



**Directive on credit agreements relating to residential property (CARRP)**

**Trilogue  
 (2011/0062(COD))**

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Commission proposal	Council Text (30.05.2012.)	European Parliament text	Compromise text
<p>Proposal for a DIRECTIVE OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL            on credit agreements relating to residential property            (Text with EEA relevance)</p>	<p>DIRECTIVE OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL            on credit agreements <u>for consumers</u> relating to <u>immovable</u> property            (Text with EEA relevance)</p>	<p>Proposal for a DIRECTIVE OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL            on credit agreements relating to residential property            (Text with EEA relevance)</p>	
<p>THE EUROPEAN PARLIAMENT AND THE COUNCIL OF THE EUROPEAN UNION            Having regard to the Treaty on the Functioning of the European Union, and in particular Article 114 thereof,            Having regard to the proposal from the European Commission,            After transmission of the draft legislative act to the national Parliaments,            Having regard to the opinion of the European Economic and Social Committee,            Having regard to the opinion of the Committee of the Regions<sup>20</sup>,            Having regard to the opinion of the</p>	<p>THE EUROPEAN PARLIAMENT AND THE COUNCIL OF THE EUROPEAN UNION,            Having regard to the Treaty on the Functioning of the European Union, and in particular Article 114 thereof,            Having regard to the proposal from the European Commission,            After transmission of the draft legislative act to the national Parliaments,            Having regard to the opinion of the European Economic and Social Committee,            Having regard to the opinion of the Committee of the Regions<sup>17</sup>,            Having regard to the opinion of the European Central Bank<sup>18</sup>,</p>	<p>THE EUROPEAN PARLIAMENT AND THE COUNCIL OF THE EUROPEAN UNION            Having regard to the Treaty on the Functioning of the European Union, and in particular Article 114 thereof,            Having regard to the proposal from the European Commission,            After transmission of the draft legislative act to the national Parliaments,            Having regard to the opinion of the European Economic and Social Committee,            Having regard to the opinion of the Committee of the Regions,            Having regard to the opinion of the Committee of the Regions</p>	

<p>European Central Bank<sup>21</sup>,          After having consulted the European Data Protection Supervisor<sup>22</sup>,          Acting in accordance with the ordinary legislative procedure<sup>23</sup>,</p>	<p>[..]          Acting in accordance with the ordinary legislative procedure<sup>19</sup>,</p>	<p>Having regard to the opinion of the European Central Bank,          After having consulted the European Data Protection Supervisor,          Acting in accordance with the ordinary legislative procedure,</p>	
<p>Whereas:          (1) In March 2003, the Commission launched a process to identify and assess the impact of barriers to the internal market for credit agreements relating to residential immovable property. In 2007, it adopted a White Paper on the integration of EU mortgage credit markets<sup>24</sup>. The White Paper announced the Commission's intention to assess the impact of, among other things, the policy options for pre-contractual information, credit databases, creditworthiness, the annual percentage rate of charge and advice. The Commission also established an Expert Group on Credit Histories to assist the Commission in preparing measures to improve the accessibility, comparability and completeness of credit data. Studies on the role and operations of credit intermediaries and non-credit institutions providing credit agreements relating to residential immovable property were also launched.</p>	<p>Whereas:          (1) In March 2003, the Commission launched a process to identify and assess the impact of barriers to the internal market for credit agreements relating to [...] immovable property. In 2007, it adopted a White Paper on the integration of EU mortgage credit markets<sup>20</sup>. The White Paper announced the Commission's intention to assess the impact of, among other things, the policy options for pre-contractual information, credit databases, creditworthiness, the annual percentage rate of charge and advice <u>on credit agreements</u>. The Commission also established an Expert Group on Credit Histories to assist the Commission in preparing measures to improve the accessibility, comparability and completeness of credit data. Studies on the role and operations of credit intermediaries and non-credit institutions providing credit agreements relating to immovable property were also launched.</p>	<p>Whereas:          (1) In March 2003, the Commission launched a process to identify and assess the impact of barriers to the internal market for credit agreements relating to residential immovable property. In 2007, it adopted a White Paper on the integration of EU mortgage credit markets<sup>24</sup>. The White Paper announced the Commission's intention to assess the impact of, among other things, the policy options for pre-contractual information, credit databases, creditworthiness, the annual percentage rate of charge and advice. The Commission also established an Expert Group on Credit Histories to assist the Commission in preparing measures to improve the accessibility, comparability and completeness of credit data. Studies on the role and operations of credit intermediaries and non-credit institutions providing credit agreements relating to residential immovable property were also launched.</p>	
<p>(2) In accordance with the Treaty, the</p>	<p>(2) In accordance with the Treaty <u>on</u></p>	<p>(2) In accordance with the Treaty, the</p>	

<p>internal market comprises an area without internal frontiers in which the free movement of goods and services and the freedom of establishment are ensured. The development of a more transparent and efficient credit market within that area is vital to promote the development of cross-border activity and create an internal market in credit agreements relating to residential immovable property. There are substantial differences in the laws of the various Member States with regard to conduct of business in the granting of credit agreements relating to residential immovable property and in the regulation and supervision of credit intermediaries and non-credit institutions providing credit agreements relating to residential immovable property. Such differences create obstacles that restrict the level of cross-border activity on the supply and demand sides, thus reducing competition and choice in the market, raising the cost of lending for providers and even preventing them from doing business.</p>	<p><u>the Functioning of the European Union ('TFEU')</u>, the internal market comprises an area without internal frontiers in which the free movement of goods and services and the freedom of establishment are ensured. The development of a more transparent and efficient credit market within that area is vital to promote the development of cross-border activity and create an internal market [...] <u>for</u> credit agreements relating to [...] immovable property. There are substantial differences in the laws of the various Member States with regard to the conduct of business in the granting of credit agreements relating to [...] immovable property and in the regulation and supervision of credit intermediaries and non-credit institutions providing credit agreements relating to [...] immovable property. Such differences create obstacles that restrict the level of cross-border activity on the supply and demand sides, thus reducing competition and choice in the market, raising the cost of lending for providers and even preventing them from doing business.</p>	<p>internal market comprises an area without internal frontiers in which the free movement of goods and services and the freedom of establishment are ensured. The development of a more transparent and efficient credit market within that area is vital to promote the development of cross-border activity and create an internal market in credit agreements relating to residential immovable property. There are substantial differences in the laws of the various Member States with regard to conduct of business in the granting of credit agreements relating to residential immovable property and in the regulation and supervision of credit intermediaries and non-credit institutions providing credit agreements relating to residential immovable property. Such differences create obstacles that restrict the level of cross-border activity on the supply and demand sides, thus reducing competition and choice in the market, raising the cost of lending for providers and even preventing them from doing business.</p>	
<p>(3) The financial crisis has shown that irresponsible behaviour by market participants can undermine the foundations of the financial system, leading to a lack of confidence among all parties, in particular consumers, and potentially severe social and</p>	<p>(3) The financial crisis has shown that irresponsible behaviour by market participants can undermine the foundations of the financial system, leading to a lack of confidence among all parties, in particular consumers, and to potentially severe social and</p>	<p>(3) The financial crisis has shown that irresponsible behaviour by market participants can undermine the foundations of the financial system, leading to a lack of confidence among all parties, in particular consumers, and potentially severe social and economic consequences. Many</p>	

<p>economic consequences. Many consumers have lost confidence in the financial sector and borrowers have found their loans increasingly unaffordable, with defaults and forced sales rising. In view of the problems brought to light in the financial crisis and in the context of efforts to ensure an efficient and competitive internal market, the Commission has proposed measures with regard to credit agreements relating to residential immovable property, including a reliable framework on credit intermediation, in the context of delivering responsible and reliable markets for the future and restoring consumer confidence<sup>25</sup>.</p>	<p>economic consequences. Many consumers have lost confidence in the financial sector and borrowers have found their loans increasingly unaffordable, [...] <u>result in</u> defaults and forced sales rising. In view of the problems brought to light in the financial crisis [...] <u>and with a view to ensuring</u> an efficient and competitive internal market, the Commission has proposed measures with regard to credit agreements relating to immovable property, including a reliable framework on credit intermediation, in the context of delivering responsible and reliable markets for the future and restoring consumer confidence.<sup>21</sup></p>	<p>consumers have lost confidence in the financial sector and borrowers have found their loans increasingly unaffordable, with defaults and forced sales rising. [...] <i>As a result, the G20 has commissioned work from the Financial Stability Board to establish principles on sound underwriting standards in relation to residential immovable property. Although some of the greatest problems in the crisis occurred outside the Union, consumers in the Union hold significant levels of debt, much of which is concentrated in loans related to residential immovable property. It is therefore appropriate to ensure that the Union's regulatory framework in this area is robust, consistent with international principles and makes appropriate use of the range of tools available, including loan-to-value, loan-to-income, debt-to-income and similar ratios. This is important in the context of efforts to ensure an efficient and competitive internal market which ensures financial stability, responsible markets and consumer confidence , in line with the commitment in the Commission's Communication entitled 'Single Market Act: Twelve levers to boost growth and strengthen confidence'<sup>1</sup>.</i></p> <p><sup>1</sup>COM(2011)0206, 13.4.2011.</p>	
<p>(4) A series of problems in EU mortgage markets associated with irresponsible lending and borrowing at</p>	<p>(4) A series of problems in EU mortgage markets [...] <u>relating to</u> irresponsible lending and borrowing at</p>	<p>(4) <i>The Commission identified</i> a series of problems in mortgage markets <i>within the Union</i> associated with irresponsible</p>	

<p>the pre-contractual stage and the potential scope for irresponsible behaviour by credit intermediaries and non-credit institutions have been identified. Some problems concerned loans denominated in a foreign currency which consumers had taken out in that currency to take advantage of the interest rate offered but without having an adequate understanding of the currency risk involved. These problems are driven by market and regulatory failures as well as other factors such as the general economic climate and low levels of financial literacy. Other problems include ineffective, inconsistent, or non-existent registration, authorisation and supervision regimes for credit intermediaries and non-credit institutions providing credit for residential immovable property. The problems identified have potentially significant macroeconomic spill-over effects, can lead to consumer detriment, act as economic or legal barriers to cross-border activity and create an unlevel playing field between actors.</p>	<p>the pre-contractual stage [...] <u>coupled with</u> the potential scope for irresponsible behaviour by credit intermediaries and non-credit institutions have been identified. Some problems concerned loans denominated in a foreign currency which consumers had taken out in that currency to take advantage of the interest rate offered but without having an adequate understanding of the currency risk involved. [...] <u>Those</u> problems are driven by market and regulatory failures as well as other factors such as the general economic climate and low levels of financial literacy. Other problems include ineffective, inconsistent, or non-existent [...] <u>approval</u> and supervision regimes for credit intermediaries and non-credit institutions providing credit for [...] immovable property. The problems identified have potentially significant macroeconomic spill-over effects, can lead to consumer detriment, act as economic or legal barriers to cross-border activity and create an unlevel playing field between actors.</p>	<p>lending and borrowing [...] and the potential scope for irresponsible behaviour <b>by market participants including</b> credit intermediaries and non-credit institutions have been identified. Some problems concerned loans denominated in a foreign currency which consumers had taken out in that currency to take advantage of the interest rate offered but without having [...] adequate <b>information about or</b> understanding of the currency risk involved. These problems are driven by market and regulatory failures as well as other factors such as the general economic climate and low levels of financial literacy. Other problems include ineffective, inconsistent, or non-existent registration, authorisation and supervision regimes for credit intermediaries and non-credit institutions providing credit for residential immovable property. The problems identified have potentially significant macroeconomic spill-over effects, can lead to consumer detriment, act as economic or legal barriers to cross-border activity and create an unlevel playing field between actors.</p>	
<p>(5) In order to facilitate the emergence of a smoothly functioning internal market with a high level of consumer protection in the area of credit agreements relating to residential</p>	<p>(5) In order to facilitate the emergence of a smoothly functioning internal market with a high level of consumer protection in the area of credit agreements relating to immovable</p>	<p>(5) In order to facilitate the emergence of a smoothly functioning internal market with a high level of consumer protection in the area of credit agreements relating to residential immovable property, <b>an</b></p>	

<p>immovable property, a harmonised Union framework needs to be established in a number of areas. It is further necessary to establish harmonised standards in order to ensure that consumers looking for credit agreements relating to residential immovable property are able to do so confident in the knowledge that the institutions they interact with act in a professional and responsible manner.</p>	<p>property, a harmonised Union <u>legal</u> framework needs to be established in a number of areas. It is <u>also</u> further necessary to establish harmonised standards in order to ensure that consumers looking for credit agreements relating to immovable property are able to do so confident in the knowledge that the institutions they interact with act in a professional and responsible manner.</p>	<p><i>appropriately</i> harmonised Union framework needs to be established in a number of areas [...], <b><i>taking account of national and regional differences in the market for residential immovable property and hence for the associated credit and related services.</i></b></p>	
		<p><b><i>(5a) This Directive should therefore develop a more transparent, efficient and competitive internal market, through consistent, flexible and fair credit agreements relating to residential immovable property, while promoting sustainable lending and borrowing and financial inclusion and hence providing a high degree of consumer protection.</i></b></p>	
<p>(6) This Directive should improve conditions for the establishment and functioning of the internal market through the approximation of Member States' laws and the establishment of quality standards for certain services, notably with regard to the distribution and provision of credit through creditors and credit intermediaries. The establishment of quality standards for services for the provision of credit necessarily involves the introduction of provisions regarding authorisation</p>	<p>(6) This Directive should improve conditions for the establishment and functioning of the internal market through the approximation of Member States' laws and the establishment of quality standards for certain services, notably with regard to the distribution and provision of credit through creditors and credit intermediaries. The establishment of quality standards for services for the provision of credit necessarily involves the introduction of provisions regarding [...] <u>approval and</u></p>	<p>(6) This Directive should improve conditions for the establishment and functioning of the internal market through the approximation of Member States' laws and the establishment of quality standards for certain services, notably with regard to the distribution and provision of credit through creditors and <b><i>credit intermediaries, and the promotion of good practices.</i></b> The establishment of quality standards for services for the provision of credit necessarily involves the introduction of provisions regarding</p>	

and prudential requirements.	<u>supervision of credit intermediaries and [...] non-credit institutions.</u>	authorisation and prudential requirements.	
(7) For those areas not covered by this Directive, Member States should be free to maintain or introduce national legislation. Member States should be able to maintain or introduce national provisions in areas such as contract law relating to the validity of credit agreements, property valuation, land registration, contractual information, post-contractual issues, and handling defaults.	(7) For those areas not covered by this Directive, Member States should be free to maintain or introduce national legislation. Member States should be able to maintain or introduce national provisions, <u>among other things</u> , in areas such as contract law relating to the validity of credit agreements, <u>including reflection periods or rights of withdrawal</u> . They should also be <u>able to maintain or introduce national provisions concerning</u> property valuation, land registration, contractual information, post-contractual issues, and <u>the handling of</u> defaults.	(7) For those areas not covered by this Directive, Member States should be free to maintain or introduce national legislation. <b><i>In particular</i></b> , Member States should be able to maintain or introduce national provisions in areas such as contract law relating to the validity of credit agreements, property [...] <b><i>law</i></b> , land registration, contractual information, <b><i>and</i></b> post-contractual issues [...] <b><i>not regulated here</i></b> .	
	<u>(8) The provisions of this Directive apply irrespective of whether the creditor or credit intermediary is a legal person or a natural person. However, this Directive does not affect the right of Member States to limit, in conformity with Union law, the provision of credits relating to immovable property offered to consumers to legal persons only or to certain legal persons.</u>		
(8) As consumers and enterprises are not in the same position, they do not need the same level of protection. While it is important to guarantee consumers' rights by provisions that cannot be derogated from by contract,	<u>(9) Since</u> consumers and enterprises are not in the same position, they do not need the same level of protection. While it is important to guarantee <u>the rights of consumers' [...]</u> <u>by means of</u> provisions that cannot be derogated	(8) As consumers and enterprises are not in the same position, they do not need the same level of protection. While it is important to guarantee consumers' rights by provisions that cannot be derogated from by contract, it is reasonable to let	

<p>it is reasonable to let enterprises and organisations engage in other agreements. This Directive should therefore apply to credit granted to consumers. Member States should, however, have the possibility to extend the scope to natural or legal persons that are not consumers, notably micro-enterprises, as defined by Commission Recommendation 2003/361/EC of 6 May 2003 concerning the definition of micro, small and medium-sized enterprises<sup>26</sup>.</p>	<p>from by contract, it is reasonable to let enterprises [...] <u>to enter into</u> other agreements. This Directive should therefore apply <u>only</u> to credit granted to consumers. [...]</p>	<p>enterprises and organisations engage in other agreements. [...]</p>	
	<p><u>(9a) The definition of consumer should cover natural persons who are acting outside their trade, business or profession. However, in the case of dual purpose contracts, where the contract is concluded for purposes partly within and partly outside the person's trade and the trade purpose is so limited as not to be predominant in the overall context of the contract, that person should also be considered as a consumer.</u></p>		
	<p><u>(10) [...] The definitions contained in this Directive determine the scope of harmonisation. The obligations on Member States to implement the provisions of this Directive should therefore be limited to its scope as determined by those definitions. For instance, the obligations on Member States to implement the provisions of</u></p>		

	<p><u>this Directive are limited to credit agreements concluded with consumers, meaning with natural persons who, in transactions covered by this Directive, are acting outside their trade, business or profession. Similarly, Member States are obliged to implement the provisions of this Directive regulating the activity of persons acting as credit intermediary as defined in the Directive. However, this Directive should be without prejudice to the application by Member States in accordance with Union law, of the provisions of this Directive to areas not covered by its scope. For instance, Member States should have the possibility to extend the scope of this Directive to natural or legal persons that, in transactions covered by this Directive, are not acting outside their trade, business or profession, notably micro-enterprises, as defined by Commission Recommendation 2003/361/EC of 6 May 2003 concerning the definition of micro, small and medium-sized enterprises. In addition, the definitions contained in this Directive are without prejudice of the possibility for Member States to adopt sub-definitions under national law for specific purposes, provided that they are still compliant with the definitions set out in this Directive. An illustration is that Member States may determine under national law sub-categories of credit intermediaries that</u></p>		
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	<p><u>are not identified in this Directive, where such sub-categories are necessary at national level for instance to differentiate the level of competence and knowledge requirements to be fulfilled by the different credit intermediaries. Member States may also introduce national legislation corresponding to the provisions of this Directive or certain of its provisions on credit agreements exempted from the scope of this Directive.</u></p>		
<p>(9) The objective of this Directive is to ensure that all credits provided to consumers benefit from a high level of protection. It should therefore apply to credits secured by real estate, or credits which are used to purchase a property in some Member States and to credits for the renovation of residential property that are not covered by Directive 2008/48/EC of the European Parliament and of the Council of 23 April 2008 on credit agreements for consumers and repealing Council Directive 87/102/EEC27 which lays down rules at Union level concerning consumer credit agreements. Furthermore, this Directive should not be applied to certain types of credit agreements where the credit is granted by an employer to his employees under certain circumstances, as already provided in Directive 2008/48/EC.</p>	<p><u>(11) The objective of this Directive is to ensure that [...] credit agreements relating to immovable property provided to consumers benefit from a high level of protection. It should therefore apply to credits secured by real estate, regardless of the purpose of the credit, credit agreements which are used to retain rights in property or land, such as refinancing agreements or other credit agreements that would help an owner or part owner continue to keep ownership of the property or land, or credits which are used to purchase a property in some Member States [...], including those loans that do not require the reimbursement of the capital or those whose purpose is to provide temporary financing between the sale of one immovable property and the purchase of another.</u></p>	<p>(9) The objective of this Directive is to ensure that all credits provided to consumers benefit from a high level of protection. It should therefore apply to credits secured by real estate, or credits which are used to purchase a property in some Member States and to credits for the renovation of residential property that are not covered by Directive 2008/48/EC of the European Parliament and of the Council of 23 April 2008 on credit agreements for consumers and repealing Council Directive 87/102/EEC27 which lays down rules at Union level concerning consumer credit agreements. Furthermore, this Directive should not be applied to certain types of credit agreements where the credit is granted by an employer to his employees under certain circumstances, as already provided in Directive 2008/48/EC.</p>	

	<p><u>(12) While this Directive should not cover the credit agreements whose purpose is to purchase or retain rights in immovable property or that are secured by the immovable property entirely used by a natural person in the context of his business, trade or profession, the freedom should be left to the Member States to decide whether they apply the provisions of this Directive to the credit agreements whose purpose is to purchase or retain rights in immovable property or that are secured by the immovable property primarily but not exclusively used or intended for use by the natural person in the context of his business, trade or profession.</u></p>		
<p>(10) This Directive should not apply to certain credit agreements that will eventually be repaid from the sale proceeds of an immovable property and whose primary objective is to facilitate consumption, such as equity release products or other equivalent specialised products. Such credit agreements have specific characteristics which are beyond the scope of this Directive. An assessment of the borrower's creditworthiness, for example, is irrelevant since the payments are made from the creditor to the borrower rather than the other way round. Such a transaction would also require, amongst other things, substantially different pre-contractual</p>	<p><u>(13) This Directive should not apply to certain credit agreements that will eventually be repaid from the sale proceeds of an immovable property and whose primary objective is to facilitate consumption, such as equity release products or other equivalent specialised products. Such credit agreements have specific characteristics which are beyond the scope of this Directive. An assessment of the borrower's creditworthiness, for example, is irrelevant since the payments are made from the creditor to the borrower rather than the other way round. Such a transaction would also require, amongst other things, substantially different pre-contractual information. Furthermore,</u></p>	<p>(10) This Directive should not apply to certain credit agreements [...] <b><i>where the creditor contributes a lump sum, periodic payments or other forms of credit disbursement in return for a sum deriving from the sale of a residential immovable property</i></b> and whose primary objective is to facilitate consumption, such as equity release products or other equivalent specialised products. Such credit agreements have specific characteristics which are beyond the scope of this Directive. An assessment of the borrower's creditworthiness, for example, is irrelevant since the payments are made from the creditor to the borrower rather than the other way round. Such a transaction would also require, amongst other things,</p>	

<p>information. Furthermore, other products, such as home reversions, which have comparable functions to reverse mortgages or lifetime mortgages do not involve the provision of credit and so would remain outside the scope of this Directive. However this Directive should apply to those secured loans whose primary objective is to facilitate the purchase of an immovable property, including those loans that do not require the reimbursement of the capital or those whose purpose is to provide temporary financing between the sale of one immovable property and the purchase of another.</p>	<p>other products, such as home reversions, which have comparable functions to reverse mortgages or lifetime mortgages do not involve the provision of credit and so would remain outside the scope of this Directive. [...] <u>The Directive should also not cover other explicitly listed types of niche credit agreements, that are different in their nature and risks involved from standard mortgage credits and therefore require tailored approach, notably credit agreements being outcome of a settlement reached in court or before another statutory authority; credits granted free of interest and without other charges, except costs that are directly related to the securing of the credit, such as the cost for registering the credit in a mortgage or land register and the legal fees; credits granted by the employers to their employees and credits granted by the government or a government appointed entity, or a public entity on non-commercial terms (i.e. under more favourable conditions that those prevailing on the market to support a public policy objective for a restricted public (for example, first-time buyers). Member States should, however, have the possibility to extend the scope of this Directive to such credit agreements. Credit agreements where the property is not to be occupied as a house, apartment or another place of residence by the</u></p>	<p>substantially different pre-contractual information. Furthermore, other products, such as home reversions, which have comparable functions to reverse mortgages or lifetime mortgages do not involve the provision of credit and so would remain outside the scope of this Directive. However this Directive should apply to those secured loans whose primary objective is to facilitate the purchase of an immovable property, including those loans that do not require the reimbursement of the capital or those whose purpose is to provide temporary financing between the sale of one immovable property and the purchase of another.</p>	
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	<p><u>consumer or a family member and is occupied as a house, apartment or another place of residence on a basis of a rental agreement, have risks and features that are different from standard credit agreements. Member States may therefore waive certain provisions of this directive to this kind of credit agreements, provided that an equivalent framework applies that ensures consumers receive complete, adequate and timely information on such credit agreements at the advertising and pre-contractual stage as well as adequate explanations.</u></p>		
		<p><i>(10a) It is also appropriate to allow Member States under certain conditions to exclude certain other credit agreements, such as those which are granted to a restricted public on advantageous terms or which are provided by credit unions, in order to provide an appropriate balance between the needs of financial stability and the single market on one hand and financial inclusion and access to credit on the other.</i></p>	
<p>(11) For reasons of legal certainty, the Union framework in the area of credit agreements relating to residential immovable property should be consistent with and complementary to other Union acts, particularly in the areas of consumer protection and prudential supervision. Essential</p>	<p>(14) For reasons of legal certainty, the Union <u>legal</u> framework in the area of credit agreements relating to [...] immovable property should be consistent with and complementary to other Union acts, particularly in the areas of consumer protection and prudential supervision. Essential</p>	<p>(11) For reasons of legal certainty, the Union framework in the area of credit agreements relating to residential immovable property should be consistent with and complementary to other Union acts, particularly in the areas of consumer protection and prudential supervision. <b><i>Certain essential</i></b> definitions [...] should be</p>	

<p>definitions of terms such as 'consumer', 'creditor', 'credit intermediary', 'credit agreements' and 'durable medium' as well as key concepts used in standard information to designate the financial characteristics of the credit, such as the total cost of the credit to the consumer, the total amount payable by the consumer, the annual percentage rate of charge and the borrowing rate, should be in line with those in Directive 2008/48/EC so that the same terminology refers to the same type of facts irrespective of whether the credit is a consumer credit or a credit relating to residential immovable property. Member States should therefore ensure in the transposition of this Directive that there is a consistency of application and interpretation.</p>	<p>definitions of terms such as 'consumer', 'creditor', 'credit intermediary', 'credit agreements' and 'durable medium' as well as key concepts used in standard information to designate the financial characteristics of the credit, such as the total <u>amount of credit</u>, the cost of the credit to the consumer, the total amount payable by the consumer, the annual percentage rate of charge and the borrowing rate, should be in line with those in Directive 2008/48/EC so that the same terminology refers to the same type of facts irrespective of whether the credit is a consumer credit or a credit relating to [...] immovable property. Member States should therefore ensure in the transposition of this Directive that there is a consistency of application and interpretation.</p>	<p>in line with those in Directive 2008/48/EC so that the same terminology refers to the same type of facts irrespective of whether the credit is a consumer credit or a credit relating to residential immovable property. Member States should therefore ensure in the transposition of this Directive that there is <i>an appropriate</i> consistency of application and interpretation.</p>	
		<p><i>11a. The definition of a 'credit intermediary' should not cover the mere referral of a consumer to a credit intermediary or creditor, if the person does not otherwise carry out the activities listed in the definition.</i></p>	
<p>(12) In order to ensure a consistent framework for consumers in the area of credit as well as to minimise the administrative burden for creditors and credit intermediaries, the core framework of this Directive should follow the structure of Directive 2008/48/EC, notably the notions that</p>	<p>(15) In order to ensure a consistent framework for consumers in the area of credit as well as to minimise the administrative burden for creditors and credit intermediaries, the core framework of this Directive should follow the structure of Directive 2008/48/EC, notably the notions that</p>	<p>(12) In order to ensure a consistent framework for consumers in the area of credit as well as to minimise the administrative burden for creditors and credit intermediaries, the core framework of this Directive should follow the structure of Directive 2008/48/EC <i>as far as possible</i>, notably the notions that</p>	

<p>information included in advertising concerning credit agreements relating to residential immovable property should be provided to the consumer by means of a representative example, that detailed pre-contractual information should be given to him by means of a standardised information sheet, that the consumer should receive adequate explanations before the conclusion of the credit agreement and that creditors should assess the consumer's creditworthiness before the provision of a loan. Similarly, non-discriminatory access for creditors to relevant credit databases should also be ensured in order to achieve a level playing field with the provisions as guaranteed by Directive 2008/48/EC. Similarly to Directive 2008/48/EC, this Directive should ensure the appropriate authorisation, registration and supervision of all creditors providing credit agreements relating to residential immovable property and should introduce requirements for the establishment of, and access to, out-of-court dispute resolution mechanisms.</p>	<p>information included in advertising concerning credit agreements relating to [...] immovable property [...] be provided to the consumer by means of a representative example, that detailed pre-contractual information be given to him by means of a standardised information sheet, that the consumer receives adequate explanations before [...] <u>concluding</u> of the credit agreement and that creditors [...] assess the consumer's creditworthiness before [...] <u>providing</u> a loan. Similarly, non-discriminatory access for creditors to relevant credit databases should also be ensured in order to achieve a level playing field with the provisions as guaranteed by Directive 2008/48/EC. Similarly to Directive 2008/48/EC, this Directive should ensure the appropriate [...] <u>approval process</u> and supervision of all creditors providing credit agreements relating to [...] immovable property and should introduce requirements for the establishment of, and access to, out-of-court dispute resolution mechanisms.</p>	<p>information included in advertising concerning credit agreements relating to residential immovable property should be provided to the consumer by means of a representative example, that detailed pre-contractual information should be given to him by means of a standardised information sheet, that the consumer should receive adequate explanations before the conclusion of the credit agreement, <b><i>that the basis for calculating the cost of credit should be harmonised and should exclude notary fees</i></b>, and that creditors should assess the consumer's creditworthiness before the provision of a loan. Similarly, non-discriminatory access for creditors to relevant credit databases should also be ensured in order to achieve a level playing field with the provisions as guaranteed by Directive 2008/48/EC. Similarly to Directive 2008/48/EC, this Directive should ensure the appropriate authorisation, registration and supervision of all creditors providing credit agreements relating to residential immovable property and should introduce requirements for the establishment of, and access to, out-of-court dispute resolution mechanisms.</p>	
<p>(13) This Directive should supplement Directive 2002/65/EC of the European Parliament and of the Council of 23 September 2002 concerning the distance marketing of consumer financial services and amending Council Directive 90/619/EEC and Directives 97/7/EC and 98/27/EC28</p>	<p>(16) This Directive should supplement Directive 2002/65/EC of the European Parliament and of the Council of 23 September 2002 concerning the distance marketing of consumer financial services and amending Council Directive 90/619/EEC and Directives 97/7/EC and 98/27/EC</p>	<p>(13) This Directive should supplement Directive 2002/65/EC of the European Parliament and of the Council of 23 September 2002 concerning the distance marketing of consumer financial services and amending Council Directive 90/619/EEC and Directives 97/7/EC and 98/27/EC which requires <b><i>that in distance</i></b></p>	

<p>which requires that the consumer be informed of the existence or absence of a right of withdrawal and foresees a right of withdrawal. However, while Directive 2002/65/EC foresees the possibility for the supplier to communicate pre-contractual information after the conclusion of the contract, this would be inappropriate for contracts for credit agreements relating to residential immovable property given the significance of the financial commitment for the consumer. Furthermore, as foreseen in Directive 85/577/EEC of 20 December 1985 to protect the consumer in respect of contracts negotiated away from business premises (Doorstep Selling Directive)<sup>29</sup>, consumers should have a right of withdrawal for credit agreements relating to residential immovable property concluded off-premises and should be informed about the existence of that right.</p>	<p>which requires that the consumer be informed of the existence or absence of a right of withdrawal and foresees a right of withdrawal. However, while Directive 2002/65/EC foresees the possibility for the supplier to communicate pre-contractual information after the conclusion of the contract, this would be inappropriate for contracts for credit agreements relating to [...] immovable property given the significance of the financial commitment for the consumer. [...] <u>This Directive should not affect national general contract law such as the rules on the validity, formation or effect of a contract, insofar as general contract law aspects are not regulated in this Directive.</u></p>	<p><i>sales a</i> consumer be informed of the existence or absence of a right of withdrawal and foresees a right of withdrawal. However, while Directive 2002/65/EC foresees the possibility for the supplier to communicate pre-contractual information after the conclusion of the contract, this would be inappropriate for contracts for credit agreements relating to residential immovable property given the significance of the financial commitment for the consumer. Furthermore, <i>in addition to their rights under this Directive</i>, as foreseen in Directive 85/577/EEC of 20 December 1985 to protect the consumer in respect of contracts negotiated away from business premises (Doorstep Selling Directive), consumers should have a right of withdrawal for credit agreements relating to residential immovable property concluded off-premises and should be informed about the existence of that right.</p>	
<p>(14) At the same time, it is important take into consideration the specificities of credit agreements relating to residential immovable property which justify a differentiated approach. Given the nature and the possible consequences of a credit agreement relating to residential immovable property for the consumer, advertising materials and personalised pre-contractual information should include</p>	<p>(17) At the same time, it is important to take into consideration the specificities of credit agreements relating to [...] immovable property which justify a differentiated approach. Given the nature and the possible consequences of a credit agreement relating to immovable property for the consumer, [...] personalised pre-contractual information <u>and, if assessed as appropriate by the Member States, also</u></p>	<p>(14) At the same time, it is important <i>to</i> take into consideration the specificities of credit agreements relating to residential immovable property which justify a differentiated approach. Given the nature and the possible consequences of a credit agreement relating to residential immovable property for the consumer, advertising materials and personalised pre-contractual information should include <i>adequate</i> specific risk warnings, for</p>	

