

**CONSUMER CREDIT (HIGH-LEVEL STANDARDS AND INTERIM REGIME)
INSTRUMENT 2013**

Powers exercised by the Financial Conduct Authority

- A. The Financial Conduct Authority makes this instrument in the exercise of the following powers and related provisions in the Financial Services and Markets Act 2000 (“the Act”):
- (1) section 137A (FCA’s general rule-making power);
 - (2) section 137T (General supplementary powers); and
 - (3) section 139A (FCA’s power to give guidance).
- B. The rule-making powers listed above are specified for the purpose of section 138G(2) (Rule-making instruments) of the Act.

Commencement

- C. This instrument comes into force on 1 April 2014.

Amendments to the Handbook

- D. The modules of the FCA’s Handbook of rules and guidance listed in column (1) below are amended in accordance with the Annexes to this instrument listed in column (2).

(1)	(2)
Glossary of definitions	Annex A
Principles for Businesses (PRIN)	Annex B
Senior Management Arrangements, Systems and Controls sourcebook (SYSC)	Annex C
General Provisions (GEN)	Annex D
Consumer Credit sourcebook (CONC)	Annex E

Notes

- E. In the Annexes to this instrument, the “notes” (indicated by “**Note:**”) are included for the convenience of readers but do not form part of the legislative text.

Citation

- F. This instrument may be cited as the Consumer Credit (High-level Standards and Interim Regime) Instrument 2013.

By order of the Board of the Financial Conduct Authority
26 September 2013

Annex A

Amendments to the Glossary of definitions

In this Annex, underlining indicates new text and striking through indicates deleted text, unless otherwise stated.

Insert the following new definitions in the appropriate alphabetical position. The text is not underlined.

<i>Consumer Credit Directive</i>	Directive 2008/48/EC of the European Parliament and of the Council of 23 April 2008 on credit agreements for consumers and repealing Council Directive 87/102/EEC.
<i>credit firm</i>	a firm with <i>permission</i> to carry on a <i>credit-related regulated activity</i> .
<i>credit information agency</i>	a person who carries on by way of business one or more of the following activities specified in the <i>Regulated Activities Order</i> : <ul style="list-style-type: none"> (a) <i>credit broking</i> (article 36A); (b) <i>debt adjusting</i> (article 39D); (c) <i>debt counselling</i> (article 39E); (d) <i>debt collecting</i> (article 39F); (e) <i>debt administration</i> (article 39G); (f) <i>entering into a regulated credit agreement as lender</i> (article 60B(1) (disregarding the effect of article 60F)); (g) <i>exercising, or having the right to exercise, the lender's rights and duties under a regulated credit agreement</i> (article 60B(2) (disregarding the effect of article 60F)); (h) <i>entering into a regulated consumer hire agreement as owner</i> (article 60N(1) (disregarding the effect of article 60P)); (i) <i>exercising, or having the right to exercise, the owner's rights and duties under a regulated consumer hire agreement</i> (article 60N(2) (disregarding the effect of article 60P)); (j) <i>providing credit references</i> (article 89B).
<i>credit reference agency</i>	a person providing credit references.

credit repair firm

a *firm* which carries on the activity of *providing credit information services* with a view to securing or advising on the correction of or omission of anything from, or making of any modification of, information relevant to financial standing of an *individual* held by a *credit information agency* or to securing that the agency stops holding the information or does not provide it to another *person*.

credit-related regulated activity

(in accordance with section 22 of the *Act* (the classes of activity and categories of investments)) any of the following activities specified in Part 2 or 3A of the *Regulated Activities Order* (Specified Activities):

- (a) *entering into a regulated credit agreement as lender* (article 60B(1));
- (b) *exercising, or having the right to exercise, the lender's rights and duties under a regulated credit agreement* (article 60B(2));
- (c) *credit broking* (article 36A);
- (d) *debt adjusting* (article 39D(1) and (2));
- (e) *debt counselling* (article 39E(1) and (2));
- (f) *debt collecting* (article 39F(1) and (2));
- (g) *debt administration* (article 39G(1) and (2));
- (h) *entering into a regulated consumer hire agreement as owner* (article 60N(1));
- (i) *exercising, or having the right to exercise, the owner's rights and duties under a regulated consumer hire agreement* (article 60N(2));
- (j) *providing credit information services* (article 89A);
- (k) *providing credit references* (article 89B);
- (l) *operating an electronic system in relation to lending* (article 36H);
- (m) *agreeing to carry on a regulated activity* (article 64) so far as relevant to any of the activities in (a) to (l);

which is carried on by way of business and relates to a *specified investment* applicable to that activity or, in the case of (j) and (k), relates to information about a *person's* financial standing.

<i>debt adjusting</i>	a <i>regulated activity</i> of the kind specified in article 39D of the <i>Regulated Activities Order</i> .
<i>debt administration</i>	a <i>regulated activity</i> of the kind specified in article 39G of the <i>Regulated Activities Order</i> .
<i>debt collecting</i>	a <i>regulated activity</i> of the kind specified in article 39F of the <i>Regulated Activities Order</i> .
<i>debt counselling</i>	a <i>regulated activity</i> of the kind specified in article 39E of the <i>Regulated Activities Order</i> .
<i>debt management firm</i>	<p>(a) a <i>firm</i> which carries on the activities of <i>debt counselling</i> or <i>debt adjusting</i>, alone or together, with a view to an <i>individual</i> entering into a particular <i>debt solution</i>; or</p> <p>(b) a <i>firm</i> which carries on the activity of <i>debt counselling</i> where an <i>associate</i> carries on <i>debt adjusting</i> with the aim in (a) in view; or</p> <p>(c) a <i>firm</i> which carries on the activity of <i>debt adjusting</i> where an <i>associate</i> carries on <i>debt counselling</i> with the aim in (a) in view; and</p> <p>in each case, other than a <i>not-for-profit debt advice body</i>.</p>
<i>debt solution</i>	an arrangement, scheme or procedure, whether statutory or not, the aim of which is to discharge or liquidate a <i>customer's</i> debts.
<i>entering into a regulated credit agreement as lender</i>	the <i>regulated activity</i> specified in article 60B(1) of the <i>Regulated Activities Order</i> .
<i>entering into a regulated consumer hire agreement as owner</i>	the <i>regulated activity</i> specified in article 60N(1) of the <i>Regulated Activities Order</i> .
<i>exercising, or having the right to exercise, the lender's rights and duties under a regulated credit agreement</i>	the <i>regulated activity</i> specified in article 60B(2) of the <i>Regulated Activities Order</i> .
<i>exercising, or having the right to exercise, the owner's rights and duties under a regulated consumer hire agreement</i>	the <i>regulated activity</i> specified in article 60N(2) of the <i>Regulated Activities Order</i> .
<i>interim permission</i>	in accordance with article 56 of the Financial Services and Markets Act 2000 (Regulated Activities) (Amendment) (No.2) Order 2013, subject to article 59 of that Order, to be treated as:

