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| Title: The Financial Services and Markets Act 2000 (Regulated Activities) (Amendment) Order 2019 SI No: TBC Other departments or agencies: N/A Contact for enquiries: Alysha Kassam | De minimis assessment |
| | Date: 05/06/2019 |
| | Type of regulation: Domestic |
| | Date measure comes into force: 23/07/2019 |
| Cost of Preferred (or more likely) Option Savings between £216,800 and £970,400 | Net cost to business per year (EANDCB in 2016 prices) The net impact will be savings between £216,800 and £970,400 |

1. What is the problem under consideration? Why is government intervention necessary? (Maximum 5 lines)

Credit unions (CUs) and community development finance institutions (CDFIs) provide alternatives to high-cost credit, but struggle to compete at scale. Registered social landlords (RSLs) can signpost their tenants to CUs and CDFIs to these providers, but this could be considered credit broking which would require FCA authorisation. We aim to reduce these regulatory barriers by allowing RSLs to signpost to CUs and CDFIs without the need for FCA authorisation.

2. What are the policy objectives and the intended effects? (Maximum 5 lines)

The objective is to increase access to, and awareness of, alternatives to high cost credit, by reducing regulatory barriers for RSLs to refer their tenants to CUs and CDFIs. This will increase awareness of these alternative lenders amongst low income individuals.

3. What policy options have been considered, including any alternatives to regulation? Please justify preferred option (Maximum 5 lines)

In December 2018 the FCA published guidance for RSLs to clarify what activity may be considered credit broking and require authorisation.

The FCA has also previously considered implementing a fast-track authorisation system for RSLs. However, this would not address the problem as effectively as this instrument, as the primary barrier to RSLs applying for authorisation is the limited resource and appetite to do so.

4. Please justify why the net impacts (i.e. net costs or benefits) to business will be less than £5 million a year.

To do this, please set out the following:

- What will businesses have to do differently?

RSLs will not have to alter any of their current practices or systems. Many RSLs already have relationships with CUs and CDFIs. This legislation will encourage RSLs to build these relationships by confidently referring their tenants to CUs and CDFIs without breaching FCA rules.

- How many businesses will this impact per year?

Approximately 1884 RSLs and Housing Associations.

- What is the direct cost/benefit per business per year?



This statutory instrument will result in savings to RSLs between £376,000 and £1,130,400. In its guidance paper, the FCA has estimated that the cost for an RSL to apply for full credit broking permission would be between £200-£600, depending on whether the RSL is authorised for other regulated activities and the scale of these activities.

These savings have been calculated by multiplying the number of RSLs and Housing Associations across the UK by the cost of applying for authorisation by the FCA. Some RSLs may already be authorised by the FCA for other regulated activities. In these cases, the cost of adding credit broking to their permissions would be lower than applying for authorisation.

The familiarisation costs are estimated to be approximately £160,000. This has been estimated using HMT's standard costs model which assumes that the average salary for a legal professional is £330 per hour and the legal professional reads 100 words per minute. This has been calculated using the word count of both the EM and the SI. There are no further costs associated with this SI, as RSLs will not have to update any systems or alter any processes.

Overall, the net benefit will be savings between £216,800 and £970,400 – below the threshold for a full impact assessment.

5. Please confirm whether your measure could be subject to call-in by BRE under the following criteria. If yes, please provide a justification of why a full impact assessment is not appropriate:

- a) **Significant distributional impacts (such as significant transfers between different businesses or sectors)**

No

- b) **Disproportionate burdens on small businesses**

No

- c) **Significant gross effects despite small net impacts**

No

- d) **Significant wider social, environmental, financial or economic impacts**

No

- e) **Significant novel or contentious elements**

No

Sign-off for de minimis assessment: SCS

I have read the de minimis assessment and I am satisfied that it represents a fair and proportionate assessment of the impact of the measure.

SCS of Personal Finance and Funds

Signed: **John Owen**

Date: 06/06/2019

SCS of Better Regulation Unit

Signed: **Gemma Peck**

Date: 12/06/2019

Sign-off for de minimis assessment: Minister

I have read the de minimis assessment and I am satisfied that it represents a fair and proportionate assessment of the impact of the measure.

Signed: ***John Glen***

Date: 24/06/2019

Further information sheet

Please provide additional evidence in subsequent sheets, as required.