<p>specific risk warnings, for instance about the nature and implications of taking out a security. Following what already existed as a voluntary approach by the industry concerning home loans, general pre-contractual information should be made available at all times in addition to the personalised pre-contractual information. Furthermore, a differentiated approach is justifiable in order to take into consideration the lessons learnt from the financial crisis in order to ensure that loan origination takes place in a sound manner. In this respect, the provisions on the creditworthiness assessment should be strengthened in comparison to consumer credit, more precise information should be provided by credit intermediaries on their status and relationship with the creditors in order to disclose potential conflicts of interest, and all actors involved in the origination of credit agreements relating to residential immovable property should be adequately authorised, registered and supervised.</p>	<p><u>advertising materials</u>, should include specific risk warnings, for instance about the nature and implications of taking out a security. Following what already existed as a voluntary approach by the industry concerning home loans, general pre-contractual information should be made available at all times in addition to the personalised pre-contractual information. Furthermore, a differentiated approach is [...] <u>justified</u> in order to take into consideration the lessons learnt from the financial crisis in order to ensure that loan origination takes place in a sound manner. In this respect, the provisions on the creditworthiness assessment should be strengthened in comparison to consumer credit, more precise information should be provided by credit intermediaries on their status and relationship with the creditors in order to disclose potential conflicts of interest, and all actors involved in the origination of credit agreements relating to [...] immovable property should be adequately authorised, registered and supervised.</p>	<p>instance about the nature and implications of taking out a security. Following what already existed as a voluntary approach by the industry concerning home loans, general pre-contractual information should be made available at all times in addition to the personalised pre-contractual information. Furthermore, a differentiated approach is justifiable in order to take into consideration the lessons learnt from the financial crisis in order to ensure that loan origination takes place in a sound manner. In this respect, the provisions on the creditworthiness assessment should be strengthened in comparison to consumer credit, more precise information should be provided by credit intermediaries on their status and relationship with the creditors in order to disclose potential conflicts of interest, and all actors involved in the origination of credit agreements relating to residential immovable property should be adequately authorised, registered and supervised.</p>	
		<p><i>(14a) It is also necessary to regulate some additional areas to reflect the specificity of loans related to residential immovable property. Given the significance of the transaction it is necessary to ensure that consumers have adequate time for reflection before committing themselves</i></p>	

		<p><i>to taking out a loan. It is also important to prevent practices which may induce consumers to enter into a credit agreement which is not in their best interests, such as tying of certain products, without restricting product bundling which can benefit consumers. It is also important to ensure that the residential immovable property is appropriately valued before the conclusion of the credit agreement and, where the valuation affects the residual obligation of the consumer, on default. It is also appropriate to regulate the handling of arrears and defaults. Member States should be permitted to maintain or introduce requirements in relation to the process to be followed in relation to arrears and foreclosure or the options which must be pursued prior to initiating foreclosure proceedings in relation to a property situated in their territory.</i></p>	
<p>(15) Intermediaries often engage in more activities than just credit intermediation, in particular insurance intermediation or investment services provision. This Directive should therefore also ensure a degree of coherence with Directive 2002/92/EC of the European Parliament and of the Council of 9 December 2002 on insurance mediation and Directive 2004/39/EC of the European Parliament and of the Council of 21 April 2004 on markets in financial</p>	<p>(18) Intermediaries often engage in more activities [...] <u>than</u> just credit intermediation, in particular insurance intermediation or investment services provision. This Directive should therefore also ensure a degree of coherence with Directive 2002/92/EC of the European Parliament and of the Council of 9 December 2002 on insurance mediation and Directive 2004/39/EC of the European Parliament and of the Council of 21 April 2004 on markets in financial</p>	<p>(15) Intermediaries often engage in more activities than just credit intermediation, in particular insurance intermediation or investment services provision. This Directive should therefore also ensure a degree of coherence with Directive 2002/92/EC of the European Parliament and of the Council of 9 December 2002 on insurance mediation and Directive 2004/39/EC of the European Parliament and of the Council of 21 April 2004 on markets in financial instruments amending Council Directives 85/611/EEC and</p>	

<p>instruments amending Council Directives 85/611/EEC and 93/6/EEC and Directive 2000/12/EC of the European Parliament and of the Council and repealing Council Directive 93/22/EEC. In particular, prudential requirements for intermediaries should be broadly in line with Directive 2002/92/EC in order to simplify the process of establishing as a credit intermediary and operating cross-border.</p>	<p>instruments amending Council Directives 85/611/EEC and 93/6/EEC and Directive 2000/12/EC of the European Parliament and of the Council and repealing Council Directive 93/22/EEC. [...] <u>To the extent that this Directive relates to the full and unconditional responsibilities placed on creditors and credit intermediaries for the activities of tied credit intermediaries or appointed representatives, such responsibilities should not extend to activities outside the scope of this Directive unless Member States should choose to do so.</u></p>	<p>93/6/EEC and Directive 2000/12/EC of the European Parliament and of the Council and repealing Council Directive 93/22/EEC. In particular, [...] <b><i>credit institutions and insurance</i></b> intermediaries should [...] <b><i>not require a separate authorisation to operate as a credit intermediary</i></b> in order to simplify the process of establishing as a credit intermediary and operating cross-border.</p>	
		<p><b><i>(15a) In order to increase the ability of consumers to make informed decisions for themselves about borrowing and managing debt responsibly, Member States should work with stakeholders to facilitate and promote the education of consumers in those areas. Member States should in particular ensure that assistance is available for vulnerable and less experienced consumers, such as first-time buyers.</i></b></p>	
<p>(16) The applicable legal framework should give consumers the confidence that creditors and credit intermediaries are acting in the best interests of the consumer. A key aspect of ensuring such consumer confidence is the requirement to ensure a high degree of fairness, honesty and professionalism in the industry. While this Directive</p>	<p>(19) The applicable legal framework should give consumers the confidence that creditors and credit intermediaries [...] <u>consider [...] the interests of the consumer, taking into account the information available to the creditor and credit intermediary at that moment in time and based on reasonable assumptions as to the consumer's</u></p>	<p>(16) The applicable legal framework should give consumers the confidence that creditors and credit intermediaries are acting in the [...] interests of the consumer. A key aspect of ensuring such consumer confidence is the requirement to ensure a high degree of fairness, honesty and professionalism in the industry, <b><i>appropriate management of conflicts of</i></b></p>	

<p>should require relevant knowledge and competence to be proven at the level of the institution, Member States should be free to introduce or maintain such requirements applicable to individual natural persons.</p>	<p><u>situation over the term of the proposed credit agreement. For example it could also imply among other things that creditors should not market the credit so that the marketing significantly impairs or is likely to impair the consumer's ability to carefully consider the taking of the loan; or that the creditor should not use the granting of the credit as a main method of marketing when marketing goods, services or immovable property to consumers.</u> A key aspect of ensuring such consumer confidence is the requirement to ensure a high degree of fairness, honesty and professionalism in the industry.</p>	<p><i>interest including those arising from remuneration, and to require advice to be given in the best interests of the consumer.</i> While this Directive should require relevant knowledge and competence to be proven at the level of the institution, Member States should be free to introduce or maintain such requirements applicable to individual natural persons.</p>	
	<p><u>(20) This Directive should require relevant knowledge and competence to be proven at the level of the institution. Member States should be free to introduce or maintain such requirements applicable to individual natural persons. However Member States shall ensure that creditors and credit intermediaries require natural persons working for them, having contacts with consumers and engaged in the activities covered by this Directive, to possess adequate level of knowledge and competence in order to ensure a high level of professionalism. Member States should establish minimum knowledge and competence requirements for creditors' and credit</u></p>		

	<p><u>intermediaries' staff, taking into account the minimum knowledge and competence requirements set out in this Directive. In this context, staff means employees of the creditor, credit intermediary or appointed representative as well as outsourced personnel, working for and within the creditor, credit intermediary or appointed representative, who has contacts with consumers and engage in the activities covered by this Directive as well as any person directly managing or supervising those individuals and engaged in the activities covered by this Directive; consequently this would exclude managers such as those responsible for human resources. Member States may allow creditors and credit intermediaries to differentiate between the levels of minimum knowledge requirements according to the involvement in carrying out particular services or processes.</u></p>		
	<p><u>(20a) Where a creditor or credit intermediary provides its services within the territory of another Member State under the freedom to provide services, the home Member State shall be responsible for establishing the minimum knowledge and competence requirements applicable to the staff. However host Member States who deem it necessary, may establish their own competence requirements in</u></p>		

	<u>certain areas applicable to creditors and credit intermediaries that provide its services within the territory of that Member State under the freedom to provide services.</u>		
	<u>(20b) Member States shall ensure that creditors and credit intermediaries are supervised on an ongoing basis in order to assess whether they make sure that their staff comply with the knowledge and competence requirements. For that purpose creditors and credit intermediaries shall on request at least provide the competent authority a written, sufficient documentation on the fulfilment of the knowledge and competence requirements. However to ensure the functioning of the internal market and in line with the principle of proportionality the directive does not oblige Member States to request this documentation before the creditor or credit intermediary start carrying out their activities.</u>		
	<u>(21) The way the creditors and credit intermediaries remunerate their staff should constitute one of the key aspects of ensuring consumer confidence in financial sector. This Directive provides the rules for staff remuneration, with the aim to limit miss-selling practices and to ensure that the way staff is remunerated does not impede compliance with the obligation</u>		

	<p><u>to consider the interests of the consumer. In particular the creditors and credit intermediaries should not design their remuneration policies in a way that would incentivise their staff to conclude a given number or type of credit agreements or to offer particular ancillary services to the consumers with no explicit consideration of consumer's interests and needs. In this context, Member States may find it necessary to decide that a particular practice, for example, tied intermediaries collecting fees, is against the interests of a consumer. Member States may also specify that the remuneration received by staff should not be dependent on the rate or the type of credit agreement concluded with the consumer.</u></p>		
	<p><u>(22) This Directive provides for harmonised rules as regards the fields of knowledge and competence that creditors' and credit intermediaries' staff should possess in relation to the offering, granting and intermediation of a credit agreement. This Directive does not provide for specific arrangements directly related to the recognition of professional qualifications obtained by an individual in one Member State in order to meet the knowledge and competence requirements in another Member State. Directive 2005/36/EC on the recognition of professional qualifications should therefore continue</u></p>		

	<u>to apply concerning the conditions for recognition and the compensation measures that a host Member State may require from an individual whose qualification has not been issued within its jurisdiction.</u>		
(17) Creditors and credit intermediaries frequently use advertisements, often featuring special terms and conditions, to attract consumers to a particular product. Consumers should, therefore, be protected against unfair or misleading advertising practices and should be able to compare advertisements. Specific provisions on the advertising of credit agreements relating to residential immovable property and a list of items to be included in advertisements and marketing materials directed at consumers are necessary to enable them to compare different offers. Such provisions take into account the specificities of credit agreements relating to residential immovable property, for instance, the fact that if the loan repayments are not met, there is a risk of the consumer losing the property. Member States should remain free to introduce or maintain disclosure requirements in their national laws regarding advertising which does not contain information on the cost of credit.	(23) Creditors and credit intermediaries frequently use advertisements, often featuring special terms and conditions, to attract consumers to a particular product. Consumers should, therefore, be protected against unfair or misleading advertising practices and should be able to compare advertisements. Specific provisions on the advertising of credit agreements relating to [...] immovable property and a list of items to be included in advertisements and marketing materials directed at consumers are necessary to enable them to compare different offers. [...] Member States should remain free to introduce or maintain disclosure requirements in their national laws regarding advertising which does not <u>indicate an interest rate or contain any figures relating to the cost of credit.</u>	(17) Creditors and credit intermediaries frequently use advertisements, often featuring special terms and conditions, to attract consumers to a particular product. Consumers should, therefore, be protected against unfair or misleading advertising practices and should be able to compare advertisements. Specific <i>final</i> provisions on the advertising of credit agreements relating to residential immovable property and credit agreements secured by mortgages, and a list of items to be included in advertisements and marketing materials directed at consumers <i>where such advertising specifies interest rates and costs</i> , are necessary to enable them to compare different offers. <i>Except for those specific final provisions, Member States should remain free to provide for information requirements in their national laws.</i> Such provisions should take into account the specificities of credit agreements relating to residential immovable property.	
(18) Advertising tends to focus on one	(24) Advertising tends to focus on one	(18) Advertising tends to focus on one or	

<p>or several products in particular, while consumers should be able to make their decisions in full knowledge of the range of credit products on offer. In this respect, general information plays an important role in educating the consumer in the broad range of products and services available from a particular creditor or credit intermediary and the key features thereof. Consumers should therefore be able at all times to access general information on the credit products available. They should further receive personalised information in good time prior to the conclusion of the credit agreement in order to enable them to compare and reflect on the characteristics of credit products.</p>	<p>or several products in particular, while consumers should be able to make their decisions in full knowledge of the range of credit products on offer. In this respect, general information plays an important role in educating the consumer in the broad range of products and services available [...] and the key features thereof. Consumers should therefore be able at all times to access general information on credit products available. [...] <u>Although this requirement is not applicable to non-tied credit intermediaries due to the possibility of an infinite number of credit agreements that could be presented by them, this is without prejudice to the fact that non-tied credit intermediaries are still obliged to provide consumers with personalised pre-contractual information.</u></p>	<p>several products in particular, while consumers should be able to make their decisions in full knowledge of the range of credit products on offer. In this respect, general information plays an important role in educating the consumer in the broad range of products and services available from a particular creditor or credit intermediary and the key features thereof. Consumers should therefore be able at all times to access general information on the credit products available. [...]</p>	
		<p><i>(18a) Consumers should further receive personalised information in good time prior to the conclusion of the credit agreement in order to enable them to compare and reflect on the characteristics of credit products. In accordance with the Commission Recommendation 2001/193/EC on pre-contractual information to be given to consumers by lenders offering home loans<sup>1</sup>, the Commission monitored the European Standardised Information Sheet (ESIS) which provides information, personalised for the borrower, on the credit agreement</i></p>	

		<p><i>being provided. Evidence collected by the Commission highlighted the need to revise the content and presentation of the ESIS to ensure that it is clear, understandable and contains all information found to be relevant for consumers. The content and layout of the ESIS should incorporate the necessary improvements identified during consumer testing in all Member States. The structure of the sheet, in particular, the order of the information items, should be revised, the wording should be more user-friendly, while sections, such as 'nominal rate' and 'annual percentage rate of charge', should be merged and new sections, such as 'risks and warnings', should be added.</i></p> <p><sup>1</sup> OJ L 69, 10.3.2001, p. 25.</p>	
		<p><i>(18b) In order to allow the consumer to compare an offer with other offers, obtain third party advice if necessary, assess its implications and take an informed decision on whether to accept the offer regardless of the means of conclusion of the contract, it is necessary to provide for a minimum period of reflection for consumers. Where consumers conclude a credit agreement before the end of the reflection period a right of withdrawal should be provided. However, in order to accommodate the specificities of property transactions in Member States and the potential close link between the credit</i></p>	

		<i>agreement and an associated property transaction, Member States should be able to provide that the right of withdrawal ceases to apply where the consumer undertakes any action, whether through a notary or otherwise, which under national law results in the transfer of a right in a property connected to or using funds obtained under the credit agreement.</i>	
(19) In order to ensure a level playing field and in order for the consumer's decision to be based on the details of the credit products on offer rather than on the distribution channel through which such credit products are accessed, consumers should receive information on the credit regardless of whether they are dealing directly with a creditor or a credit intermediary.	<u>(25)</u> In order to ensure a level playing field and in order for the consumer's decision to be based on the details of the credit products on offer rather than on the distribution channel through which such credit products are accessed, consumers should receive information on the credit regardless of whether they are dealing directly with a creditor or with a credit intermediary.	(19) In order to ensure a level playing field and in order for the consumer's decision to be based on the details of the credit products on offer rather than on the distribution channel through which such credit products are accessed, consumers should receive information on the credit regardless of whether they are dealing directly with a creditor or a credit intermediary.	
(20) The Commission Recommendation 2001/193/EC on pre-contractual information to be given to consumers by lenders offering home loans <sup>32</sup> endorsed the Voluntary Code agreed in 2001 between associations and federations representing lenders and consumers and which contains a European Standardised Information Sheet (ESIS). This provides information, personalised for the borrower, on the credit agreement being provided. In its Recommendation, the Commission committed to monitoring compliance	(26) The Commission Recommendation 2001/193/EC of 1 March 2001 on pre-contractual information to be given to consumers by lenders offering home loans endorsed the Voluntary Code agreed in 2001 between associations and federations representing lenders and consumers and which contains a European Standardised Information Sheet (ESIS). This provides personalised information for the borrower, on the credit agreement being provided. In its Recommendation, the Commission	[...]	

<p>with the Code as well as its effectiveness, and to consider presenting binding legislation should the terms of the Recommendation not be fully complied with. Evidence collected by the Commission has since highlighted the need to revise the content and presentation of the ESIS to ensure that it is clear, understandable and contains all information found to be relevant for consumers. The content and layout of the ESIS should incorporate the necessary improvements identified during consumer testing in all Member States. The structure of the sheet (in particular, the order of the information items) should be revised, the wording should be more user-friendly, while sections, such as 'nominal rate' and 'annual percentage rate of charge', should be merged and new sections, such as 'external complaint body' and 'risks and warnings', should be added.</p>	<p>committed itself to monitoring compliance with the Code as well as its effectiveness, and to considering submitting a proposal for binding legislation to the European Parliament and the Council should the terms of the Recommendation not be fully complied with. Evidence collected by the Commission has since highlighted the need to revise the content and presentation of the ESIS to ensure that it is clear, understandable and contains all information found to be relevant for consumers. The content and layout of the ESIS should incorporate the necessary improvements identified during consumer testing in all Member States. The structure of the sheet (in particular, the order of the information items) should be revised, while sections, such as 'nominal rate' and 'annual percentage rate of charge', should be merged and new information, such as information on risk warnings, should be added. <u>An illustrative repayment table should be provided to consumer as part of the ESIS; however, Member States may provide that the provision of such an illustrative repayment table in the ESIS is not compulsory for credit agreements with a borrowing rate that is not fixed for the duration of the contract.</u></p>		
	<p><u>(27) Consumer research has underlined the importance of using simple and</u></p>		

	<p><u>understandable language in disclosures provided to consumers. For this reason, the terms used in the European Standardised Information Sheet are not necessarily the same as the legal terms defined in this Directive. For example, 'creditor' is replaced by 'lender' and 'consumer' is replaced by 'borrower'.</u></p>		
	<p><u>(28) The ESIS includes information on credit agreements related to immovable property. On other products or services that might be offered with the credit agreement, as conditions for obtaining the credit agreement related to immovable property, or offered so as to obtain that agreement at a lower interest rate, such as fire or life insurance, detailed information is not contained in the ESIS. These provisions do not exempt the provision of information where there are harmonised rules either at the Union level or other national measures on the information to be provided in relation to other financial services, including insurance or investment products. Where no harmonised provisions exist, Member States should be free to maintain or introduce national legislation. For instance, Member States may require the provision of information to the consumer about the level of usury rates at the pre-contractual stage or information which might be useful for financial education purposes or out-of-</u></p>		

	<p><u>court settlements. Such information should however be given in a separate document which may be annexed to the ESIS. Member States should be able to rephrase the ESIS, without changing its contents and the order in which information is provided, when this is needed in order to employ a language which might be better understandable for consumers.</u></p>		
	<p><u>(29) In order to ensure that the ESIS provides the consumer with all relevant information to make an informed choice, the creditor should follow the instructions set out in this Directive when completing the ESIS. Member States may elaborate or further specify the instructions for completing the ESIS on the basis of the instructions set out in this Directive. For instance, Member States may further specify the information to be given in order to describe the 'type of borrowing rate' in order to take into account the specificities of the national products and market. However, such further specifications should not be contrary to the instructions contained in this Directive nor imply any change in the text of the ESIS model, which should be reproduced as such by the creditor. Member States may also add further warnings on credit agreements, adapted to their national market and practices, where such warnings are not already</u></p>		

	<p>covered by the ESIS. Member States <u>may provide that the creditor should be bound by the information provided for in the ESIS, provided that the creditor decides to grant the credit.</u></p>		
	<p><u>(30) Consumer should receive information by means of the ESIS without undue delay after he has delivered the necessary information on his needs, financial situation and preferences and in good time before the consumer is bound by any credit agreement or offer, in order to enable him to compare and reflect on the characteristics of credit products. In particular when binding offer is provided to the consumer, it shall be accompanied by the ESIS, unless it has already been delivered to the consumer and the characteristics of the offer are consistent with the information previously provided by means of the ESIS. However Member States may provide for the obligatory provision of the ESIS both before the provision of any binding offer and together with the binding offer. The information provided to the consumer in the ESIS should be personalised, taking into account his needs, financial situation and preferences. The provision of personalised information through an ESIS does not imply an obligation to provide advice. Credit agreement should only be concluded if the consumer has had sufficient time to</u></p>		

	<p><u>compare the offers, assess their implications and take an informed decision on whether to accept an offer, regardless of the means of conclusion of the contract. In order to achieve this objective Member States may regulate the period of time regarded as sufficient for the consumer to compare the offers, assess their implications and take an informed decision on whether to accept an offer.</u></p>		
	<p><u>(30a) Where the consumer has a secured credit agreement for the purchase of property or land and the duration of the security is longer than that of the credit agreement, and where the consumer can decide to withdraw the repaid capital again subject to signature of a new credit agreement, a new ESIS disclosing the new APRC and based on the specific characteristics of the new credit agreement should be provided to the consumer before the signature of the new credit agreement.</u></p> <p><u>(30b) A credit intermediary or appointed representative should upon request of the consumer, provide the consumer with a copy of the draft credit agreement, in good time before the conclusion of the credit agreement. However Member States may provide that the provision of a copy of the draft credit agreement is obligatory.</u></p>		

<p>(21) In order to ensure the fullest possible transparency and to prevent abuses arising from possible conflicts of interest when consumers use the services of credit intermediaries, the latter should be subject to certain information disclosure obligations prior to the performance of their services. Such disclosures should include information on their identity and links with creditors, for instance whether they are considering products from a broad range of creditors or only from a more limited number of creditors. Those credit intermediaries that are not tied to one creditor or one group of creditors should further disclose to consumers information on the existence of commissions payable by creditors for whom they are acting and the possible variations within those commissions.</p>	<p>(31) In order to ensure the fullest possible transparency and to prevent abuses arising from possible conflicts of interest when consumers use the services of credit intermediaries, the latter should be subject to certain information disclosure obligations prior to the performance of their services. Such disclosures should include information on their identity and links with creditors, for instance whether they are considering products from a broad range of creditors or only from a more limited number of creditors. [...] <u>The credit intermediaries [...] should further disclose to consumers information on the [...] amounts of commissions payable by creditors for whom they are acting [...] . When it is not possible to specify the amount of the commission credit intermediary shall inform the consumer of the method of its calculation and disclose its level. Such information may be provided to the consumer as a integral part of the pre-contractual information as specified in preceding recitals. Consumers should also be informed of any payments they should make to credit intermediaries (fees) in relation to its services. Without prejudice to competition law, Member States should be free to introduce or maintain provisions prohibiting the payment of fees by consumers to some or all categories of credit intermediary.</u></p>	<p>(21) In order to ensure the fullest possible transparency and to prevent abuses arising from possible conflicts of interest when consumers use the services of credit intermediaries, the latter should be subject to certain information disclosure obligations prior to the performance of their services. Such disclosures should include information on their identity and links with creditors, for instance whether they are considering products from a broad range of creditors or only from a more limited number of creditors. Those credit intermediaries that are not tied to one creditor or one group of creditors should further disclose to consumers information on the existence of commissions payable by creditors for whom they are acting and the possible variations within those commissions.</p>	
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<p>(22) The consumer may still need additional assistance in order to decide which credit agreement, within the range of products proposed, is the most appropriate for his needs and financial situation. Creditors, and where the transaction is through a credit intermediary, credit intermediaries should provide such assistance in relation to the credit products which they offer to the consumer. The relevant information, as well as the essential characteristics of the products proposed, should therefore be explained to the consumer in a personalised manner so that the consumer can understand the effects which they may have on his economic situation. Member States could determine when and to what extent such explanations are to be given to the consumer, taking into account the particular circumstances in which the credit is offered, the consumer's need for assistance and the nature of individual credit products.</p>	<p>(32) [...]A consumer may still need additional assistance in order to decide which credit agreement, within the range of products proposed, is the most appropriate for his needs and financial situation. Creditors, and where the transaction is through a credit intermediary, credit intermediaries should provide such assistance in relation to the credit products which they offer to the consumer. The relevant information, as well as the essential characteristics of the products proposed, should therefore be explained to the consumer in a personalised manner so that the consumer can understand the effects which they may have on his economic situation. [...] <u>In order to determine [...] the level of explanations [...] to be given to the consumer [...] and adjust such explanations accordingly the creditors and, where applicable, credit intermediaries should carry out the assessment of the consumer's level of knowledge of and experience with credit.</u></p>	<p>(22) The consumer may still need additional assistance in order to decide which credit agreement, within the range of products proposed, is the most appropriate for his needs and financial situation. Creditors, and where the transaction is through a credit intermediary, credit intermediaries should provide assistance in relation to the credit products which they offer to the consumer <b>by explaining</b> the relevant information <b>including</b> the essential characteristics of the products proposed to the consumer in a personalised manner so that the consumer can understand the effects which they may have on his economic situation. Member States could determine when and to what extent such explanations are to be given to the consumer, taking into account the particular circumstances in which the credit is offered, the consumer's need for assistance and the nature of individual credit products. <b>Such explanation and provision of personalised information should not necessarily constitute a personal recommendation</b></p>	
<p>(23) In order to promote the establishment and functioning of the internal market and to ensure a high degree of protection for consumers throughout the Union, it is necessary to ensure the comparability of</p>	<p>(33) In order to promote the establishment and functioning of the internal market and to ensure a high degree of protection for consumers throughout the Union, it is necessary to ensure the comparability of information</p>	<p>(23) In order to promote the establishment and functioning of the internal market and to ensure a high degree of protection for consumers throughout the Union, it is necessary to <b>uniformly</b> ensure the comparability of information relating to</p>	

<p>information relating to annual percentage rates of charge throughout the Union. The total cost of the credit to the consumer should comprise all the costs that the consumer has to pay in connection with the credit agreement, except for notarial costs. It should therefore include interest, commissions, taxes, fees for credit intermediaries and any other fees as well as the cost of insurance or other ancillary products, where these are obligatory in order to obtain the credit on the terms and conditions marketed. As the annual percentage rate of charge can at the pre-contractual stage be indicated only through an example, such an example should be representative. Therefore, it should correspond, for instance, to the average duration and total amount of credit granted for the type of credit agreement under consideration. Given the complexities of calculating an annual percentage rate of charge (for instance, for credits based on variable interest rates or non-standard amortisation) and in order to be able to accommodate product innovation, technical regulatory standards could be employed to amend or specify the method of calculation of the annual percentage rate of charge. The definition of and methodology used for calculating the annual percentage rate of charge in this Directive should</p>	<p>relating to annual percentage rates of charge throughout the Union.  <u>(34) The total cost of the credit to the consumer should comprise all the costs that the consumer has to pay in connection with the credit agreement [...] and which are known to the creditor, such as interest, commissions, taxes, fees for credit intermediaries, the costs of property valuation for a mortgage and any other fees, [...] except for notarial fees. It should also include the cost of any insurance or other ancillary products that the consumer is required to pay where the conclusion of the service contract is [...] obligatory in order to obtain the credit, e.g. life insurance, or to obtain it on the terms and conditions marketed, e.g. fire insurance. The provisions of this directive concerning ancillary products and services (eg. the provisions concerning the costs of opening and maintaining a bank account) should be without prejudice to the national and Union regulations on unfair contractual terms, specifically in Directive 2005/29/EC and Directive 93/13/EC. The total cost of the credit to the consumer should exclude costs that the consumer pays in relation to the purchase of the immovable property or land, such as the costs of land registration, taxes associated with the purchase and notarial costs associated therewith. The creditor's actual</u></p>	<p>annual percentage rates of charge throughout the Union. The total cost of the credit to the consumer should comprise all the costs that the consumer has to pay in connection with the credit agreement, except for <b>registration fees and</b> notarial costs. It should therefore include interest, commissions, taxes, fees for credit intermediaries and any other fees as well as the cost of insurance <b>the valuation of the property</b> or other ancillary products, where these are obligatory in order to obtain the credit on the terms and conditions marketed. As the annual percentage rate of charge can at the pre-contractual stage be indicated only through an example, such an example should be representative. Therefore, it should correspond, for instance, to the average duration and total amount of credit granted for the type of credit agreement under consideration. Given the complexities of calculating an annual percentage rate of charge (for instance, for credits based on variable interest rates or non-standard amortisation) and in order to be able to accommodate product innovation, [...] <b>delegated acts could be used to amend the remarks or update the assumptions.</b> The definition of and methodology used for calculating the annual percentage rate of charge in this Directive should be [...] <b>as close as possible</b> to those in Directive 2008/48/EC in order to facilitate consumer understanding and comparison. Those definitions and methodologies may,</p>	
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<p>be the same as those in Directive 2008/48/EC in order to facilitate consumer understanding and comparison. Those definitions and methodologies may, however, differ in the future should Directive 2008/48/EC be modified at a later date. Member States are free to maintain or introduce prohibitions on unilateral changes to the borrowing rate by the creditor.</p>	<p><u>knowledge of the costs should be assessed objectively, taking into account the requirements of professional diligence. In this respect, the creditor should be presumed to have knowledge of the costs of the ancillary services which he offers to the consumer himself, or on behalf of a third party, unless the price thereof depends on the specific characteristics or situation of the consumer.</u></p>	<p>however, differ in the future should Directive 2008/48/EC be modified at a later date. Member States are free to maintain or introduce prohibitions on unilateral changes to the borrowing rate by the creditor.</p>	
	<p><u>(34a) If estimated information is used, the consumer should be made aware of this and that the information is expected to be representative of the type of agreement or practices under consideration. The additional assumptions for the calculation of the APRC aim to ensure that the annual percentage rate of charge is calculated in a consistent way and to ensure comparability. Additional assumptions are necessary for specific types of credit agreement, such as the amount, duration or the cost of the credit are uncertain or they vary depending on how the agreement is operated. Where the provisions in themselves do not suffice to calculate the annual percentage rate of charge, the creditor should use those additional assumptions provided in the Annex. However, given that the calculation of the APRC will depend on the terms of the individual credit agreement, only</u></p>		

	<u>those assumptions necessary and clearly addressing the situation of a given credit should be used.</u>		
	<u>(35) In order to further ensure a high degree of comparability of the APRC between offers from different creditors, the intervals between dates used in the calculation should not be expressed in days where they can be expressed as a whole number of years, months or weeks. Implicit in this context is that if certain time intervals are used in the APRC formula, those intervals shall also be used to ascertain the amounts of interest and other charges used in the formula. For this reason, creditors shall use the method of measurement of time intervals described in Annex I to obtain the figures for the payment of charges. However, this is only applicable for the purposes of calculation of the APRC and does not impact on the amounts actually charged by the creditor under the credit agreement. In case those numbers are different it may be necessary to explain them to the consumer in order to avoid misleading the consumer. This also implies that in the absence of non-interest charges, and assuming an identical method of calculation, that the APRC will be equal to the (effective) borrowing rate of the credit.</u>		
	<u>(36) As the annual percentage rate of charge at the advertising stage can be</u>		

	<p><u>indicated only through an example, such an example should be representative. The representative example used in advertising and marketing materials should correspond, for instance, to the average duration and total amount of credit granted for the type of credit agreement under consideration. When determining the representative example, the frequency of certain types of credit agreement in a specific market should also be taken into account. In such an instance, it may be preferable for each creditor to base the representative example on an amount of credit which is representative of that creditor's own product range and expected customer base, as these may vary considerably among creditors. As regards the annual percentage rate of charge disclosed in the ESIS, the preferences and information provided by the consumer should be taken into account. In such circumstances, the creditor or credit intermediary should make it clear whether the information provided is representative or binding to the creditor. In any case, the representative examples used by creditors should not be contrary to the requirements set out in Directive 2005/29/EC.</u></p>		
	<p><u>(37) Where the borrowing rate and charges may vary in a way that is unquantifiable at the time of the calculation of the APRC, the rates and</u></p>		

