

*These notes refer to the Regulation of Financial Services (Land Transactions)
Act 2005 (c.24) which received Royal Assent on 19 December 2005*

REGULATION OF FINANCIAL SERVICES (LAND TRANSACTIONS) ACT 2005

EXPLANATORY NOTES

COMMENTARY ON SECTIONS

12. *Section 1* amends Schedule 2 to FSMA to add financial arrangements where the finance provider either (i) acquires a major interest in land from the person being provided with finance or (ii) disposes of a major interest in land to the person being provided with finance. “Major interest” means a freehold or leasehold interest and is defined separately for England and Wales, Scotland and Northern Ireland to take account of the different property laws in the three jurisdictions. The transfer of the major interest in land can be made either directly between the finance provider and the person being provided with finance or via an intermediary.
13. The amendment of Schedule 2 is in broad terms, consistent with the approach taken in the existing provisions of Schedule 2. The definition of home reversion schemes and Ijara products, and the description of activities to be regulated in connection with them, would be described in detail in the order which it is intended to make under section 22 of FSMA. However the breadth of the amendment in section 1 would also allow other financial arrangements involving the acquisition or disposal of land to be brought under FSA regulation, if it became appropriate to do so in the future (for example, for new products which may emerge in the market).