The Act of Settlement is a piece of English legislation governing the succession to the English Crown.

It was passed in 1701 to amend the English Bill of Rights, following the death of the last child of the then Princess Anne. It provides that (in default of any further heirs of William III of England or Princess Anne) only Protestant descendants of Sophia, dowager Electress and dowager Duchess of Hanover, who have not married a Roman Catholic, can succeed to the English Crown. In addition, it specifies that it is for Parliament to determine who should succeed to the throne, not the monarch.

This act was, in many ways, the major cause of the union of Scotland and the Kingdom of England (which included Wales) to form the Kingdom of Great Britain. The Parliament of Scotland was not happy with the Act of Settlement and, in response, passed the Act of Security in 1704, which gave them the right to choose their own successor to Queen Anne. This would have created a fully independent Scotland rather than the partially independent nation which had resulted from the Union of the Crowns a hundred years before. As a result, the Parliament of England decided that full union of the two Parliaments and nations was essential before Anne's death, and used a combination of exclusionary legislation (the Alien Act of 1705), politics, and bribery to achieve it within three years under the Act of Union 1707. This was in marked contrast to the four attempts at political union between 1606 and 1689, which all failed owing to a lack of political will. By virtue of Article II of the Treaty of Union, which defined the succession to the British Crown, the Act of Settlement became, in effect, part of Scots Law.

Sophia died before Anne, so the result of the Act was the succession of Sophia's son George in preference to many of his cousins.

As a result of the Act of Settlement, several members of the British Royal Family who have converted to Roman Catholicism or married Roman Catholics have been barred from succeeding to the Crown, though since George I no individual has been excluded from the throne on the grounds of religion.

Source: Wikipedia

This is the full text of the Act of Settlement, 1701.

Whereas in the first year of the reign of Your Majesty, and of our late most gracious sovereign lady Queen Mary (of blessed memory), an Act of Parliament was made, entitled, "An Act for declaring the rights and liberties of the subject, and for settling the succession of the crown," wherein it was (amongst other things) enacted, established, and declared that the crown and regal government of the Kingdoms of England, France, and Ireland, and the dominions thereunto belonging, should be and continue to Your Majesty and the said late Queen, during the joint lives of Your Majesty and the said Queen, and to the survivor; and that after the decease of Your Majesty and of the said Queen, the said Crown and regal government should be and remain to the heirs of the body of the said late Queen; and for default of such issue, to Her Royal Highness the Princess Anne of Denmark, and the heirs of her body; and for default of such issue to the heirs of the body of Your Majesty. And it was thereby further enacted, that all and every person and persons that then were, or afterwards should be reconciled to, or shall hold communion with the see or Church of Rome, or should profess the popish religion, or marry a papist, should be excluded, and are by that Act made for ever incapable to inherit, possess, or enjoy the Crown and government of this realm, and Ireland, and the dominions thereunto belonging, or any part of the same, or to have, use, or exercise any regal power, authority, or jurisdiction within the same: and in all and every such case and cases the people of these realms shall be and are thereby absolved of their allegiance; and that the said Crown and government shall from time to time descend to and be enjoyed by such person or persons, being Protestants, as should have inherited and enjoyed the same, in case the said person or persons, so reconciled, holding communion, professing or marrying, as aforesaid, were naturally dead:

After the making of which statute, and the settlement therein contained, your majesty's good subjects, who were restored to the full and free possession and enjoyment of their religion, rights, and liberties, by the providence of God giving success to your majesty's just undertakings and unwearied endeavours for that purpose, had no greater temporal felicity to hope or wish for, that to see a royal progeny descending from Your Majesty, to whom (under God) they owe their tranquillity, and whose ancestors have for many years been principal assertors of the reformed religion and the liberties of Europe, and from our said most gracious sovereign lady, whose memory will always be precious to the subjects of these realms: and it having since pleased Almighty God to take away our said sovereign Lady, and also the most hopeful Prince William, Duke of Gloucester (the only surviving issue of Her Royal Highness the Princess Anne of Denmark) to the unspeakable grief and sorrow of Your Majesty and your said good subjects, who under such losses being sensibly put in mind, that it standeth wholly in the pleasure of Almighty God to prolong the lives of Your Majesty and of Her Royal Highness, and to grant to Your Majesty, or to Her Royal Highness, such issue as may be inheritable to the Crown and regal government aforesaid, by the respective limitations in the said recited act contained, do constantly implore the divine mercy for those blessings: and Your Majesty's said subjects having daily experience of your royal care and concern for the present

