



NOTICE OF ADOPTION

COMMISSION LOCAL RULE PDL-001 *Payday Loans Licensing and Ongoing Obligations*

AND

COMMISSION RULE PDL-002 *Fees*

Introduction

On 23 October 2018, the Financial and Consumer Services Commission (Commission) approved Amendments to Commission Rule PDL-001 *Payday Loans Licensing and Ongoing Obligations* (Rule PDL-001) and Rule PDL-002 *Fees* (Rule PDL -002). (together, the Amendments)

The Amendments to Rule PDL-001 and Rule PDL-002 will come into effect on **15 February 2019**, pursuant to section 8 of New Brunswick Regulation 2014-18 under the *Financial and Consumer Services Commission Act* (O.C. 2014-21), a rule comes into force on the day the rule is published electronically by the Commission as required under paragraph 37.468(1)(a) of the *Cost of Credit Disclosure and Payday Loans Act*, or on such later date as is specified in the rule.

Background

On 28 June 2018, the Commission approved publication for comment of the proposed Amendments to Rule PDL-001 and Rule PDL-002 which was published electronically on the Commission web site on 3 July 2018 and in the 18 July 2018 edition of The Royal Gazette. The 60-day consultation period ended on 3 September 2018.

There were 2 comment letters submitted during the comment period. We have considered the comments received and thank all of the commenters for their input. The names of the commenters and a summary of their comments together with our responses are contained in **Appendices A & B**.

Substance and Purpose of Rules PDL-001 and PDL-002

The purpose of the Amendments to Rule PDL-001 and Rule PDL-002 is to update the regulatory framework which support the *Cost of Credit Disclosures and Payday Loans Act* to: add a fee for Payday Lenders that wishes to request a review of an application on an expedited basis; clarify the time period to renew a licence before a late fee applies; expand the Annual filing requirements; and amend the financial statement requirement under the minimum working capital.

On 25 January 2019, the Minister of Justice consented to the Amendments of Rule PDL-001, PDL-002.

Questions

If you have any questions, please refer them to:

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Contents of Annexes

Appendix A:	<u>List of Commenters</u>
Appendix B:	Summary of Comments and FCNB Responses

Appendix A

LIST OF COMMENTERS

1. Shelley Gorjizadeh, Money in Your Pocket
2. Paul McLaughlin, Owner, NCC Financial

Appendix B

SUMMARY OF COMMENTS AND FCNB RESPONSES

AS OF 23 OCTOBER 2018

Comments on proposed Amendments to the *Payday Loans Licensing and Ongoing Obligations and Fees Rules*

Comments on the proposed amendments to PDL-001 *Payday Loans Licensing and Ongoing Obligations*

<u>Issue</u>	<u>Summarized Comment</u>	<u>Responses</u>
Financial Statement requirement	As a business owner in the lending industry, I cannot express enough gratitude for the withdrawal of the requirement for audited financial statements. The amendments made to this legislation will hopefully allow me to achieve financial stability. Furthermore, I feel it will help maintain a better working relationship between the government of New Brunswick and payday loan offices.	FCNB thanks the commenters for their feedback.
Expand Annual Filing requirements	No comments received.	

Comments on the proposed amendments to PDL-002 Fees

\$1500 expedited fee	No comments received.	
Time period to renew a licence	No comments received.	

Summarized Comment

General comment	The payday loan industry can't sustain the regulation. Payday lending was never a big financial winner but rather a small business that served a community in time of need. \$25 per \$100 borrowed was the only rate that made this small company viable, with costs and bad debts as part of the business.	FCNB thanks the commenter for their submission. The proposed changes were reflective of concerns raised by industry, intended to alleviate some of the financial constraints that the audited financial statement requirement imposed.
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