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## EXPLANATORY NOTE

*(This note is not part of the Order)*

This Order amends provisions of the Financial Services and Markets Act 2000 (c. 8) (“the Act”), the Financial Services and Markets Act 2000 (Regulated Activities) Order 2001 (S.I. 2001/544) (“the Regulated Activities Order”) and the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005 (S.I. 2005/1529) (“the Financial Promotion Order”) relating to consumer credit.

Article 2 amends paragraph 2G of Schedule 6 to the Act. It amends the definition of “domestic premises supplier”, a category of suppliers which require authorisation under the Act in order to carry out certain activities relating to the supply of credit. It also ensures that credit broking in relation to a hire purchase agreement is a “relevant credit activity”, which is relevant to determine which threshold conditions the suppliers have to satisfy for authorisation.

Articles 3 amends the Regulated Activities Order.

Paragraphs (2), (3) and (8) amend the exemptions given to solicitors and other qualified legal practitioners by articles 36F, 39K and 89C in relation to credit broking, other credit related activities and credit information and reference services. The amendment provides for these exemptions by reference to all advocacy and litigation services provided by solicitors and legal practitioners.

Paragraph (4) amends article 60B of the Regulated Activities Order to clarify that where only part of a credit agreement satisfies the conditions for an exemption, the exemption will only apply in relation to that part.

Paragraph (5) amends the definition of “payment” for the purposes of article 60F of the Regulated Activities Order to clarify that it includes any repayment of capital, or payments of interest and other payments made as part of the total charge for credit.

Paragraph (6) amends article 60L of the Regulated Activities Order to provide, in relation to running account credit, when it is to be treated as exceeding a limit set in the agreement under which it is provided.

Article 4 amends the Financial Promotion Order. Article 4(2) amends article 55B to limit the scope of the exemption given to insolvency practitioners from the prohibition on financial promotion. Article 4(3) amends article 72F to extend the exemption given to communications to an employee in relation to a staff loans, so that it covers cases where a loan is made to an employee by a company in the same group as the employer. Article 4(4) amends paragraph 4B of Schedule 1 to the Financial Promotion Order to ensure that the provisions on credit broking in the Order are aligned with the provisions on credit broking in article 36A of the Regulated Activities Order.

An Impact Assessment of the effect of the transfer of consumer credit regulation from the OFT to the FCA on the costs of business and the voluntary sector has been prepared and is available on HM Treasury’s website ([www.gov.uk/treasury](http://www.gov.uk/treasury)) or from HM Treasury, 1 Horse Guards Road, London SW1A 2HQ and is annexed to the Explanatory Memorandum for this Order.