	(a) in relation to a person who is a <i>firm</i> immediately before 1 April 2014, a variation of permission;
	(b) in any other case, a <i>Part 4 permission</i> .
<i>not-for-profit body</i>	a body which by virtue of its constitution or any enactment: <ul style="list-style-type: none"> (a) is required (after payment of outgoings) to apply the whole of its income, and any capital which it expends, for charitable or public purposes; and (b) is prohibited from directly or indirectly distributing among its members any part of its assets (otherwise than for charitable or public purposes).
<i>not-for-profit debt advice body</i>	a body which is a <i>not-for-profit body</i> with a <i>limited permission</i> to carry on <i>debt counselling</i> alone or together with either or both <i>debt adjusting</i> and <i>providing credit information services</i> , and <i>agreeing to carry on a regulated activity</i> so far as relevant to those activities, where no <i>associate</i> (other than a <i>not-for-profit debt advice body</i>) of the body carries on <i>debt adjusting</i> or <i>debt counselling</i> or <i>providing credit information services</i> .
<i>operating an electronic system in relation to lending</i>	a <i>regulated activity</i> of the kind specified in article 36H of the <i>Regulated Activities Order</i> .
<i>providing credit information services</i>	a <i>regulated activity</i> of the kind specified in article 89A of the <i>Regulated Activities Order</i> .
<i>providing credit references</i>	the <i>regulated activity</i> specified in article 89B of the <i>Regulated Activities Order</i> .
<i>P2P agreement</i>	(in relation to a <i>borrower</i>) in accordance with article 36H of the <i>Regulated Activities Order</i> , an agreement between one person (“the borrower”) and another person (“the lender”) by which the lender provides the borrower with credit (within the meaning of article 60L of the <i>Regulated Activities Order</i>) and in relation to which the borrower is an <i>individual</i> and either: <ul style="list-style-type: none"> (a) the lender provides credit (within that meaning) of less than or equal to £25,000; or (b) the agreement is not entered into by the borrower wholly or predominantly for the purposes of a business carried on, or intended to be carried on, by the borrower.

Amend the following definitions as shown.

agreeing to carry on a regulated activity

the *regulated activity*, specified in article 64 of the *Regulated Activities Order* (Agreeing to carry on specified kinds of activity), of agreeing to carry on an activity specified in Part II or Part 3A of that Order other than:

...

associate

(A) in the *PRA Handbook*:

...

(3) ...

- (c) any other *person* whose business or domestic relationship with A or his *associate* might reasonably be expected to give rise to a community of interest between them which may involve a conflict of interests in dealings with third parties.

(B) in the *FCA Handbook*:

(1) (in *LR*) (in relation to a *director, substantial shareholder, or person exercising significant influence, who is an individual*):

- (a) that individual's spouse, civil partner or child (together the "individual's family");
- (b) the trustees (acting as such) of any trust of which the individual or any of the individual's family is a beneficiary or discretionary object (other than a trust which is either an *occupational pension scheme* or an *employees' share scheme* which does not, in either case, have the effect of conferring benefits on persons, all or most of whom are related parties;
- (c) any *company* in whose *equity securities* the individual or any member or members (taken together) of the individual's family or the individual and any such member or members (taken together) are directly or indirectly interested (or have a conditional or contingent entitlement to become interested) so that they are (or

would on the fulfilment of the condition or the occurrence of the contingency be) able:

- (i) to exercise or control the exercise of 30% or more of the votes able to be cast at general meetings on all, or substantially all, matters; or
- (ii) to appoint or remove *directors* holding a majority of voting rights at board meetings on all, or substantially all, matters;

(d) any partnership whether a limited partnership or *limited liability partnership* in which the individual or any member or members (taken together) of the individual's family are directly or indirectly interested (or have a conditional or contingent entitlement to become interested) so that they hold or control or would on the fulfilment of the condition or the occurrence of the contingency be able to hold or control:

- (i) a voting interest greater than 30% in the partnership; or
- (ii) at least 30% of the partnership.

For the purpose of paragraph (c), if more than one *director* of the *listed company*, its *parent undertaking* or any of its *subsidiary undertakings* is interested in the *equity securities* of another *company*, then the interests of those *directors* and their *associates* will be aggregated when determining whether that *company* is an associate of the *director*.

(2) (in LR) (in relation to a *substantial shareholder* or *person exercising significant influence* which is a *company*):

- (a) any other *company* which is its *subsidiary undertaking* or *parent undertaking* or fellow *subsidiary undertaking* of the *parent undertaking*;
- (b) any *company* whose *directors* are

accustomed to act in accordance with the *substantial shareholder's* or *person exercising significant influence's*, directions or instructions;

(c) any *company* in the capital of which the *substantial shareholder* or *person exercising significant influence* and any other *company* under paragraph (1) or (2) taken together, is (or would on the fulfilment of a condition or the occurrence of a contingency be) able to exercise power of the type described in paragraph (1)(c)(i) or (ii) of this definition.

