Powers exercised

A. The Financial Conduct Authority makes this instrument in the exercise of the powers and related provisions in or under:

   (1) the following sections of the Financial Services and Markets Act 2000 (“the Act”):

      (a) section 137A (The FCA’s general rules);
      (b) section 137T (General supplementary powers); and

   (2) the other rule and guidance making powers listed in Schedule 4 (Powers exercised) to the General Provisions of the FCA’s Handbook.

B. The rule-making powers referred to above are specified for the purpose of section 138G(2) (Rule-making instruments) of the Act.

Commencement

C. This instrument comes into force on 2 May 2014.

Amendments to the FCA Handbook

D. The Glossary of definitions is amended in accordance with Annex A to this instrument

E. The Mortgages and Home Finance: Conduct of Business sourcebook (MCOB) is amended in accordance with Annex B to this instrument

Citation

F. This instrument may be cited as the Mortgages (FPC Interest Rate Stress Tests Recommendations) Instrument 2014.

By order of the Board of the Financial Conduct Authority
1 May 2014
Annex A

Amendment to the Glossary of definitions

Insert the following new definition in the appropriate alphabetical place. The text is not underlined.

In coming to a view as to likely future interest rates, a mortgage lender must be able to justify the basis it uses for determining likely future interest rates for the purposes of this rule by reference to:

(a) market expectations; and

(b) any prevailing Financial Policy Committee recommendation on appropriate interest-rate stress tests;

and must be able to justify the basis it uses by reference to (a) and (b).