	<p><u>charges are assumed to remain fixed in relation to their initial level until the end of the credit agreement. This may be the case, for example, for a contract with an initial period of fixation, followed by an option for consumer to choose between fixed and variable rates at the end of the fixed period. Where there is a period of initial fixation, after which the rate adjusts according to an agreed and known indicator, including a creditor's standard variable interest rate where it exists, or index, or where a teaser rate is offered for a limited period or amount, the additional assumptions in this Directive should apply.</u></p>		
	<p><u>(38) In order to ensure consistency between the calculation of the annual percentage rate of charge for credit agreements for consumers and for credit agreements for consumers relating to immovable property, the assumptions used for calculating similar forms of credit agreement should be generally consistent. In this respect, Commission Directive 2011/90/EU of 14 November 2011 amending Part II of Annex I to Directive 2008/48/EC of the European Parliament and of the Council providing additional assumptions for the calculation of the annual percentage rate of charge<sup>22</sup>, modifying the assumptions for calculating the annual</u></p>		

	<p><u>percentage rate of charge should be incorporated in their entirety. While not all assumptions will necessarily apply to credit agreements relating to immovable property, product innovation in this sector is active and it is necessary to have the assumptions in place. Furthermore, for the purpose of calculating the annual percentage rate of charge, the identification of the most common drawdown mechanism should be based on reasonable expectations of the drawdown mechanism most frequently used by consumers for the type of product offered by that specific creditor. For existing products, the expectation should be based on the previous twelve months.</u></p>		
<p>(24) An assessment of creditworthiness should take into consideration all necessary factors that could influence a consumer's ability to repay over the lifetime of the loan including, but not limited to, the consumer's income, regular expenditures, credit score, past credit history, ability to handle interest rate adjustments, and other existing credit commitments. Additional provisions may be necessary to further elaborate on the different elements that may be taken into consideration in a creditworthiness assessment. Member States may issue guidance on the method and criteria to assess a</p>	<p>(39) An assessment of creditworthiness should take into consideration all necessary factors that could influence a consumer's ability to repay the <u>credit over its lifetime</u> [...] including, but not limited to, the consumer's income, <u>savings, assets, regular expenditures, debts and other financial commitments,</u> credit score, past credit history, ability to handle interest rate adjustments, and [...] <u>reasonable assumptions as to the consumer's situation over the term of the proposed credit agreement. The value of the property (the collateral) is an important element in ascertaining the amount of the credit that may be granted to a consumer under a secured</u></p>	<p>(24) <i>It is essential that the consumer's ability and propensity to repay the credit is assessed and verified before a credit agreement is concluded.</i> [...] <i>The assessment of creditworthiness should take into consideration all relevant</i> [...] <i>factors</i> [...] <i>over the lifetime of the loan</i> [...]. <i>In particular, the consumer's ability to service and fully repay the loan should include consideration of future payments needed due to negative amortisation or deferred payments of principal or interest, should not assume any appreciation in value unless the purpose of the credit agreement is to construct or renovate the immovable property and should be considered in the light of other</i></p>	

<p>consumer's creditworthiness, for example by setting limits on loan-to-value or loan-to-income ratios.</p>	<p><u>credit agreement. However, the creditworthiness assessment should focus on the consumer's ability to meet the obligations set out under the credit agreement. Consequently, the fact that the value of the property at the time of the creditworthiness assessment or in the future might exceed the credit amount should not generally be a sufficient condition to grant the credit in question. However, while in general the creditworthiness assessment should not be based on the assumption that the property will appreciate in value, where the purpose of a credit agreement is to construct or renovate an existing immovable property, the creditor should be able to consider this fact. Specific provisions may be necessary [...] for the different elements that may be taken into consideration in the creditworthiness assessment of certain types of credit agreements. For example, for credit agreements to purchase a property which explicitly state that the property is not to be occupied as a house, apartment or another place of residence by the consumer or a family member (buy-to-let agreements), Member States may decide to specify that future rental income is taken into account when assessing the consumer's ability to repay the loan. In those Member States where such a specification is not set out by national provisions, creditors may</u></p>	<p><i>expenditure and debts as well as savings and assets. Reasonable allowances should also be made for future events, such as a reduction in income where the loan term lasts into retirement or, where applicable, an increase in the interest rate or negative change to the exchange rate. Member States may issue additional guidance on [...] those or additional criteria and on methods [...] to assess a consumer's creditworthiness, for example by setting limits on loan-to-value or loan-to-income ratios. <b>The creditor's decision as to whether to grant the credit should be consistent with the outcome of the creditworthiness assessment. However, a positive creditworthiness assessment should not constitute an obligation for the creditor to provide credit.</b></i></p>	
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	<p><u>also decide to include a prudent assessment of future rental income. Member States are encouraged to implement the Financial Stability Board's Principles for Sound Residential Mortgage Underwriting Practices.</u> Member States may issue guidance on the method and criteria to assess a consumer's creditworthiness, for example by setting limits on loan-to-value or loan-to-income ratios. <u>The assessment of the consumer's creditworthiness should not imply the transfer to the creditor of the responsibility of the consumer for the non-compliance with his obligations resulting from the credit agreement. The provisions of this Directive are without prejudice to the national and Union regulations on the sound and prudent management of creditors.</u></p>		
<p>(25) A negative creditworthiness assessment should indicate to the creditor that the consumer is unable to afford the credit and as a consequence, the creditor should not grant the credit. Such a negative outcome may derive from a wide range of reasons, including but not limited to the consultation of a database or a negative credit score. A positive creditworthiness assessment should not constitute an obligation for the creditor to provide credit.</p>	<p><u>(40) The outcome of the creditworthiness assessment should effectively be taken into account by the creditor when deciding whether to make a credit agreement available to a consumer. For example, the capacity for the creditor to transfer part of the credit risk to a third party should not drive him to ignore the conclusions of the creditworthiness assessment by making a credit agreement available to a consumer who is likely not to be able to repay it. Member States may transpose this principle by requiring</u></p>	<p>[...]</p>	

	<p><u>supervisors to take relevant actions as part of the supervisory review process and to monitor the compliance of creditors' creditworthiness assessment procedures.</u></p>		
	<p><u>(41) The creditworthiness assessment shall be carried out on the basis of the necessary information obtained from various sources including from the consumer. In this respect consumers should provide information on their financial situation and economic circumstances to the creditor or intermediary in order to facilitate the creditworthiness assessment. The consumer should not be penalised where he is not in a position to provide certain information or assessments, for instance with regard the future evolution of his financial situation or when he has decided not to continue the application process for getting the loan. However Member States should provide for sanctions in particular cases where consumers knowingly provide incomplete or incorrect information in order to obtain a positive creditworthiness assessment where the complete and correct information would have resulted in a negative creditworthiness assessment, and are subsequently unable to fulfil the conditions of the agreement, and shall take all measures necessary to ensure that they are implemented.</u></p>		

<p>(26) Consumers should provide all available relevant information on their financial situation and personal circumstances to the creditor or intermediary in order to facilitate the creditworthiness assessment. The consumer should not, however, be penalised where he is not in a position to provide certain information or assessments of the future evolution of his financial situation. In situations where consumers knowingly provide incomplete or inaccurate information, Member States should be able to determine the appropriate penalties.</p>		<p>(26) [...] <i>In line with the recommendations of the Financial Stability Board, creditors should require consumers to provide [...] relevant information on their <b>income and</b> financial situation [...] in order to facilitate the creditworthiness assessment [...], since failure to do so will result in refusal of the credit they seek to obtain and the creditor should appropriately verify such information before granting the loan.</i> In situations where consumers knowingly provide incomplete or inaccurate information, Member States should be able to determine the appropriate penalties.</p>	
		<p><i>(26a) The Financial Stability Board has established principles to ensure that residential immovable property is appropriately valued. Member States should ensure that creditors value properties in accordance with those principles or other internationally accepted standards and that a register exists of professionally competent appraisers. It should be possible for that register to be operated by an appropriate professional association.</i></p>	
<p>(27) Consultation of a credit database is a useful element in the assessment of creditworthiness. Some Member States require creditors to assess the creditworthiness of consumers on the basis of a consultation of the relevant database. Creditors should also be able to consult the credit database over the</p>	<p><u>(42)</u> Consultation of a credit database is a useful element in the assessment of creditworthiness. Some Member States require creditors to assess the creditworthiness of consumers on the basis of a consultation of the relevant database. [...] Pursuant to Directive 95/46/EC of the European Parliament</p>	<p>(27) Consultation of a credit database is a useful element in the assessment of creditworthiness. Some Member States require creditors to assess the creditworthiness of consumers on the basis of a consultation of the relevant database. Creditors should also be able to consult the credit database over the lifetime of the</p>	

<p>lifetime of the loan in order to identify and assess the potential for default. In the event that such a potential is evident or objectively demonstrated, the creditor should contact the consumer to discuss the different options to avoid the possibility of default, such as a rescheduling of the loan. In any event, the creditor should not consider withdrawing the credit without having first explored all possible alternatives with the consumer to avoid default. Pursuant to Directive 95/46/EC of the European Parliament and of the Council of 24 October 1995 on the protection of individuals with regard to the processing of personal data and on the free movement of such data<sup>33</sup>, consumers should be informed by creditors of the consultation of the credit database prior to its consultation, and should have the right to access the information held on them in such a credit database in order to, where necessary, rectify, erase or block the personal data concerning them processed therein where it is inaccurate or has been unlawfully processed.</p>	<p>and of the Council of 24 October 1995 on the protection of individuals with regard to the processing of personal data and on the free movement of such data<sup>23</sup>, consumers should be informed by creditors of the consultation of the credit database prior to its consultation, and should have the right to access the information held on them in such a credit database in order to, where necessary, rectify, erase or block the personal data concerning them processed therein where it is inaccurate or has been unlawfully processed.</p>	<p>loan in order to identify and assess the potential for default. [...] Pursuant to Directive 95/46/EC of the European Parliament and of the Council of 24 October 1995 on the protection of individuals with regard to the processing of personal data and on the free movement of such data, consumers should be informed by creditors of the consultation of the credit database prior to its consultation, and should have the right to access the information held on them in such a credit database in order to, where necessary, rectify, erase or block the personal data concerning them processed therein where it is inaccurate or has been unlawfully processed.</p>	
<p>(28) To prevent any distortion of competition among creditors, it should be ensured that all creditors (including credit institutions or non-credit institutions providing credit agreements relating to residential</p>	<p>(43) To prevent any distortion of competition among creditors, it should be ensured that all creditors (including credit institutions or non-credit institutions providing credit agreements relating to [...] immovable property)</p>	<p>[...] [see 30a]</p>	

<p>immovable property) have access to all public and private credit databases concerning consumers under non-discriminatory conditions. Such conditions should not therefore include a requirement to be established as a credit institution. Access conditions, such as the costs of access or requirements for any request for information to be based upon a request for credit would continue to apply. Member States are free to determine whether, within their jurisdictions, credit intermediaries may also have access to such databases.</p>	<p>have access to all public and private credit databases concerning consumers under non-discriminatory conditions. Such conditions should not therefore include a requirement <u>for creditors</u> to be established as a credit institution. Access conditions, such as the costs of [...] <u>accessing the database or requirements to provide information to the database on the basis of reciprocity</u> <u>should</u> continue to apply. Member States are free to determine whether, within their jurisdictions, credit intermediaries may also have access to such databases.</p>		
<p>(29) Where a decision to reject an application for credit is based on data obtained through the consultation of a database or the lack of data therein, the creditor should inform the consumer thereof, of the name of the database consulted and of any other elements required by Directive 95/46/EC so as to enable the consumer to exercise his right to access and, where necessary, rectify, erase or block personal data concerning him and processed therein. Where a decision to reject an application for credit is based on an automated decision or on systematic methods such as credit scoring systems, the creditor should inform the consumer thereof and explain the logic involved in the decision and of the arrangements enabling the consumer to request the automated decision to be</p>	<p>(44) Where a decision to reject an application for credit is based on data obtained through the consultation of a database or the lack of data therein, the creditor should inform the consumer thereof, [...] <u>and provide</u> the name of the database consulted and of any other elements required by Directive 95/46/EC so as to enable the consumer to exercise his right to access and, where [...] <u>justified</u>, rectify, erase or block personal data concerning him and processed therein. Where a decision to reject an application for credit [...] <u>results from a negative creditworthiness assessment the creditor should inform the consumer of the rejection without undue delay. Member States should be free to decide whether they require creditors to provide further explanations on the reasons of the</u></p>	<p>(29) Where a decision to reject an application for credit is based on data obtained through the consultation of a database or the lack of data therein, the creditor should inform the consumer thereof, of the name of the database consulted and of any other elements required by Directive 95/46/EC so as to enable the consumer to exercise his right to access and, where necessary, rectify, erase or block personal data concerning him and processed therein. [...] However, the creditor should not be required to give such information when to do so would be prohibited by other Union legislation such as legislation on money laundering or the financing of terrorism. Neither should such information be provided where to do so would be contrary to the objectives of public policy or public security such as the prevention, investigation, detection or</p>	

<p>reviewed manually. However, the creditor should not be required to give such information when to do so would be prohibited by other Union legislation such as legislation on money laundering or the financing of terrorism. Neither should such information be provided where to do so would be contrary to the objectives of public policy or public security such as the prevention, investigation, detection or prosecution of criminal offences.</p>	<p><u>rejection.</u> However, the creditor should not be required to give such information when to do so would be prohibited by other Union legislation such as legislation on money laundering or the financing of terrorism. [...] <u>Such information should not</u> be provided where to do so would be contrary to the objectives of public policy or public security such as the prevention, investigation, detection or prosecution of criminal offences.</p>	<p>prosecution of criminal offences.</p>	
<p>(30) This Directive addresses the use of personal data in the context of the assessment of the consumer's creditworthiness. In order to ensure the protection of personal data, Directive 95/46/EC applies to the data processing activities carried out within the context of such assessments.</p>	<p><u>(45)</u> This Directive addresses the use of personal data in the context of the assessment of a consumer's creditworthiness. In order to ensure the protection of personal data, Directive 95/46/EC applies to the data processing activities carried out within the context of such assessments.</p>	<p>(30) This Directive addresses the use of personal data in the context of the assessment of the consumer's creditworthiness. In order to ensure the protection of personal data, Directive 95/46/EC applies to the data processing activities carried out within the context of such assessments.</p>	
		<p><i>(30a) To prevent any distortion of competition among creditors, it should be ensured that all creditors, including credit institutions or non-credit institutions providing credit agreements relating to residential immovable property, have access to all public and private credit databases concerning consumers under non-discriminatory conditions. Such conditions should not therefore include a requirement to be established as a credit institution. Access conditions, such as the costs of access or requirements for any request for information to be based upon</i></p>	

		<i>a request for credit would continue to apply. Member States should be free to determine whether, within their jurisdictions, credit intermediaries may also have access to such databases.</i>	
<p>(31) In order to be in a position to understand the nature of the service, consumers should be made aware of what constitutes a personalised recommendation on suitable credit agreements for that consumer's needs and financial situation ('advice') and when it is being provided and when it is not. Those providing advice should comply with general standards in order to ensure that the consumer is presented with a range of products suitable for his needs and circumstances. That service should be based on a fair and sufficiently wide-ranging analysis of the products available on the market, and on a close inspection of the consumer's financial situation, preferences and objectives. Such an assessment should be based on up-to-date information and reasonable assumptions on the consumer's circumstances during the lifetime of the loan. Member States may clarify how the suitability of a given product for a consumer should be assessed in the context of the provision of advice.</p>	<p><u>(46) In principle advisory services constitute separate service from granting of credit and from the credit intermediation services. Therefore in order to be in a position to understand the nature of the services provided to them, consumers should be made aware whether advisory services can be provided to them by the creditor or credit intermediary and of what constitute advisory services. However Member States may provide for an obligation to provide advisory services as a part of the credit granting process. In such cases Member States should be free to determine the cost of the obligatory advisory services services to the consumer.</u></p>	<p><i>(31) Providing advice in the form of a personalised recommendation is a distinct activity which may but need not be combined with other aspects of granting or intermediating credit.</i> In order to be in a position to understand the nature of the service, consumers should be made aware of [...] when [...] <b>advice</b> is being provided and when it is not. Those providing advice should comply with [...] <b>certain</b> standards in order to ensure that the consumer is presented with [...] products suitable for his needs and circumstances. [...] <b>Advisers should also disclose whether they are advising on a wide range of products from across the market or only on the creditor's or credit intermediary's own product range. Advisers should be able to specialise in certain 'niche' products such as bridging finance and advise on a wide range of products within that specialist niche provided that is made clear to the consumer. Where advice is given it should be based on an understanding of the consumer's</b> financial situation, preferences and objectives [...] based on up-to-date information and reasonable assumptions [...] <b>about the consumer's</b> circumstances during the lifetime of the loan. Member States may clarify how the suitability of a given product for a</p>	

		consumer should be assessed in the context of the provision of [...] <i>advisory services</i> .	
	<p><u>(47) Those providing advisory services should comply with general standards in order to ensure that the consumer is presented with a range of products suitable for his needs and circumstances. That service should be based on a fair and sufficiently wide-ranging analysis of the products on offer, in case advisory services are provided by creditors and tied credit intermediaries, or products available on the market, in case advisory services are provided by credit intermediaries, that are not tied. The obligation to consider a sufficiently large number of credit agreements should not prohibit creditors or credit intermediaries specialising in niche product(s). In this context, when providing advisory services, specialised creditors or credit intermediaries should ensure that they consider the credit agreements available on that particular niche market. In any case creditors and credit intermediaries shall disclose to the consumer the range of credit agreements under consideration in order to ensure that the consumer understands the basis for a recommendation.</u></p>		
	(48) The provision of advisory services		

	<p><u>should be based on a close examination of the consumer's financial situation, preferences and objectives. Such an assessment should be based on up-to-date information and reasonable assumptions on the consumer's circumstances during the lifetime of the loan. Member States may clarify how the suitability of a given product for a consumer should be assessed in the context of the provision of advisory services</u></p>		
<p>(32) A consumer's ability to repay his credit prior to the expiry of his credit agreement may play an important role in promoting competition in the single market and the free movement of EU citizens. However, substantial differences exist between the national principles and conditions under which consumers have the ability to repay and the conditions under which such early repayment can take place. Whilst recognising the diversity in mortgage funding mechanisms and the range of products available, certain standards with regard to early repayment of credit are essential at Union level in order to ensure that consumers have the possibility to discharge their obligations before the date agreed in the credit agreement and the confidence to shop around for the best products to meet their needs. Member States should therefore ensure, either by legislation or by means of</p>	<p><u>(49) A consumer's ability to repay the credit prior to the expiry of the credit agreement may play an important role in promoting competition in the single market and the free movement of EU citizens. However, substantial differences exist between the national principles and conditions under which consumers have the ability to repay their credit and the conditions under which such early repayment can take place. Whilst recognising the diversity in mortgage funding mechanisms and the range of products available, certain standards with regard to early repayment of credit are essential at Union level in order to ensure that consumers have the possibility to discharge their obligations before the date agreed in the credit agreement and the confidence to shop around for the best products to meet their needs. Member States should therefore ensure, either by legislation or by means of</u></p>	<p>(32) [...] <i>In line with the recommendations of the Financial Stability Board, given the long term nature of many loans related to residential property, some flexibility during the lifetime of the credit agreement is needed to enable both creditors and consumers to manage risks and changing circumstances to which they are exposed during the loan. It is therefore appropriate that consumers should have a right to fully or partially repay the credit agreement early as this encourages responsible borrowing and hence financial stability as well as competition in the single market. However, creditors should be entitled to fair and objectively justified compensation for [...] the costs directly linked to the early repayment, taking into account also any savings thereby made by the creditor. Such compensation may be recovered in the form of a specific charge to cover possible costs for consumers who exercise</i></p>	

<p>contractual clauses, that consumers have a statutory or contractual right to early repayment; nevertheless, Member States should be able to define the conditions for the exercise of such a right. These conditions may include time limitations on the exercise of the right, different treatment depending on the type of the borrowing rate, whether fixed or variable, restrictions with regard to the circumstances under which the right may be exercised. Member States could also provide that the creditor should be entitled to fair and objectively justified compensation for potential costs directly linked to early repayment of the credit. In any event if the early repayment falls within a period for which the borrowing rate is fixed, exercise of the right may be made subject to the existence of a special interest on the part of the consumer. Such special interest may for example occur in case of divorce or unemployment. Where a Member State chooses to lay down such conditions, these should not make the exercise of the right excessively difficult or onerous for the consumer.</p>	<p><u>contractual clauses, that consumers have a statutory or contractual right to early repayment; nevertheless, Member States should be able to define the conditions for the exercise of such a right. These conditions may include time limitations on the exercise of the right, different treatment depending on the type of the borrowing rate, whether fixed or variable, different treatment depending on the funding instrument, or restrictions with regard to the circumstances under which the right may be exercised. The conditions set by Member States may also provide that the creditor should be entitled to fair and objectively justified compensation for potential costs directly linked to early repayment of the credit or that early repayment is free of charge for the consumer in all certain instances, for example, for variable interest rate credits. In any event if the early repayment falls within a period for which the borrowing rate is fixed, exercise of the right may be made subject to the existence of a special interest on the part of the consumer. Such special interest may for example occur in case of divorce or unemployment. Where a Member State chooses to lay down such conditions, these should not make the exercise of the right excessively difficult or onerous for the consumer.</u></p>	<p><i>the right to repay early or it may be recovered by absorbing the cost into the total cost of the credit agreement. Member States should be able to ensure that justified costs do not exceed a level compatible with market efficiency. [...]</i>  <i>Where</i> the early repayment falls within a period for which the borrowing rate is fixed, exercise of the right may be made subject to the existence of a special interest on the part of the consumer specified <i>by the Member State</i>. Such special interest may for example occur in case of divorce or unemployment. Where a Member State chooses to lay down such conditions, these should not make the exercise of the right excessively difficult or onerous for the consumer. <i>It is also therefore appropriate to make provision for flexibility under certain conditions where credit agreements are denominated in a foreign currency, provided that the creditor is again entitled to fair and objectively justified compensation for possible costs directly linked to the exercise by consumers of the rights provided by the Directive.</i></p>	
	<p>(50) In order to ensure full</p>	<p>(32a) It is also important to ensure that</p>	

	<p>transparency, the consumer should be <u>provided with information concerning the borrowing rate both at a pre-contractual and contractual stage.</u> <u>During the contractual relationship, the consumer should further be informed of changes to the variable borrowing rate.</u> Member States are free to <u>maintain or introduce prohibitions on unilateral changes to the borrowing rate by the creditor.</u> Member States <u>may for instance provide that any change to the borrowing rate or to the reference rate should be agreed upon expressly by the creditor and the consumer.</u> <u>In case of a change in the borrowing rate, Member States may also provide that the consumer is entitled to receive an up-dated amortisation table.</u></p>	<p><i>sufficient transparency exists to provide clarity on the nature of the commitments made in the interests of preserving financial stability. Member States should therefore develop frameworks to allow for flexibility, for example by accepting another property as equivalent collateral for the loan. Those measures should enable creditors to accept as equivalent collateral property located in another Member State where it is considered as equivalent for the purposes of being pooled in financial instruments traded in secondary markets.</i></p>	
<p>(33) Although credit intermediaries play a central role in the distribution of credit agreements relating to residential immovable property in the Union, substantial differences remain between national provisions on the conduct of business and supervision of credit intermediaries which create barriers to the taking-up and pursuit of the activities of credit intermediaries in the internal market. The inability of credit intermediaries to operate freely throughout the Union hinders the proper functioning of the single market in credit agreements relating to residential immovable property. While</p>	<p><u>(51)</u> Although credit intermediaries play a central role in the distribution of credit agreements relating to immovable property in the Union, substantial differences remain between national provisions on the conduct of business and supervision of credit intermediaries which create barriers to the taking-up and pursuit of the activities of credit intermediaries in the internal market. The inability of credit intermediaries to operate freely throughout the Union hinders the proper functioning of the single market in credit agreements relating to [...] immovable property. While recognising</p>	<p>(33) Although credit intermediaries play a central role in the distribution of credit agreements relating to residential immovable property in the Union, substantial differences remain between national provisions on the conduct of business and supervision of credit intermediaries which create barriers to the taking-up and pursuit of the activities of credit intermediaries in the internal market. The inability of credit intermediaries to operate freely throughout the Union hinders the proper functioning of the single market in credit agreements relating to residential immovable property. While recognising the diversity in the types of</p>	

<p>recognising the diversity in the types of actor involved in credit intermediation, certain standards at Union level are essential in order to ensure a high level of professionalism and service.</p>	<p>the diversity in the types of actor involved in credit intermediation, certain standards at Union level are essential in order to ensure a high level of professionalism and service.</p>	<p>actor involved in credit intermediation, certain standards at Union level are essential in order to ensure a high level of professionalism and service.</p>	
<p>(34) Credit intermediaries should be registered with the competent authority of the Member State where they have their residence or their head office, provided that they have been authorised in accordance with strict professional requirements in relation to their competence, good repute, and professional indemnity cover. With a view to promoting consumer confidence in credit intermediaries, Member States should ensure that authorised credit intermediaries are subject to ongoing and thorough supervision by their home Member State competent authority. Such requirements should apply at least at the level of the institution; however, Member States may clarify whether such requirements for authorisation and subsequent registration apply to individual employees within the credit intermediary.</p>	<p><u>(52) Before being able to carry out their activities-all credit intermediaries should be subject to an approval process under which they would be authorised by and/or registered with the competent authority [...] of their home Member State. In the context of this Directive, the competent authority undertaking the approval process should ensure that the credit intermediary has met at least the requirements for providing their services on the market, in accordance with strict professional requirements in relation to their competence, good repute, and professional indemnity cover. [...] In this respect, home Member States may provide for additional requirements, for instance that the shareholders of the credit intermediary are of good repute in order for the credit intermediary to be approved or restrictions on the number of creditors that a credit intermediary can be tied to. For instance a Member State can require a tied credit intermediary to be tied to only one creditor. -Once the approval process is successfully completed, the competent authority should enter the credit</u></p>	<p>(34) Credit intermediaries should [...] be authorised [...] <b>and supervised to ensure that they meet</b> strict professional requirements in relation to their competence, good repute, and professional indemnity cover. [...] <b>Authorised</b> [...] credit intermediaries [...] should [...] <b>also be registered</b>. Such requirements should apply at least at the level of the institution; however, Member States may clarify whether such requirements for authorisation and subsequent registration apply to individual employees within the credit intermediary. <b>It is also appropriate to allow credit intermediaries to appoint representatives to act on their behalf and under their responsibility and for the minimum regulatory requirements for such appointed representatives to be established in this Directive.</b></p>	

	<p><u>intermediary's relevant information in a public register. Tied credit intermediaries who work exclusively with one creditor under its full and unconditional responsibility, including full responsibility for compliance with regulatory and disciplinary provisions, should be approved by the competent authority. However they may be approved by the competent authority under the auspices of the creditor on whose behalf they act.</u></p> <p>(53) [...] With a view to promoting consumer confidence in credit intermediaries, Member States should ensure that [...] <u>approved</u> credit intermediaries are subject to ongoing and thorough supervision by their home Member State competent authority. Such requirements should apply at least at the level of the institution; however, Member States may clarify whether such requirements for [...] <u>approval</u> apply to individual employees [...] <u>of the credit intermediary. Member States should have the right to maintain or to impose restrictions regarding the legal form of certain credit intermediaries, whether they are allowed to act exclusively as legal persons or individuals. Member States should also be free to decide whether all credit intermediaries are entered into one register or whether different registers are required depending on whether the credit</u></p>		
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	<p><u>intermediary is tied or acts as independent credit intermediary. Furthermore Member States should be free to maintain or to impose restrictions on the possibility to charge any fees on consumers by the credit intermediaries tied to one or more creditors. The provisions of this Directive are without prejudice to the national regulations prohibiting credit intermediaries being tied to more than one creditor or to a group.</u></p>		
	<p><u>(53a) In some Member States credit intermediaries may decide to use the services of appointed representatives to perform their activities on their behalf. Member States should have the possibility to apply the specific regime laid down by this Directive for appointed representatives. However, Member States should also be free not to introduce such regime or to allow other entities to perform a role which is comparable to that of appointed representatives, provided that these entities are subject to the same regime as credit intermediaries. The rules on appointed representatives set out in this Directive do not in any way oblige Member States to allow appointed representatives to operate in their jurisdiction unless appointed representatives are considered credit intermediaries under this Directive.</u></p>		
	<p><u>(54) In order to ensure that the credit</u></p>		

	<p><u>intermediaries operating on the basis of European passport do not opt for the legal system of one Member State for the purpose of evading the stricter standards in force in another Member State, within the territory of which it intends to carry on or does carry on the greater part of its activities, a credit intermediary which is a legal person should be approved in the Member State in which it has its registered office. A credit intermediary which is not a legal person should be approved in the Member State in which it has its head office. In addition, Member States should require that a credit intermediary's head office must always be situated in its home Member State and that it actually operates there.</u></p>		
<p>(35) Such registration and authorisation requirements should allow credit intermediaries to operate in other Member States in accordance with the principles of freedom of establishment and freedom to provide services, provided that an appropriate notification procedure has been followed between the competent authorities. Even in cases where Member States decide to register and authorise all individual staff within the credit intermediary, the notification of the intention to provide services should be on the basis of the credit intermediary rather than the individual</p>	<p><u>(55) The requirements for approval</u> should allow credit intermediaries to operate in other Member States in accordance with the principles of freedom of establishment and freedom to provide services, provided that an appropriate notification procedure has been followed between the competent authorities. Even in cases where Member States decide to [...] <u>approve</u> all individual staff within the credit intermediary, the notification of the intention to provide services should be on the basis of the credit intermediary rather than the individual employee. <u>However, while this Directive provides</u></p>	<p>(35) Such registration and authorisation requirements should allow credit intermediaries to operate in other Member States in accordance with the principles of freedom of establishment and freedom to provide services, provided that an appropriate notification procedure has been followed between the competent authorities. Even in cases where Member States decide to register and authorise all individual staff within the credit intermediary, the notification of the intention to provide services should be on the basis of the credit intermediary rather than the individual employee.</p>	

<p>employee.</p>	<p><u>a framework for all approved credit intermediaries, including credit intermediaries tied to only one creditor, to operate throughout the Union, this Directive does not provide such a framework for appointed representatives. In such instances, appointed representatives wishing to operate in another Member State would have to comply with the requirements for the approval of credit intermediaries set out in this Directive.</u></p>		
		<p><i>(35a) In order to facilitate the ability of credit intermediaries to provide their services on a cross-border basis, for the purposes of cooperation, information exchange and dispute resolution between competent authorities, the competent authorities responsible for the authorisation and supervision of credit intermediaries should be those acting under the auspices of the EBA, as set out in Article 4(2) of Regulation (EU) No 1093/2010 of the European Parliament and of the Council of 24 November 2010 establishing a European Supervisory Authority (European Banking Authority) or other national authorities which are required to cooperate with such competent authorities.</i></p>	
	<p><u>(56) In some Member States, credit intermediaries can carry out their activities in respect of credit agreements offered by credit institutions as well as by non-credit</u></p>		

	<p><u>institutions. As a principle approved credit intermediaries should be allowed to operate in the entire territory of the Union. However such approval with the competent authorities of the home Member States should not allow them to provide their services in relation to credit agreements offered by non-credit institution to a consumer in a Member State where such non-credit institutions are not allowed to operate</u></p>		
	<p><u>(57) Member States may provide that persons carrying out credit intermediation activities only on an incidental basis in the course of professional activity, for instance but not necessarily or exclusively lawyers or notaries, should not be subject to the approval procedure set out in this Directive provided that such professional activity is regulated and the relevant rules do not prohibit the provision, of an incidental basis, of credit intermediation services. Such an exemption from the approval procedure laid down in this Directive should however mean that such persons cannot benefit from the passport regime provided in this Directive. Natural or legal persons who merely introduce a consumer to a creditor on an incidental basis in the course of their professional activity, for instance by indicating the existence of a particular creditor to the consumer</u></p>		

	<p><u>or a type of product with this particular creditor to the consumer without further advertising or engaging in the presentation, offering, preparatory work or conclusion of the credit agreement, should not be regarded as credit intermediaries for the purposes of this Directive.</u></p>		
<p>(36) In order to ensure a level playing field between creditors and promote financial stability, and pending further harmonisation, Member States should ensure that appropriate measures are in place for the authorisation, registration and supervision of non-credit institutions providing credit agreements relating to residential immovable property. Detailed conditions should not be laid down in this Directive for the authorisation, registration or supervision of creditors providing such credit agreements and that are not credit institutions as defined in Directive 2006/48/EC of the European Parliament and of the Council of 14 June 2006 relating to the taking up and pursuit of the business of credit institutions for reasons of proportionality; the number of such institutions operating in the EU at present is limited as is their market share and the number of Member States in which they are active, particularly since the financial crisis. Nor should the introduction of a 'passport' for such institutions be</p>	<p>(58) In order to ensure a level playing field between creditors and to promote financial stability, and pending further harmonisation, Member States should ensure that appropriate measures are in place for the [...] <u>approval</u> and supervision of non-credit institutions providing credit agreements relating to [...] immovable property. [...] <u>In accordance with the principle of proportionality</u>, this Directive [...] <u>should not lay down detailed conditions for the approval</u> or supervision of creditors providing such credit agreements and that are not credit institutions as defined in Directive 2006/48/EC of the European Parliament and of the Council of 14 June 2006 relating to the taking up and pursuit of the business of credit institutions [...] <u>(recast)</u>; the number of such institutions operating in the Union at present is limited as is their market share and the number of Member States in which they are active, particularly since the financial crisis. Nor should the introduction of a 'passport' for such institutions be provided for in this</p>	<p>(36) In order to ensure a level playing field between creditors and promote financial stability, and pending further harmonisation, Member States should ensure that appropriate measures are in place for the authorisation, registration and supervision of non-credit institutions providing credit agreements relating to residential immovable property. Detailed conditions should not be laid down in this Directive for the authorisation, registration or supervision of creditors providing such credit agreements and that are not credit institutions as defined in Directive 2006/48/EC of the European Parliament and of the Council of 14 June 2006 relating to the taking up and pursuit of the business of credit institutions<sup>34</sup> for reasons of proportionality; the number of such institutions operating in the EU at present is limited as is their market share and the number of Member States in which they are active, particularly since the financial crisis. Nor should the introduction of a 'passport' for such institutions be provided for in this Directive for the same reason.</p>	

provided for in this Directive for the same reason.	Directive for the same reason.		
(37) Member States should lay down rules on penalties applicable to infringements of the national provisions adopted pursuant to this Directive and ensure that they are implemented. While the choice of penalties remains within the discretion of Member States, the penalties provided for should be effective, proportionate and dissuasive.	<u>(59)</u> Member States should lay down rules on [...] <u>sanctions</u> applicable to infringements of the national provisions adopted pursuant to this Directive and ensure that they are implemented. While the choice of [...] <u>sanctions</u> remains within the discretion of Member States, the [...] <u>sanctions</u> provided for should be effective, proportionate and dissuasive.	(37) Member States should lay down rules on penalties applicable to infringements of the national provisions adopted pursuant to this Directive and ensure that they are implemented. While the choice of penalties remains within the discretion of Member States, the penalties provided for should be effective, proportionate and dissuasive.	
(38) Consumers should have access to out-of-court complaint and redress procedures for the settlement of disputes arising from the rights and obligations set out in this Directive between providers of credit agreements relating to residential immovable property and consumers as well as between credit intermediaries and consumers.	<u>(60)</u> Consumers should have access to out-of-court complaint and redress procedures for the settlement of disputes arising from the rights and obligations set out in this Directive between providers of credit agreements relating to immovable property and consumers as well as between credit intermediaries and consumers. <u>Member States should ensure that participation in such alternative dispute resolution procedures is not optional for creditors and credit intermediaries. . To ensure the smooth functioning of alternative dispute resolution procedures in cases of cross-border activity, Member States should ensure that the bodies responsible for resolving out of court complaints and redress cooperate. In this context, Member States out-of-court complaint and redress bodies are encouraged to participate in FIN-NET.</u>	(38) Consumers should have access to out-of-court complaint and redress procedures for the settlement of disputes arising from the rights and obligations set out in this Directive between providers of credit agreements relating to residential immovable property and consumers as well as between credit intermediaries and consumers.	

