

## Chapter 12

Requirements for firms with interim permission for credit-related regulated activities



## 12.1 Application and purpose

**12.1.1** **R** This chapter applies to a *firm* with an *interim permission*.

**12.1.2** **G** The purpose of these *rules* is to provide that certain provisions of the *Handbook* or of a Regulatory Guide:

- (1) that would otherwise apply to *persons* with an *interim permission* are not to apply; or
- (2) are to apply to those *persons* with the modifications specified in the table in **■ CONC 12.1.4 R**.

### Disapplication or modification of certain modules or provisions of the Handbook

**12.1.3** **R** The modules or parts of the modules of the *appropriate regulator's Handbook of rules* and guidance or of a Regulatory Guide listed in the table in **■ CONC 12.1.4 R** to this chapter:

- (1) do not apply, to the extent set out in the table, to a *person* with an *interim permission* with respect to the carrying on of a *credit-related regulated activity* or *operating an electronic system in relation to lending*; or
- (2) are to apply to such a *person* with respect to the carrying on of a *credit-related regulated activity* or *operating an electronic system in relation to lending* with the modifications specified in the table in **■ CONC 12.1.4 R**.

**12.1.4** **R** Table: Disapplied or modified modules or provisions of the Handbook

Module	Disapplication or modification
Senior Management Arrangements, Systems and Control sourcebook (SYSC)	SYSC 6.1.4CR (requirement of debt management firm or credit repair firm to appoint a compliance officer) does not apply to a <i>firm</i> with an <i>interim permission</i> .
[FCA]	SYSC 6.3.8 R (responsibility for anti-money laundering systems and controls) does not apply to a <i>firm</i> with only an <i>interim permission</i> .
	SYSC 6.3.9 R (requirement to appoint a money laundering reporting officer) does not apply to a <i>firm</i> with only an <i>interim permission</i> .

Module	Disapplication or modification
Fees manual (FEES) [FCA]	The Fees manual does not apply in respect of the fee provided for in FEES 8.1.1R (1), except for the rules and guidance in FEES 2.3 and FEES 8.1.
Threshold Conditions (COND)	<p>Guidance applies with necessary modifications to reflect Chapter 4 of Part 8 of the Financial Services and Markets Act 2000 (Regulated Activities) (Amendment) (No 2) Order 2013 (see Note 1).</p> <p>Note 1 A firm is treated as having an <i>interim permission</i> on and after 1 April 2014 to carry on <i>credit-related regulated activity</i> or <i>operating an electronic system in relation to lending</i> under the Financial Services and Markets Act 2000 (Regulated Activities) (Amendment) (No.2) Order 2013 if it met the conditions set out in Chapter 4 of Part 8 of that Order. Section 55B(3) of the Act (satisfaction of threshold conditions) does not require the FCA or PRA to ensure that the firm will satisfy, and continue to satisfy, in relation to the <i>credit-related regulated activities</i> or <i>operating an electronic system in relation to lending</i> for which it has an <i>interim permission</i>, the <i>threshold conditions</i> for which that regulator is responsible. The FCA or PRA can, however, exercise its power under section 55J of the Act (variation or cancellation on initiative of regulator) or under section 55L of the Act (in the case of the FCA) or section 55M of the Act (in the case of the PRA) (imposition of requirements by the regulator) in relation to a firm if, among other things, it appears to the FCA or PRA that the firm is failing, or is likely to fail, to satisfy the <i>threshold conditions</i> in relation to the <i>credit-related regulated activities</i> or <i>operating an electronic system in relation to lending</i> for which it has an <i>interim permission</i> for which the regulator is responsible. The guidance in COND should be read accordingly.</p>
Client Assets (CASS)	<p>CASS does not apply with respect to <i>credit-related regulated activity</i> to a firm with:</p> <p>(1) only an <i>interim permission</i>; or</p> <p>(2) an <i>interim permission</i> that is treated as a variation of permission;</p> <p>if the firm acts in accordance with the provisions of paragraphs 3.42 and 3.43 of the Debt management (and credit repair services) guidance (OFT366rev) previously issued by the Office of Fair Trading, as they were in effect immediately before 1 April 2014.</p>
Supervision manual (SUP)	SUP 3 (Auditors), SUP 10A (FCA Approved persons), SUP 10C (FCA senior managers regime for approved persons in SMCR firms) and SUP 12 (Appointed representatives) (see Note 2) do not apply:

Module	Disapplication or modification
	<p>(1) to a <i>firm</i> with only an <i>interim permission</i>; or</p> <p>(2) with respect to a <i>credit-related regulated activity</i> or <i>operating an electronic system in relation to lending</i> for which a <i>firm</i> has an <i>interim permission</i> that is treated as a variation of permission,</p> <p>except that SUP 3.10 and SUP 3.11 apply to a <i>firm</i> in relation to its <i>designated investment business</i> that comprises <i>operating an electronic system in relation to lending</i>.</p> <p>Note 2 A <i>firm</i> may not be a <i>principal</i> in relation to a <i>regulated activity</i> for which it has <i>interim permission</i>. A <i>firm</i> with <i>interim permission</i> may, however, be an <i>appointed representative</i> in relation to a <i>regulated activity</i> which it does not have <i>interim permission</i> to carry on (article 59 of the Financial Services and Markets Act 2000 (Regulated Activities) (Amendment) (No 2) Order 2013).</p> <p>SUP 6 (Applications to vary and cancel Part 4A permission and to impose, vary or cancel requirements) applies:</p> <p>(1) with necessary modifications to reflect Chapter 4 of Part 8 of the Financial Services and Markets Act 2000 (Regulated Activities) (Amendment) (No 2) Order 2013 (see Note 3);</p> <p>(2) with the modifications to SUP 6.3.15D and SUP 6.4.5D set out in paragraph 1.2 of this Schedule.</p> <p>Note 3 If a <i>firm</i> with <i>interim permission</i> applies to the appropriate regulator under section 55A of the Act for <i>Part 4A permission</i> to carry on a <i>regulated activity</i> or under section 55H or 55I of the Act to vary a <i>Part 4A permission</i> that the <i>firm</i> has otherwise than by virtue of the Financial Services and Markets Act 2000 (Regulated Activities) (Amendment) (No 2) Order 2013 by adding a <i>regulated activity</i> to those to which the <i>permission</i> relates, the application may be treated by the appropriate regulator as relating also to some or all of the <i>regulated activities</i> for which the <i>firm</i> has <i>interim permission</i>.</p> <p>SUP 11 (Controllers and close links) does not apply to a <i>firm</i> with only an <i>interim permission</i> (see Note 4).</p> <p>Note 4 A <i>firm</i> is not to be regarded as an <i>authorised person</i> for the purposes of Part 12 of the Act (control over authorised person) if it has only an <i>interim permission</i> (see article 59 of the Financial Services and Markets Act 2000 (Regulated Activities) (Amendment) (No 2) Order 2013).</p> <p>For a <i>firm</i> with only an <i>interim permission</i></p> <p>(1) SUP 15.5.1 R, SUP 15.5.2 G, SUP 15.5.4 R, SUP 15.5.5 R are modified so that the words "reasonable advance", "and the date on which the <i>firm</i> intends to implement</p>

Module	Disapplication or modification
	<p>the change of name" and "and the date of the change" are omitted; and</p> <p>(2) SUP 15.7.1 R, SUP 15.7.4 R and SUP 15.7.5A R are modified so that a notification of a change in name, address or telephone number must be made using the online Consumer Credit Interim Permissions system available on the FCA's website.</p> <p>(3) If in a notification to the FCA the <i>firm</i> is required to enter its FRN number it must include its interim permission number.</p> <p>SUP 16 (Reporting requirements) does not apply to a <i>firm</i> with only an <i>interim permission</i> except for SUP 16.14.</p> <p>SUP 16.11 and SUP 16.12 apply to a <i>firm</i>, which was an <i>authorised person</i> immediately before 1 April 2014, with an <i>interim permission</i> that is treated as a variation of <i>permission</i> with respect to <i>credit-related regulated activity</i> or <i>operating an electronic system in relation to lending</i> as if the changes to SUP 16.11 and SUP 16.12 effected by the Consumer Credit (Consequential and Supplementary Amendments) Instrument 2014 had not been made.</p>
<p>Disputes Resolution: Complaints sourcebook (DISP)</p>	<p>DISP 1.10 (Complaints reporting rules) and DISP 1.10A (Complaints data publication rules) do not apply to a <i>person</i> with only an <i>interim permission</i>.</p> <p>DISP 1.10 (Complaints reporting rules) and DISP 1.10A (Complaints data publication rules) apply to a <i>firm</i>, which was an <i>authorised person</i> immediately before 1 April 2014, with an <i>interim permission</i> that is treated as a variation of <i>permission</i> with respect to <i>credit-related regulated activity</i> or <i>operating an electronic system in relation to lending</i> as if the changes to DISP 1.10 and DISP 1.10A effected by the Consumer Credit (Consequential and Supplementary Amendments) Instrument 2014 had not been made.</p>
<p>Consumer Credit sourcebook (CONC)</p>	<p>CONC 10 (Prudential requirements for debt management firms) does not apply:</p> <p>(1) to a <i>firm</i> with only an <i>interim permission</i>; or</p> <p>(2) with respect to <i>credit-related regulated activity</i> or <i>operating an electronic system in relation to lending</i> for which a <i>firm</i> has an <i>interim permission</i> that is treated as a variation of <i>permission</i>.</p>
<p>Perimeter Guidance manual (PERG)</p>	<p>For a <i>firm</i> only with an <i>interim permission</i>, PERG 5.11.13 G is modified so that following the words "which does not otherwise consist of carrying on <i>regulated activities</i>" is added "(other than a <i>regulated activity</i> carried on by a <i>firm</i> only with an <i>interim permission</i> listed in article 59A of the Financial Services and Markets Act 2000 (Regulated Activities)(Amendment)(No.2) Order 2013 (SI 2013/1881) which is to be disregarded for this purpose)".</p> <p>Article 59A enables a <i>firm</i> with only an <i>interim permission</i> which would be able to benefit from article 72B of</p>

Module	Disapplication or modification
	the <i>Regulated Activities Order</i> , but for carrying on the new consumer credit regulated activities to continue to do so.

**Interpretation**

12.1.5

**R**

In this section 12.1, the expression "interim permission" means a permission which a *person* is to be treated as having under article 56(9)(a) or (b) of the Financial Services and Markets Act 2000 (Regulated Activities) (Amendment) Order 2013.