

SRA Amendment to Regulatory Arrangements (Consumer Credit) Rules 2014

Preamble

Rules dated 19 March 2014 made by the Solicitors Regulation Authority Board under sections 31, 79 and 80 of the Solicitors Act 1974, sections 9 and 9A of the Administration of Justice Act 1985 and section 83 of, and Schedule 11 to, the Legal Services Act 2007, with the approval of the Legal Services Board under paragraph 19 of Schedule 4 to the Legal Services Act 2007, and for the purposes of section 332 of the Financial Services and Markets Act 2000.

Rule 1

The SRA Financial Services (Scope) Rules 2001 shall be amended as follows:

(a) insert rule 5.11 as follows:

“5.11 Credit-related regulated activities

(a) Where a *firm* carries on a *credit-related regulated activity* or a connected activity it must comply with the provisions and guidance set out in Rule 1.3R of the transitional provisions in the *FCA’s CONC* as they were in force immediately before 1 April 2014 in relation to that activity, with any appropriate modification to take into account the coming into force of HM Treasury Orders that give effect to the transfer of consumer credit regulation from the OFT to the *FCA*.”

(b) insert note (ii) to rule 5 as follows:

“(ii) During the transitional period between 1 April 2014 and 30 September 2014, *firms* carrying on *credit-related regulated activities* will be required to comply with the guidance and other provisions listed in the transitional provisions in the *FCA’s CONC*. These provisions should not impose any new obligations as *firms* should already be complying with them but *firms* will need to adopt a common sense approach in interpreting them, for example, references to the OFT in these provisions and guidance should be read as if they referred to the *FCA* and references to the relevant supervisory authority mean the *SRA*.”

Rule 2

The SRA Handbook Glossary 2012 shall be amended as follows:

(a) after the definition of “**compulsory professional indemnity insurance**” insert:

“**CONC**

means the *FCA’s* Consumer Credit sourcebook”

(b) after the definition of “**CPE**” insert:

“**credit-related regulated activity**

means any of the following activities specified in Part 2 or 3A of the *Regulated Activities Order*:

- (i) entering into a regulated credit agreement as lender (article 60B(1));
- (ii) exercising, or having the right to exercise, the lender's rights and duties under a regulated credit agreement (article 60B(2));
- (iii) credit broking (article 36A);
- (iv) debt adjusting (article 39D(1) and (2));
- (v) debt counselling (article 39E(1) and (2));
- (vi) debt collecting (article 39F(1) and (2));
- (vii) debt administration (article 39G(1) and (2));
- (viii) entering into a regulated consumer hire agreement as owner (article 60N(1));
- (ix) exercising, or having the right to exercise, the owner's rights and duties under a regulated consumer hire agreement (article 60N(2));
- (x) providing credit information services (article 89A);
- (xi) providing credit references (article 89B);
- (xii) operating an electronic system in relation to lending (article 36H);
- (xiii) agreeing to carry on a regulated activity (article 64) so far as relevant to any of the activities in (i) to (xii);

which is carried on by way of business and relates to a specified investment applicable to that activity or, in the case of (x) and (xi), relates to information about a person's financial standing."

Rule 3

These amendment rules shall come into force on 1 April 2014.