	<p><u>a financial dispute resolution network of national out-of-court schemes that are responsible for handling disputes between consumers and financial services providers.</u></p>		
<p>(39) In order to take account of developments in the markets for credit relating to residential immovable property or in the evolution of credit products as well as economic developments, such as inflation, and in order to provide further explanations on how to address certain of the requirements contained in this Directive, the Commission should be empowered to adopt delegated acts in accordance with Article 290 of the Treaty on the Functioning of the European Union. In particular, the Commission should be empowered to adopt delegated acts to specify the details concerning the professional requirements applicable to creditors' staff and credit intermediaries, the criteria used for assessing the creditworthiness of the consumer and in ensuring that credit products are not unsuitable for the consumer, and further harmonisation of key terms such as 'default' the registration criteria and data processing conditions to be applied to credit databases.</p>	<p><u>(61) In order to take account of developments in the markets for credit relating to immovable property or in the evolution of credit products as well as economic developments, such as inflation, and in order to [...] further [...] specify on how to address certain requirements in this Directive, [...] the power to adopt [...] acts in accordance with Article 290 [...] of the TFEU should be delegated to the Commission in respect of the ability to amend the remarks and assumptions used to calculate the annual percentage rate of charge and stipulate the minimum monetary amount of the professional indemnity insurance or comparable guarantee with regard to credit intermediaries by establishing regulatory technical standards. It is of particular importance that the Commission carry out appropriate consultations during its preparatory work, including at an expert level. The Commission, when preparing and drawing-up delegated acts, should ensure a simultaneous, timely and appropriate transmission of the relevant documents to the European Parliament and the Council.</u></p>	<p>(39) In order <b><i>to ensure consistent harmonisation and</i></b> to take account of developments in the markets for credit relating to residential immovable property or in the evolution of credit products [...] <b><i>or in economic [...] conditions, the power to adopt delegated acts in accordance with Article 290 of the Treaty on the Functioning of the European Union should be delegated to the Commission.</i></b> In particular, the Commission should be empowered to adopt delegated acts [...] <b><i>to supplement and update the content and presentation of the ESIS and to amend the remarks or update the assumptions used to calculate the APRC. It is of particular importance that the Commission carry out appropriate consultations during its preparatory work, including at expert level. The Commission, when preparing and drawing up delegated acts, should ensure a simultaneous, timely and appropriate transmission of relevant documents to the European Parliament and Council.</i></b></p>	

<p>(40) In order to take account of developments in the markets for credit relating to residential immovable property, including the range of products available, the Commission should be empowered to adopt delegated acts in accordance with Article 290 of the Treaty on the Functioning of the European Union to amend the content of the standard information items to be included in advertising, the content and format of the European Standardised Information Sheet (ESIS), the content of the information disclosures by credit intermediaries, the formula and the assumptions used to calculate the annual percentage rate of charge and the criteria to be taken into account for the assessment of the consumer's creditworthiness.</p>		<p>[...]</p>	
<p>(41) In order to take account of economic developments, such as inflation and developments in markets for credit agreements related to residential immovable property, the Commission should be empowered to stipulate the minimum monetary amount of the professional indemnity insurance or comparable guarantee with regard to credit intermediaries by adopting regulatory technical standards.</p>		<p>[...]</p>	
<p>(42) In order to facilitate the ability of credit intermediaries to provide their</p>	<p><u>(62)</u> In order to facilitate the ability of credit intermediaries to provide their</p>	<p>[...] [see 35a]</p>	

<p>services on a cross-border basis, for purposes of cooperation, information exchange and dispute resolution between competent authorities, the competent authorities responsible for the authorisation and supervision of credit intermediaries should be those acting under the auspices of the EBA, as set out in Article 4(2) of Regulation (EU) No 1093/2010 of the European Parliament and of the Council of 24 November 2010 establishing a European Supervisory Authority (European Banking Authority)<sup>35</sup>.</p>	<p>services on a cross-border basis, for purposes of cooperation, information exchange and dispute resolution between competent authorities, the competent authorities responsible for the [...] <u>approval</u> and supervision of credit intermediaries should be those acting under the auspices of the <u>European Supervisory Authority (European Banking Authority) ('EBA')</u>, as set out in Article 4(2) of Regulation (EU) No 1093/2010 of the European Parliament and of the Council of 24 November 2010 establishing a European Supervisory Authority (European Banking Authority) <u>or other authorities provided that they cooperate with the authorities acting under the auspices of the EBA in order to carry out their duties under this Directive.</u></p>		
	<p><u>(63) Member States should designate competent authorities empowered to ensure enforcement of this Directive and shall ensure that they are granted investigation and enforcement powers and adequate resources necessary for the performance of their duties. To this effect Member States should be allowed to designate other bodies recognised by national law or by public authorities expressly empowered for that purpose by national law. Competent authorities, may act by application to courts</u></p>		

	<p><u>competent to grant a legal decision, including, where appropriate, by appeal. This would enable Member States, in particular where provisions of this Directive were transposed into civil law, to leave the enforcement of these provisions to the abovementioned bodies and the courts. Member States should be able to designate different competent authorities in order to enforce the wide ranging obligations laid down in this Directive. For instance, for some provisions, Member States may designate competent authorities responsible for the enforcement of consumer protection, while for others, they may decide to designate prudential supervisors. The designation of such authorities should not exclude the delegation under the responsibility of the competent authority. The ability to designate different competent authorities should not affect the obligations for ongoing supervision and cooperation between the competent authorities, as foreseen in this Directive.</u></p>		
<p>(43) The European Parliament and the Council should have two months from the date of notification to object to a delegated act. At the initiative of the European Parliament or the Council, it should be possible to prolong that period by one month with regard to significant areas of concern. It should</p>	<p><u>(64) When preparing and drawing-up delegated acts, the Commission should also ensure a simultaneous, timely and appropriate transmission of relevant documents to the European Parliament and to the Council.</u> The European Parliament and the Council should have two months from the date of</p>	<p>(43) The European Parliament and the Council should have [...] <b>three months</b> from the date of notification to object to a delegated act. At the initiative of the European Parliament or the Council, it should be possible to prolong that period by [...] <b>three months</b> with regard to significant areas of concern. It should also</p>	

<p>also be possible for the European Parliament and the Council to inform the other institutions of their intention not to raise objections.</p>	<p>notification to object to a delegated act. At the initiative of the European Parliament or the Council, it should be possible to prolong that period by one month with regard to significant areas of concern. It should also be possible for the European Parliament and the Council to inform the other institutions of their intention not to raise objections.</p>	<p>be possible for the European Parliament and the Council to inform the other institutions of their intention not to raise objections</p>	
<p>(44) The efficient functioning of this Directive will need to be reviewed, as will progress on the establishment of an internal market with a high level of consumer protection for credit agreements relating to residential immovable property. The Commission should therefore review the Directive five years after the deadline for its transposition. The review should include, among other things, an analysis of the evolution of the market for non-credit institutions providing credit agreements relating to residential immovable property and an assessment on the need for further measures, including a passport for such non-credit institutions, an examination of the necessity to introduce rights and obligations with regard to the post-contractual stage of credit agreements, and an assessment of whether an extension of the scope to include lending to small companies is warranted.</p>	<p>(65) The efficient functioning of this Directive will need to be reviewed, as will progress on the establishment of an internal market with a high level of consumer protection for credit agreements relating to [...] immovable property. The Commission should therefore review the Directive five years after [...] the entry into force. The review should include, among other things, an analysis of the evolution of the market for non-credit institutions providing credit agreements relating to immovable property and an assessment on the need for further measures, including a passport for such non-credit institutions, an examination of the necessity to introduce rights and obligations with regard to the post-contractual stage of credit agreements.[...] <u>However three years after entry into force of this Directive the Commission should review the Directive in order to examine whether the need exists to extend its scope to</u></p>	<p>(44) The efficient functioning of this Directive will need to be reviewed, as will progress on the establishment of an internal market with a high level of consumer protection for credit agreements relating to residential immovable property. The Commission should therefore review the Directive five years after the deadline for its transposition. The review should include, among other things, <b><i>an assessment of compliance with and the impact of this Directive</i></b>, an analysis of the [...] <b><i>provision of credit agreements</i></b> by non-credit institutions [...] and an assessment on the need for further measures, including a passport for such non-credit institutions, an [...] assessment of whether [...] the scope [...] <b><i>remains appropriate and of whether additional measures are necessary to ensure the traceability of credit agreements secured against residential immovable property.</i></b></p>	

	<u>certain credit agreements excluded from the scope.</u>		
(45) Action by Member States alone is likely to result in different sets of rules, which may undermine or create new obstacles to the functioning of the internal market. Since an efficient and competitive internal market in credit agreements relating to residential immovable property with a high level of consumer protection cannot be sufficiently achieved by Member States and can therefore by reason of the effectiveness of the action, be better achieved at Union level, the Union may adopt measures, in accordance with the principle of subsidiarity as set out in Article 5 of the Treaty. In accordance with the principle of proportionality, as set out in that Article, this Directive does not go beyond what is necessary in order to achieve those objectives.	(66) Action by Member States alone is likely to result in different sets of rules, which may undermine or create new obstacles to the functioning of the internal market. Since an efficient and competitive internal market in credit agreements relating to immovable property with a high level of consumer protection cannot be sufficiently achieved by Member States and can therefore by reason of the effectiveness of the action, be better achieved at Union level, the Union may adopt measures, in accordance with the principle of subsidiarity as set out in Article 5 of the Treaty <u>on the European Union ('TEU')</u> . In accordance with the principle of proportionality, as set out in that Article, this Directive does not go beyond what is necessary in order to achieve those objectives.	(45) Action by Member States alone is likely to result in different sets of rules, which may undermine or create new obstacles to the functioning of the internal market. Since an efficient and competitive internal market in credit agreements relating to residential immovable property with a high level of consumer protection cannot be sufficiently achieved by Member States and can therefore by reason of the effectiveness of the action, be better achieved at Union level, the Union may adopt measures, in accordance with the principle of subsidiarity as set out in Article 5 of the Treaty. In accordance with the principle of proportionality, as set out in that Article, this Directive does not go beyond what is necessary in order to achieve those objectives.	
	<u>(67) In order to ensure that all consumers in the Community enjoy a high and equivalent level of protection of their interests and to create a genuine internal market this Directive lays down provisions that shall be subject to maximum harmonisation. Consumers should benefit from maximum harmonisation when standard information to be included in advertising, pre-contractual</u>		

	<p><u>information by means of the ESIS and annual percentage rate of charge is concerned. However, taking into account the specificity of credit agreements relating to immovable property and differences in market developments and conditions in Member States, concerning in particular market structure and market participants, categories of products available and procedures involved in credit granting process, Member States should be allowed to maintain or introduce more stringent provisions than those laid down in this Directive in those areas not clearly specified as being subject to maximum harmonisation. Such targeted approach is needed in order not to bring about an adverse effect on the provision of credit agreements relating to immovable property. Member States are for example allowed to retain or adopt more stringent provisions with regard to knowledge and competence requirements for staff, general information about credit agreements, the instructions to complete the ESIS and conditions for approval of credit intermediaries.</u></p>		
	<p><u>(68) Member States may decide that certain aspects covered by this Directive are addressed in national law by prudential law, for example the creditworthiness assessment of the consumer, while others are addressed</u></p>		

	<u>by fraud, civil, penal or criminal law, for example the obligations relating to responsible borrower.</u>		
(46) In accordance with point 34 of the Interinstitutional Agreement on better law-making, Member States are encouraged to draw up, for themselves and in the interest of the Union, their own tables illustrating, as far as possible, the correlation between this Directive and the transposition measures, and to make them public,	<u>(69) In accordance with point 34 of the Interinstitutional Agreement on better law-making, Member States are encouraged to draw up, for themselves and in the interest of the Union, their own tables illustrating, as far as possible, the correlation between this Directive and the transposition measures, and to make them public.</u>	(46) In accordance with point 34 of the Interinstitutional Agreement on better law-making, Member States [...] <b>should</b> draw up tables illustrating [...] the correlation between this Directive and the transposition measures and make them public,	
	<u>(70) The European Central Bank and the Economic and Social Committee delivered an opinion on this Directive respectively on 5 July 2011 and 14 July 2011. The European Data Protection Supervisor delivered its opinion on 25 July 2011.</u>		
HAVE ADOPTED THIS DIRECTIVE:	HAVE ADOPTED THIS DIRECTIVE:	HAVE ADOPTED THIS DIRECTIVE:	
Chapter 1	Chapter 1	Chapter 1	
Subject matter, scope, definitions and competent authorities	Subject matter, scope, definitions and competent authorities	Subject matter, scope, definitions and competent authorities	
Article 1	Article 1	Article 1	
Subject matter	Subject matter	Subject matter	
The purpose of this Directive is to lay down a framework for certain aspects of the laws, regulations and administrative provisions of the	[...] This Directive <u>lays</u> down a framework for certain aspects of the laws, regulations and administrative provisions of the Member States	<b>I.</b> [...] <b>This</b> Directive [...] <b>lays</b> down a framework for certain aspects of the laws, regulations and administrative provisions of the Member States concerning credit	

Member States concerning credit agreements relating to residential immovable property for consumers and concerning certain aspects of the prudential and supervisory requirements for credit intermediaries and creditors.	concerning credit agreements <u>for consumers</u> relating to [...] immovable property [...] and <u>on</u> [...] the requirements for <u>establishment and supervision of</u> credit intermediaries, <u>appointed representatives</u> and creditors.	agreements <i>concluded with consumers relating to consumer credit agreements secured by a mortgage or otherwise</i> relating to residential immovable property for consumers and [...] <i>for associated</i> prudential and supervisory requirements [...].	
		<i>2. This Directive establishes an appropriately harmonised Union framework through, in particular, a common, consistent Union standard for the calculation of the annual percentage rate of charge, the provision of pre-contractual information through a standardised European Standardised Information Sheet and the obligation to undertake an assessment of creditworthiness in relation to credit agreements. In other areas of the Directive a framework of common minimum standards is established.</i>	
Article 2	Article 2	Article 2	
Scope	Scope	Scope	
1. This Directive shall apply to the following credit agreements:	1. This Directive shall apply to the following credit agreements:	1. This Directive shall apply to [...]:	
(a) Credit agreements which are secured either by a mortgage or by another comparable security commonly used in a Member State on residential immovable property or secured by a right related to residential immovable property.	(a) Credit agreements which are secured either by a mortgage or by another comparable security commonly used in a Member State on [...] immovable property or secured by a right related to [...] immovable property.	(a) Credit agreements which are secured either by a mortgage or by another comparable security commonly used in a Member State on residential immovable property or secured by a right related to residential immovable property;	

(b) Credit agreements the purpose of which is to acquire or retain property rights in land or in an existing or projected residential building.	(b) Credit agreements the purpose of which is to acquire or retain [...] rights in [...] immovable property. [...]	(b) Credit agreements the purpose of which is to acquire or retain property rights in land or in an existing or projected residential building;	
(c) Credit agreements the purpose of which is the renovation of the residential immovable property a person owns or aims to acquire, which are not covered by Directive 2008/48/EC of the European Parliament and of the Council of 23 April 2008.		(c) Credit agreements the purpose of which is the renovation of the residential immovable property [...] a <i>consumer</i> owns or aims to acquire [...].	
		<i>1a. Member States which have already applied Directive 2008/48/EC in full to credit agreements within the scope of point (c) of paragraph 1 may continue to apply that Directive to such loans where they do not fall within the scope of point (a) of paragraph 1 for a period of five years after ...*.</i>	
		<i>Member States which before ...* have implemented an information sheet that meets at least the same information requirements as those set out in Annex II may continue to use it for the purposes of Article 9a on pre-contractual information for a period of five years after ...*.</i>	
		<i>* OJ: please insert the date of entry into force of this Directive.</i>	
2. This Directive shall not apply to:	2. This Directive shall not apply to:	2. This Directive shall not apply to:	
(a) Credit agreements which will eventually be repaid from the sale	(a) [...] <u>credit agreement where the creditor:</u>	(a) Credit agreements [...] <i>where the creditor contributes a lump sum, periodic</i>	

<p>proceeds of an immovable property.</p>	<p><u>☐- contributes a lump sum and/or periodic payments and/or other forms of credit disbursement in return for a sum deriving from the future sale of an immovable property and/or a right relating to immovable property and</u>  <u>☐- will not seek repayment of the credit until the occurrence of one or more specified life events of the consumer, as defined by Member States, unless a breach of contractual obligations that allows the creditor to terminate the credit agreement occurs (equity release);</u></p>	<p><i>payments or other forms of credit disbursement in return for a sum deriving from the sale [...] of a residential immovable property or a right relating to residential immovable property; and will not seek full repayment of the credit until the occurrence of one or more specified life events defined by Member States, unless a breach of contractual obligations that allows the creditor to terminate the credit agreement occurs;</i></p>	
<p>(b) Credit agreements where the credit is granted by an employer to his employees as a secondary activity where such a credit agreement is offered free of interest or at annual percentage rates of charge lower than those prevailing on the market and not offered to the public generally.</p>	<p><u>(b) credit agreements which are the outcome of a settlement reached in court or before another statutory authority;</u></p>	<p>(b) Credit agreements where the credit is granted by an employer to his employees as a secondary activity where such a credit agreement is offered free of interest or at annual percentage rates of charge lower than those prevailing on the market and not offered to the public generally;</p>	
	<p><u>(c) credit agreements where the credit is granted free of interest and without any other charges except those that recover costs directly related to the securing of the loan.</u></p>	<p><i>(ba) Credit agreements to defer credit agreements for a period of no more than six months, where the borrowing rate for the deferral does not exceed the rate in the credit agreement, where the consumer agrees to be exempted from this Directive;</i></p>	
	<p><u>(d) credit agreements where the credit is granted by an employer to his employees as a secondary activity where such a credit agreement is offered free of interest or at annual percentage rates of charge lower than</u></p>	<p><i>(bb) Credit agreements in the form of overdraft facilities where the consumer agrees to be exempted from the provisions of this Directive;</i></p>	

	<u>those prevailing on the market and not offered to the public generally;</u>		
	<u>(e) credit agreements which relate to loans granted to a restricted public under a statutory provision with a general interest purpose, and at lower interest rates than those prevailing on the market or for free of interest or on other terms which are more favourable to the consumer than those prevailing on the market and at interest rates not higher than those prevailing on the market.</u>	<i>(bc) Credit agreements where the credit is granted free of interest and without any other charges and credit agreements under the terms of which the credit has to be repaid within three months and only insignificant charges are payable;</i>	
		<i>(bd) Credit agreements which are the outcome of a settlement reached in court or before another statutory authority.</i>	
	<u>3. Member States may waive the provisions of Article 9, Article 11 and Annex II to the credit agreements for consumers, secured by a mortgage or by another comparable security commonly used in a Member State on immovable property or secured by a right related to immovable property, the purpose of which is not to acquire or retain the right to immovable property, provided that the Member States apply to such credit agreements Article 4, Article 5, Annex II and III of Directive 2008/48/EC.</u>	<i>2a. Member States may: (a) waive the provisions of Articles 7 to 9a, Article 11 and Annex II for credit agreements of a total value exceeding EUR 2 million. (b) decide that some or all of the Articles of this Directive do not apply to credit agreements where the property is not to be occupied as a dwelling by the consumer or a related person, where the consumer agrees to be exempted from the provisions of this Directive; (c) decide that some or all of the Articles of this Directive do not apply to credit agreements where the credit is due to be repaid within 12 months, where the consumer accepts to be exempted from the provisions of this Directive; (d) decide that some or all of the Articles</i>	

		<i>of this Directive do not apply to credit agreements which relate to the deferred payment, free of charge, of an existing debt, where the consumer agrees to be exempted from this Directive.</i>	
	<u>4. Member States may waive the provisions of Articles 9 to 11, Article 13(1) (a), Article 15(4) and Annex II to credit agreements to purchase a property where the credit agreement provides, that the property cannot at any moment be occupied as a house, apartment or another place of residence by the consumer or a family member and is to be occupied as a house, apartment or another place of residence on the basis of a rental agreement. Member States who avail of the option referred to in subparagraph 1 shall ensure the application of an equivalent framework to ensure consumers receive complete, adequate and timely information on such credit agreements at the advertising and precontractual stage.</u>	<i>2b. Member States may exclude the following from this Directive provided that an equivalent framework is in place to ensure that consumers receive timely and complete information about credit agreements: (a) credit agreements which relate to loans granted to a restricted public under a statutory provision with a general interest purpose, free of interest or at lower interest rates than those prevailing on the market or on other terms which are more favourable to the consumer than those prevailing on the market and at interest rates not higher than those prevailing on the market; (b) credit agreements where the creditor is an organisation within the scope of Article 2(5) of Directive 2008/48/EC.</i>	
Article 3	Article 3	Article 3	
Definitions	Definitions	Definitions	
For the purposes of this Directive, the following definitions shall apply:	For the purposes of this Directive, the following definitions shall apply:	For the purposes of this Directive, the following definitions shall apply:	
(a) 'Consumer' means a consumer as defined in Article 3(a) of Directive 2008/48/EC.	(a) 'Consumer' means a consumer as defined in Article 3(a) of Directive 2008/48/EC.	(a) 'Consumer' means a consumer as defined in Article 3(a) of Directive 2008/48/EC.	

(b) 'Creditor' means a natural or legal person who grants or promises to grant credit within the meaning of Article 2 in the course of his trade, business or profession.	(b) 'Creditor' means a natural or legal person who grants or promises to grant credit falling within [...] <u>the scope</u> of Article 2 in the course of his trade, business or profession.	(b) 'Creditor' means a natural or legal person who grants or promises to grant credit within the meaning of Article 2 in the course of his trade, business or profession	
(c) 'Credit agreement' means an agreement whereby a creditor, directly or through a credit intermediary, grants or promises to grant, to a consumer, a credit within the meaning of Article 2 in the form of a deferred payment, loan or other similar financial accommodation.	(c) 'Credit agreement' means an agreement whereby a creditor [...] grants or promises to grant, to a consumer, a credit within the meaning of Article 2 in the form of a deferred payment, loan or other similar financial accommodation.	(c) 'Credit agreement' means an agreement whereby a creditor, directly or through a credit intermediary, grants or promises to grant, to a consumer, a credit within the meaning of Article 2 in the form of a deferred payment, loan or other similar financial accommodation.	
(d) 'Ancillary service' means a financial service offered to the consumer by the creditor or credit intermediary in conjunction with the credit agreement.	(d) 'Ancillary service' means a [...] service offered to the consumer [...] in conjunction with the credit agreement.	(d) 'Ancillary service' means a [...] service offered to the consumer by the creditor or credit intermediary in conjunction with the credit agreement.	
(e) 'Credit intermediary' means a natural or legal person who is not acting as a creditor and who, in the course of his trade, business or profession, for a fee, which may take a pecuniary form or any other agreed form of financial consideration:	(e) 'Credit intermediary' means a natural or legal person who is not acting as a creditor and <u>not merely introducing, either directly or indirectly a consumer to a creditor and</u> who, in the course of his trade, business or profession, for [...] <u>remuneration</u> , which may take a pecuniary form or any other agreed form of financial consideration:	(e) 'Credit intermediary' means a natural or legal person who is not acting as a creditor <b>or notary</b> and who, in the course of his trade, business or profession, for [...] <b>remuneration</b> , which may take a pecuniary form or any other agreed form of financial consideration:	
(i) offers credit agreements within the meaning of Article 2 to consumers;	(i) <u>presents or</u> offers credit agreements within the meaning of Article 2 [...] <u>and/or</u> ;	(i) <b>presents or</b> offers credit agreements [...] to consumers;	

(ii) assists consumers by undertaking preparatory work in respect of credit agreements within the meaning of Article 2 other than as referred to in point (i);	(ii) assists consumers by undertaking preparatory work in respect of credit agreements within the meaning of Article 2 other than as referred to in point (i) <u>and/or</u> ;	(ii) assists consumers by undertaking preparatory work <b>and/or administration</b> in respect of credit agreements [...] other than as referred to in point (i);	
(iii) concludes credit agreements within the meaning of Article 2 with consumers on behalf of the creditor.	(iii) concludes credit agreements within the meaning of Article 2 with consumers on behalf of the creditor.	(iii) concludes credit agreements [...] with consumers on behalf of the creditor; <b>or</b>	
		<b>(iiia) provides advisory services.</b>	
(f) 'Tied credit intermediary' means any credit intermediary who acts on behalf of and under the full responsibility of only one creditor or one group.	(f) 'Tied credit intermediary' means any credit intermediary who acts on behalf of and under the full <u>and unconditional</u> responsibility of: <u>(i) only one creditor; or</u> <u>(ii) only one group of creditors, or</u> <u>(iii) a limited number of creditors or groups.</u>	(f) 'Tied credit intermediary' means any credit intermediary who acts on behalf of and under the full responsibility of [...] <b>one or more creditors or groups.</b>	
(g) 'Group' means, for the purpose of this Directive, creditors which are joined for the purposes of consolidated accounts, as defined in Directive 83/349/EEC 37.	(g) 'Group' means [...] <u>a group of creditors which are [...] to be consolidated</u> for the purposes of <u>drawing up</u> consolidated accounts, as defined in <u>the seventh Council Directive 83/349/EEC of 13 June 1983 based on Article 54(3)(g) of the Treaty on consolidated accounts.</u>	(g) 'Group' means, for the purpose of this Directive, creditors which are joined for the purposes of consolidated accounts, as defined in Directive 83/349/EEC.	
(h) 'Credit institution' means credit institution as defined in Article 4(1) of Directive 2006/48/EC.	(h) 'Credit institution' means credit institution as defined in Article 4(1) of Directive 2006/48/EC.	(h) 'Credit institution' means credit institution as defined in Article 4(1) of Directive 2006/48/EC.	
(i) 'Non-credit institution' means any natural or legal person who grants or	(i) 'Non-credit institution' means [...] <u>any creditor</u> that is not a credit	(i) 'Non-credit institution' means any [...] <b>creditor that</b> is not a credit institution.	

