
EXPLANATORY NOTE

(This note is not part of the Order)

This Order transposes in part Directive 2014/17/EU of the European Parliament and of the Council of 4th February 2014 on credit agreements for consumers relating to residential immovable property and amending Directives [2008/48/EC](#) and [2013/36/EU](#) and Regulation (EU) No 1093/2010 (“the mortgages directive”) (OJ L 60, 28.2.2014, p.34). The Financial Conduct Authority (“FCA”) is responsible for transposing other parts of the mortgages directive. A transposition note setting out how the mortgages directive will be transposed into UK law will be available from Her Majesty’s Treasury, 1 Horse Guards Road, London SW1A 2HQ or on HM Treasury’s website (www.gov.uk/government/organisations/hm-treasury).

Part 2 introduces Schedule 1, which contains amendments to legislation required to implement the mortgages directive. Part 1 of that Schedule sets out amendments to primary legislation, including the Financial Services and Markets Act 2000 (c. 8) and the Consumer Credit Act 1974 (c. 39). The amendments to the Financial Services and Markets Act 2000 include amendments to the regulatory regime for appointed representatives carrying out mortgage-related activities and amendments to the provisions about cross-border activities within the EEA.

Part 2 of Schedule 1 sets out amendments to secondary legislation, including amendments to the Financial Services and Markets Act 2000 (Regulated Activities) Order 2001 (S.I. 2001/544) to ensure that the mortgage-related activities regulated by the FCA include those activities required to be regulated by the mortgages directive, and that existing exemptions from regulation apply only where permitted by the mortgages directive. The definition of a “regulated mortgage contract” is amended to take second charge mortgage lending out of scope of the consumer credit regulatory regime and bring it into scope of the mortgages regime. That Part also sets out consequential changes to other orders and regulations.

Part 3, including Schedule 2, sets out a framework for regulating buy-to-let mortgage lending to consumers. The Part makes provision for a register of the firms involved in such lending, for the requirements with which such firms must comply, and for the FCA to monitor and enforce those requirements.

Part 4 makes provisions relating to the transition to the new regime for existing lenders, intermediaries and appointed representatives.

Part 5 requires the Treasury to review the operation and effect of this Order by 1st September 2018 and within every 5 years after that.

A full Impact Assessment of the effect that this Order will have on the costs of business and the voluntary sector is available from Her Majesty’s Treasury, 1 Horse Guards Road, London SW1A 2HQ or on HM Treasury’s website (www.gov.uk/government/organisations/hm-treasury) and is published with the Explanatory Memorandum alongside this Order on the legislation.gov.uk website.