(2A) (in *CONC* or in relation to a *credit-related regulated activity*), as defined in article 60L of the *Regulated Activities Order*, in relation to a person (“P”):

(a) where P is an individual any *person* who is or who has been:

(i) P’s spouse or P’s civil partner;

(ii) a relative of P, P’s spouse or P’s civil partner;

(iii) the spouse or civil partner of a relative of P or P’s spouse or civil partner;

(iv) if P is a member of a *partnership*, any of P’s *partners* and the spouse or civil partner of any such *person*;

(b) where P is a *body corporate*:

(i) any *person* who is a *controller* (“C”) of P;

(ii) any other *person* for whom C is a *controller*.

(3) (except in *LR* or in relation to a *credit-related regulated activity*) (in relation to a *person* (“A”)):

(a) an *affiliated company* of A;

- (b) an appointed representative of A, or a tied agent of A, or of any affiliated company of A;
- (c) any other person whose business or domestic relationship with A or his associate might reasonably be expected to give rise to a community of interest between them which may involve a conflict of interest in dealings with third parties.
- borrower*
- (1) in accordance with article 60L of the *Regulated Activities Order*, in relation to a *credit agreement* other than a *regulated mortgage contract*, a person who receives *credit* under a *credit agreement* or a person to whom the rights and duties of a *borrower* under a *credit agreement* have passed by *assignment* or operation of law; or
- (2) in relation to a P2P agreement other than a credit agreement or a regulated mortgage contract, an individual who receives credit under a P2P agreement and under which the lender provides credit to the individual of less than or equal to £25,000 or the agreement is not entered into by the individual for the purposes of a business carried on by the individual.
- client*
- (A) in the PRA Handbook:
- ...
- (8) ...
- (b) an individual who is an *unauthorised SRB agreement provider* or potential *unauthorised SRB agreement provider* and who does not have, or would not be required to have, *permission* to enter into a *regulated sale and rent back agreement*.
- (B) in the FCA Handbook:
- (1) (except in PROF, in relation to a credit-related regulated activity and in relation to a home finance transaction) has the meaning given in COBS 3.2, that is (in summary and without prejudice to the detailed effect of COBS 3.2) a person to whom a firm provides, intends to provide or has provided a service in the course

of carrying on a regulated activity, or in the case of MiFID or equivalent third country business, an ancillary service:

- (a) every client is a customer or an eligible counterparty;
- (b) “client” includes:
 - (i) a potential client;
 - (ii) a client of an appointed representative of a firm with or for whom the appointed representative acts or intends to act in the course of business for which the firm has accepted responsibility under section 39 of the Act (Exemption of appointed representatives) or, where applicable, a client of a tied agent of a firm;
 - (iii) a fund even if it does not have separate legal personality;
 - (iv) any person to whom collective portfolio management services are provided, irrespective of whether or not it is authorised;
 - (v) if a person (“C1”), with or for whom the firm is conducting or intends to conduct designated investment business, is acting as agent for another person (“C2”), either C1 or C2 in accordance with the rule on agent as client COBS 2.4.3R;
 - (vi) for a firm that is establishing, operating or winding up a personal pension scheme, a member or beneficiary of that scheme;

- (c) “client” does not include:
- (i) a trust beneficiary not in (b)(v);
 - (ii) a corporate finance contact;
 - (iii) a venture capital contact.
- (2) (in PROF) (as defined in section 328(8) of the Act (Directions in relation to the general prohibition)) (in relation to members of a profession providing financial services under Part XX of the Act (Provision of Financial Services by Members of the Professions)):
- (a) a person who uses, has used or may be contemplating using, any of the services provided by the member of a profession in the course of carrying on exempt regulated activities (including, where the member of the profession is acting in his capacity as a trustee, a person who is, has been or may be a beneficiary of the trust); or
 - (b) a person who has rights or interests which are derived from, or otherwise attributable to, the use of any such services by other persons; or
 - (c) a person who has rights or interests which may be adversely affected by the use of any such services by persons acting on his behalf or in a fiduciary capacity in relation to him.
- (3) (in relation to a regulated mortgage contract, except in PROF) the individual or trustee who is the borrower or potential borrower under that contract.
- (4) (in relation to a home purchase plan, except in PROF) the home purchaser or potential home purchaser.
- (5) (in relation to a home reversion plan, except in PROF):
- (a) the reversion occupier or potential reversion occupier; or

(b) an individual who is an *unauthorised reversion provider* and who is not, or would not, be required to have *permission to enter into a home reversion plan*.

(6) (in relation to a *dormant account transferred to a dormant account fund operator*) a person entitled to the *balance in the dormant account held with a bank or building society which was transferred to a dormant account fund operator*.

(7) (in relation to a *regulated sale and rent back agreement, except in PROF*):

(a) the individual or trustee who is the *SRB agreement seller or potential SRB agreement*; or

(b) an individual who is an *unauthorised SRB agreement provider or potential unauthorised SRB agreement provider* and who does not have, or would not be required to have, *permission to enter into a regulated sale and rent back agreement*.

(8) (in relation to a *credit-related regulated activity*) a *customer*.

customer

(A) in the *PRA Handbook*:

...

(4) ...

(B) in the *FCA Handbook*:

(1) (except in relation to *ICOBS, a credit-related regulated activity, MCOB 3 and CASS 5*) a *client* who is not an *eligible counterparty* for the relevant purposes.

(2) (in relation to *MCOB 3*) a *person* in (1) or a *person* who would be such a *person* if he were a *client*.

(3) (in relation to *ICOBS*) a *person* who is a *policyholder*, or a *prospective policyholder* but (except in *ICOBS 2 (general matters)* and (in

respect of that chapter) *ICOBS 1* (application))
excluding a *policyholder* or prospective
policyholder who does not make the
arrangements preparatory to him concluding
the *contract of insurance*.