<p>promises to grant credit within the meaning of Article 2 in the course of his trade, business or profession and is not a credit institution.</p>	<p>institution.</p>		
<p>(j) 'Staff' means any employees of the creditor or credit intermediary having contacts with consumers and who are engaged in the activities covered by this Directive.</p>	<p>(j) 'Staff' means [...] :  <u>(i) any natural person working for the creditor or credit intermediary having contacts with consumers and being engaged in the activities covered by this Directive and who is not an appointed representative; and</u>  <u>(ii) any natural person working for the appointed representative having contacts with consumers and being engaged in the activities covered by this Directive; and</u>  <u>(iii) any natural person directly managing and/or supervising the natural persons referred to in (i) and (ii) and who is not an appointed representative.</u></p>	<p>(j) 'Staff' means [...] :  <i>(i) any natural person working for the creditor, credit intermediary or appointed representative who is engaged or has contacts with consumers</i> in the activities covered by this Directive; <i>or</i>  <i>(ii). any natural person directly managing and/or supervising the natural persons referred to in point (i).</i></p>	
	<p>(k) <u>'Total amount of credit' means the total amount of credit as defined in Article 3(l) of Directive 2008/48/EC.</u></p>		
<p>(k) 'Total cost of the credit to the consumer' means the total cost of the credit to the consumer as defined in Article 3(g) of Directive 2008/48/EC.</p>	<p><u>(l) 'Total cost of the credit to the consumer' means the total cost of the credit to the consumer as defined in Article 3(g) of Directive 2008/48/EC. It shall exclude any charges payable by the consumer for non-compliance with the commitments laid down in the credit agreement.</u></p>	<p>(k) 'Total cost of the credit to the consumer' means the total cost of the credit to the consumer as defined in Article 3(g) of Directive 2008/48/EC <i>including valuation of property but excluding registration fees for the mortgage or another comparable security.</i></p>	

(l) 'Total amount payable by the consumer' means the total amount payable by the consumer as defined in Article 3(h) of Directive 2008/48/EC.	<u>(m)</u> 'Total amount payable by the consumer' means the total amount payable by the consumer as defined in Article 3(h) of Directive 2008/48/EC.	(l) 'Total amount payable by the consumer' means the total amount payable by the consumer as defined in Article 3(h) of Directive 2008/48/EC.	
(m) 'Annual percentage rate of charge' means the total cost of the credit to the consumer, expressed as an annual percentage of the total amount of credit, where applicable, including the costs referred to in Article 12(2).	<u>(n)</u> 'Annual percentage rate of charge' means the total cost of the credit to the consumer, expressed as an annual percentage of the total amount of credit, where applicable, including the costs referred to in <u>Article 12(1)(d) and equates, on an annual basis, to the present value of all future or existing commitments (drawdowns, repayments and charges) agreed by the creditor and the consumer.</u>	(m) 'Annual percentage rate of charge' means the total cost of the credit to the consumer, expressed as an annual percentage of the total amount of credit, where applicable, including the costs referred to in Article 12(2).	
(n) 'Borrowing rate' means the borrowing rate as defined in Article 3(j) of Directive 2008/48/EC.	<u>(o)</u> 'Borrowing rate' means the borrowing rate as defined in Article 3(j) of Directive 2008/48/EC.	(n) 'Borrowing rate' means the borrowing rate as defined in Article 3(j) of Directive 2008/48/EC.	
(o) 'Creditworthiness assessment' means the evaluation of a consumer's ability to meet his debt obligations.	<u>(p)</u> 'Creditworthiness assessment' means the evaluation of [...] <u>the prospect for the debt obligation resulting from the credit agreement to be met.</u>	(o) 'Creditworthiness assessment' means the evaluation of [...] <b><i>the prospect for the obligations resulting from the credit agreement to be met.</i></b>	
(p) 'Durable medium' means durable medium as defined in Article 3(m) of Directive 2008/48/EC.	(q) 'Durable medium' means durable medium as defined in Article 3(m) of Directive 2008/48/EC.	(p) 'Durable medium' means durable medium as defined in Article 3(m) of Directive 2008/48/EC.	
(q) 'Home Member State' means:	<u>(r)</u> 'Home Member State' means:	(q) 'Home Member State' means:	
(i) where the creditor or credit intermediary is a natural person, the Member State in which his residence is situated and in which he carries on	(i) where the creditor or credit intermediary is a natural person, the Member State in which his [...] <u>head office</u> is situated [...];	(i) where the creditor or credit intermediary is a natural person, the Member State in which his <b><i>head office</i></b> is situated;	

his business;			
(ii) where the creditor or credit intermediary is a legal person, the Member State in which its registered office is situated or, if under national law it has no registered office, the Member State in which its head office is situated.	(ii) where the creditor or credit intermediary is a legal person, the Member State in which its registered office is situated or, if under national law it has no registered office, the Member State in which its head office is situated.	(ii) where the creditor or credit intermediary is a legal person, the Member State in which [...] its registered office is situated [...], if under national law it has a registered office, <b>and</b> head office <b>are</b> situated.	
(r) 'Host Member State' means the Member State in which the creditor or credit intermediary has a branch or provides services.	(s) 'Host Member State' means the Member State, <u>other than the home Member State</u> , in which the creditor or credit intermediary has a branch or provides services.	(r) 'Host Member State' means the Member State in which the creditor or credit intermediary has a branch or provides services.	
	(t) <u>'Advisory services' mean the provision of personal recommendations to a consumer in respect of one or more transactions relating to credit agreements and constitutes a separate service from the granting of a credit and from the services specified in point (e).</u> (u) <u>'Competent authority' means an authority designated as competent by a Member State in accordance with article 4.</u>	(ra) <b><i>'Advisory services' means the provision of personal recommendations to a consumer in respect of one or more transactions relating to credit agreements and constitutes a separate activity from the granting of a credit.</i></b>	
	(v) <u>'Bridging loan' means a credit agreement either of no fixed duration or which is due to be repaid within 12 months, used by the consumer as a temporary financing solution while transitioning to another financial arrangement for the property.</u>	(rb) <b><i>'Residential immovable property' means an item of immovable property primarily intended for residential purposes.</i></b>	

	<u>(w) 'Appointed representative' means a natural or legal person who performs activities referred to in point (e) that is acting on behalf of and under the full and unconditional responsibility of only one credit intermediary.</u>	<i>(rc) 'Appraiser' means a natural or legal person who, in the course of his trade, business or profession, carries out valuations of residential immovable property or the land on which such residential immovable property is or could be situated.</i>	
	<u>(x) 'Contingent liability or guarantee' means a credit agreement which acts as a guarantee to another separate but ancillary transaction, and where the capital secured against an immovable property is only drawn down if a contingent event or events specified in the contract occurs.</u>	<i>(rd) 'Tying practice' means the offering of one or more ancillary services with the credit agreement in a package where the credit agreement is not made available to the consumer separately.</i>	
	<u>(y) 'Shared equity credit agreement' means a credit agreement where the capital repayable is based on a contractually set percentage of the value of the immovable property at the time of the capital repayment or repayments.</u>	<i>(re) 'Bundling practice' means the offering of one or more ancillary services with the credit agreement in a package where the credit agreement is also made available to the consumer separately but not necessarily on the same terms or conditions as when offered bundled with the ancillary services.</i>	
		<i>(rf) 'Total amount of credit' means the ceiling or the total sums made available under a credit agreement, irrespective of whether they are paid to the consumer or to a third party.</i>	
		<i>(rg) 'Foreign currency loan' means a loan which is: (i) denominated in a currency other than</i>	

		<i>that in which the consumer receives the income or holds the assets from which the loan is to be repaid; or</i> <i>(ii) denominated in a currency other than that of the Member State in which the consumer is resident.</i>	
		<i>(rh) 'Variable rate loan' means a credit agreement where the borrowing rate for a part or the totality of the agreement is not determined solely by a fixed percentage agreed on the conclusion of the credit agreement and is usually based on the movement of an underlying index or reference rate regardless of the existence of floors or caps in its evolution.</i>	
Article 4	Article 4	Article 4	
Competent authorities	Competent authorities	Competent authorities	
1. Member States shall designate the competent authorities empowered to ensure implementation of this Directive and shall ensure that they are granted all the powers necessary for the performance of their duties.	1. Member States shall designate the competent authorities empowered to ensure [...] <u>enforcement</u> of this Directive and shall ensure that they are granted [...] <u>investigation and enforcement</u> powers <u>and adequate resources</u> necessary for the performance of their duties. <u>The authorities referred to in subparagraph 1 shall be either public authorities or bodies recognised by national law or by public authorities expressly empowered for that purpose by national law. They shall not be creditors, credit intermediaries or appointed representatives.</u>	<b>I.</b> Member States shall designate the <b>national</b> competent authorities empowered to ensure implementation <b>and enforcement</b> of this Directive and shall ensure that they are granted all the <b>investigating and sanctioning</b> powers <b>and resources</b> necessary for the <b>efficient and effective</b> performance of their duties.	

<p>Member States shall ensure that the authorities designated as competent for ensuring the implementation of Articles 18, 19, 20 and 21 of this Directive are one of those competent authorities included in Article 4(2) of Regulation (EU) No 1093/2010 establishing a European Supervisory Authority (European Banking Authority).</p>	<p>Member States shall ensure that [...] <u>competent authorities, all persons who work or who have worked for the competent authorities, as well as auditors and experts instructed by the competent authorities, are bound by the obligation of professional secrecy. No confidential information which they may receive in the course of their duties may be divulged to any person or authority whatsoever, save in summary or aggregate form, without prejudice to cases covered by criminal law or provisions of this Directive [...]. This shall not however prevent the competent authorities from exchanging or transmitting confidential information in accordance with this Directive and with national and Union law.</u></p>	<p>2. Member States shall ensure that the authorities designated as competent for ensuring the implementation of Articles 18, 19, <b>19a</b>, 20, 21, <b>22, 22a and 23</b> of this Directive are [...] :</p> <p><i>(i) one of those competent authorities included in Article 4(2) of Regulation (EU) No 1093/2010 establishing a European Supervisory Authority (European Banking Authority); or</i></p> <p><i>(ii) other national authorities provided that national legislation or administrative regulations require those authorities to cooperate with the authorities referred to in point (i) whenever necessary in order to carry out their duties under this Directive.</i></p>	
<p>Member States shall inform the Commission of the designation of the competent authorities, indicating any division of the respective duties between different competent authorities.</p>	<p>Member States shall inform the Commission of the designation of the competent authorities, indicating any division of the respective duties between different competent authorities <u>within 2 years after the entry into force of this directive.</u></p>	<p>3. Member States shall inform the Commission <b>and EBA</b> of the designation of the competent authorities, indicating any division of the respective duties between different competent authorities. <b><i>The Commission shall publish a list of the competent authorities referred to in paragraph 1 in the Official Journal of the European Union at least once a year, and update it continuously on its website.</i></b></p>	
	<p><u>2. The competent authorities may exercise their powers in conformity with national law either:</u></p> <p><u>(a) directly under their own authority or</u></p> <p><u>under the supervision of the judicial</u></p>		

	<p>authorities; or  <u>(b) by application to courts competent to grant the necessary decision, including, where appropriate, by appeal, if the application to grant the necessary decision is not successful, except for Articles 7, 21, 22, 23, 24 and 25.</u>  <u>Insofar as competent authorities exercise their powers by application to the courts in accordance with paragraph 2(b), those courts shall be competent to grant the necessary decisions.</u></p>		
<p>2. Where there is more than one competent authority on its territory, a Member State shall ensure that those authorities collaborate closely so that they can discharge their respective duties effectively.</p>	<p>3. Where there is more than one competent authority on its territory, a Member State shall ensure that <u>their respective duties are clearly defined and that</u> those authorities collaborate closely so that they can discharge their respective duties effectively.</p>	<p>4. Where there is more than one competent authority on its territory, a Member State shall ensure that those authorities collaborate closely <b><i>among themselves and with EBA</i></b> so that they can discharge their respective duties effectively.</p>	
	<p>4. Member States shall ensure that <u>the authorities designated as competent for ensuring the enforcement of Articles 7, 21, 22, 23, 24 and 25 of this Directive are:</u>  <u>(i) competent authorities included in Article 4(2) of Regulation (EU) No 1093/2010 establishing a European Supervisory Authority (European Banking Authority), and/or</u>  <u>(ii) authorities other than the national authorities listed in point (i) provided that national legislation or administrative regulations require those authorities to cooperate with the</u></p>	<p>5. <b><i>Member States shall put in place procedures for the collection and exchange of information from those authorities, in particular for the purpose of implementing Regulation (EU) No 1092/2010 of the European Parliament and of the Council of 24 November 2010 on European Union macro-prudential oversight of the financial system and establishing a European Systemic Risk Board<sup>1</sup> and Regulation (EU) No 1176/2011 of the European Parliament and of the Council of 24 November 2011 on the prevention and correction of macroeconomic imbalances<sup>2</sup>.</i></b></p>	

	<p>authorities referred to in point (i) whenever necessary in order to carry out their duties under this Directive.</p> <p>5. The Commission shall publish a list of the competent authorities referred to in paragraph 1 in the official journal of the European Union at least once a year, and update it continuously on its website.</p>	<p>1 OJ L 331, 15.12.2010, p. 1. 2 OJ L 306, 23.11.2011, p. 25.</p>	
		<i>Chapter 1a</i>	
		<i>Financial education</i>	
		<i>Article 4a</i>	
		<i>Financial education of consumers</i>	
		<p><i>1. Member States shall ensure that measures are in place to support the education of consumers in relation to responsible borrowing and debt management, in particular in relation to credit agreements.</i></p>	
		<p><i>2. Clear, informative documents shall be provided to all first-time buyers, as well as information regarding further assistance in the form of consumer organisations and national supervisory bodies.</i></p>	
		<p><i>3. Member States shall ensure that all stakeholders are adequately involved in the design and development of the measures referred to in this Article.</i></p>	
Chapter 2	Chapter 2	Chapter 2	
Conditions applicable to creditors and	Conditions applicable to creditors,	Conditions applicable to creditors and	

credit intermediaries	credit intermediaries and <u>appointed representatives</u>	credit intermediaries	
Article 5	Article 5	Article 5	
Conduct of business obligations when providing credit to consumers	Conduct of business obligations when providing credit to consumers	Conduct of business obligations when providing credit to consumers	
1. Member States shall require that, when granting, intermediating or advising on credit and, where appropriate, ancillary services to consumers, the creditor or the credit intermediary acts honestly, fairly and professionally in accordance with the best interests of the consumer.	1. Member States shall require that, when granting, intermediating or advising on credit and, where appropriate, ancillary services to consumers, the creditor, the credit intermediary <u>or appointed representatives</u> acts honestly, fairly and professionally, <u>taking into account</u> [...] the interests of the consumer at that moment in time and making reasonable assumptions about the consumer's situation over the term of the credit agreement.	1. Member States shall require that, when <b><i>designing</i></b> , granting or intermediating [...] on credit and, where appropriate, ancillary services to consumers, <b><i>or when implementing a credit agreement</i></b> , the creditor or the credit intermediary acts honestly, fairly, <b><i>transparently</i></b> and professionally [...] <b><i>taking due account of the rights and</i></b> [...] interests of the consumer. <b><i>This shall involve taking all steps necessary to meet a consumer's needs and circumstances, taking into account all relevant information relating to a consumer's specific circumstances and any specific requirement made known by a consumer.</i></b>	
2. Member States shall ensure that the manner in which creditors remunerate their staff and the relevant credit intermediaries and the manner in which credit intermediaries remunerate their staff do not impede compliance with the obligation to act in accordance with the best interests of the consumer, as referred to in paragraph 1.	2. Member States shall ensure that the manner in which creditors remunerate their staff and the [...] credit intermediaries and the manner in which credit intermediaries remunerate their staff and <u>appointed representatives</u> do not impede compliance with the obligation to act in accordance with [...] the <u>principles</u> referred to in paragraph 1.	2. Member States shall ensure that the manner in which creditors remunerate their staff [...] and credit intermediaries and the manner in which credit intermediaries remunerate their staff <b><i>and appointed representatives</i></b> do not impede compliance with the obligation [...] referred to in paragraph 1.	
		<b><i>2a. Member States shall in particular ensure that remuneration of staff responsible for the assessment of</i></b>	

		<i>creditworthiness is consistent with the remuneration policies for risk takers set out in Annex V, section 11, paragraphs 23(a) and 23(b) of Directive 2006/48/EC and is not contingent on the number or proportion of applications accepted;</i>	
		<i>2b. Member States shall ensure that where creditors, credit intermediaries or appointed representatives provide advisory services the remuneration structure of the staff involved does not prejudice their ability to provide an objective recommendation and, in particular, that the outcome of those advisory services is not contingent on individual product results or sales targets.</i>	
	Article 6		
	<u>Obligation to provide information free of charge to consumers</u>		
	<u>Member States shall ensure that when information is provided to consumers in compliance with the requirements set out in this Directive, such information shall be provided without charge to the consumer.</u>		
Article 6	Article 7	Article 6	
Minimum competence requirements	[...] <u>Knowledge and</u> competence requirements <u>for staff</u>	Minimum <b>knowledge and</b> competence requirements	
1. Home Member States shall ensure that: (a) The staff of creditors and credit intermediaries possess an appropriate level of knowledge and competence in relation to the offering or granting of	1. [...] Member States <u>shall ensure that</u> creditors, credit intermediaries and <u>appointed representatives require their staff to</u> possess an appropriate level of knowledge and competence in relation to the offering or granting of credit	1. [...] Member States shall ensure <i>that creditors and credit intermediaries require their staff to possess an appropriate level of knowledge and competence in relation to product design, the offering or intermediation of,</i>	

<p>credit agreements within the meaning of Article 2, or the activity of credit intermediation as defined in Article 3(e). Where the conclusion of a credit agreement includes an ancillary service related to it, in particular insurance or investment services, they shall also possess appropriate knowledge and competence in relation to that ancillary service in order to satisfy the requirements set out in Article 19 of Directive 2004/39/EC and Article 4 of Directive 2002/92/EC.</p>	<p>agreements within the meaning of Article 2, or the activity of credit intermediation as defined in Article 3(e). Where the conclusion of a credit agreement includes an ancillary service related to it, [...] appropriate knowledge and competence in relation to that ancillary service <u>shall be required. In particular, where the ancillary service is an insurance or investment service, appropriate knowledge and competence shall be required</u> in order to satisfy the requirements set out in Article 19 of Directive 2004/39/EC and Article 4 of Directive 2002/92/EC.</p>	<p><i>advising on or granting of credit agreements. Where the conclusion of a credit agreement includes an ancillary service related to it, they shall possess appropriate knowledge and competence in relation to that ancillary service, including that required by sectoral legislation.</i> [...]</p>	
<p>(b) The natural persons within the management of creditors and credit intermediaries who are responsible for or have a role in the intermediation, advice or approval of the credit agreement, possess appropriate knowledge and competence in relation to credit agreements.</p>	<p>[...]</p>	<p>[...]</p>	
<p>(c) Creditors and credit intermediaries are monitored in order to assess whether the requirements referred to in paragraph 1, points (a) and (b), are complied with on a continuing basis.</p>	<p>[...]</p>	<p>[...]</p>	
<p>2. Home Member States shall ensure that the appropriate level of knowledge and competence is determined on the basis of recognised qualifications or experience.</p>	<p>2. Home Member States shall [...] <u>establish the minimum knowledge and competence [...] requirements for creditors', credit intermediaries' and appointed representatives' staff in accordance with the principles set out</u></p>	<p>2. [...] Member States shall <i>establish the minimum</i> knowledge and competence [...] <i>requirements for creditors', credit intermediaries' and appointed representatives' staff in accordance with the principles set out in Annex III.</i></p>	

	<u>in Annex III.</u>		
	<p><u>2a. Where a creditor or credit intermediary provides its services within the territory of another Member State(s):</u></p> <p><u>(i) through a branch, the host Member State shall be responsible for establishing the minimum knowledge and competence requirements applicable to the staff of a branch;</u></p> <p><u>(ii) under the freedom to provide services, the home Member State shall be responsible for establishing the minimum knowledge and competence requirements applicable to the staff in accordance with Annex III. However host Member States may establish the minimum knowledge and competence requirements for those requirements referred to in Annex III paragraph 1(b), 1(c) and 1(e).</u></p>	<p><i>2a. Where a creditor or credit intermediary provides its services within the territory of one or more another Member State:</i></p> <p><i>(i) through a branch, the host Member State shall be responsible for establishing the minimum knowledge and competence requirements applicable to the staff of a branch;</i></p> <p><i>(ii) under the freedom to provide services, the home Member State shall be responsible for establishing compliance with the minimum knowledge and competence requirements applicable to the staff in accordance with Annex III, except for those requirements referred to in Annex III paragraphs 1(a), 1(b), 1(c) 1(e), 1(f), 1(h), 2 and 3 which shall be established by the host Member State.</i></p>	
		<p><i>2b. The persons referred to in the first paragraph shall be required to undergo professional training on an ongoing basis to update and validate their knowledge and competence.</i></p>	
<p>3. Home Member States shall make public the criteria they have established in order for credit intermediaries or creditors' staff to meet their competence requirements. Such criteria shall include a list of any recognised qualifications.</p>	<p>3. [...] Member States shall <u>ensure that creditors, credit intermediaries and appointed representatives are supervised on an ongoing basis in order to assess whether they make sure that their staff and, where applicable, appointed representatives comply with the requirements laid down in paragraph 1 and for creditors and credit</u></p>	<p>[...]</p>	

	<u>intermediaries according to the division of competences laid down in paragraph 2 and 2 a. For that purpose creditors and credit intermediaries shall on request at least provide the competent authority a written, sufficient documentation on the fulfilment of the knowledge and competence requirements.</u>		
	<u>For the effective supervision of creditors and credit intermediaries providing their services within the territory of another Member State(s) under the freedom to provide services, the competent authorities of the host and the home Member States shall cooperate closely for the effective supervision and enforcement of the minimum knowledge and competence requirements of the host Member State. For this purpose they may delegate tasks and responsibilities to each other.</u>		
4. Powers are delegated to the Commission in accordance with Article 26 and subject to the conditions of Articles 27 and 28, to specify the requirements provided in paragraph 1 and 2 of this Article, and in particular, the necessary requirements for appropriate knowledge and competence.	[...]	[...]	
Chapter 3	Chapter 3	Chapter 3	
Information and practices preliminary to the conclusion of the credit	Information and practices preliminary to the conclusion of the	Information and practices preliminary to the conclusion of the credit agreement	

agreement	credit agreement		
Article 7	Article <u>8</u>	Article 7	
General provisions applicable to advertising and marketing	General provisions applicable to advertising and marketing	General provisions applicable to advertising and marketing	
Member States shall require that any advertising and marketing communications concerning credit agreements as set out in Article 2 are fair, clear and not misleading within the meaning of Articles 6 and 7 of Directive 2005/29/EC of the European Parliament and of the Council of 11 May 2005 concerning unfair business-to-consumer commercial practices in the internal market <sup>38</sup> . In particular, wording that may create false expectations for a consumer regarding the availability or the cost of a credit shall be prohibited.	<u>1.</u> Member States shall require that any advertising and marketing communications concerning credit agreements [...] <u>within the meaning of</u> Article 2 are fair, clear and not misleading [...]. In particular, wording that may create false expectations for a consumer regarding the availability or the cost of a credit shall be prohibited. <u>This Article shall be without prejudice to Directive 2005/29/EC.</u>	Member States shall require that any advertising and marketing communications concerning credit agreements as set out in Article 2 are fair, clear and not misleading within the meaning of Articles 6 and 7 of Directive 2005/29/EC of the European Parliament and of the Council of 11 May 2005 concerning unfair business-to-consumer commercial practices in the internal market <sup>38</sup> . In particular, wording that may create false expectations for a consumer regarding the availability or the cost of a credit shall be prohibited.	
Article 8	Article 9	Article 8	
Standard information to be included in advertising	Standard information to be included in advertising	Standard information to be included in advertising	
1. Member States shall ensure that any advertising concerning credit agreements as set out in Article 2 which indicates an interest rate or any figures relating to the cost of the credit to the consumer shall include the standard information in accordance with this Article.	1. Member States shall ensure that any advertising concerning credit agreements [...] which indicates an interest rate or any figures relating to the cost of the credit to the consumer shall include the standard information in accordance with this Article.	1. Member States shall ensure that any advertising concerning credit agreements as set out in Article 2 which indicates an interest rate or any figures relating to the cost of the credit to the consumer shall include the standard information in accordance with this Article.	

	<u>Member States may provide that advertising concerning credit agreements which does not indicate an interest rate or any figures relating to the cost of credit to the consumer, nevertheless includes an indication of the annual percentage rate of charge. In such cases, Member States may provide that the standard information requirements in paragraph 2 do not apply.</u>	<i>The first subparagraph shall not apply where national legislation requires the indication of the annual percentage rate of charge in advertising concerning credit agreements which does not indicate an interest rate or any figures relating to any cost of credit to the consumer within the meaning of the first subparagraph.</i>	
2. The standard information shall specify the following in a clear, concise and prominent way by means of a representative example:	2. The standard information shall specify in a clear, concise and prominent way [...]:	2. The standard information shall specify [...] in a clear, concise and prominent way by means of a representative example:	
(a) the identity of the creditor or, where applicable, the credit intermediary;	(a) the identity of the creditor or, where applicable, the credit intermediary <u>or appointed representative</u> ;	(a) the identity of the creditor or, where applicable, the credit intermediary;	
(b) that the product advertised is a credit agreement and, where applicable, is secured either by a mortgage or another comparable security commonly used in a Member State on residential immovable property or by a right related to residential immovable property;	(b) <u>the indication</u> that the product advertised is a credit agreement and, where applicable, <u>it should be</u> secured either by a mortgage or another comparable security commonly used in a Member State on immovable property or by a right related to immovable property;	[...]	
(c) the borrowing rate, indicating whether this is fixed or variable or both, together with particulars of any charges included in the total cost of the credit to the consumer;	(c) the borrowing rate, indicating whether this is fixed or variable or both, together with particulars of any charges included in the total cost of the credit to the consumer;	(c) the borrowing rate, indicating whether this is fixed or variable or both, together with particulars of any charges included in the total cost of the credit to the consumer; <i>the annual percentage rate of charge shall be included into the advertisement</i>	

		<i>at least as prominently as any other numerical information;</i>	
(d) the total amount of credit;	(d) the total amount of credit;	(d) the total amount of credit;	
(e) the annual percentage rate of charge;	(e) the annual percentage rate of charge;	(e) the annual percentage rate of charge;	
(f) the duration of the credit agreement;	(f) the duration of the credit agreement;	(f) <i>if applicable</i> , the duration of the credit agreement;	
(g) the amount of the instalments;	(g) <u>if applicable</u> , the amount of the instalments;	(g) <i>if applicable</i> , the amount of the instalments;	
(h) the total amount payable by the consumer;	(h) <u>if applicable</u> , the total amount payable by the consumer;	[...]	
(i) a warning, where applicable, concerning the risk of losing the immovable property in the event of non-observance of the commitments linked to the credit agreement when the credit is secured by a mortgage or another comparable security commonly used in a Member State on residential immovable property or secured by a right related to residential immovable property.	(i) [...] <u>if applicable</u> , [...] the number [...] of instalments; [...]	[...]	
The standard information shall be easily legible or clearly audible as appropriate, depending on the medium used for advertising and marketing.	[...]	The standard information shall be easily legible or clearly audible as appropriate, depending on the medium used for advertising and marketing.	
	<u>The information listed in point (c) to (i) shall be specified by means of a representative example.</u>	<i>Any information provided throughout the advertising shall adhere to the displayed representative example.</i>	

		<b><i>Member States shall adopt criteria for defining a representative example.</i></b>	
3. Where the conclusion of a contract regarding an ancillary service relating to the credit agreement, in particular insurance, is compulsory in order to obtain the credit or to obtain it on the terms and conditions marketed, and the cost of that service cannot be determined in advance, the obligation to enter into that contract shall also be stated in a clear, concise and prominent way, together with the annual percentage rate of charge.	3. Where the conclusion of a contract regarding an ancillary service [...], in particular insurance, is compulsory in order to obtain the credit or to obtain it on the terms and conditions marketed, and the cost of that service cannot be determined in advance, the obligation to enter into that contract shall also be stated in a clear, concise and prominent way, together with the annual percentage rate of charge. [...]	3. Where the conclusion of a contract regarding an ancillary service relating to the credit agreement, in particular insurance, is compulsory in order to obtain the credit or to obtain it on the terms and conditions marketed, and the cost of that service cannot be determined in advance, the obligation to enter into that contract shall also be stated in a clear, concise and prominent way, together with the annual percentage rate of charge.	
4. Powers are delegated to the Commission in accordance with Article 26 and subject to the conditions of Articles 27 and 28, to further specify the list of standard information items to be included in advertising. In particular, the Commission, when adopting such delegated acts shall amend, where necessary, the list of the standard information items laid down in paragraphs 2(a) to (i) of this Article.	4. [...] <u>The information mentioned in paragraph 2 and 3 shall be easily legible or clearly audible as appropriate, depending on the medium used for advertising and marketing.</u>	[...]	
	<u>5. Where considered appropriate, Member States may require the inclusion of a warning concerning specific risks associated with credit agreements.</u>		
5. This Article shall be without prejudice to Directive 2005/29/EC.	<u>6.</u> This Article shall be without prejudice to Directive 2005/29/EC.	5. This Article shall be without prejudice to Directive 2005/29/EC.	
		<b><i>Article 8a</i></b>	
		<b><i>Tying and related unfair commercial</i></b>	

		<i>practices</i>	
		<p><i>1. Member States shall allow bundling practices but not tying practices.</i></p> <p><i>2. Notwithstanding paragraph 1, Member States may permit tying practices where creditors require the opening or maintaining of a payment account or savings product where it is a fully integrated part of the credit or whose only purpose is to accumulate capital to repay or service the credit, or to conclude a separate credit agreement in conjunction with a shared-equity credit agreement. Furthermore, Member States shall allow creditors to require the consumer to hold a relevant insurance policy and to refuse to grant credit where the consumer does not have an insurance policy with similar characteristics to those offered by the creditor's preferred supplier.</i></p>	
Article 9	<u>Article 10</u>	Article 9	
Pre-contractual information	<u>General information</u>	General information	
1. Member States shall ensure that general information about credit agreements is made available by creditors or, where applicable, credit intermediaries at all times in a durable medium or in electronic form.	1. Member States shall ensure that general information about credit agreements is made available by creditors or, where applicable, by tied credit intermediaries or their appointed representatives at all times on paper or in electronic form. <u>Member States may also provide that general information is made available by non tied credit intermediaries.</u>	1. Member States shall ensure that <b><i>accessible and comprehensible</i></b> general information about credit agreements is made available by creditors [...] <b><i>and provided to the consumer, either by the creditor in the case of direct sales, or through the credit intermediary,</i></b> at all times <b><i>on paper or on another</i></b> durable medium <b><i>or, upon request,</i></b> in electronic form.	
The general information shall include	<u>Such general information shall include</u>	[...]	

at least the following:	at least the following:		
(a) identity and the geographical address of the creditor as well as, where applicable, the identity and geographical address of the credit intermediary involved;	(a) the identity and the geographical address [...] of the issuer of the information [...];	(a) identity and the geographical address of the creditor as well as, where applicable, the identity and geographical address of the credit intermediary involved;	
(b) purposes for which the credit may be used;	(b) the purposes for which the credit may be used;	(b) purposes for which the credit may be used;	
(c) forms of surety;	<u>(c) the forms of surety;</u>	(c) forms of surety, <b><i>including the possibility for the collateral to be located in a different Member State;</i></b>	
(d) the duration of the credit agreements;	(d) <u>the possible</u> duration of the credit agreements;	(d) the duration of the credit agreements;	
(e) descriptions of the types of credit available, with a short description of the characteristics of fixed and variable rate products, including related implications for the consumer;	<u>(e) [...] in case credits are available in a foreign currency or currencies, an indication of the foreign currency or currencies, including an explanation of the implications for the consumer where the credit is denominated in a foreign currency;</u>	(e) descriptions of the types of credit available, with a short description of the characteristics of fixed and variable rate products, including related implications for the consumer;	
(f) indication of the currency or currencies in which credits are available, including an explanation of the implications for the consumer where the credit is denominated in a foreign currency;	<u>(f) [...] borrowing rate, indicating whether fixed or variable or both, with a short description of the characteristics of a fixed and variable rate, including related implications for the consumer;</u>	(f) indication of the currency or currencies in which credits are available, including an explanation of the implications for the consumer where the credit is denominated in a foreign currency;	
(g) an indicative example of the total cost of credit for the consumer and annual percentage rate of charge;	<u>(g) representative</u> [...] example of the total amount of credit, the total cost of credit for the consumer, the total	(g) [...] <b><i>a representative</i></b> example of the total cost of credit for the consumer and annual percentage rate of charge;	

	amount payable by the consumer and annual percentage rate of charge;		
	<u>(h) particulars of any charges included in the total cost of a credit to the consumer;</u>	<i>(ga) an indication of possible additional costs, such as in connection with the registration of mortgages or other comparable securities;</i>	
(h) the different options available for reimbursing the credit to the creditor (including the number, frequency and amount of the regular repayment instalments);	<u>(i) the different options available for reimbursing the credit to the creditor (including the indicative and representative example of the number, frequency and amount of the regular repayment instalments);</u>	(h) the different options available for reimbursing the credit to the creditor (including the number, frequency and amount of the regular repayment instalments);	
(i) whether there is a possibility of early repayment and, where applicable, a description of the conditions attached to early repayment;	<u>(j) [...] a description of the conditions related to early repayment;</u>	(i) [...] a description of the conditions attached to early repayment;	
(j) whether a valuation of the property is necessary and, where applicable, by whom it should be carried out;	<u>(k) [...] if applicable, information on the measures required from the consumer regarding the valuation of the property and any related costs to the consumer;</u>	(j) whether a valuation of the property is necessary and, where applicable, by whom it should be carried out;	
(k) details on how to obtain information on tax relief on credit agreement interest or other public subsidies.	<u>(l) [...] description of ancillary services the consumer is obliged to acquire in order to obtain the credit or to obtain it on the terms and conditions marketed and, where applicable, a clarification that the ancillary services may be purchased from a provider that is not the creditor;</u>	[...]	
	<u>(m) a warning concerning risks associated with credit agreements.</u>	<i>(ka) In the case of a credit agreement under which payments made by the</i>	

	<u>including possible consequences of non-compliance with the commitments linked to the credit agreement;</u>	<i>consumer do not give rise to an immediate corresponding amortisation of the total amount of credit, but are used to constitute capital during periods and under conditions laid down in the credit agreement or in an ancillary agreement, the pre-contractual information required under paragraph 2 shall include a clear and concise statement that such credit agreements do not provide for a guarantee of repayment of the total amount of credit drawn down under the credit agreement, unless such a guarantee is given.</i>	
	<u>(n) Member States may oblige the creditors to include other types of warnings which are relevant in a Member State.</u>		
	<u>Article 11</u>	<i>Article 9a</i>	
	<u>Pre-contractual information</u>	<i>Pre-contractual information</i>	
2. Member States shall ensure that the creditor and, where applicable, the credit intermediary, without undue delay after the consumer has given the necessary information on his needs, financial situation and preferences in accordance with Article 14, provides the consumer with the personalised information needed to compare the credits available on the market, assess their implications and take an informed decision on whether to conclude a credit agreement.	1. Member States shall ensure that the creditor and, where applicable, the credit intermediary <u>or appointed representative</u> , provides the consumer with the <u>personalised</u> information needed to compare [...] the credit products available on the market, assess their implications and take an informed decision on whether to conclude a credit agreement - <u>without undue delay</u> after the consumer has given the necessary information on his needs, financial	1. Member States shall ensure that the creditor and, where applicable, the credit intermediary or <i>appointed representative</i> , provides the consumer[...] with the personalised information needed to compare the credits available on the market, assess their implications and take an informed decision on whether to conclude a credit agreement: <i>(a)</i> without undue delay after the consumer has given the necessary information on his needs, financial situation and preferences in accordance	

	situation and preferences in accordance with <u>Article 16 and - in good time before the consumer is bound by any credit agreement or offer.</u>	with Article 14; <i>and (b) in good time before the consumer is bound by any credit agreement or offer; such information, on paper or on another durable medium, shall be provided free of charge by means of the European Standardised Information Sheet ('ESIS'), as set out in Annex II.</i>	
Such information, on paper or on another durable medium, shall be provided by means of the European Standardised Information Sheet ('ESIS'), as set out in Annex II.	Such <u>obligatory</u> information, on paper or on another durable medium, shall be provided by means of the European Standardised Information Sheet ('ESIS'), as set out in Annex II.	[...]	
Member States shall ensure that when an offer binding on the creditor is provided to the consumer, it shall be accompanied by an ESIS. In such circumstances, Member States shall ensure that the credit agreement cannot be concluded until the consumer has had sufficient time to compare the offers, assess their implications and take an informed decision on whether to accept an offer, regardless of the means of conclusion of the contract.	[...]	Member States shall ensure that when an offer binding on the creditor is provided to the consumer, it shall be <i>provided in a durable medium</i> [...] and accompanied by an ESIS <i>if none has been provided to the consumer previously or the characteristics of the offer are different from the information contained in the ESIS previously provided.</i>	
		<i>2. Member States shall ensure that the consumer will have 14 days to compare the offers, assess their implications and take an informed decision. Member States shall ensure that this period can be envisaged either as a period where the offer remains binding on the creditor</i>	

		<p><i>before the signing of the credit agreement or as a right of withdrawal without further costs. Member States shall ensure that consumers who wish to do so are able to accept the offer before the expiry of the 14-day period. Member States may provide that the right of withdrawal shall be reduced or cease to apply where the consumer undertakes any action which under national law results in the creation or the transfer of a right in a property connected to or using funds obtained under the credit agreement or in the cases where the credit agreement is, in accordance with the law of Member State, established through a system involving a public office-holder or agent who has a statutory obligation to be independent and impartial and who must ensure, by providing to the consumer a personalised and comprehensive contractual and legal information, that the consumer only concludes the agreement on the basis of careful legal consideration and with knowledge of its legal scope.</i></p>	
<p>The creditor and, where applicable, the credit intermediary shall be deemed to have fulfilled the requirements on information provision to the consumer prior to the conclusion of a distance contract as set out in Article 3 of Directive 2002/65/EC where they have supplied the ESIS.</p>	<p><u>3.</u> The creditor and, where applicable, the credit intermediary <u>or appointed representative who has supplied the ESIS to the consumer</u> shall be deemed to have fulfilled the requirements <u>regarding</u> information provision to the consumer prior to the conclusion of a distance contract as [...] <u>laid down</u> in Article 3(1) of Directive 2002/65/EC</p>	<p>The creditor and, where applicable, the credit intermediary shall be deemed to have fulfilled the requirements on information provision to the consumer prior to the conclusion of a distance contract as set out in Article 3 of Directive 2002/65/EC <b>only</b> where they have <b>at least</b> supplied the ESIS <b>prior to the conclusion of the contract.</b></p>	

	[...].		
Any additional information which the creditor or where applicable, the credit intermediary, may provide to the consumer shall be given in a separate document which may be annexed to the ESIS.	<u>4.</u> Any additional information which the creditor or where applicable, the credit intermediary <u>or appointed representative,</u> may provide to the consumer <u>or is required to provide to the consumer by national legislation</u> shall be given in a separate document which may be annexed to the ESIS.	<i>Member States shall not modify the ESIS but where Member States require additional information, including legal warnings, to be provided to the consumer, that information may be annexed to the ESIS.</i>	
3. Powers are delegated to the Commission in accordance with Article 26 and subject to the conditions of Articles 27 and 28, to amend the standard information items laid down in paragraph 1 of this Article and the content and format of the ESIS set out in Annex II. In particular, such delegated acts shall, where necessary: (a) amend the list of the standard information items laid down in paragraph 1 of this Article; (b) delete any of the information items laid down Annex II; (c) make additions to the list of information items laid down in Annex II; (d) amend the presentation of the contents of the ESIS as laid down in Annex II;	[...]	<i>3. The Commission shall be empowered to adopt delegated acts in accordance with Article 26, to amend the standard information items laid down in Article 9 and in relation to the ESIS set out in Annex II to: (a) supplement and update the list of information items laid down in Annex II; (b) update the presentation of the contents of the ESIS as laid down in Annex II; (c) supplement and update the instructions for the completion of the ESIS as laid down in Annex II.</i>	

(e) elaborate on the instructions for the completion of the ESIS as laid down in Annex II.			
4. In the case of voice telephony communications, as referred to in Article 3(3) of Directive 2002/65/EC, the description of the main characteristics of the financial service to be provided pursuant to the second indent of Article 3(3)(b) of that Directive shall include at least the items referred to in Part A sections (2), (3), (4) and (5) of Annex II.	<u>5.</u> In the case of voice telephony communications, as referred to in Article 3(3) of Directive 2002/65/EC, the description of the main characteristics of the financial service to be provided pursuant to the second indent of Article 3(3) (b) of that Directive shall include at least the items referred to in Part A sections [...] (3), (4), (5) and <u>(6)</u> of Annex II.	<b>4.</b> In the case of voice telephony communications, as referred to in Article 3(3) of Directive 2002/65/EC, the description of the main characteristics of the financial service to be provided pursuant to the second indent of point (b) of Article 3(3) of that Directive shall include at least the items referred to in Part A sections (2), (3), (4) and (5) of Annex II.	

