

EXPLANATORY MEMORANDUM TO
THE FINANCIAL SERVICE AND MARKETS ACT 2000 (EXEMPTION)
(AMENDMENT) ORDER 2015

2015 No. 447

- 1.** This explanatory memorandum has been prepared by HM Treasury and is laid before Parliament by Command of Her Majesty.

This memorandum contains information for the Joint Committee on Statutory Instruments.

2. Purpose of the instrument

2.1 This Order amends the Financial Services and Markets Act 2000 (Exemption) Order 2001 to extend the exemption of the Student Loans Company to include the regulated activity of debt administration.

3. Matters of special interest to the Joint Committee on Statutory Instruments

3.1 None.

4. Legislative Context

4.1 Section 19 of the Financial Services and Markets Act 2000 (“the Act”) prohibits any person from undertaking a regulated activity by way of business unless that person is authorised under the Act by the Financial Conduct Authority or the Prudential Regulation Authority or exempt. Exemptions are set out in the Financial Services and Markets Act 2000 (Exemption) (Amendment) Order 2015, made under section 38 of the Act.

5. Territorial Extent and Application

5.1 This instrument applies to all of the United Kingdom.

6. European Convention on Human Rights

6.1 As the instrument is subject to negative resolution procedure and does not amend primary legislation, no statement is required.

7. Policy background

7.1 The instrument makes provision in connection with the transfer of consumer credit regulation from the Office for Fair Trading (OFT) to the Financial Conduct Authority (FCA) to extend the exemption of the Student Loans Company.

7.2 The Student Loans Company is a non-profit making Government-owned organisation set up to provide loans and grants to students in universities and colleges in the UK. They provided loans governed by individual credit agreements between 1990 and 1998 under the Consumer Credit Act 1974 as amended by the Consumer Credit Act 2006 and regulated by the OFT until the transfer of consumer credit regulation to the FCA in April 2014.

7.3 The Student Loans Company is currently exempt in relation to the regulated activity of accepting deposits for the purposes of making loans to eligible students. Under the Act, a firm cannot be both authorised and exempt and so an extension is required to preserve the current exemption. This order therefore extends the exemption to the regulated activity of debt administration.

8. Consultation outcome

8.1 Due to the minor and technical nature of the instrument it has not been consulted on.

9. Guidance

9.1 None

10. Impact

10.1 This instrument has no impact on business, charities or voluntary bodies the public sector.

10.2 An Impact Assessment has not been prepared for this instrument.

11. Regulating small business

11.1 The Order does not apply to small business.

12. Monitoring & review

12.1 HM Treasury will monitor the practical effects of this instrument to ensure it continues to meet the policy aims.

13. Contact

13.1 Daniel Poxon at HM Treasury (Tel: 0207 270 6534 or email: daniel.poxon@hmtreasury.gsi.gov.uk) can answer any queries regarding the instrument.