- (4) (in relation to *CASS 5*) a *client*.
- (5) (in relation to a *credit-related regulated activity*) an *individual* who enters, may enter or has entered into a *credit agreement* or a *consumer hire agreement*; and:
- (a) (in relation to *credit broking*) an *individual* who uses, may use or has used the services of a *firm* in carrying on that *regulated activity*;
- (b) (in relation to *operating an electronic system in relation to lending*) an *individual* who is, may be, has been or may have been the *borrower* under a *P2P agreement*;
- (c) (in relation to *debt adjusting*) an *individual* who uses, may use or has used the services of a *firm* in carrying on that *regulated activity*;
- (d) (in relation to *debt counselling*) an *individual* who uses, may use or has used the services of a *firm* in carrying on that *regulated activity*;
- (e) (in relation to *debt collecting*) a *person* within (i) to (iv) in relation to whom the *firm* takes steps to procure the payment of a debt due under a *credit agreement* or a *consumer hire agreement* or a *P2P agreement* (whether or not that *person* is a party to the *credit agreement* or *consumer hire agreement* or *P2P agreement*):
- (i) an *individual* who is or has been the *borrower* under a *credit agreement*, or is or has been the *hirer* under a *consumer hire agreement*, or is or has been the *borrower* under a *P2P agreement*;

- (ii) an individual who the firm treats as a person within (i);
 - (iii) a person providing a guarantee or indemnity under the agreement; and
 - (iv) a person to whom the rights and duties of a person within (iii) have passed by assignment or operation of law;
- (f) (in relation to debt administration) a person within (i) to (iv) in relation to whom the firm takes steps to perform duties or exercise or enforce rights under a credit agreement on behalf of the lender or under a consumer hire agreement on behalf of the owner or under a P2P agreement on behalf of the lender:
- (i) an individual who is or has been the borrower under a credit agreement, or is or has been the hirer under a consumer hire agreement, or is or has been the borrower under a P2P agreement;
 - (ii) an individual who the firm treats as a person within (i);
 - (iii) a person providing a guarantee or indemnity under the agreement; and
 - (iv) a person to whom the rights and duties of a person within (iii) have passed by assignment or operation of law;
- (g) (in relation to providing credit information services) an individual who uses, may use or has used the services of a firm in carrying on that regulated activity; and

- (h) (in relation to *providing credit references*) an individual about whom information relevant to the individual's financial standing is or was, may be or may have been held by the credit reference agency.
- lender*
- (A) in the PRA Handbook:
- ...
- (b) ...
- (B) in the FCA Handbook:
- (a) the person providing credit under a credit agreement; or
- (b) a person who exercises, or has the right to exercise, the rights and duties of a person who provided credit under such an agreement; or
- (c) in relation to a P2P agreement other than a credit agreement or a regulated mortgage contract, the person providing credit under the P2P agreement.
- regulated activity*
- (A) in the PRA Handbook;
- ...
- (B) in the FCA Handbook:
- as in (A) with the addition of:
- (a) accepting deposits (article 5);
- (aa) issuing electronic money (article 9B);
- (b) effecting contracts of insurance (article 10(1));
- (c) carrying out contracts of insurance (article 10(2));
- (d) dealing in investments as principal (article 14);
- (e) dealing in investments as agent (article 21);
- (ea) bidding in emissions auctions (article 24A);
- (f) arranging (bringing about) deals in investments (article 25(1));

- (g) making arrangements with a view to transactions in investments (article 25(2));
- (ga) arranging (bringing about) regulated mortgage contracts (article 25A(1));
- (gb) making arrangements with a view to regulated mortgage contracts (article 25A(2));
- (gc) arranging (bringing about) a home reversion plan (article 25B(1));
- (gd) making arrangements with a view to a home reversion plan (article 25B(2));
- (ge) arranging (bringing about) a home purchase plan (article 25C(1));
- (gf) making arrangements with a view to a home purchase plan (article 25C(2));
- (gg) operating a multilateral trading facility (article 25D);
- (gh) arranging (bringing about) a regulated sale and rent back agreement (article 25E(1));
- (gi) making arrangements with a view to a regulated sale and rent back agreement (article 25E(2));
- (h) managing investments (article 37);
- (ha) assisting in the administration and performance of a contract of insurance (article 39A);
- (i) safeguarding and administering investments (article 40); for the purposes of the permission regime, this is sub-divided into:
 - (i) safeguarding and administration of assets (without arranging);
 - (ii) arranging safeguarding and administration of assets;
- (j) sending dematerialised instructions (article 45(1));
- (k) causing dematerialised instructions to be sent

(article 45(2));

- (l) *establishing, operating or winding up a collective investment scheme (article 51(1)(a)); for the purposes of the permission regime, this is sub-divided into:*
 - (i) *establishing, operating or winding up a regulated collective investment scheme;*
 - (ii) *establishing, operating or winding up an unregulated collective investment scheme;*
- (m) *acting as trustee of an authorised unit trust scheme (article 51(1)(b));*
- (ma) *acting as the depositary of an authorised contractual scheme (article 51(1)(bb));*
- (n) *acting as the depositary or sole director of an open-ended investment company (article 51(1)(c));*
- (o) *establishing, operating or winding up a stakeholder pension scheme (article 52(a));*
- (oa) *providing basic advice on stakeholder products (article 52B);*
- (ob) *establishing, operating or winding up a personal pension scheme (article 52(b));*
- (p) *advising on investments (article 53); for the purposes of the permission regime, this is sub-divided into:*
 - (i) *advising on investments (except pension transfers and pension opt-outs);*
 - (ii) *advising on pension transfers and pension opt-outs;*
- (pa) *advising on regulated mortgage contracts (article 53A);*
- (pb) *advising on a home reversion plan (article 53B);*
- (pc) *advising on a home purchase plan (article 53C);*

