Evidence at today's meeting

22. The Cabinet Secretary for Justice and officials are attending the meeting to answer questions on the LCMs.

## Decision

23. After hearing from the Cabinet Secretary, the Committee will be invited to decide what recommendation to make to the Parliament – in particular, whether to recommend agreement to the Scottish Government's draft motion.

24. It would also be possible for the Committee to seek further information (from the Scottish Government or other stakeholders) before reaching a decision.

## Report

25. The Committee is required to report to the Parliament on the LCM. One option (assuming the Committee reaches a decision today on whether to recommend

agreement to the draft motion) is for the Committee to agree to consider a draft report, in private, at a future meeting. Alternatively, it could delegate responsibility to the Convener to finalise the wording of a short report reflecting the outcome of today's meeting.

**Clerks to the Committee**
**November 2026**