and future welfare of these Kingdoms, and particularly recommending from your throne a further provision to be made for the succession of the Crown in the Protestant line, for the happiness of the nation, and the security of our religion; and it being absolutely necessary for the safety, peace, and quiet of this realm, to obviate all doubts and contentions in the same, by reason of any pretended title to the Crown, and to maintain a certainty in the succession thereof, to which your subjects may safely have recourse for their protection, in case the limitations in the said recited act should determine: therefore for a further provision of the succession of the Crown in the Protestant line, we Your Majesty's most dutiful and loyal subjects, the Lords Spiritual and Temporal, and Commons, in this present Parliament assembled, do beseech Your Majesty that it may be enacted and declared, and be it enacted and declared by the King's most excellent majesty, by and with the advice and consent of the Lords Spiritual and Temporal, and Commons, in this present Parliament assembled, and by the authority of the same, That the most excellent Princess Sophia, Electress and Duchess Dowager of Hanover, daughter of the most excellent Princess Elizabeth, late Queen of Bohemia, daughter of our late sovereign lord King James the First, of happy memory, be and is hereby declared to be the next in succession, in the Protestant line, to the imperial Crown and dignity of the said Realms of England, France, and Ireland, with the dominions and territories thereunto belonging, after His Majesty, and the Princess Anne of Denmark, and in default of issue of the said Princess Anne, and of His Majesty respectively: and that from and after the deceases of His said Majesty, our now sovereign lord, and of Her Royal Highness the Princess Anne of Denmark, and for default of issue of the said Princess Anne, and of His Majesty respectively, the Crown and regal government of the said Kingdoms of England, France, and Ireland, and of the dominions thereunto belonging, with the royal state and dignity of the said Realms, and all honours, styles, titles, regalities, prerogatives, powers, jurisdictions and authorities, to the same belonging and appertaining, shall be, remain, and continue to the said most excellent Princess Sophia, and the heirs of her body, being Protestants: and thereunto the said Lords Spiritual and Temporal, and Commons, shall and will in the name of all the people of this Realm, most humbly and faithfully submit themselves, their heirs and posterities: and do faithfully promise, that after the deceases of His Majesty, and Her Royal Highness, and the failure of the heirs of their respective bodies, to stand to, maintain, and defend the said Princess Sophia, and the heirs of her body, being Protestants, according to the limitation and succession of the Crown in this act specified and contained, to the utmost of their powers, with their lives and estates, against all persons whatsoever that shall attempt anything to the contrary.

II. Provided always, and be it hereby enacted, That all and every person and persons, who shall or may take or inherit the said Crown, by virtue of the limitation of this present act, and is, are or shall be reconciled to, or shall hold communion with, the See or Church of Rome, or shall profess the popish religion, or shall marry a papist, shall be subject to such incapacities, as in such case or cases are by the said recited act provided, enacted, and established; and that every King and Queen of this Realm, who shall come to and succeed in the imperial Crown of this Kingdom, by virtue of this act, shall have the coronation oath administered to him, her or them, at their respective coronations, according to the act of Parliament made in the first year of the reign of His Majesty, and the said late Queen Mary, intituled, An act for establishing the coronation oath, and shall make, subscribe, and repeat the declaration in the act first above recited mentioned or referred to, in the manner and form thereby prescribed.

III. And whereas it is requisite and necessary that some further provision be made for securing our religion, laws and liberties, from and after the death of His Majesty and the Princess Anne of Denmark, and in default of issue of the body of the said Princess, and of His Majesty respectively; be it enacted by the King's most excellent majesty, by and with the advice and consent of the Lords Spiritual and Temporal, and Commons, in Parliament assembled, and by the authority of the same,

That whosoever shall hereafter come to the possession of this Crown, shall join in communion with the Church of England, as by law established;

That in case the Crown and imperial dignity of this Realm shall hereafter come to any person, not being a native of this Kingdom of England, this nation be not obliged to engage in any war for the defence of any dominions or territories which do not belong to the Crown of England, without the consent of Parliament; That no person who shall hereafter come to the possession of this Crown, shall go out of the dominions of England, Scotland, or Ireland, without the consent of Parliament;

That from and after the time that the further limitation by this act shall take effect, all matters and things relating to the well governing of this Kingdom, which are properly cognizable in the Privy Council by the laws and customs of this Realm, shall be translated there, and all resolutions taken thereupon shall be signed by such of the Privy Council as shall advise and consent to the same;

That after the said limitation shall take effect as aforesaid, no person born out of the Kingdoms of England, Scotland, or Ireland, or the dominions thereunto belonging (although he be naturalized or made a denizen, except such as are born of English parents) shall be capable to be of the Privy Council, or a member of either House of Parliament, or to enjoy any office or place of trust, either civil or military, or to have any grant of lands, tenements or hereditaments from the Crown, to himself or to any other or others in trust for him;

That no person who has an office or place of profit under the King, or receives a pension from the Crown, shall be capable of serving as a member of the House of Commons;

That after the said limitation shall take effect as aforesaid, judges commissions be made quamdiu se bene gesserint, and their salaries ascertained and established; but upon the address of both Houses of Parliament it may be lawful to remove them;

That no pardon under the Great Seal of England be pleadable to an impeachment by the Commons in Parliament.

IV. And whereas the laws of England are the birth-right of the people thereof, and all the Kings and Queens, who shall ascend the throne of this Realm, ought to administer the government of the same according to the said laws, and all their officers and ministers ought to serve them respectively according to the same: the said Lords Spiritual and Temporal, and Commons, do therefore further humbly pray, That all the laws and statutes of this Realm for securing the established religion, and the rights and liberties of the people thereof, and all other laws and statutes of the same now in force, may be ratified and confirmed, and the same are by His Majesty, by and with the advice of the said Lords Spiritual and Temporal, and Commons, and by authority of the same, ratified and confirmed accordingly.