- (pd) advising on a regulated sale and rent back agreement (article 53D);
- (q) advising on syndicate participation at Lloyd's (article 56);
- (r) managing the underwriting capacity of a Lloyd's syndicate as a managing agent at Lloyd's (article 57);
- (s) arranging deals in contracts of insurance written at Lloyd's (article 58);
- (sa) entering into a regulated mortgage contract (article 61(1));
- (sb) administering a regulated mortgage contract (article 61(2));
- (sc) entering into a home reversion plan (article 63B(1));
- (sd) administering a home reversion plan (article 63B(2));
- (se) entering into a home purchase plan (article 63F(1));
- (sf) administering a home purchase plan (article 63F(2));
- (sg) entering into a regulated sale and rent back agreement (article 63J(1));
- (sh) administering a regulated sale and rent back agreement (article 63J(2));
- (si) meeting of repayment claims (article 63N(1)(a));
- (sj) managing dormant account funds (including the investment of such funds) (article 63N(1)(b));
- (t) entering as provider into a funeral plan contract (article 59);
- (ta) providing information in relation to a specific benchmark (article 63O(1)(a));
- (tb) administering a specified benchmark (article

63O(1)(b));

- (tc) credit broking (article 36A);
- (td) operating an electronic system in relation to lending (article 36H);
- (te) debt adjusting (article 39D);
- (tf) debt counselling (article 39E);
- (tg) debt collecting (article 39F);
- (th) debt administration (article 39G);
- (ti) entering into a regulated credit agreement as lender (article 60B(1));
- (tj) exercising, or having the right to exercise, the lender's rights and duties under a regulated credit agreement (article 60B(2));
- (tk) entering into a regulated consumer hire agreement as owner (article 60N(1));
- (tl) exercising, or having the right to exercise, the owner's rights and duties under a regulated consumer hire agreement (article 60N(2));
- (tm) providing credit information services (article 89A);
- (tn) providing credit references (article 89B);

which is carried on by way of business and, except for (ta) and (tb), relates to a *specified investment* applicable to that activity or, in the case of (l), (m), (n) and (o), is carried on in relation to property of any kind or, in the case of (tm) and (tn), is carried on in relation to information about a *person's* financial standing;

- (u) agreeing to carry on a regulated activity (article 64);

which is carried on by way of business and relates to a *specified investment* applicable to that activity or, in the case of (l), (m), (n) and (o), is carried on in relation to property of any kind or, in the case of (tm) and (tn), is carried on in relation to information about a *person's* financial standing.

retail client

(A) in the *PRA Handbook*

...

(2) ...

(B) in the *FCA Handbook*:

(1) (other than in relation to the provision of basic advice on stakeholder products or to credit-related regulated activities) in accordance with COBS 3.4.1R, a client who is neither a professional client nor an eligible counterparty;
or

[Note: article 4(1)(12) of MiFID]

(2) (in relation to the provision of basic advice on a stakeholder product and in accordance with article 52B of the RAO) any person who is advised by a firm on the merits of opening or buying a stakeholder product where the advice is given in the course of a business carried on by that firm and it is received by a person not acting in the course of a business carried on by him; or

(3) (in relation to credit-related regulated activities) a customer.

Annex B

Amendments to the Principles for Businesses (PRIN)

In this Annex, underlining indicates new text and striking through indicates deleted text.

1.2 Clients and the Principles

...

Approach to client categorisation

1.2.2 G *Principles 6, 8 and 9 and parts of Principle 7, as qualified by PRIN 3.4.1R, apply only in relation to customers (that is, clients which are not eligible counterparties). The approach that a firm (other than for credit-related regulated activities in relation to which client categorisation does not apply) needs to take regarding categorisation of clients into customers and eligible counterparties will depend on whether the firm is carrying on designated investment business or other activities, as described in PRIN 1.2.3G and PRIN 1.2.4G.*

1.2.3 G (1) ...

(1A) Client categorisation under COBS 3 or PRIN 1 Annex 1R is not relevant to credit-related regulated activities and therefore the guidance on client categorisation does not apply in relation to a credit-related regulated activity. The definitions of client and customer in relation to those regulated activities reflect the modified meaning of “consumer” in articles 36J, 39M and 89E of the Regulated Activities Order, as well as the definitions of “individual” and of “relevant recipient of credit” in that Order.

...

...

3.1 Who?

...

3.1.8 G The Principles will not apply to the extent that they purport to impose an obligation which is inconsistent with the *Payment Services Directive*, *Consumer Credit Directive* or the *Electronic Money Directive*. For example, there may be circumstances in which *Principle 6* may be limited by the harmonised conduct of business obligations applied by the *Payment Services Directive* and *Electronic Money Directive* to credit institutions (see Parts 5 and 6 of the *Payment Services Regulations* and Part 5 of the *Electronic Money Regulations*) or applied by the *Consumer Credit Directive* (see, for

example, the information requirements in the Consumer Credit (Disclosure of Information) Regulations 2010 (SI 2010/1013).

3.2 What?

3.2.1 R ~~*PRIN* applies with respect to the carrying on of:~~

- ~~(1) *regulated activities*~~
- ~~(2) activities that constitute *dealing in investments as principal*, disregarding the exclusion in article 15 of the *Regulated Activities Order* (Absence of holding out etc); and~~
- ~~(3) *ancillary activities in relation to designated investment business, home finance activity, insurance mediation activity and accepting deposits.*~~

3.2.1A R *PRIN* applies with respect to the carrying on of:

- (1) *regulated activities;*
- (2) activities that constitute *dealing in investments as principal*, disregarding the exclusion in article 15 of the *Regulated Activities Order* (Absence of holding out etc); and
- (3) *ancillary activities in relation to designated investment business, home finance activity, credit-related regulated activity, insurance mediation activity and accepting deposits.*

...

3.2.2A R *PRIN* 1 Annex 1R, *PRIN* 3.4.1R and *PRIN* 3.4.2R do not apply with respect to the carrying on of *credit-related regulated activities*.

...

3.4 General

...

