

*Draft Order laid before Parliament under section 429(3) and (5) of the Financial Services and Markets Act 2000, for approval by resolution of each House of Parliament.*

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DRAFT STATUTORY INSTRUMENTS

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**2011 No.**

**FINANCIAL SERVICES AND MARKETS**

**The Financial Services and Markets Act 2000  
(Exemption) (Amendment No. 2) Order 2011**

*Made* - - - - *date*  
*Coming into force* - - *31st March 2012*

This Order contains a provision removing an exemption provided by an earlier Order<sup>(1)</sup> made under section 38 of the Financial Services and Markets Act 2000<sup>(2)</sup>;

A draft of this Order has been approved by a resolution of each House of Parliament pursuant to section 429(3) and (5) of that Act;

The Treasury make the following Order in exercise of the powers conferred on them by sections 38 and 428(3) of that Act:

**Citation and commencement**

1. This Order may be cited as the Financial Services and Markets Act 2000 (Exemption) (Amendment No. 2) Order 2011 and comes into force on 31st March 2012.

**Amendment of the Financial Services and Markets 2000 (Exemption) Order 2001**

2.—(1) The Financial Services and Markets Act 2000 (Exemption) Order 2001<sup>(3)</sup> is amended as follows.

(2) In Part 2 of the Schedule to the Order (persons exempt in respect of accepting deposits), paragraph 24A<sup>(4)</sup> is revoked.

**Review**

3.—(1) Before the end of each review period, the Treasury must—  
(a) carry out a review of the effect of article 2(2),

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(1) S.I. 2001/1201, amended by S.I. 2001/3623; there are other amending instruments but none is relevant to this Order.  
(2) 2000 c.8.  
(3) S.I. 2001/1201, amended by S.I. 2001/3623; there are other amending instruments but none is relevant to this Order.  
(4) Paragraph 24A was inserted by S.I. 2001/3623 with effect from 1 December 2001.

- (b) set out the conclusions of the review in a report, and
  - (c) publish the report.
- (2) The report must in particular—
- (a) set out the objectives intended to be achieved by article 2(2),
  - (b) assess the extent to which those objectives are achieved, and
  - (c) assess whether those objectives remain appropriate and, if so, the extent to which they could be achieved with a system that imposes less regulation.
- (3) “Review period” means—
- (a) the period of five years beginning with 31st March 2012, and
  - (b) subject to paragraph (5), each successive period of five years.
- (4) If a report under this article is published before the last day of the review period to which it relates, the following review period is to begin with the day on which that report is published.

Date

*Name*  
*Name*  
Two of the Lords Commissioners of Her  
Majesty’s Treasury

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## EXPLANATORY NOTE

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

This Order amends the Financial Services and Markets Act 2000 (Exemption) Order 2001 ([S.I. 2001/1201](#)) (“the Exemption Order”).

The Exemption Order exempts certain persons from the general prohibition set out in section 19 of the Financial Services and Markets Act 2000 ([c. 8](#)), which provides that no person may carry on a regulated activity within the UK unless he is an authorised person or an exempt person. Regulated activities are activities of a kind specified by the Financial Services and Markets Act 2000 (Regulated Activities) Order 2001 ([S.I. 2001/544](#)) (“the Regulated Activities Order”) which are carried on by way of business. The persons listed in Part 2 of the Schedule to the Exemption Order are exempt from the general prohibition in respect of accepting deposits within the meaning of article 5 of the Regulated Activities Order.

Article 2 revokes paragraph 24A in Part 2 of the Schedule to the Exemption Order, which created an exemption from the general prohibition in respect of accepting deposits for credit unions within the meaning of the Credit Unions (Northern Ireland) Order 1985 ([S.I. 1985/1205](#)), so that from 31st March 2012 Northern Irish credit unions will need to be authorised by the Financial Services Authority under Part 4 of the Financial Services and Markets Act 2000, and the regulatory system established by that Act will apply to them.

Article 3 requires the Treasury to review the effect of this Order and publish a report by 31st March 2017 and within every five years after that. Following a review it will fall to the Treasury to reconsider the regulatory status of Northern Ireland credit unions. A further instrument would be needed to amend the Exemption Order and make consequential and transitional provisions.

An impact assessment of the effect that this instrument will have on the costs of business and the voluntary sector is available from the Mutuels Team, HM Treasury, 1 Horse Guards Road, London SW1A 2HQ and is annexed to the Explanatory Memorandum which is available alongside the instrument on [legislation.gov.uk](http://legislation.gov.uk).