Direction

To: Capital Bridging Finance (London) Limited ("the Firm")

Ref: **1724649**

Of: Grafton House
2-3 Golden Square
London
W1F 9HR

Date:1 August 2014

Handbook version as in force at the date this Direction comes into effect

Power

1. This direction is given by the *FCA* under section 138A of the *Act.*

Duration

2. (1) This direction takes effect on 1 August 2014

(2) This direction ends on 20 March 2016.

Rules modified

3. The *FCA* directs that the *rules listed* below apply to the Firm with the modifications shown. In the table below, underlining indicates new text and striking through indicates deleted text.

Rule	Modification
MCOB 11.6.55R(2) (Comes into force 26/04/2014)	where MCOB 11.6.2 R does not apply in relation to extending the term of a *bridging loan* (because the *bridging loan* is an *interest roll-up mortgage*, or a retained interest mortgage (in this *rule*, "retained interest mortgage" means a type of *interest only mortgage* where no payment of capital is required or anticipated until the end of the term and the interest due for the whole term is deducted from the advance at the outset), and therefore MCOB 11.6.57 R applies), the *mortgage lender* must consider with the *customer*, before he commits himself to extend the term, the impact of the extension on the

Rule	Modification
	customer's remaining equity in the property which is the subject of the *bridging loan*; and
MCOB 11.6.57R (Comes into force 26/04/2014)	The requirements in MCOB 11.6.2 R (and any *Handbook* provisions applicable only to that *rule*) do not apply in relation to an *interest roll-up mortgage* or a retained interest mortgage. (In this *rule*, "retained interest mortgage" means a type of *interest only mortgage* where no payment of capital is required or anticipated until the end of the term and the interest due for the whole term is deducted from the advance at the outset.)
MCOB 11.6.58R (Comes into force 26/04/2014)	A mortgage lender may not enter into an *interest roll-up mortgage* or a retained interest mortgage (in this *rule*, "retained interest mortgage" means a type of *interest only mortgage* where no payment of capital is required or anticipated until the end of the term and the interest due for the whole term is deducted from the advance at the outset), or vary an existing *regulated mortgage contract* so that it becomes an *interest roll-up mortgage* or a retained interest mortgage, unless it is: (1) a *lifetime mortgage*; or (2) a *bridging loan*; or (3) a loan to a *high net worth mortgage customer*; or (4) a loan solely for business purposes

Interpretation

4. Interpretative provisions (including definitions) of the *Handbook* apply to this direction in the same way they apply to the *Handbook.*

Caroline Hall
Waivers Team
Authorisations Department
Financial Conduct Authority