3.4.3 G ...

- (3) *PRIN* 3.4.1R and *PRIN* 3.4.2R do not apply with respect to the carrying on of *credit-related regulated activities*. Client categorisation does not apply in relation to carrying on a *credit-related regulated activity*. The definitions of *client* and *customer* in relation to those regulated activities reflect the modified meaning of “consumer” in articles 36J, 39M and 89E of the *Regulated Activities*

Order, as well as the definitions of “individual” and of “relevant recipient of credit” in that Order.

...

Annex C

**Amendments to the Senior Management Arrangements, Systems and Controls
sourcebook (SYSC)**

In this Annex, underlining indicates new text and striking through indicates deleted text.

1 Application and purpose

...

1 Annex 1 Detailed application of SYSC

...

Part 2	Application of the common platform requirements (SYSC 4 to 10)	
...		
2.10	R	The provisions on record-keeping in SYSC 9 apply as set out in SYSC 1 Annex 1.2.8R, except that they only apply to the carrying on of <i>ancillary activities</i> that are performed in relation to:
		(1) <i>designated investment business</i> ;
		(2) <i>home finance activity</i> ; and
		(3) <i>insurance mediation activity</i> ;
		(4) <i>credit-related regulated activity</i> .
...		
<u>2.13A</u>	<u>R</u>	<u>SYSC 6.3 only applies to a firm in relation to carrying on a credit-related regulated activity to which the Money Laundering Regulations also apply.</u>
<u>2.13B</u>	<u>R</u>	<u>SYSC 6.3.8R and SYSC 6.3.9R do not apply to a firm with a limited permission for entering into a regulated credit agreement as lender.</u>
<u>2.13C</u>	<u>G</u>	<u>The persons to whom the Money Laundering Regulations apply are set out in regulation 3 of the Money Laundering Regulations. The persons include credit institutions (for example, banks) and financial institutions (for example, persons who carry on regulated activities which consist of or include entering into regulated credit agreements as lender). These expressions are defined in regulation 3 of those Regulations.</u>
...		

Part 3 Tables summarising the application of the common platform requirements to different types of firm

...

Provision SYSC 4	COLUMN A Application to a common platform firm other than to a UCITS investment firm	COLUMN A+ Application to a UCITS management company	COLUMN A++ Application to a full-scope UK AIFM of an authorised AIF	COLUMN B Application to all other firms apart from insurers, managing agents, the Society and full-scope UK AIFMs of unauthorised AIFs
...				
SYSC 4.4.1R	Not applicable	Not applicable	Not applicable	<p>Rule applies this section only to:</p> <p>(1) an <i>authorised professional firm</i> in respect of its <i>non-mainstream regulated activities</i> unless the firm is also conducting other <i>regulated activities</i> and has appointed <i>approved persons</i> to perform the <i>governing functions</i> with equivalent responsibilities for the <i>firm's non-mainstream regulated activities</i> and other <i>regulated activities</i>;</p> <p>2) activities carried on by a <i>firm</i> whose principal purpose is to carry on activities other than <i>regulated activities</i> and which is:</p> <p>(a) an <i>oil market participant</i>;</p> <p>(b) a <i>service company</i>;</p> <p>(c) an <i>energy market participant</i>;</p> <p>(d) a wholly owned</p>

				<p>subsidiary of:</p> <p>(i) a local authority;</p> <p>(ii) a registered social landlord;</p> <p>(e) a <i>firm</i> with permission to carry on <i>insurance mediation activity</i> in relation to <i>non-investment insurance contracts</i> but no other <i>regulated activity</i>;</p> <p>3) an <i>incoming Treaty firm</i>, an <i>incoming EEA firm</i> and a <i>UCITS qualifier</i>, (but only SYSC 4.4.5 R (2) applies for these firms); and</p> <p>(4) a <i>sole trader</i>, but only if he employs any <i>person</i> who is required to be approved under section 59 of the Act (Approval for particular arrangements).</p>
<u>SYSC 4.4.1AR</u>	<u>Not applicable</u>	<u>Not applicable</u>	<u>Not applicable</u>	<p><u>Rule applies this section only to:</u></p> <p>(1) an <u>authorised professional firm</u> in respect of its <u>non-mainstream regulated activities</u> unless the <u>firm</u> is also conducting <u>other regulated activities</u> and has appointed <u>approved persons</u> to perform the <u>governing functions</u> with <u>equivalent responsibilities</u> for the <u>firm's non-mainstream regulated activities</u> and other <u>regulated activities</u>;</p> <p>(2) activities carried on by a <u>firm</u> whose <u>principal purpose</u> is to carry on <u>activities other than regulated activities</u> and which is:</p> <p>(a) an <u>oil market</u></p>

				<p><u>participant;</u></p> <p><u>(b) a service company;</u></p> <p><u>(c) an energy market participant;</u></p> <p><u>(d) a wholly-owned subsidiary of:</u></p> <p><u>(i) a local authority;</u></p> <p><u>(ii) a registered social landlord;</u></p> <p><u>(e) a firm with permission to carry on insurance mediation activity in relation to non-investment insurance contracts but no other regulated activity;</u></p> <p><u>(2A) a credit firm which holds a limited permission (other than a not-for-profit debt advice body) with respect to the relevant credit activity (as defined in paragraph 2G of Schedule 6 to the Act) for which it has limited permission;</u></p> <p><u>(3) an incoming Treaty firm, an incoming EEA firm and a UCITS qualifier, (but only SYSC 4.4.5R(2) applies for these firms); and</u></p> <p><u>(4) a sole trader, but only if he employs any person who is required to be approved under section 59 of the Act (Approval for particular arrangements).</u></p>
SYSC 4.4.2 G [FCA] [PRA]	...	...	...	Guidance only applying to the firms specified in SYSC 4.4.1R or SYSC 4.4.1AR
SYSC 4.4.3 R [FCA] [PRA]	...	...	...	Rule only applying to the firms specified in SYSC 4.4.1R or SYSC 4.4.1AR

SYSC 4.4.4 G [FCA] [PRA]	...	...	...	Guidance only applying to the <i>firms</i> specified in SYSC 4.4.1R or <u>SYSC 4.4.1AR</u>
SYSC 4.4.5 R [FCA] [PRA]	...	...	...	Rule only applying to the <i>firms</i> specified in SYSC 4.4.1R or <u>SYSC 4.4.1AR</u>
SYSC 4.4.6 G [FCA] [PRA]	...	...	...	Guidance only applying to the <i>firms</i> specified in SYSC 4.4.1R or <u>SYSC 4.4.1AR</u>
...				

