



Financial Services (Banking Reform) Act 2013

2013 CHAPTER 33

PART 5

REGULATION OF PAYMENT SYSTEMS

“Payment system” etc

41 Meaning of “payment system”

- (1) In this Part “payment system” means a system which is operated by one or more persons in the course of business for the purpose of enabling persons to make transfers of funds, and includes a system which is designed to facilitate the transfer of funds using another payment system.
- (2) But “payment system” does not include—
- (a) any arrangements for the physical movement of cash;
 - (b) a system which does not make any provision for the transfer of funds by payers, or to recipients, in the United Kingdom;
 - (c) a securities settlement system operated by a [^{F1}recognised CSD];
 - (d) a system operated by a recognised clearing house [^{F2}or a recognised CSD];
 - (e) any other system whose primary purpose is not that of enabling persons to transfer funds.

[^{F3}(2A) In this Part—

“funds” includes digital settlement assets (except in section 41(2)(e));

“digital settlement asset” means a digital representation of value or rights, whether or not cryptographically secured, that—

- (a) can be used for the settlement of payment obligations,
- (b) can be transferred, stored or traded electronically, and

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- (c) uses technology supporting the recording or storage of data (which may include distributed ledger technology).
- (2B) In this section, “digital settlement asset” includes a right to, or interest in, a digital settlement asset.
- (2C) The Treasury may by regulations amend the definition of “digital settlement asset” in subsection (2A).]
- (3) In this section—
- [^{F4}“recognised CSD” has the meaning given by section 285(1) of FSMA 2000;]
- “recognised clearing house” has the meaning given by section 285(1) of FSMA 2000;
- “securities settlement system” means a computer-based system, and procedures, which enable title to units of a security to be evidenced and transferred without a written instrument, and which facilitate supplementary and incidental matters.
- (4) The Treasury may by order amend this section so as to—
- (a) add descriptions of systems or arrangements that are not to be regarded as payment systems, or
 - (b) vary or remove any such description.

Textual Amendments

- F1** Words in s. 41(2)(c) substituted (28.11.2017) by [The Central Securities Depositories Regulations 2017 \(S.I. 2017/1064\)](#), reg. 1, **Sch. para. 16(2)(a)** (with regs. 7(3)(b)(4), 9(1))
- F2** Words in s. 41(2)(d) inserted (27.3.2019) by [The Uncertificated Securities \(Amendment and EU Exit\) Regulations 2019 \(S.I. 2019/679\)](#), regs. 1(2), **3(2)** (with regs. 10-12)
- F3** S. 41(2A)-(2C) inserted (29.8.2023) by [Financial Services and Markets Act 2023 \(c. 29\)](#), s. 86(2)(a), **Sch. 6 para. 41(2)**
- F4** Words in s. 41(3) inserted (28.11.2017) by [The Central Securities Depositories Regulations 2017 \(S.I. 2017/1064\)](#), reg. 1, **Sch. para. 16(2)(b)** (with regs. 7(3)(b)(4), 9(1))

Commencement Information

- I1** S. 41 in force at 1.3.2014 by [S.I. 2014/377](#), art. 2(1)(a), **Sch. Pt. 1**

Changes to legislation:

There are currently no known outstanding effects for the Financial Services (Banking Reform) Act 2013, Section 41.