<p>5. Member States shall ensure that the creditor or credit intermediary, upon request of the consumer, provides the consumer with a copy of the draft credit agreement free of charge. This provision shall not apply in cases where the creditor is unwilling, at the time of the request, to proceed to the conclusion of the credit agreement with the consumer.</p>	<p>6. Member States shall ensure that the creditor or, <u>where applicable</u>, credit intermediary <u>or appointed representative</u>, upon request of the consumer, provides the consumer with a copy of the draft credit agreement [...], <u>in good time before the conclusion of the credit agreement</u>. This provision shall not apply in cases where the creditor is unwilling, at the time of the request, to proceed to the conclusion of the credit agreement with the consumer. <u>Member States may however provide that the provision of the draft credit agreement is mandatory.</u></p>	<p>5. Member States shall ensure that the creditor or credit intermediary [...] provides the consumer with a copy in a durable medium of the draft credit agreement free of charge. This provision shall not apply where the creditor is unwilling, at the time of the request, to conclude a credit agreement with the consumer.</p>	
		<b>Article 9b</b>	
		<p><b>Supply and formalisation of the credit agreement</b> <i>In relation to supply and formalisation of a credit agreement, the appraised or appraisal company, notaries, legal advisers or any other provider shall be chosen by mutual agreement of the parties.</i></p>	
Article 10	Article <u>12</u>	Article 10	
Information requirements concerning	Information requirements concerning	Information requirements concerning	

credit intermediaries	credit intermediaries <u>and appointed representatives</u>	credit intermediaries	
1. Prior to the performance of any of the services listed in Article 3(e), a credit intermediary shall provide the consumer with at least the following information:	1. [...] <u>In good time before [...] the conclusion of a contract on the provision of services listed in Article 3(e), a credit intermediary shall provide the consumer with at least the following information on paper or on another durable medium:</u>	1.[...] <b>Member States shall ensure that prior</b> to the performance of any of the services listed in <i>point (e) of Article 3</i> , a credit intermediary shall provide the consumer <b>free of charge</b> with at least the following information <b>on paper or on another durable medium:</b>	
(a) identity and the geographical address of the credit intermediary;	(a) <u>the</u> identity and the geographical address of the credit intermediary;	(a) [...] identity and the geographical address of the credit intermediary;	
(b) the register in which he has been included and the means for verifying that he has been registered;	(b) <u>the number of registration, the register in which it has been included and the means for verifying [...] such registration;</u>	(b) the register in which he has been included, <b>the registration number, where applicable</b> , and the means for verifying that he has been registered;	
(c) where he is acting as a tied credit intermediary he shall identify himself as such and, at the consumer's request, provide the names of the creditor(s) for which he is acting;	(c) [...] <u>the extent of its powers, in particular whether it works exclusively with one or more creditors or as an independent credit intermediary. In case a credit intermediary works exclusively with one or more creditors it shall</u> provide the names of the creditor(s) for which [...] <u>it</u> is acting;	(c) where he is tied [...] <b>to one or more creditors</b> he shall identify himself as such and [...] provide the names of the creditor(s) for which he is acting;	
(d) whether he has a holding, direct or indirect, representing more than 10 % of the voting rights or of the capital in a given creditor;	[...]	(d) whether he [...] <b>offers the service of advice and, if so, indicates where the provision of this service is compulsory in accordance with Article 17;</b>	
(e) whether a given creditor or parent undertaking of a given creditor has a	[...]	[...]	

holding, direct or indirect, representing more than 10 % of the voting rights or of the capital in the credit intermediary;			
(f) the fee, where applicable, payable by the consumer to the credit intermediary for his services;	<u>(d)</u> the fee, where applicable, payable by the consumer to the credit intermediary for [...] <u>its</u> services;	(e) the fee, where applicable, payable by the consumer to the credit intermediary <b>or creditor</b> for his services <b>or the basis on which the fee will be calculated</b> ;	
(g) the procedures allowing consumers and other interested parties to register complaints about credit intermediaries and, where appropriate, the means by which recourse to the out-of-court complaint and redress procedures can be sought;	<u>(e)</u> the procedures allowing consumers [...] <u>or</u> other interested parties to register complaints about credit intermediaries and, where appropriate, the means by which recourse to out-of-court complaint and redress procedures can be sought;	(f) the procedures allowing consumers and other interested parties to register complaints [...] <b>internally</b> and, where appropriate, the means by which recourse to the out-of-court complaint and redress procedures can be sought;	
	<u>[...] (f) where applicable, the existence and amount of the commission(s) payable to the credit intermediary by the creditors or third parties. Where the amount cannot be ascertained at the time of disclosure the credit intermediary shall inform the consumer of the method of calculating the amount or shall give him an indication of their levels.</u>		
(h) for those credit intermediaries that are not tied, the existence of commissions, where applicable, payable by the creditor to the credit intermediary for his services.		(g) for those credit intermediaries that are not tied, the existence of commissions <b>or other inducements</b> , where applicable, payable by the creditor to the credit intermediary for his services.	

<p>2. Credit intermediaries who are not tied shall, at the consumer's request, provide information on the variation in levels of commission payable by the different creditors providing the credit agreements being offered to the consumer. The consumer shall be informed that he has the right to request such information.</p>	<p>[...] <u>2. In cases where the credit intermediary charges a fee to the consumer and also receives commission from the creditor or a third party, the credit intermediary shall explain to the consumer whether or not the commission will be offset against the fee, either in part or in full.</u></p>	<p>2. Credit intermediaries who are not tied shall, at the consumer's request, provide information on the variation in levels of commission payable by the different creditors providing the credit agreements being offered to the consumer. The consumer shall be informed that he has the right to request such information.</p>	
<p>3. Powers are delegated to the Commission in accordance with Article 26 and subject to the conditions of Articles 27 and 28, to update the list of information items on credit intermediaries to be provided to the consumer, as laid down in paragraph 1 of this Article. In particular, the Commission, when adopting such delegated acts shall amend, where necessary, the information items laid down in paragraph 1 of this Article.</p>	<p>[...] <u>3. Member States shall ensure that the fee, if any, payable by the consumer to the credit intermediary, for its services:</u>  <u>(a) is agreed between the consumer and credit intermediary on paper or another durable medium prior to the conclusion of the contract on provision of services;</u>  <u>and</u>  <u>(b) is communicated to the creditor by the credit intermediary, for the purpose of calculating of the annual percentage rate of charge.</u></p>	<p><i>3. [...] Member States shall ensure that the fee, if any, payable by the consumer to the credit intermediary, for its services is communicated to the creditor by the credit intermediary, for the purpose of calculating of the annual percentage rate of charge.</i></p>	
<p>4. In order to ensure uniform conditions of application of paragraph 1 of this Article, powers are conferred on the Commission to determine, where necessary, a standardised format and the presentation of the information items set out in paragraph 1 of this Article.</p>	<p>[...] <u>4. Member States shall require that credit intermediaries ensure that in addition to the disclosures required by this article, an appointed representative discloses to the consumer the capacity in which he is acting and the credit intermediary he is representing when contacting or before dealing with any consumer.</u></p>	<p><i>3a. [...] Where the credit intermediary charges a fee and also receives a commission from the creditor, it shall explain to the consumer whether or not the commission will be fully or partially offset against the fee.</i></p>	
		<p><i>3b. Member States shall require credit intermediaries to ensure that in addition to the disclosures required by this Article,</i></p>	

		<i>an appointed representative discloses to the consumer the capacity in which he is acting and the credit intermediary he is representing when contacting or before dealing with any consumers.</i>	
Article 11	Article <u>13</u>	Article 11	
Adequate explanations	Adequate explanations	Adequate explanations	
Member States shall ensure that creditors and, where applicable, credit intermediaries provide adequate explanations to the consumer on the proposed credit agreement(s) and any ancillary service(s), in order to place the consumer in a position enabling him to assess whether the proposed credit agreements are adapted to his needs and financial situation. An adequate explanation shall include the provision of personalised information on the characteristics of the credits on offer, without however formulating any recommendation. Creditors and, where applicable, credit intermediaries shall accurately assess the level of knowledge and experience with credit of the consumer by any means necessary so as to enable the creditor or the intermediary to determine the level of explanations to be given to the consumer and adjust such explanations accordingly.	1. Member States shall ensure that creditors and, where applicable, credit intermediaries <u>or appointed representatives</u> provide adequate explanations to the consumer on the proposed credit agreement(s) <u>and any ancillary service(s)</u> , in order to place the consumer in a position enabling him to assess whether the proposed credit agreements and ancillary services are adapted to his needs and financial situation [...], <u>where appropriate by explaining at least:</u> <u>(a)</u> [...] the pre-contractual information to be provided in accordance with: - Articles [...] <u>11 in case of creditors;</u> - <u>Articles 11 and 12 in case of credit intermediaries or appointed representatives.</u> <u>(b) the essential characteristics of the products proposed;</u> <u>(c) the consequences the concluding of the credit agreement may have on the consumer, including [...] the consequences</u> of default in payment by the consumer.	<i>1. Member States shall ensure that creditors and, where applicable, credit intermediaries <b>or their appointed representatives</b> provide adequate explanations to the consumer on the proposed credit agreement(s) and any ancillary service(s), in order to place the consumer in a position enabling him to assess whether the proposed credit agreements <b>and ancillary services</b> are adapted to his needs and <b>to his</b> financial situation. [...] <b>The</b> explanation shall include <b>the pre-contractual</b> [...] information [...] <b>including the ESIS, the essential characteristics of the products proposed, and the specific effects they may have on the consumer, including the consequences of default in payment by the consumer and, where ancillary services are bundled with a credit agreement, whether each component can be terminated separately and the conditions for doing so.</b></i>	

	[...]		
Such adequate explanations shall include an explanation of the information and terms included in the pre-contractual information to be provided in accordance with Articles 9 and 10 and of the consequences that concluding the credit agreement may have for the consumer, including in the event of default in payment by the consumer.	2. Adequate explanations shall include <u>the provision of personalised information on the characteristics of the credits on offer, without however formulating any recommendation. Member States may adapt the manner by which and the extent to which such assistance is given, as well as by whom it is given, to the circumstances of the situation in which the credit agreement is offered, the person to whom it is offered and the nature of the credit offered.</u>	2. [...] <i>Member States may adapt the manner by which and the extent to which the assistance referred to in paragraph 1 is given, as well as by whom it is given, to the circumstances of the situation in which the credit agreement [...] is offered, the person to whom it is offered and the nature of the credit offered.</i>	
Chapter 4	Chapter 4	Chapter 4	
Annual percentage rate of charge	Annual percentage rate of charge	Annual percentage rate of charge	
Article 12	Article <u>14</u>	Article 12	
Calculation of the annual percentage rate of charge	Calculation of the annual percentage rate of charge	Calculation of the annual percentage rate of charge	
1. The annual percentage rate of charge, equating, on an annual basis, to the present value of all commitments (drawdowns, repayments and charges), future or	1. The annual percentage rate of charge [...] shall be calculated in accordance with the mathematical formula set out in Annex I.	1. The annual percentage rate of charge, equating, on an annual basis, to the present value of all commitments (drawdowns, repayments and charges), future or existing, agreed by the creditor and the	

existing, agreed by the creditor and the consumer, shall be calculated in accordance with the mathematical formula set out in Annex I.		consumer, shall be calculated in accordance with the mathematical formula set out in Annex I.	
2. For the purpose of calculating the annual percentage rate of charge, the total cost of the credit to the consumer shall be determined excluding any charges payable by the consumer for non-compliance with any of his commitments laid down in the credit agreement.	[...]	2. For the purpose of calculating the annual percentage rate of charge, the total cost of the credit to the consumer shall be determined [...] <b>with the exception of</b> any charges payable by the consumer for non-compliance with any of his commitments laid down in the credit agreement.	
Where the opening of an account is obligatory in order to obtain the credit, the costs of maintaining such an account, the costs of using a means of payment for both payment transactions and drawdowns on that account, and other costs relating to payment transactions shall be included in the total cost of credit to the consumer, unless the costs have been clearly and separately shown in the credit agreement or in any other agreement concluded with the consumer.	2. [...] <u>The costs of opening and maintaining a specific account, the costs of using a means of payment for both transactions and drawdowns on that account and other costs relating to payment transactions shall be included in the total cost of credit to the consumer [...] whenever the opening of an account and the maintaining of it is obligatory in order to obtain the credit or to obtain it on the terms and conditions marketed.</u>	[...] <b>The costs of opening and</b> maintaining [...] an account, [...] of using a means of payment for both transactions <b>on</b> drawdowns on that account and <b>of</b> other costs relating to [...] payment transactions [...] shall be included in the total cost of credit to the consumer <b>whenever the opening or maintaining of an account is obligatory in order to obtain the credit or to obtain it on the terms and conditions marketed,</b> unless the costs have been clearly and separately shown in [...] <b>an</b> agreement concluded with consumer.	
3. The calculation of the annual percentage rate of charge shall be based on the assumption that the credit agreement is to remain valid for the period agreed and that the creditor and the consumer will fulfil their obligations under the terms and by the dates specified in the credit agreement.	3. The calculation of the annual percentage rate of charge shall be based on the assumption that the credit agreement is to remain valid for the period agreed and that the creditor and the consumer will fulfil their obligations under the terms and by the dates specified in the credit agreement.	3. The calculation of the annual percentage rate of charge shall be based on the assumption that the credit agreement is to remain valid for the period agreed and that the creditor and the consumer will fulfil their obligations under the terms and by the dates specified in the credit agreement. <b>Where a fixed borrowing rate is agreed just for a limited period, a single annual</b>	

		<i>percentage rate of charge can be only calculated for the fixed period.</i>	
4. In the case of credit agreements containing clauses allowing variations in the borrowing rate and, where applicable, in the charges contained in the annual percentage rate of charge but unquantifiable at the time of calculation, the annual percentage rate of charge shall be calculated on the assumption that the borrowing rate and other charges will be calculated at the level set at the signature of the contract.	4. In the case of credit agreements containing clauses allowing variations in the borrowing rate and, where applicable, in the charges contained in the annual percentage rate of charge but unquantifiable at the time of calculation, the annual percentage rate of charge shall be calculated on the assumption that the borrowing rate and other charges [...] will <u>remain fixed in relation to</u> the level set at the [...] <u>conclusion</u> of the contract.	4. [...] <i>For periods</i> of credit agreements [...] <i>unconditionally</i> allowing [...] <i>adjustable borrowing rates based on external factors</i> and, where applicable, in the charges contained in the annual percentage rate of charge but unquantifiable at the time of calculation, the annual percentage rate of charge shall be calculated <i>under different assumptions, while avoiding competitive distortions in the market:</i>	
		(a) <i>once</i> on the assumption that the borrowing rate and other charges will be calculated at the level <i>determined</i> at the signature of the contract;	
		(b) <i>once based on a best-case scenario based on data of the interest rate fluctuations during the last 20 years or since the underlying data for the calculation of the interest rate is available;</i>	
		(c) <i>once based on a worst-case scenario based on data of the different interest rate fluctuations during the last 20 years or since the underlying data for the calculation of the interest rate is available.</i>	
5. Powers are delegated to the Commission in accordance with Article 26 and subject to the conditions of Articles 27 and 28, to amend the formula and the	5. [...] <u>Where necessary, the assumptions set out in Annex I should be used in calculating the annual percentage rate of charge.</u> 6. <u>The Commission shall be</u>	4a. <i>In the case the credit agreement relates to a foreign currency loan the annual percentage rate of charge shall be once calculated on the assumption that the relation between the currency of the</i>	

assumptions used to calculate the annual percentage rate of charge as set out in Annex I.	<u>empowered to adopt</u> delegated acts [...] in accordance with <u>Article 31, to amend the remarks and</u> assumptions [...] used to calculate the annual percentage rate of charge as set out in Annex I.	<i>loan and the national currency is at the level determined at the signature of the contract and once based on a scenario based on the assumption, that the national currency loses 20 % of its value in relation to the currency of the loan.</i>	
The Commission shall, when adopting such delegated acts, amend, where necessary, the formula or assumptions laid down in Annex I, in particular if the assumptions set out in this Article and in Annex I do not suffice to calculate the annual percentage rate of charge in a uniform manner or are not adapted any more to the commercial situation at the market.	The Commission shall, when adopting such delegated acts, amend, where necessary, [...] the <u>remarks</u> or assumptions laid down in Annex I, in particular if the remarks and assumptions set out in this Article and in Annex I do not suffice to calculate the annual percentage rate of charge in a uniform manner or are [...] <u>no longer</u> adapted to the commercial situation on the market.	<b>5.</b> The Commission shall [...] <i>be empowered to adopt</i> delegated acts [...] <i>in accordance with Article 26 to amend the remarks or update the assumptions used to calculate the annual percentage rate of charge as set out</i> in Annex I, in particular if the remarks or assumptions set out in this Article and in Annex I do not suffice to calculate the annual percentage rate of charge in a uniform manner or are not longer adapted to the commercial situation on the market.	
Article 13	[...]	Article 13	
Information concerning the borrowing rate	[...]	Information concerning the borrowing rate	
1. Member States shall ensure that the creditor informs the consumer of any change in the borrowing rate, on paper or another durable medium, before the change enters into force. The information shall state the amount of the repayments to be made after the entry into force of the new borrowing rate and, in cases where the number or frequency of the payments changes, particulars thereof.	[...] [See Article 20]	1. Member States shall ensure that the creditor informs the consumer of any change in the borrowing rate, on paper or another durable medium, before the change enters into force. The information shall state the amount of the repayments to be made after the entry into force of the new borrowing rate and, in cases where the number or frequency of the payments changes, particulars thereof.	

<p>2. However, the parties may agree in the credit agreement that the information referred to in paragraph 1 is to be given to the consumer periodically in cases where the change in the borrowing rate correlates directly with a change in a reference rate, the new reference rate is made publicly available by appropriate means and the information concerning the new reference rate is also kept available in the premises of the creditor.</p>	<p>[...]</p>	<p>2. However, the parties may agree in the credit agreement that the information referred to in paragraph 1 is to be given to the consumer periodically in cases where the change in the borrowing rate correlates directly with a change in a reference rate, the new reference rate is made publicly available by appropriate means and the information concerning the new reference rate is also kept available in the premises of the creditor, <i>and communicated personally to the consumer together with the amount of new monthly instalments. The creditor may continue to inform consumers periodically about changes in the borrowing rate, where the borrowing rate does not correlate directly with a change in reference rate, if such provisions were in place prior to ...</i>*.  <i>* OJ: please insert the date of entry into force of this Directive.</i></p>	
		<p><i>2a. Where changes in the borrowing rate are determined by way of auction on the capital markets and it is therefore impossible for the creditor to inform the consumer of any change before the change enters into force, the creditor shall, in good time before the auction, inform the consumer in writing of the upcoming procedure and the expected level of the new borrowing rate.</i></p>	
Chapter 5	Chapter 5	Chapter 5	
Creditworthiness assessment	Creditworthiness assessment	Creditworthiness assessment	
Article 14	Article <u>15</u>	Article 14	

Obligation to assess the creditworthiness of the consumer	Obligation to assess the creditworthiness of the consumer	Obligation to assess the creditworthiness of the consumer	
<p>1. Member States shall ensure that, before the conclusion of the credit agreement, a thorough assessment of the consumer's creditworthiness is conducted by the creditor, based on criteria including the consumer's income, savings, debts and other financial commitments. That assessment shall be carried out on the basis of the necessary information, obtained by the creditor or, where applicable, credit intermediary from the consumer and from relevant internal or external sources and shall respect the requirements with regard to necessity and proportionality set out in Article 6 of Directive 95/46/EC. Member States shall ensure that creditors establish appropriate processes to assess the creditworthiness of the consumer. These processes shall be reviewed at regular intervals and up-to-date records of those processes shall be maintained.</p>	<p>1. Member States shall ensure that, before the conclusion of the credit agreement, <u>creditors carry out a thorough [...] creditworthiness assessment. In making the creditworthiness assessment the creditor shall appropriately take into consideration the factors that could influence the prospect for the debt obligations resulting from the credit agreement to be met over the lifetime of the credit agreement. The creditworthiness assessment shall not however be based on the sole assumption that the value of the immovable property exceeds the amount of the credit or the assumption that the immovable property will appreciate in value, unless the purpose of the credit agreement is to construct or renovate the immovable property.</u> That assessment shall be carried out on the basis of the necessary information, obtained by the creditor or, where applicable, the credit intermediary or <u>appointed representative</u> from the consumer and from relevant internal or external sources and shall respect the requirements with regard to necessity and proportionality set out in Article 6 of Directive 95/46/EC. [...]</p>	<p>1. Member States shall ensure that, before concluding a credit agreement [...], <b><i>the creditor assesses</i></b> the consumer's creditworthiness [...] based on <b><i>objective</i></b> criteria [...] <b><i>in order to verify the prospect for the consumer to meet his obligations under the credit agreement. The information on which the assessment is based shall be documented and maintained.</i></b><sup>1</sup></p> <p><sup>1</sup> <b><i>FSB Principles for Sound Residential Mortgage Underwriting Practices April 2012, (1.2.).</i></b></p>	

	<p><u>2. Member States shall ensure that credit intermediaries or appointed representatives submit the necessary information obtained from the consumer to the relevant creditor to enable the creditworthiness assessment to be carried out.</u></p> <p><u>3. Member States shall ensure that creditors establish appropriate processes to assess the consumer's creditworthiness. These processes shall be reviewed at regular intervals and up-to-date records of those processes shall be maintained.</u></p>	<p><i>1a. Member States shall ensure that where a creditor failed to correctly conduct the creditworthiness assessment as described in this Article and subsequently granted a credit agreement based on that incorrectly conducted creditworthiness assessment, the credit agreement shall not afterwards be cancelled or altered to the detriment of the consumer as a result.</i></p>	
2. Member States shall ensure the following:	<u>4. Member States shall ensure [...] that:</u>	2. Member States shall ensure [...] <i>that:</i>	
(a) Where the assessment of the consumer's creditworthiness results in a negative prospect for his ability to repay the credit over the lifetime of the credit agreement, the creditor refuses credit.	(a) [...] <u>The creditor only makes the credit available to the consumer where the result of the creditworthiness assessment indicates that the obligations resulted from the credit agreement are likely to be met in the manner required under that agreement</u>	(a) [...] <i>The creditor only makes the credit available to the consumer where the result of the creditworthiness [...] assessment indicates that the obligations resulted from the credit agreement are likely to be met in the manner required under that agreement.</i>	
(b) Where the credit application is rejected, the creditor informs the consumer immediately and without charge of the reasons for rejection.	(b) Where the credit application is rejected <u>on the basis of a negative creditworthiness assessment for the consumer,</u> the creditor informs the consumer [...] without <u>delay</u> [...] of the rejection.	[...]	
(c) In accordance with Article 10 of Directive 95/46/EC, the creditor	(c) In accordance with Article 10 of Directive 95/46/EC, the creditor	(c) In accordance with Article 10 of Directive 95/46/EC, the creditor informs	

informs the consumer in advance that a database is to be consulted.	informs the consumer in advance that a database is to be consulted.	the consumer in advance that a database is to be consulted.	
(d) Where the credit application is rejected on the basis of the data contained, or lack thereof, in a database that has been consulted, the creditor informs the consumer immediately and without charge of the name of the database that was consulted as well as of its controller and of his right to access and, where necessary, his right to rectify his data in that database.	(d) Where the credit application is rejected on the basis of [...] <u>the result of consultation</u> of a database [...], the creditor informs the consumer without [...] <u>delay of the result of the consultation</u> , the name of the database that was consulted as well as of its controller and of <u>the consumer's right</u> to access and, where necessary, to rectify his data in that database. <u>The information shall be provided unless the provision of such information is prohibited by other Union legislation or is contrary to objectives of public policy or public security.</u>	(d) If the credit application is rejected on the basis of [...] a database <b>consultation</b> , [...] the creditor informs the consumer immediately and without charge of the <b>result of such consultation and of the particulars of the database consulted.</b>	
(e) Without prejudice to the general right of access contained in Article 12 of the Directive 95/46/EC, where the application is rejected on the basis of an automated decision or a decision based on methods such as automated credit scoring, the creditor informs the consumer immediately and without charge and that the creditor explains the logic involved in the automated decision to the consumer.	[...]	(e) Without prejudice to the general right of access contained in Article 12 of the Directive 95/46/EC, where the application is rejected on the basis of an automated decision or a decision based on methods such as automated credit scoring, the creditor informs the consumer immediately and without charge [...].	
(f) The consumer has the opportunity to request for the decision to be reviewed manually.	[...]	[...].	