...

Provision	COLUMN A	COLUMN A+	COLUMN A++	COLUMN B
SYSC 6	Application to a common platform firm other than to a UCITS investment firm	Application to a UCITS management company	Application to a full-scope UK AIFM of an authorised AIF	Application to all other firms apart from insurers, managing agents, the Society and full-scope UK AIFMs of unauthorised AIFs
...				
<u>SYSC 6.1.4CR</u>	<u>Not applicable</u>	<u>Not applicable</u>	<u>Not applicable</u>	<u>Rule for <i>debt management firms</i> and <i>credit repair firms</i>.</u>
...				
SYSC 6.3.1R	Rule	Rule	Rule	Rule <u>For <i>firms</i> carrying on a <i>credit-related regulated activity</i>, applies only where <i>Money Laundering Regulations</i> apply to the <i>firm</i>. (FCA Handbook only)</u>

SYSC 6.3.2G	Guidance	Guidance	Guidance	Guidance <u>For firms carrying on a credit-related regulated activity, applies only where Money Laundering Regulations apply to the firm. (FCA Handbook only)</u>
SYSC 6.3.3R	Rule	Rule	Rule	Rule <u>For firms carrying on a credit-related regulated activity, applies only where Money Laundering Regulations apply to the firm. (FCA Handbook only)</u>
SYSC 6.3.4G	Guidance	Guidance	Guidance	Guidance <u>For firms carrying on a credit-related regulated activity, applies only where Money Laundering Regulations apply to the firm. (FCA Handbook only)</u>
SYSC 6.3.5G	Guidance	Guidance	Guidance	Guidance. <u>For firms carrying on a credit-related regulated activity, applies only where Money Laundering Regulations apply to the firm.</u>
SYSC 6.3.6G	Guidance	Guidance	Guidance	Guidance <u>For firms carrying on a credit-related regulated activity, applies only where Money Laundering Regulations apply to the firm. (FCA Handbook only)</u>

SYSC 6.3.7G	Guidance	Guidance	Guidance	Guidance <u>For firms carrying on a credit-related regulated activity, applies only where Money Laundering Regulations apply to the firm. (FCA Handbook only)</u>
SYSC 6.3.8R	Rule	Rule	Rule	Rule <u>For firms carrying on a credit-related regulated activity, applies only where Money Laundering Regulations apply to the firm. Rule does not apply to firm with a limited permission for entering into a regulated credit agreement as lender. (FCA Handbook only)</u>
SYSC 6.3.9R	Rule	Rule	Rule	Rule <u>For firms carrying on a credit-related regulated activity, applies only where Money Laundering Regulations apply to the firm. Rule does not apply to firm with a limited permission for entering into a regulated credit agreement as lender. (FCA Handbook only)</u>
SYSC 6.3.10G	Guidance	Guidance	Guidance	Guidance <u>For firms carrying on a credit-related regulated activity, applies only where Money Laundering Regulations apply to the firm. (FCA</u>

				<u>Handbook only)</u>
SYSC 6.3.11G	Guidance	Guidance	Guidance	Guidance <u>For firms carrying on a credit-related regulated activity, applies only where Money Laundering Regulations apply to the firm. (FCA Handbook only)</u>

...

4.4 Apportionment of responsibilities

Application

4.4.1 R This section applies to:

- (1) ~~an authorised professional firm in respect of its non-mainstream regulated activities unless the firm is also conducting other regulated activities and has appointed approved persons to perform the governing functions with equivalent responsibilities for the firm's non-mainstream regulated activities and other regulated activities;~~
- (2) ~~activities carried on by a firm whose principal purpose is to carry on activities other than regulated activities and which is:~~
 - (a) ~~an oil market participant; or~~
 - (b) ~~a service company; or~~
 - (c) ~~an energy market participant; or~~
 - (d) ~~a wholly owned subsidiary of:~~
 - (i) ~~a local authority; or~~
 - (ii) ~~a registered social landlord; or~~
 - (e) ~~a firm with permission to carry on insurance mediation activity in relation to non-investment insurance contracts but no other regulated activity;~~
- (3) ~~{deleted}~~
- (4) ~~{deleted}~~

- ~~(5) [deleted]~~
- ~~(a) [deleted]~~
- ~~(b) [deleted]~~
- ~~(6) [deleted]~~
- ~~(7) an incoming Treaty firm, an incoming EEA firm or a UCITS qualifier (but only SYSC 4.4.5R(2) applies for these firms); and~~
- ~~(8) a sole trader, but only if he employs any person who is required to be approved under section 59 of the Act (Approval for particular arrangements).~~

4.4.1A R This section applies to:

- (1) an authorised professional firm in respect of its non-mainstream regulated activities unless the firm is also conducting other regulated activities and has appointed approved persons to perform the governing functions with equivalent responsibilities for the firm's non-mainstream regulated activities and other regulated activities;
- (2) activities carried on by a firm whose principal purpose is to carry on activities other than regulated activities and which is:
 - (a) an oil market participant; or
 - (b) a service company; or
 - (c) an energy market participant; or
 - (d) a wholly-owned subsidiary of:
 - (i) a local authority; or
 - (ii) a registered social landlord; or
 - (e) a firm with permission to carry on insurance mediation activity in relation to non-investment insurance contracts but no other regulated activity;
- (3) a credit firm which holds only a limited permission (other than a not-for-profit debt advice body) with respect to the relevant credit activity (as defined in paragraph 2G of Schedule 6 to the Act) for which it has limited permission;
- (4) an incoming Treaty firm, an incoming EEA firm or a UCITS qualifier (but only SYSC 4.4.5R(2) applies for these firms); and
- (5) a sole trader, but only if he employs any person who is required to be approved under section 59 of the Act (Approval for particular

arrangements).