<p>3. Member States shall ensure that, where the parties consider increases in the total amount of credit extended to the consumer after the conclusion of the credit agreement, the financial information at the disposal of the creditor concerning the consumer is updated and the consumer's creditworthiness re-assessed before any significant increase in the total amount of credit is granted.</p>	<p><u>5.</u> Member States shall ensure that, where the parties consider increases in the total amount of credit extended to the consumer after the conclusion of the credit agreement, the financial information at the disposal of the creditor concerning the consumer is updated and the consumer's creditworthiness re-assessed before any significant increase in the total amount of credit is granted.</p>	<p>[...].</p>	
<p>4. Further to assessing a consumer's creditworthiness, Member States shall ensure that creditors and credit intermediaries obtain the necessary information regarding the consumer's personal and financial situation, his preferences and objectives and consider a sufficiently large number of credit agreements from their product range in order to identify products that are not unsuitable for the consumer given his needs, financial situation and personal circumstances. Such considerations shall be based on information that is up to date at that moment in time and on reasonable assumptions as to the consumer's situation over the term of the proposed credit agreement.</p>	<p>[...] <u>6. This Article shall be without prejudice to the application of Directive 95/46/EC of the European Parliament and of the Council of 24 October 1995 on the protection of individuals with regard to the processing of personal data and on the free movement of such data.</u></p>	<p>[...].</p>	
<p>5. Powers are delegated to the Commission in accordance with Article 26 and subject to the conditions of Articles 27 and 28, to</p>	<p>[...]</p>	<p>[...].</p>	

specify and amend the criteria to be considered in the conduct of a creditworthiness assessment as laid down in paragraph 1 of this Article and in ensuring that credit products are not unsuitable for the consumer as laid down in paragraph 4 of this Article.			
		<i>Article 14a</i>	
		<i>Property valuation</i>	
		<i>1. Member States shall ensure that sound valuation practices are applied in accordance with international standards and methods and the importance of sound regulation and oversight of appraisers is recognised.</i>	
		<i>2. Member States shall require that internal and external appraisers carrying out such valuations are professionally competent and sufficiently independent to provide an impartial and objective valuation to be documented in a durable medium and that lenders keep a record of it.</i>	
Article 15	Article 16	Article 15	
Disclosure obligation on the part of the consumer	Disclosure obligation on the part of the consumer	Disclosure [...] <i>and verification</i> of consumer <i>information</i>	
1. Member States shall ensure that consumers provide creditors and, where applicable, credit intermediaries with complete and correct information on their financial situation and	1. [...] <u>Consumers</u> shall [...] provide creditors and, where applicable, credit intermediaries <u>or appointed representatives in the course of the credit application process</u> with	1. [...] <i>The creditworthiness assessment shall be carried out on the basis of sufficient, proportionate and appropriately verified income and financial information obtained by the</i>	

<p>personal circumstances in the context of the credit application process. That information should be supported, when necessary, by documentary evidence from independently verifiable sources.</p>	<p>complete and correct information on their financial situation and personal [...] <u>economic circumstances as far as this information is necessary to conduct a proper creditworthiness assessment.</u> That information should be supported, when necessary, by documentary evidence from independently verifiable sources.</p>	<p><i>creditor from relevant internal or external sources.</i></p>	
<p>2. As regards the information to be provided by the consumer in order for the creditor to be able to conduct a thorough assessment of the consumer's creditworthiness and make a decision on whether or not to grant the credit, Member States shall ensure that creditors, at the pre-contractual phase, clearly specify the information, including independently verifiable evidence where necessary, that the consumer needs to provide. Member States shall also ensure that creditors state the exact timing by which consumers are required to provide such information.</p>	<p>2. As regards the information to be provided by the consumer in order for the creditor to be able to conduct a thorough assessment of the consumer's creditworthiness and make a decision on whether [...] to grant the credit, Member States shall ensure that creditors <u>clearly specify</u>, at the pre-contractual phase, the information that the consumer needs to provide, including independently verifiable evidence where necessary [...]. <u>Such request for information shall be proportionate and limited to what is necessary to conduct a proper creditworthiness assessment.</u> Member States shall also ensure that creditors state the exact timing by which consumers are required to provide such information. [...]</p>	<p>2. [...] Member States shall ensure that creditors specify [...] <i>clearly and in an understandable form the necessary information</i> [...] and independently verifiable evidence [...] that the consumer needs to provide <i>and</i> state the timing by which consumers are required to provide <i>the</i> information. Member States shall [...] <i>allow</i> creditors [...] <i>to seek clarification of the information requested under paragraph 1 where necessary to enable the assessment of creditworthiness.</i> <i>Member States shall not allow creditors to use a failure to provide information to justify terminating the credit agreement once it has been concluded.</i></p>	
<p>Member States shall ensure that in cases where the consumer chooses not to provide the information necessary for an assessment of his</p>	<p><u>In this context</u>, the creditor, credit intermediary <u>or appointed representative shall inform</u> the consumer that <u>the necessary</u></p>	<p>3. Member States shall <i>have measures in place</i> to ensure that [...] <i>consumers provide correct information in accordance with paragraph 2. Where the</i></p>	

creditworthiness, the creditor or credit intermediary warns the consumer that they are unable to carry out a creditworthiness assessment and therefore that the credit may not be granted. This warning may be provided in a standardised format.	<u>information must be provided completely and correctly. Furthermore, the creditor, credit intermediary or appointed representative shall warn the consumer that it is not possible</u> to carry out a creditworthiness assessment and therefore that the credit may not be granted, <u>if the consumer does not provide the information requested for.</u> This warning may be provided in a standardised format.	<i>consumer chooses not to provide</i> the information <i>or verification</i> necessary for an assessment of his creditworthiness, the creditor [...] <i>shall warn</i> the consumer that they are unable to carry out a creditworthiness assessment and therefore that the credit may not be granted. This warning may be provided in a standardised format	
3. This Article shall be without prejudice to the application of Directive 95/46/EC of the European Parliament and of the Council of 24 October 1995 on the protection of individuals with regard to the processing of personal data and on the free movement of such data, in particular Article 6 thereof.	3. This Article shall be without prejudice to the application of Directive 95/46/EC of the European Parliament and of the Council of 24 October 1995 on the protection of individuals with regard to the processing of personal data and on the free movement of such data, in particular Article 6 thereof.	[...]	
Chapter 6	Chapter 6	Chapter 6	
Database access	Database access	Database access	
Article 16	Article <u>17</u>	Article 16	
Database access	Database access	Database access	
1. Each Member State shall ensure non-discriminatory access for all creditors to databases used in that Member State for assessing the creditworthiness of consumers and for monitoring consumers' compliance with the credit obligations over the life	1. Each Member State shall ensure the non-discriminatory access for all creditors <u>from all Member States</u> to databases used in that Member State for assessing the creditworthiness of consumers [...]. Such databases comprise databases operated by private	1. Each Member State shall ensure [...] access for all creditors to databases used in that Member State for assessing the creditworthiness of consumers and for monitoring consumers' compliance with the credit obligations over the life of the credit agreement. [...] <i>The conditions for</i>	

of the credit agreement. Such databases comprise databases operated by private credit bureaux or credit reference agencies and public credit registers.	credit bureaux or credit reference agencies and public registers.	<i>access shall be non-discriminatory.</i>	
2. Powers are delegated to the Commission in accordance with Article 26 and subject to the conditions of Articles 27 and 28, to define uniform credit registration criteria and data processing conditions to be applied to the databases referred to in paragraph 1 of this Article. In particular, such delegated acts shall define the registration thresholds to be applied to such databases and shall provide for agreed definitions for key terms used by such databases.	[...]	[...]	
3. The information in the databases shall be provided unless the provision of such information is prohibited by other Union legislation or is contrary to objectives of public policy or public security.	[...]	[...]	
4. This Article shall be without prejudice to the application of Directive 95/46/EC of the European Parliament and of the Council of 24 October 1995 on the protection of individuals with regard to the processing of personal data and on the free movement of such data.	2. This Article shall be without prejudice to the application of Directive 95/46/EC of the European Parliament and of the Council of 24 October 1995 on the protection of individuals with regard to the processing of personal data and on the free movement of such data.	2. This Article shall be without prejudice to the application of Directive 95/46/EC of the European Parliament and of the Council of 24 October 1995 on the protection of individuals with regard to the processing of personal data and on the free movement of such data.	
Chapter 7	Chapter 7	Chapter 7	

Advice	Advisory services	Advisory services	
Article 17	Article <u>18</u>	Article 17	
Advice standards	[...] Standards <u>for advisory services</u>	[...] Standards <i>for advisory services</i>	
1. For the purposes of this Directive, 'advice' constitutes a separate service from the granting of a credit. Such a service can only be marketed as advice when the remuneration of the individual providing the service is transparent to the consumer.	[...]	[...]	
Member States shall ensure that the creditor or credit intermediary informs the consumer, in the context of a given transaction, whether or not advice is being or will be provided. This may be done through additional pre-contractual information. Where advice is provided to consumers, in addition to the requirements set out in Articles 5 and 6, Member States shall ensure that creditors and credit intermediaries:	1. Member States shall ensure that the creditor, credit intermediary <u>or appointed representative explicitly</u> informs the consumer, in the context of a given transaction, whether or not [...] <u>advisory services are</u> being or <u>can be provided to the consumer</u> .	<b>1.</b> Member States shall ensure that the <b>creditor</b> , [...] credit intermediary [...] <b>or appointed representative explicitly</b> informs the consumer, in the context of a given transaction, whether [...] <b>advisory services are</b> being or <b>can</b> be provided [...] <b>to the consumer</b> .	
	<u>2. Member States shall ensure that before the provision of advisory services or, where applicable, before the conclusion of a contract on the provision of advisory services, the creditor, credit intermediary or appointed representative provides the consumer with the following information on paper or another durable medium:</u>	<b>2. Member States shall ensure that before the provision of advisory services or, where applicable, the conclusion of a contract for the provision of advisory services, the creditor, credit intermediary or appointed representative informs the consumer in a durable medium:</b>	

(a) consider a sufficiently large number of credit agreements available on the market so as to enable the recommendation of the most suitable credit agreements for the consumer's needs, financial situation and personal circumstances;	<u>(a) the range of credit agreements they will consider so that the consumer can understand whether the recommendation is being made on the basis of a consideration of the creditors, credit intermediary's or their appointed representative's own product range or on the basis of a consideration of a large number of products available on the market;</u>	<i>(a) [...] whether the recommendation will be based on considering only their own product range in accordance with point (b) of paragraph 2a or a wide range from across the market in accordance with point (c) of paragraph 2a;</i>	
	<u>(b) where applicable, the fee payable by the consumer for the provision of advisory services The above information may be provided to the consumer in the form of additional pre-contractual information.</u>	<i>(b) [...] where applicable, the fee payable by the consumer for the advisory services or the method used for its calculation.</i>	
	<u>3. Where advisory services are provided to consumers, [...] Member States shall ensure [...], in addition to the requirements set out in Articles 5 and 7, that:</u>	<i>2a. Where advisory services are provided to consumers, Member States shall ensure, in addition to the requirements set out in Articles 5 and 7, that:</i>	

<p>(b) obtain the necessary information regarding the consumer's personal and financial situation, his preferences and objectives so as to enable the recommendation of suitable credit agreements. Such an assessment shall be based on information that is up to date at that moment in time and on reasonable assumptions as to the consumer's situation over the term of the proposed credit agreement.</p>	<p><u>(a) creditors, credit intermediaries and appointed representatives</u> obtain the necessary information regarding the consumer's personal and financial situation, his preferences and objectives so as to enable the recommendation of suitable credit agreements. Such an assessment shall be based on information that is up to date at that moment in time and on reasonable assumptions as to the consumer's situation over the term of the proposed credit agreement.</p>	<p><i>(a) creditors, credit intermediaries or appointed representatives</i> obtain the necessary information regarding the consumer's personal and financial situation, his preferences and objectives so as to enable the recommendation of suitable credit agreements;</p>	
	<p><u>(b) creditors, tied credit intermediaries and appointed representatives appointed by tied credit intermediaries consider a sufficiently large number of credit agreements in their product range and recommend the most suitable credit agreements or several suitable credit agreements for the consumer's needs, financial situation and personal circumstances,</u></p>	<p><i>(b) creditors, tied credit intermediaries or appointed representatives appointed by tied credit intermediaries consider a sufficiently large number of credit agreements in their product range;</i></p>	
	<p><u>(c) not tied credit intermediaries and appointed representatives appointed by not tied credit intermediaries consider a sufficiently large number of credit agreements available on the market and recommend the most suitable credit agreement or several suitable credit agreements for the consumer's needs, financial situation and personal circumstances;</u></p>	<p><i>(c) not tied credit intermediaries or appointed representatives appointed by not tied credit intermediaries consider a sufficiently large number of credit agreements available on the market;</i></p>	

		<i>(d) creditors, credit intermediaries or appointed representatives act in the best interests of the consumer by recommending credit agreements which are suitable for the consumer's needs, financial situation and personal circumstances; and</i>	
		<i>(e) the creditor, credit intermediary or appointed representative providing the advisory services gives the consumer a record in a durable medium of the advice provided;</i>	
	<p><u>5. Member States may prohibit the use of the term “advice” and “advisor” or similar terms when the advisory services are being provided to consumers by:</u></p> <p><u>(i) creditors;</u></p> <p><u>(ii) tied credit intermediaries; or</u></p> <p><u>(iii) appointed representatives of tied credit intermediaries;</u></p>	<p><i>2b. Member States should only allow the use of the term "independent advice" or "independent advisor" when creditors, tied credit intermediaries or credit intermediaries or appointed representatives that provide advisory services:</i></p> <ul style="list-style-type: none"> <li><i>- are not remunerated at all by one or more creditors; or</i></li> <li><i>- are remunerated by a number of creditors representing at least a majority of the market given that the remuneration is disclosed to the consumer and does not incentivise the creditor to act against the best interests of consumers.</i></li> </ul>	
	<p><u>4. Member States may provide for an obligation for creditors and tied credit intermediaries and appointed representatives appointed by tied credit intermediaries to provide advisory</u></p>		

	<u>services as a part of the credit granting process. In such case Member States may determine the cost, if any, for the provision of advisory services.</u>		
	<u>4a. Member States may provide for an obligation for creditors, credit intermediaries and appointed representatives to warn a consumer when, considering the consumer's financial situation, a credit agreement may induce a specific risk for the consumer.</u>	<i>2c. Member States may provide for an obligation for creditors, credit intermediaries and appointed representatives to warn a consumer when considering the consumer's financial situation, a credit agreement may induce a specific risk for the consumer.</i>	
		<i>2d. Member States shall ensure that any creditor or credit intermediary providing advisory services is duly authorised and that the relevant staff are competent to make a personalised recommendation which is in the best interests of the consumer. Appointed representatives providing advisory services shall be duly registered.</i>	
	<u>6. The provisions of this Article are without prejudice to the obligation to provide adequate explanations to consumers according to Article 13.</u>	<i>2e. This Article shall be without prejudice to the ability of Member States to provide services for consumers to help them understand their financial needs and which types of products are likely to meet those needs.</i>	
		<i>Chapter 8a</i>	
		<i>Sound performance of credit agreements</i>	

		<i>Article -18a</i>	
		<i>Foreign currency loans and variable interest rates</i>	
		<i>1. Member States shall ensure that where a credit agreement relates to a foreign currency loan, the consumer shall have the right to convert the loan into an alternative currency, in accordance with a transparent method disclosed to the consumer in pre-contractual information.</i>	
		<i>2. The alternative currency referred to in paragraph 1 shall be either: (a) the currency in which the consumer receives income or holds assets from which the loan is to be repaid, as indicated at the time the most recent creditworthiness assessment in relation to the credit agreement was made; or (b) the currency of the Member State in which the consumer is resident.</i>	
		<i>3. Member States shall provide that where the right referred to in paragraph 1 is referred to: (a) the creditor is entitled to fair and objectively justified compensation for possible costs directly linked to the exercise of the right; (b) the exchange rate used for the conversion shall be the market exchange rate applicable on the day of application for the conversion unless otherwise</i>	

		<p><i>agreed by the parties or unless a Member State has specified other arrangements before the conclusion of the credit agreement;</i></p> <p><i>(c) the creditor shall be entitled to adjust the interest rate and interest reference rate where this has been provided for in the credit agreement.</i></p>	
		<p><i>4. Member States shall ensure that, for credit agreements in a foreign currency, a trigger credit amount payable or a maximum amount payable is included in the credit agreement. When the trigger credit amount payable or a maximum amount has been reached, the creditor shall warn the consumer of the high rise of the credit amount payable. In this case the consumer shall have the right to convert the loan pursuant to paragraph 1. In the case when the total credit amount in the national currency is not limited by any caps, a scenario should be provided to the consumer based on the assumption, that the national currency loses 20 % of value in relation to the currency of the loan.</i></p>	
		<p><i>5. Member States shall ensure that, where a credit agreement unconditionally allows variations on the interest rate unquantifiable at the time of the conclusion of the credit agreement and based on external factors, the underlying data for the calculation of the interest rate has to be available for at least 14</i></p>	

		<p><i>years.</i></p> <p><i>For agreements on variable interest rates Member States shall ensure that creditors, tied credit intermediaries, credit intermediaries or appointed representatives inform the consumer before concluding the contract on the possible fluctuation of the interest rate. In cases where the variable interest rate is limited by caps, a best and worst-case scenario shall be provided to the consumer based on the caps. In cases where the variable interest rate is not limited by any caps, a best and worst-case scenario should be provided to the consumer based on data of the interest rate fluctuations during last 20 years or since the underlying data for the calculation of the interest rate is available.</i></p>	
		<i>Article -18b</i>	
		<i>Variable rate loans and underlying indexes and reference rates</i>	
		<i>Where the credit agreement is a variable rate loan:</i>	

		<i>1. Member States shall ensure that any index or reference rate used to calculate the borrowing rate is clear, accessible, objective and verifiable by the parties to the credit agreement and the competent authorities.</i>	
		<i>2. Member States shall ensure that the providers of indexes used to calculate the borrowing rate keep the documentation used for its calculation and maintain their historical records.</i>	
		<i>3. Where justified, Member States may prohibit the standardised use of indexes that are not publicly available in a website or are not published in an official journal. Member States may also require that the providers of the standardised indexes used to calculate the borrowing rate publish on a daily basis information on the average borrowing rate, the maximum borrowing rate and the minimum borrowing rate for the past 20 years or where such data is not available for the longest period for which data is available. Additionally Member States may require that creditors disclose such information to the consumer annexed to the ESIS before concluding a credit agreement.</i>	

		<i>4. Member States may adopt provisions to ensure symmetry between contractual clauses establishing limits such as floors and caps for the evolution of the variable rate.</i>	
Chapter 8	Chapter 8	Chapter 8	
Early repayment	<u>[...] Information and rights concerning credit agreements</u>	<i>[...] Sound performance of credit agreements</i>	
Article 18	Article <u>19</u>	Article 18	
Early repayment	Early repayment	Early repayment	
1. Member States shall ensure that the consumer has a statutory or contractual right to discharge his obligations under a credit agreement prior to the expiry of that agreement. In such cases, he shall be entitled to a reduction in the total cost of the credit, such a reduction consisting of the interest and the costs for the remaining duration of the contract.	1. Member States shall ensure that the consumer has a statutory or contractual right to <u>discharge fully or partially</u> his obligations under a credit agreement prior to the expiry of that agreement. In such cases, he shall be entitled to a reduction in the total cost of the credit, such a reduction consisting of the interest and the costs for the remaining duration of the contract.	1. Member States shall ensure that the consumer has a [...] right to discharge his obligations <i>fully or partially</i> under a credit agreement prior to the expiry of that <i>agreement, without penalty on the consumer, while ensuring the indemnity of the creditor.</i> In such cases, [...] <i>the consumer</i> shall be entitled to a reduction <i>equivalent to the early repaid amount</i> in the total cost of the credit [...].	
2. Member States may provide that the exercise of the right referred to in paragraph 1 is subject to certain conditions. Such conditions may include time limitations on the exercise of the right, different treatment depending on the type of the borrowing rate, or restrictions with regard to the circumstances under	2. Member States may provide that the exercise of the right referred to in paragraph 1 [...] <u>be</u> subject to certain conditions. Such conditions may include time limitations on the exercise of the right, a different treatment depending on the type of the borrowing rate, or restrictions with regard to the circumstances under which the right	2. Member States [...] <i>shall</i> provide that the creditor [...] <i>is</i> entitled to a fair and objective compensation [...], <i>where justified</i> , for <i>possible</i> costs directly linked to <i>the</i> early repayment [...]. <i>The compensation shall not exceed the economic loss of the lender.</i> The consumer <i>shall be clearly and fully informed of the right referred to in</i>	

<p>which the right may be exercised. Member States may also provide that the creditor should be entitled to fair and objectively justified compensation for potential costs directly linked to early repayment of the credit. In any event, if the early repayment falls within a period for which the borrowing rate is fixed, exercise of the right may be made subject to the existence of a special interest on the part of the consumer.</p>	<p>may be exercised. Member States may also provide that the creditor should be entitled to fair and objectively justified compensation for potential costs directly linked to early repayment of the credit. In any event, if the early repayment falls within a period for which the borrowing rate is fixed, <u>Member States may make the exercise of the right subject to the existence of a special interest on the part of the consumer.</u></p>	<p><i>paragraph 1 and of the amount of the compensation or of the transparent method for its calculation before signing the contract.</i></p>	
<p>Where a Member State lays down such conditions, these shall not make the exercise of the right referred to in paragraph 1 excessively difficult or onerous for the consumer.</p>	<p>Where a Member State lays down such conditions, these shall not make the exercise of the right referred to in paragraph 1 excessively difficult or onerous for the consumer.</p>	<p><i>2a. Where the early repayment falls within a period for which the borrowing rate is fixed Member States may provide that the exercise of the right referred to in paragraph 1 is subject to certain conditions and without prejudice to the right of creditors in accordance with paragraph 2. In this case the exercise of the right may be subject to the existence of a legitimate interest on the part of the consumer whose nature shall be specified by Member States.</i></p>	
	<p><u>3. Where a consumer seeks to discharge his obligations under a credit agreement prior to the expiry of the agreement, the creditor shall provide the consumer without delay after receipt of the request, on paper or on another durable medium, with the information needed to consider this option.</u> <u>This information shall at least quantify</u></p>	<p><i>3a. Member States may opt for caps on the compensation payable under paragraph 2 or maximum periods after which such compensation may no longer be claimed by the creditor.</i></p>	

	<u>the implications for the consumer of discharging his obligations prior to the expiry of the credit agreement and clearly set out any assumptions used. Any assumptions used shall be reasonable and justifiable.</u>		
		<i>Article 18a</i>	
		<i>Flexible and reliable markets</i>	
		<p><i>1. Member States shall develop a framework:</i></p> <p><i>(a) to allow creditors to transfer without registration of a new mortgage deed credit agreements or portfolios of credit agreements to other creditors unless explicitly forbidden by the credit agreement provided the loan conditions are not altered to the disadvantage of the consumer; and</i></p> <p><i>(b) to allow creditors and consumers to agree on the portability of a credit agreement on moving house.</i></p>	
		<p><i>2. Member States that allow the marketing of reverse agreements in their territory may develop a framework to allow creditors and consumers to agree the replacement of a credit agreement with a reverse agreement.</i></p>	
		<p><i>3. Member States shall ensure that effective mechanisms are in place to ensure that borrowers have a clear and legally enforceable title to the property and the traceability of credit agreements</i></p>	

		<i>related to residential immovable property and related financial instruments.</i>	
		<i>4. The Joint Committee established under Article 54 of Regulations EU (No) 1093/2010 and (EU) No 1095/2010 shall coordinate the work of EBA and ESMA in developing guidelines on methodologies for ensuring traceability of credit agreements, associated collateral and related financial instruments.</i>	
		<i>5. Member States shall promote the use of indices of residential immovable property in order to provide an improved basis for the monitoring of trends in valuation of residential immovable property.</i>	
	<u>Article 20</u>		
	<u>Information concerning the borrowing rate</u>		
	<u>1. Member States shall ensure that the creditor informs the consumer of any change in the borrowing rate, on paper or another durable medium, before the change enters into force. The information shall at least state the amount of the payments to be made after the entry into force of the new borrowing rate and, in cases where the number or frequency of the payments changes, particulars thereof.</u>		
	<u>2. However, the Member States may</u>		

	<p><u>allow the parties to agree in the credit agreement that the information referred to in paragraph 1 is to be given to the consumer periodically in cases where the change in the borrowing rate is as a consequence of a change in a reference rate, the new reference rate is made publicly available by appropriate means and the information concerning the new reference rate is also kept available in the premises of the creditor.</u></p>		
		<i>Article 18b</i>	
		<i>Arrears and foreclosure</i>	
		<i>1. Member States shall ensure that creditors exercise reasonable forbearance and make all other reasonable attempts to resolve the position before initiating foreclosure proceedings.</i>	
		<i>2. Member States shall ensure that any charges to compensate damages for default to be paid by the consumer are proportionate to the costs incurred by the creditor.</i>	
		<i>3. Member States shall ensure that:</i> <i>(a) creditors take reasonable steps to obtain the best price for the foreclosed property, taking account of factors such as market conditions as well as any increase in the amount owed by the consumer;</i> <i>(b) where the parties to the credit agreement expressly agree, the return of</i>	

		<p><i>the collateral is sufficient to repay the loan;</i></p> <p><i>(c) Where creditors have full recourse to a consumer's assets after foreclosure proceedings are completed and outstanding debt remains, measures to facilitate repayment arrangements are reasonable and have regard to the interests and practical circumstances of the consumer. This could include allowing measures to limit the seizure of wages, retirement pensions or equivalent to retain a minimum income and avoid household over-indebtedness are in place.</i></p>	
Chapter 9	Chapter 9	Chapter 9	
Prudential and supervisory requirements	Requirements [...] for establishment and supervision of credit intermediaries and appointed representatives	[...] <b>General</b> prudential and supervisory requirements	
		Article -19a	
		General requirements	
		<p><b><i>1. Member States shall ensure that there is an effective framework of underwriting standards for credit agreements, incorporating the principles set out in this Directive and measures to prevent household over-indebtedness, which can be effectively supervised and monitored. Such standards may include prudent loan-to-value ratios<sup>1</sup>.</i></b></p> <p><b><i><sup>1</sup>FSB Consultation on Principles for Sound Residential Mortgage</i></b></p>	

		<i>Underwriting Principles, October 2011</i>	
		<i>2. Member States shall ensure that competent authorities have powers to specify more stringent and proportionate underwriting criteria for the situations where the underlying risks are higher for consumers. These may include additional risk warnings, specifying loan-to-value or other ratios and guarantees and products to insure or hedge the risks.</i>	
		<i>3. EBA may on its own initiative or at the request of the ESRB in accordance with Article 9 of  Regulation (EU) No 1092/2010, based on sound assessment of developments in the residential property market in a Member State, issue warnings to the relevant competent authorities and issue recommendations calling for the introduction of additional measures.</i>	
		<i>Article -19b</i>	
		<i>Supervision of credit registers</i>	
		<i>Member States shall ensure that credit registers operating on their territories are adequately supervised by the competent authorities and by data protection supervisors. Without prejudice to the powers conferred by Regulation (EU) No 1093/2010, EBA shall contribute to the supervision of credit registers that</i>	

		<i>operate cross-border within the Union.</i>	
Article 19	Article 21	Article 19	
Authorisation and supervision of credit intermediaries	<u>Approval of</u> [...] credit intermediaries	Authorisation and supervision of credit intermediaries	
1. Credit intermediaries shall be duly authorised to carry out the activities set out in Article 3(e) by a competent authority as defined in Article 4 in their home Member State. Such authorisation shall be granted on the basis of requirements established in the home Member State of the credit intermediary and shall include the fulfilment of the professional requirements laid down in Article 20.	1. Credit intermediaries shall be duly [...] <u>approved</u> to carry out the activities set out in Article 3(e) by a competent authority [...] in their home Member State through a process of authorisation and/or registration. [...]	1. Credit intermediaries shall be duly authorised to carry out the activities set out in Article 3(e) by a competent authority [...] <i>referred to</i> in Article 4 in their home Member State. Such authorisation shall be granted on the basis of requirements established in the home Member State of the credit intermediary and shall include the fulfilment of the professional requirements laid down in Article 20.	
		<i><b>1a. Appointed representatives appointed under Article 19a shall not be considered as credit intermediaries for the purposes of this Article.</b></i>	
2. Home Member States shall ensure that authorised credit intermediaries comply with the conditions for initial authorisation on a continuing basis.	<u>2. [...] Member States shall ensure that [...] the approval of credit intermediaries [...] is made subject to fulfilment of at least the requirements provided for in subparagraphs (a) – (c). (a) credit intermediaries shall hold professional indemnity insurance covering the territories in which they offer services, or some other comparable guarantee against liability arising from professional negligence. However, for tied intermediaries, the home Member State may provide that such insurance or comparable guarantee can be provided by a creditor</u>	2. Home Member States shall ensure that authorised credit intermediaries comply with the conditions for initial authorisation on a continuing basis.	

	<p><u>for which the credit intermediary is empowered to act.</u></p> <p><u>Powers are delegated to the Commission to adopt and, where necessary amend, regulatory technical standards to stipulate the minimum monetary amount of the professional indemnity insurance or comparable guarantee referred to in paragraph 1(a). These regulatory technical standards shall be adopted in accordance with Articles 10 to 14 of Regulation (EU) No 1093/2010.</u></p> <p><u>EBA shall develop draft regulatory technical standards to stipulate the minimum monetary amount of the professional indemnity insurance or comparable guarantee referred to in paragraph 1(a) for submission to the Commission [within 6 months of the adoption of the proposal]. EBA will review, and if necessary, develop draft regulatory technical standards to amend the minimum monetary amount of the professional indemnity insurance or comparable guarantee referred to in paragraph 1(a) for submission to the Commission for the first time [4 years after entry into force of the Directive] and biannually thereafter.</u></p> <p><u>(b) a natural person established as a credit intermediary, the members of board of a credit intermediary established as a legal person or natural persons performing equivalent tasks within a credit intermediary which is a</u></p>		
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	<p><u>legal person but does not have a board shall be of good repute. As a minimum they shall have a clean police record or any other national equivalent in relation to serious criminal offences linked to crimes against property or other crimes related to financial activities and they shall not have previously been declared bankrupt, unless they have been rehabilitated in accordance with national law.</u></p> <p><u>(c) a natural person established as a credit intermediary, the members of board of a credit intermediary established as a legal person or natural persons performing equivalent tasks within a credit intermediary which is a legal person but does not have a board shall possess the appropriate level of knowledge and competence in relation to credit agreements. The home Member State shall establish the appropriate level of knowledge and competence in accordance with the principles set out in Annex III.</u></p>		
<p>3. Home Member States shall ensure that the authorisation of credit intermediaries is withdrawn where either:</p> <p>(a) the credit intermediary no longer fulfils the requirements under which authorisation was granted;</p> <p>(b) the credit intermediary has obtained the authorisation through false statements or any other irregular means.</p>	<p>3. [...] Member States shall ensure that [...] <u>all approved credit intermediaries [...] and their appointed representatives, whether established as natural or legal persons, are entered into a register with a competent authority in their home Member State. Member States shall ensure that the register of credit intermediaries and appointed representatives is kept up to date and is available online.</u></p>	<p>3. Home Member States shall ensure that the authorisation of credit intermediaries is <b>suspended or</b> withdrawn where either:</p> <p>(a) the credit intermediary no longer fulfils the requirements under which authorisation was granted;</p> <p>(b) the credit intermediary has obtained the authorisation through false statements or any other irregular means.</p>	

	<p><u>The register of credit intermediaries and appointed representatives should contain at least the following information:</u></p> <p><u>(i) the names of the persons within the management who are responsible for the intermediation business. Member States may also require the registration of all natural persons who exercise a client-facing function in an undertaking that pursues the activity of credit intermediation;</u></p> <p><u>(ii) the Member State(s) in which the credit intermediary conducts business under the rules on the freedom of establishment or on the freedom to provide services and in Accordance with Article 22</u></p> <p><u>(iii) whether the credit intermediary is tied or not;</u></p> <p><u>Member States that decide to avail of the option referred to in Article 21 a shall ensure that the register indicates the creditor on whose behalf the tied credit intermediary acts.</u></p> <p><u>Member States that decide to avail of the option referred to in Article 21b shall ensure that the register indicates the credit intermediary or in the case of an appointed representative of a tied credit intermediary, the creditor on whose behalf the appointed representatives acts.</u></p>		
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	<p>4. Member States shall ensure <u>that</u>:</p> <p>(i) any credit intermediary which is a legal person has its head office in the same Member State as its registered office.</p> <p>(ii) any credit intermediary which is not a legal person or any credit intermediary which is a legal person but under its national law has no registered office have its head office in the Member State in which it actually carries on its main business.</p>		
	<p>5. Member States shall ensure that a single information point is established to allow quick and easy public access to information from the national register, which shall be compiled electronically and kept constantly updated. This information point shall also provide the identification details of the competent authorities of each Member State.</p>		
<p>4 Member States shall ensure that authorised credit intermediaries are subject to supervision of their ongoing activities by their home competent authority as referred to in <b>Article 4</b>.</p>	<p>6. Home Member States shall ensure that all approved credit intermediaries and appointed representatives comply with the conditions defined in paragraph 2 on a continuing basis. This paragraph shall be without prejudice to the provisions of article 21 a and 21 b.</p>	<p>4. Member States shall ensure that authorised credit intermediaries are subject to supervision of their ongoing activities by their home competent authority and, <b>where applicable, by the competent authority in the Member State where a branch is established</b> as referred to in <b>Articles 4 and 22</b>.</p>	
	<p>7. Member States may waive the application of this Article to persons carrying out the activities set out in Article 3(e) where the activities are</p>		

	provided in an incidental manner in the course of a professional activity and that activity is regulated by legal or regulatory provisions or a code of ethics governing the profession which do not exclude the provision of that service.		
	8. Paragraph 1 does not apply to credit institutions holding an authorisation as defined in art. 4 (2) of the Directive 2006/48/EC as well as to other financial institutions which under national law are subject to an equivalent authorization and supervision regime.	<b><i>4a. The provisions of this Article should apply neither to credit institutions nor to insurance companies which act as credit intermediaries. Provided that the obligations under Articles 9a, 14 and 17 of this Directive are complied with, they should also not be applied to those borrowers which are not creditors or credit intermediaries and are allowed by Member States to transfer, free of charge and with the agreement of the creditor, a credit agreement in parallel to the sale of a property.</i></b>	
	<u>Article 21b</u>	<b><i>Article 19a</i></b>	
	<u>Appointed representatives</u>	<b><i>Appointed representatives</i></b>	
	<u>1. Member States may decide to allow a credit intermediary to appoint appointed representatives.</u> <u>Where the credit intermediary has appointed an appointed representative and is tied to only one creditor as set out in Article 3(f) (i), the creditor shall remain fully and unconditionally responsible for any action or omission on the part of the appointed</u>	<b><i>1. Member States may decide to allow a credit intermediary to appoint appointed representatives.</i></b>	

	<u>representative that is acting on behalf of the credit intermediary.</u>		
	<u>2. Member States shall require the credit intermediary to ensure that the appointed representative complies at least with the requirements set out in Article 21(2)(a) to 21(2) (c). However, the home Member State may provide that the professional indemnity insurance or a comparable guarantee can be provided by a credit intermediary for which the appointed representative is empowered to act.</u>	<i>2. Member States shall require that the credit intermediary remains fully and unconditionally responsible for any action or omission on the part of the appointed representative when acting on behalf of the credit intermediary. However, where the credit intermediary that has appointed an appointed representative which is tied to only one creditor as set out in Article 3(f), the creditor shall remain fully and unconditionally responsible for any action or omission on the part of the appointed representative that is acting on behalf of the credit intermediary. Member States shall require the credit intermediary to ensure that the appointed representative complies with the requirements set out in points (a) to (c) of Article 21(2) to 21(2). However, the home Member State may provide that the professional indemnity insurance or a comparable guarantee can be provided by a credit intermediary for which the appointed representative is empowered to act.</i>	
		<i>3. Member States that decide to allow a credit intermediary to appoint appointed representatives shall establish a public register. Appointed representatives shall be registered in the public register in the</i>	