...

6.1 Compliance

...

6.1.4C R A debt management firm and a credit repair firm must appoint a compliance officer to be responsible for ensuring the firm meets its obligations under SYSC 6.1.1R for any compliance function the firm has and for any reporting as to compliance which may be made under SYSC 4.3.2R.

Annex D

Amendments to the General Provisions (GEN)

In this Annex, underlining indicates new text and striking through indicates deleted text.

1.2 Referring to approval by the appropriate regulator

...

GEN 1.2.2R is deleted in its entirety. The deleted text is not shown.

- 1.2.2A R (1) Unless required to do so under the *regulatory system*, a *firm* must ensure that neither it nor anyone acting on its behalf claims, in a public statement or to a client, expressly or by implication, that its affairs, or any aspect of them, have the approval or endorsement of the *appropriate regulator* or another competent authority.
- (2) Paragraph (1) does not apply to statements that explain, in a way that is fair, clear and not misleading, that:
- (a) the *firm* is an *authorised person*;
- (b) the *firm* has a *limited permission*;
- (c) the *firm* has *permission* to carry on a specific activity;
- (d) an *authorisation order* has been made in relation to an *AUT*, *ACS* or *ICVC*;
- (e) a *recognised scheme* has that status;
- (f) the *firm's approved persons* have been approved by the *appropriate regulator* for the purposes of section 59 of the *Act* (Approval for particular arrangements);
- (g) the *firm* has been given express written approval by the *appropriate regulator* in respect of a specific aspect of the *firm's affairs*.
- (3) Paragraph (1) applies with respect to the carrying on of both *regulated activities* and *unregulated activities*.
- (4) Where a *firm* with a *limited permission* refers to its permission in a public statement or in relation to a *client*, it must explain in a fair, clear and not misleading way that the permission is a *limited permission*.

...

4 Statutory status disclosure

...

4.2 Purpose

...

4.2.2 G There are other pre-contract information requirements outside this chapter, including:

...

- (6) for *equity release transactions*, initial disclosure requirements in *MCOB* 8.4, pre-application disclosure requirements in *MCOB* 9.4 and disclosure at the offer stage in *MCOB* 9.5; ~~and~~
- (7) for *regulated sale and rent back agreements*, initial disclosure requirements in *MCOB* 4.11, pre-sale disclosure requirements in *MCOB* 5.9 and disclosure at the offer stage requirements in *MCOB* 6.9; and
- (8) for regulated credit agreements, the pre-contract information requirements in the Consumer Credit (Disclosure of Information) Regulations 2010 (SI 2010/1013) and in the Consumer Credit (Disclosure of Information) Regulations 2004 (SI 2004/1481).

4.3 Letter disclosure

...

Exception: credit firms

4.3.7 R GEN 4.3.1R (Disclosure in letters to retail clients) does not apply to a credit firm (other than a firm with a limited permission) with respect to the activity of entering into a regulated credit agreement as lender to which the Consumer Credit Directive applies, to the extent it would be contrary to the United Kingdom's obligations under an EU instrument.

4.3.8 G A credit firm which carries on the activity of entering into a regulated credit agreement as lender to which articles 5 and 6 of the Consumer Credit Directive apply is under an obligation to disclose pre-contract information in the form and to the extent required by the Consumer Credit (Disclosure of Information) Regulations 2010 (SI 2010/1013) or the Consumer Credit (Disclosure of Information) Regulations (SI 2004/1481), as the case may be. Firms which carry on credit broking may take on the same obligation. A credit firm must also ensure specified information is included in credit agreements in the form and to the extent required by the Consumer Credit

(Agreements) Regulations 2010 (SI 2010/1014) or the Consumer Credit (Agreements) Regulations 1983 (SI 1983/1553), as the case may be.

- 4.3.9 G The effect of GEN 4.3.7R is that a *credit firm* in relation to a *regulated credit agreement* covered by the *Consumer Credit Directive* does not need to comply with GEN 4.3.1R in relation to those letters (or electronic equivalents) that accompany the information required under the Regulations referred to in GEN 4.3.8G.
- 4.3.10 G *Regulated activities* covered by a *limited permission* (see the “relevant credit activities” set out in paragraph 2G of Schedule 6 to the *Act*) do not fall within the scope of articles 5 and 6 of the *Consumer Credit Directive*, therefore GEN 4.3.7R and the guidance related to it are not relevant to those activities.

Annex E

Amendment to the Consumer Credit sourcebook (CONC)

Handbook requirements for Interim Permitted Credit-Related Regulated Activities

In this Annex, new provisions relevant to firms with interim permission for credit-related regulated activities are inserted into the *CONC* sourcebook. All the text is new and is not underlined.

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*:

- (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* 12.1.4R.

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 listed in the table in *CONC* 12.1.4R 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
- (2) are to apply to such a *person* with respect to the carrying on of a *credit-related regulated activity* with the modifications specified in the table in *CONC* 12.1.4R.

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 (<i>SYSC</i>) [FCA]	<i>SYSC</i> 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> .

	<p><i>SYSC 6.3.8R</i> (responsibility for anti-money laundering systems and controls) does not apply to a <i>firm</i> with only an <i>interim permission</i>.</p> <p><i>SYSC 6.3.9R</i> (requirement to appoint a money laundering reporting officer) does not apply to a <i>firm</i> with only an <i>interim permission</i>.</p>
<p>Fees manual (<i>FEES</i>) [FCA]</p>	<p>The Fees manual does not apply in respect of the fee provided for in <i>FEES 8.1.1R(1)</i>, except for the rules and guidance in <i>FEES 2.3</i> and <i>FEES 8.1</i>.</p>

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.