		<p><i>Member State where they are established. The register shall be updated on a regular basis. It shall be publicly available for consultation.</i></p> <p><i>Where the Member State in which the appointed representative is established by way of a branch has decided, in accordance with paragraph 1, not to allow the credit intermediaries authorised by their competent authorities to appoint appointed representatives, those appointed representatives shall be registered with the competent authority of the home Member State of the credit intermediary on whose behalf it acts.</i></p>	
	<p><u>3. Without prejudice to Article 24 of this Directive Member States shall require the credit intermediaries to monitor the activities of their appointed representatives in order to ensure full compliance with this directive. In particular, the credit intermediaries shall be responsible for monitoring compliance with the knowledge and competence requirements of the appointed representatives and its staff.</u></p>	<p><i>4. Member States shall require the credit intermediaries to monitor the activities of their appointed representatives in order to ensure full compliance with this directive. In particular, the credit intermediaries shall be responsible for monitoring compliance with the knowledge and competence requirements of the appointed representatives and its staff.</i></p>	
		<p><i>5. Member States may reinforce the requirements set out in this Article or add other requirements for appointed agents registered within their jurisdiction.</i></p>	
Article 20	[...]	Article 20	
Registration of credit intermediaries	[...]	Registration of credit intermediaries	
1. Member States shall ensure that a	[...]	1. Member States shall ensure that a	

register of authorised credit intermediaries is established and kept up to date.		register of authorised credit intermediaries is established and kept up to date.	
2. Member States shall ensure that all authorised credit intermediaries, whether established as natural or legal persons, are registered with a competent authority as referred to in Article 4, in their home Member State.	[...]	2. Member States shall [...] <b>require</b> that:	
		<i>(a) any credit intermediary which is a legal person shall have its head office in the same Member State as its registered office, if it has a registered office under its national law; and</i>	
		<i>(b) any credit intermediary which is not a legal person or which is a legal person but under its national law has no registered office shall have its head office in the Member State in which it actually carries on its business.</i>	
As regards legal persons, the register referred to in paragraph 1 shall specify the names of the persons within the management who are responsible for the intermediation business. Member States may also require the registration of all natural persons who fulfil a client-facing function in an undertaking that pursues the activity of credit intermediation. The register shall indicate the Member State(s) where the intermediary intends to conduct business under the rules on		[...]	

the freedom of establishment or on the freedom to provide services and has informed its home Member State competent authority thereof.			
3. Member States shall ensure that credit intermediaries who have had their authorisation withdrawn are deleted from the register without undue delay.	[...]	3. Member States shall ensure that <i>all authorised</i> credit intermediaries [...], <i>whether established as natural or legal persons, are registered with a competent authority as referred to in Article 4, in their home Member State.</i>	
		<i>As regards legal persons, the register referred to in paragraph 1 shall specify the names of the persons within the management who are responsible for the intermediation business. Member States may also require the registration of all natural persons who fulfil a client-facing function in an undertaking that pursues the activity of credit intermediation. The register shall indicate the Member State(s) where the intermediary intends to conduct business under the rules on the freedom of establishment or on the freedom to provide services and has informed its home Member State competent authority thereof.</i>	
		<i>3a. Member States shall ensure that credit intermediaries who have had their authorisation withdrawn are deleted from the register without undue delay.</i>	
4. Member States shall ensure that a single information point is established to allow quick and easy public access to information from the national register, which shall be compiled	[...]	4. Member States shall ensure that a single information point is established to allow quick and easy public access to information from the national register <i>of credit intermediaries</i> , which shall be	

electronically and kept constantly updated. This information point shall also provide the identification details of the competent authorities of each Member State referred to in Article 4.		compiled electronically and kept constantly updated. This information point shall also provide the identification details of the competent authorities of each Member State referred to in Article 4. <b><i>Member States shall provide EBA with access to the single information point and EBA shall publish on its website references or hyperlinks to this information point.</i></b>	
		<b><i>4a. The provisions of this Article shall apply neither to credit institutions nor to insurance companies which act as credit intermediaries.</i></b>	
Article 21	Article 21a	Article 21	
Professional requirements applicable to credit intermediaries	[...] Credit intermediaries <u> tied to only one creditor</u>	Professional requirements applicable to credit intermediaries	
1. In addition to the requirements set out in Article 6, the following provisions shall apply to all credit intermediaries on a continuing basis:	1. [...] <u>Without prejudice to Article 21(1), Member States may allow those credit intermediaries specified in Article 3(f)(i) to be approved by competent authorities through the credit institution on whose behalf the tied credit intermediary is exclusively acting.</u> [...]	1. In addition to the requirements set out in Article 6, the following provisions shall apply to all credit intermediaries on a continuing basis:	
(a) Credit intermediaries shall be of good repute. As a minimum, they shall have a clean police record or any other national equivalent in relation to serious criminal offences linked to crimes against property or other crimes related to financial activities and they shall not have previously		(a) Credit intermediaries shall be of good repute. As a minimum, they shall have a clean police record or any other national equivalent in relation to serious criminal offences linked to crimes against property or other crimes related to financial activities and they shall not have previously been declared bankrupt, unless	

<p>been declared bankrupt, unless they have been rehabilitated in accordance with national law.</p>		<p>they have been rehabilitated in accordance with national law.</p>	
<p>(b) Credit intermediaries shall hold professional indemnity insurance covering the territories in which they offer services, or some other comparable guarantee against liability arising from professional negligence, unless such insurance or comparable guarantee is already provided by a creditor or other undertaking on whose behalf the credit intermediary is acting or for which the credit intermediary is empowered to act or such undertaking has taken on full responsibility for the intermediary's actions.</p>		<p>(b) Credit intermediaries shall hold professional indemnity insurance covering the territories in which they offer services, or some other comparable guarantee against liability arising from professional negligence, unless such insurance or comparable guarantee is already provided by a creditor or other undertaking on whose behalf the credit intermediary is acting or for which the credit intermediary is empowered to act or such undertaking has taken on full responsibility for the intermediary's actions.</p>	
<p>2. Member States shall ensure that the criteria established in order for credit intermediaries or creditors' staff to meet their professional requirements are made public.</p>	<p>[...] <u>In such cases, Member States shall require the creditor to ensure [...] that those credit intermediaries falling under 3(f)(i) comply with at least the requirements set out in Article 21(2)(a) to 21(2)(c). However, the home Member State may provide that for credit intermediaries [...] defined in 3(f)(i), the professional indemnity insurance or a comparable guarantee can be provided by the creditor for which the tied credit intermediary is empowered to act.</u></p>	<p>2. Member States shall ensure that the criteria established in order for credit intermediaries or creditors' staff to meet their professional requirements are made public.</p>	
	<p><u>2. Without prejudice to Article 24 of this Directive Member States shall require creditors to monitor the activities of credit intermediaries tied to</u></p>		

	<u>only one creditor in order to ensure that they continue to comply with this Directive. In particular, the creditor shall be responsible for monitoring compliance with the knowledge and competence requirements of the tied credit intermediary and its staff.</u>		
<p>3. Powers are delegated to the Commission to adopt and, where necessary amend, regulatory technical standards to stipulate the minimum monetary amount of the professional indemnity insurance or comparable guarantee referred to in paragraph 1(b).</p> <p>The regulatory technical standards referred to in subparagraph 1 shall be adopted in accordance with Articles 10 to 14 of Regulation (EU) No 1093/2010.</p> <p>EBA shall develop draft regulatory technical standards to stipulate the minimum monetary amount of the professional indemnity insurance or comparable guarantee referred to in paragraph 1(b) for submission to the Commission [within 6 months of the adoption of the proposal]. EBA will review, and if necessary, develop draft regulatory technical standards to amend the minimum monetary amount of the professional indemnity insurance or comparable guarantee referred to in paragraph 1(b) for submission to the Commission for the first time [4 years after entry into force</p>	<p>[...]</p>	<p>[...]</p>	

of the Directive] and biannually thereafter.			
		<b>3a. Member States shall be entitled to restrict any payments by consumers to creditors and credit intermediaries before the actual conclusion of a credit agreement.</b>	
Article 22	Article 22	Article 22	
Freedom of establishment for credit intermediaries and freedom to provide credit intermediation services in other Member States	Freedom of establishment [...] and freedom to provide [...] services [...] <u>by credit intermediaries</u>	Freedom of establishment for credit intermediaries and freedom to provide credit intermediation services in other Member States	
1. The authorisation of credit intermediaries by their home Member State shall be effective for the entire territory of the Union without a requirement for further authorisation by the competent authorities of the host Member State(s).	1. [...] <u>The approval of a credit intermediary by the competent authority of its [...] home Member State as laid down in Article 21(1) to carry out part or all of the activities referred to in Article 3(e) shall be effective for the entire territory of the Union without [...] further approval by the competent authorities of the host Member State(s) being required for the provision of these services, provided that the activities a credit intermediary intends to carry out in the host Member State(s) are covered by the approval. However credit intermediaries are not allowed to provide their services in relation to credit agreements offered by a non-credit institution to consumers in a Member State where such non-credit institutions are not allowed to operate.</u>	1. The authorisation of <b>a credit [...] intermediary</b> by [...] <b>the competent authority of its home Member State as laid down in Article 19</b> shall be effective for the entire territory of the Union without [...] further authorisation by the competent authorities of the host Member State(s) <b>being required for the provision of these services, provided that the activities a credit intermediary intends to carry out in the host Member State(s) are covered by the authorisation. However credit intermediaries shall not be allowed to offer credit agreements of a non-credit institution to consumers in a Member State where non-credit institutions are not allowed to operate.</b>	
	1a. <u>Appointed representatives</u>	<b>1a. Paragraph 1 does not apply to</b>	

	<u>appointed in Member States which avail themselves of the option under article 21b are not allowed to carry out part or all of the activities referred to in Article 3(e) in Member States where such appointed representatives are not allowed to operate.</u>	<i>appointed representatives.</i>	
2. Any credit intermediary intending to carry on business for the first time in one or more Member States under the freedom to provide services or the freedom of establishment shall inform the competent authorities of its home Member State.	2. Any <u>approved</u> credit intermediary <u>intending</u> to carry <u>out</u> business for the first time in one or more Member States under the freedom to provide services or [...] <u>when establishing a branch</u> shall inform the competent authorities of its home Member State.	2. Any <i>authorised</i> credit intermediary intending to carry on business for the first time in one or more Member States under the freedom to provide services or [...] <i>establishing a branch</i> shall inform the competent authorities of its home Member State.	
Within a period of one month after being informed, those competent authorities shall notify the competent authorities of the host Member State(s) concerned of the intention of the credit intermediary and shall at the same time inform the credit intermediary concerned of that notification.	Within a period of one month after being informed, those competent authorities shall notify the competent authorities of the host Member State(s) concerned of the intention of the credit intermediary and shall at the same time inform the credit intermediary concerned of that notification. <u>They shall also notify the competent authorities of the host Member State (s) concerned on the creditor or creditors to which the credit intermediary is tied and whether the creditor takes full and unconditional responsibility for credit intermediary's activities. The host Member State shall use the information received from the home Member State to introduce the necessary information in its register.</u>	Within a period of one month after being informed, those competent authorities shall notify the competent authorities of the host Member State(s) concerned of the intention of the credit intermediary and shall at the same time inform the credit intermediary concerned of that notification. <i>They shall also notify the competent authorities of the host Member State (s) concerned on the creditor or creditors to which the credit intermediary is tied and whether the creditor takes full and unconditional responsibility for credit intermediary's activities. The host Member State shall use the information received from the home Member State to introduce the necessary information in its register.</i>	
The credit intermediary may start	The credit intermediary may start	The credit intermediary may start business	

<p>business one month after the date on which he was informed by the competent authorities of the home Member State of the notification referred to in the second subparagraph.</p>	<p>business one month after the date on which he was informed by the competent authorities of the home Member State of the notification referred to in the second subparagraph.</p>	<p>one month after the date on which he was informed by the competent authorities of the home Member State of the notification referred to in the second subparagraph.</p>	
<p>3. In cases where the authorisation of credit intermediaries is withdrawn by the home Member State that home Member State shall notify the host Member State(s) of such withdrawal as soon as possible and at the latest within one month, by any appropriate means.</p>	<p>3. [...] <u>Before the branch of a credit intermediary commences its activities or within two months of receiving the information referred to in paragraph 2, the competent authorities of the host Member State shall prepare for the supervision of the credit intermediary in accordance with Article 24 and if necessary, indicate to the credit intermediary the conditions under which, in areas not harmonised in Union law, those activities shall be carried out in the host Member State.</u></p>	<p>3. [...] <i>Before the branch of a credit intermediary commences its activities or within two months of receiving the information referred to in paragraph 2, the competent authorities of the host Member State shall prepare for the supervision of the credit intermediary in accordance with Article 24 and, if necessary, indicate the conditions under which, in areas not harmonised in Union law, those activities shall be carried out in the host Member State.</i></p>	
<p>Competent authorities of different Member States shall cooperate with each other whenever necessary for the purpose of carrying out their duties under this Directive, making use of their powers whether set out in this Directive or in national law. Competent authorities shall render assistance to competent authorities of the other Member States. In particular, they shall exchange information and cooperate in any investigation or supervisory activities. The competent authorities may refer situations to the EBA where a request for cooperation, in particular to exchange information, has been</p>	<p>[...]</p>	<p>[...]</p>	

<p>rejected or has not been acted upon within a reasonable time, and request its assistance in accordance with Article 19 of Regulation (EU) No 1093/2010. In such cases, the EBA may act in accordance with the powers conferred on it by that Article.</p>			
<p>4. Where the host Member State has clear and demonstrable grounds for concluding that a credit intermediary acting within its territory under the freedom to provide services or through a branch is in breach of the obligations set out in this Directive, it shall refer those findings to the competent authority of the home Member State which shall take the appropriate measures. In cases where, despite measures taken by the competent authority of the home Member State, a credit intermediary persists in acting in a manner that is clearly prejudicial to the interests of host Member State consumers or the orderly functioning of markets, the following shall apply:</p> <p>(a) The competent authority of the</p>	<p>[...]</p>	<p>4. [...] <i>Member States shall ensure that credit intermediaries whose approval has been withdrawn are deleted from the register without undue delay.</i></p> <p>[...]</p>	

<p>host Member State, after informing the competent authority of the home Member State shall take all the appropriate measures needed in order to protect consumers and the proper functioning of the markets including by preventing the offending credit intermediaries from initiating any further transactions within their territories. The Commission shall be informed of such measures without undue delay.</p> <p>(b) In addition, the competent authority of the host Member State may refer the matter to the EBA and request its assistance in accordance with Article 19 of Regulation (EU) No 1093/2010. In that case, the EBA may act in accordance with the powers conferred on it by that Article.</p>			
	<p><u>Article 23</u></p>		
	<p><u>Withdrawal of approval of credit intermediaries</u></p>		
	<p><u>1. The competent authority of the home Member State may withdraw the approval granted to a credit intermediary in accordance with Article 21 where such a credit intermediary:</u>  <u>(a) expressly renounces the approval or has not provided services referred to in Article 3(e) for the preceding 6 months, unless the Member State concerned has provided for approval to lapse in such cases;</u></p>		

	<p><u>(b) has obtained the approval through false or misleading statements or any other irregular means;</u></p> <p><u>(c) no longer fulfils the requirements under which approval was granted;</u></p> <p><u>(d) falls within any of the cases where national law, in respect of matters outside the scope of this Directive, provides for withdrawal;</u></p> <p><u>(e) has seriously or systematically infringed the provisions adopted pursuant to this Directive governing the operating conditions for credit intermediaries.</u></p> <p><u>2. Where the approval of a credit intermediary is withdrawn by the competent authority of the home Member State, the latter shall notify the competent authorities of the host Member State(s) of such withdrawal as soon as possible and at the latest within 14 days, by any appropriate means.</u></p> <p><u>3. Member States shall ensure that credit intermediaries whose approval has been withdrawn are deleted from the register without undue delay.</u></p>		
	<u>Article 24</u>	<i>Article 22a</i>	
	<u>Supervision of credit intermediaries and appointed representatives</u>	<i>Supervision of credit intermediaries and appointed representatives</i>	
	<u>1. Member States shall ensure that credit intermediaries are subject to supervision of their ongoing activities by the competent authorities of the</u>	<i>1. Member States shall ensure that credit intermediaries are subject to supervision of their ongoing activities by the competent authorities of the home</i>	

	<u>Home Member State.</u>	<i>Member State.</i>	
	<p><u>Home Member States may provide that:</u></p> <p><u>(i) tied credit intermediaries shall be subject to supervision directly or as part of the supervision of the creditor on behalf of which they act if the creditor is a credit institution holding an authorisation as defined in art. 4 (2) of the Directive 2006/48/EC or another financial institution which under national law is subject to an equivalent authorization and supervision regime. If the tied credit intermediary provides services in another Member State other than the home Member State, then the tied credit intermediary shall be subject to direct supervision by the competent authority.</u></p> <p><u>(ii) the appointed representative referred to in Article 21 b shall be subject to supervision either directly or as part of the supervision of the credit intermediary on behalf of which it acts.</u></p>	<p><i>2. Where a home Member State allows appointed representatives as referred to in Article 19a those appointed representatives shall be subject to supervision either directly or as part of the supervision of the credit intermediary on behalf of which it acts.</i></p>	
	<p><u>2. The competent authorities of the Member State(s) in which a credit intermediary has a branch shall be responsible for ensuring that the services provided by the credit intermediary within its territory comply with the obligations laid down in Articles 5(1), 6, 7, 8, 9, 10, 11, 12, 13.</u></p>	<p><i>3. Where a credit intermediary has a branch in a Member State other than its home Member State, the competent authority of the Member State in which the branch is located shall assume responsibility for ensuring that the services provided by the branch within its territory comply with the obligations laid</i></p>	

	<u>18, 30 and in measures adopted pursuant thereto.</u>	<i>down in Article 5(1) and Articles 6, 7, 8, 9, 9a, 10, 11, 15, 17 and 25 and in measures adopted pursuant thereto.</i>	
	[See Council para 3]	<i>4. The competent authority of the Member State in which the branch is located shall have the right to examine branch arrangements and to request such changes as are strictly needed to enable the competent authority to enforce the obligations under Article 5(1) and Articles 6, 7, 8, 9, 9a, 10, 11, 12, 15, 17 and 25 and measures adopted pursuant thereto with respect to the services and/or activities provided by the branch within its territory.</i>	
	<u>Where the competent authorities of a host Member State ascertain that a credit intermediary that has a branch within its territory is in breach of the provisions adopted in that State pursuant to the provisions of Articles 5(1), 6, 7, 8, 9, 10, 11, 12, 13, 18, 30 of this Directive, those authorities shall require the credit intermediary concerned to put an end to its irregular situation.</u>	<i>5. Where the competent authorities of a host Member State ascertain that a credit intermediary that has a branch within its territory is in breach of the legal or regulatory provisions adopted in that State pursuant to those provisions of this Directive which confer powers on the host Member State's competent authorities, those authorities shall require the credit intermediary concerned to put an end to its irregular situation.</i>	

	<p><u>If the credit intermediary concerned fails to take the necessary steps, the competent authorities of the host Member State shall take all appropriate measures to ensure that the credit intermediary concerned puts an end to its irregular situation. The nature of those measures shall be communicated to the competent authorities of the home Member State.</u></p>	<p><i>If the credit intermediary concerned fails to take the necessary steps, the competent authorities of the host Member State shall take all appropriate measures to ensure that the credit intermediary concerned puts an end to its irregular situation. The nature of those measures shall be communicated to the competent authorities of the home Member State.</i></p>	
	<p><u>If, despite the measures taken by the host Member State, the credit intermediary persists in breaching the legal or regulatory provisions referred to in the first subparagraph in force in the host Member State, the latter may, after informing the competent authorities of the home Member State, take appropriate measures to prevent or to penalise further irregularities and, in so far as necessary, to prevent the credit intermediary from initiating any further transactions within its territory. The Commission shall be informed of such measures without undue delay.</u></p>	<p><i>If, despite the measures taken by the host Member State, the credit intermediary persists in breaching the legal or regulatory provisions referred to in the first subparagraph in force in the host Member State, the latter may, after informing the competent authorities of the home Member State, take appropriate measures to prevent or to penalise further irregularities and, in so far as necessary, to prevent the credit intermediary from initiating any further transactions within its territory. The Commission shall be informed of such measures without undue delay.</i></p>	
	<p><u>Where the competent authority of the home Member State disagrees with such measures taken by the host Member State, it may refer the matter to the EBA and request its assistance in accordance with Article 19 of Regulation (EU) No 1093/2010. In that case, the EBA may act in accordance</u></p>	<p><i>Where the competent authority of the home Member State disagrees with such measures taken by the host Member State, it may refer the matter to the EBA and request its assistance in accordance with Article 19 of Regulation (EU) No 1093/2010. In that case, the EBA may act in accordance with the powers conferred</i></p>	

	<u>with the powers conferred on it by that article.</u>	<i>on it by that article.</i>	
	<u>3. The competent authorities of the Member State(s) in which the branch is located shall have the right to examine branch arrangements and to request such changes as are strictly needed and to enable the competent authorities of the home Member State to enforce the obligations under Article 5(2) and measures adopted pursuant thereto with respect to the services provided by the branch.</u>	[See EP para 4]	
		<i>6. In cases where the authorisation of credit intermediaries is withdrawn by the home Member State that home Member State shall notify the host Member State(s) and EBA of such withdrawal as soon as possible and at the latest within one month, by any appropriate means. Competent authorities of different Member States shall cooperate with each other and with EBA whenever necessary for the purpose of carrying out their duties under this Directive, making use of their powers whether set out in this Directive or in other Union or national law. Competent authorities shall render assistance to competent authorities of the other Member States. In particular, they shall exchange information and cooperate in any investigation or supervisory activities. The competent authorities may refer</i>	

		<p><i>situations to the EBA where a request for cooperation, in particular to exchange information, has been rejected or has not been acted upon within a reasonable time, and request its assistance in accordance with Article 19 of Regulation (EU) No 1093/2010. In such cases, the EBA may act in accordance with the powers conferred on it by that Article.</i></p>	
	<p><u>4. Where the competent authority of the host Member State has clear and demonstrable grounds for concluding that a credit intermediary acting within its territory under the freedom to provide services is in breach of the obligations arising from the provisions adopted pursuant to this Directive or that a credit intermediary that has a branch within its territory is in breach of the obligations arising from the provisions adopted pursuant to this Directive, other than those specified in paragraph 2, it shall refer those findings to the competent authority of the home Member State.</u>  <u>In cases where the competent authority of the home Member State fails to take any measures within one month from obtaining those findings or where, despite the measures taken by the competent authority of the home Member State, a credit intermediary persists in acting in a manner that is clearly prejudicial to the interests of the host Member State consumers or orderly functioning of the markets, the</u></p>	<p><i>7. Where the competent authority of the host Member State has clear and demonstrable grounds for concluding that a credit intermediary acting within its territory under the freedom to provide services is in breach of the obligations set out in this Directive or that a credit intermediary that has a branch within its territory is in breach of the obligations for which the competent authority of the host Member State does not have powers under paragraph 3 or 4, it shall refer those findings to the competent authority of the home Member State which shall take the appropriate measures. In cases where the competent authority of the home Member State fails to take any measures within one month of obtaining those findings or where, despite measures taken by the competent authority of the home Member State, a credit intermediary persists in acting in a manner that is clearly prejudicial to the interests of host Member State consumers or the orderly functioning of markets, the following shall apply:</i>  <i>(a) The competent authority of the host</i></p>	

	<p>following shall apply:</p> <p><u>(a) the competent authority of the host Member State, after having informed the competent authority of the home Member State shall take all appropriate measures needed to protect consumers and ensure the proper functioning of the markets, including by preventing the offending credit intermediary from initiating any further transactions within their territories. The Commission shall be informed of such measures without undue delay.</u></p> <p><u>(b) The competent authority of the host Member State may refer the matter to the EBA and request its assistance in accordance with Article 19 of Regulation (EU) No 1093/2010. In that case the EBA may act in accordance with the powers conferred on it by that article.</u></p>	<p><i>Member State, after informing the competent authority of the home Member State shall take all the appropriate measures needed in order to protect consumers and the proper functioning of the markets including by preventing the offending credit intermediaries from initiating any further transactions within their territories. The Commission and EBA shall be informed of such measures without undue delay.</i></p> <p><i>(b) In addition, the competent authority of the host Member State may refer the matter to the EBA and request its assistance in accordance with Article 19 of Regulation (EU) No 1093/2010. In that case, the EBA may act in accordance with the powers conferred on it by that Article.</i></p>	
	<p><u>5. Each Member State shall provide that, where a credit intermediary authorised in another Member State has established a branch within its territory, the competent authorities of the home Member State of the credit intermediary, in the exercise of its responsibilities and after having informed the competent authorities of the host Member State, may carry out on-site inspections in that branch.</u></p>	<p><i>8. Each Member State shall provide that, where a credit intermediary authorised in another Member State has established a branch within its territory, the competent authorities of the home Member State of the credit intermediary, in the exercise of its responsibilities and after having informed the competent authorities of the host Member State, may carry out on-site inspections in that branch.</i></p>	
	<p><u>6. The allocation of tasks between Member States specified in this Article</u></p>	<p><i>9. The allocation of tasks between Member States specified in this Article is</i></p>	

	<u>is without prejudice to the Member States' competences in relation to fields not covered by this Directive in conformity with Union law.</u>	<i>without prejudice Article 4 and to the host Member State's powers in relation to fields not covered by this Directive, consistent with their obligations under Union law.</i>	
	<u>Chapter 10</u>		
	<u>Approval and supervision of non-credit institutions</u>		
Article 23	Article 25	Article 23	
Authorisation, registration and supervision of non-credit institutions	Approval [...] and supervision of non-credit institutions	Authorisation, registration and supervision of non-credit institutions	
Member States shall ensure that non-credit institutions as referred to in Article 3(i) are subject to adequate authorisation, registration and supervision arrangements by a competent authority as defined in Article 4.	Member States shall ensure that non-credit institutions as referred to in Article 3(i) are subject to adequate [...] <u>approval process [...], including but not limited to entering the non-credit institution in a register as well as supervision arrangements by a competent authority as defined in Article 4.</u>	Member States shall ensure that non-credit institutions as referred to in Article 3(i) are subject to adequate authorisation, registration and supervision arrangements by a competent authority as defined in Article 4.	
	<u>Chapter 11</u>		
	<u>Cooperation between competent authorities of different Member States</u>		
	<u>Article 26</u>		
	<u>Obligation to cooperate</u>		
	<u>1. Competent authorities of different Member States shall cooperate with</u>		

	<p><u>each other whenever necessary for the purpose of carrying out their duties under this Directive, making use of their powers whether set out in this Directive or in national law.</u></p> <p><u>Competent authorities shall render assistance to competent authorities of the other Member States. In particular, they shall exchange information and cooperate in any investigation of supervisory activities.</u></p> <p><u>In order to facilitate and accelerate cooperation, and more particularly the exchange of information, Member States shall designate one single competent authority as a contact point for the purposes of this Directive. Member States shall communicate to the Commission and to the other Member States the names of the authorities which are designated to receive requests for exchange of information or cooperation pursuant to this paragraph.</u></p>		
	<p><u>2. Member States shall take the necessary administrative and organisational measures to facilitate assistance provided for in paragraph 1.</u></p>		
	<p><u>3. Competent authorities of Member States having been designated as contact points for the purposes of this Directive in accordance with paragraph 1 shall without undue delay supply one</u></p>		

	<p><u>another with the information required for the purposes of carrying out the duties of the competent authorities, designated in accordance with Article 4, set out in the provisions adopted pursuant to this Directive.</u></p> <p><u>Competent authorities exchanging information with other competent authorities under this Directive may indicate at the time of communication that such information must not be disclosed without their express agreement, in which case such information may be exchanged solely for the purposes for which those authorities gave their agreement.</u></p> <p><u>The competent authority having been designated as the contact point may transmit the information received to the other authorities referred to in Article 4, however it shall not transmit the information to other bodies or natural or legal persons without the express agreement of the competent authorities which disclosed it and solely for the purposes for which those authorities gave their agreement, except in duly justified circumstances. In this last case the contact point shall immediately inform the contact point that sent the information.</u></p>		
	<p><u>4. A competent authority may refuse to act on a request for cooperation in carrying out an investigation or supervisory activity or to exchange</u></p>		

	<p><u>information as provided for in paragraph 3 only where:</u></p> <p><u>(a) such an investigation, on-the-spot verification, supervisory activity or exchange of information might adversely affect the sovereignty, security or public policy of the State addressed;</u></p> <p><u>(b) judicial proceedings have already been initiated in respect of the same actions and the same persons before the authorities of the Member State addressed;</u></p> <p><u>(c) final judgement has already been delivered in the Member State addressed in respect of the same persons and the same actions.</u></p> <p><u>In the case of such a refusal, the competent authority shall notify the requesting competent authority accordingly, providing as detailed information as possible.</u></p>		
	<u>Article 27</u>		
	<u>Settlement of disagreements between competent authorities in cross-border situations</u>		
	<u>1. Competent authorities shall cooperate with the EBA for the purposes of this Directive.</u>		
	<u>2. The competent authorities may refer the situation to the EBA where a request for cooperation, in particular</u>		

	<u>the exchange of information, has been rejected or has not been acted upon within a reasonable time, and request the EBA's assistance in accordance with Article 19 of Regulation (EU) No 1093/2010. In such cases, the EBA may act in accordance with the powers conferred on it by that Article.</u>		
	<u>Chapter 12</u>		
	<u>Final provisions</u>		
Article 24	Article <u>29</u>	Article 24	
Penalties	[...] <u>Sanctions</u>	Penalties	
1. Without prejudice to procedures for the withdrawal of authorisation or to the right of Member States to impose criminal sanctions, Member States shall ensure, in conformity with their national law, that appropriate administrative measures can be taken or administrative sanctions imposed against persons responsible where the provisions adopted in the implementation of this Directive have not been complied with. Member States shall ensure that these measures are effective, proportionate and dissuasive.	1. [...] Member States shall [...] <u>lay down the rules on sanctions applicable to infringements of the national provisions adopted pursuant to this Directive and shall take all measures necessary to ensure that they are implemented. The sanctions provided for must be effective, proportionate and dissuasive.</u> <u>Member States may maintain their existing national rules on sanctions applicable to consumers for non-compliance with national provisions adopted pursuant to Article 16.1 [...]</u>	[...] <i>Member States shall impose sanctions for infringements of the national provisions adopted on the basis of this Directive and shall take all measures necessary to ensure that they are implemented. Those sanctions shall be effective, proportionate and dissuasive.</i>	
Member States shall provide for penalties in particular cases where consumers knowingly provide	[...]	[...]	

incomplete or incorrect information in order to obtain a positive creditworthiness assessment where the complete and correct information would have resulted in a negative creditworthiness assessment, and are subsequently unable to fulfil the conditions of the agreement, and shall take all measures necessary to ensure that they are implemented.			
2. Member States shall ensure that the competent authority discloses to the public any measure or sanction that will be imposed for infringement of the provisions adopted in the implementation of this Directive, unless such disclosure would seriously jeopardise the financial markets or cause disproportionate damage to the parties involved.	2. Member States shall provide that the competent authority may disclose to the public any administrative sanction that will be imposed for infringement of the provisions adopted in the implementation of this Directive, unless such disclosure would seriously jeopardise the financial markets or cause disproportionate damage to the parties involved.	2. Member States shall ensure that the competent authority discloses to the public any measure or sanction that will be imposed for infringement of the provisions adopted in the implementation of this Directive, unless such disclosure would seriously jeopardise the financial markets or cause disproportionate damage to the parties involved.	
Article 25	Article <u>30</u>	Article 25	
Dispute resolution mechanisms	Dispute resolution mechanisms	Dispute resolution mechanisms	
1. Member States shall ensure that appropriate and effective complaints and redress procedures are established for the out-of-court settlement of disputes concerning rights and obligations established under this Directive between creditors and consumers and between credit intermediaries and consumers, using existing bodies where appropriate. Member States shall further ensure	1. Member States shall ensure that appropriate and effective complaints and redress procedures are established for the out-of-court settlement of disputes concerning rights and obligations established under this Directive between creditors and consumers and between credit intermediaries or appointed representatives and consumers, using existing bodies where appropriate.	1. Member States shall ensure that appropriate and effective [...] <b><i>out-of-court dispute resolution procedures are put in place for the settlement of consumer disputes concerning credit agreements, using existing bodies where appropriate.</i></b>	

that all creditors and credit intermediaries adhere to one or more such bodies implementing such complaint and redress procedures.	Member States shall ensure that all creditors, credit intermediaries <u>and appointed representatives</u> [...] <u>get involved in the procedures dealing with out-of-court settlement of disputes.</u>		
2. Member States shall ensure that these bodies actively cooperate in the resolution of cross-border disputes.	2. Member States shall ensure that those bodies [...] cooperate <u>in order to also</u> resolve cross-border disputes <u>concerning credit agreements covered by this Directive.</u>	2. Member States shall [...] <i>encourage</i> these bodies [...] <i>to</i> cooperate [...] <i>so that</i> cross-border disputes <i>concerning credit agreements can also be resolved.</i>	
Article 26	Article <u>31</u>	Article 26	
Exercise of the delegation	Exercise of the delegation	Exercise of the delegation	
1. The powers to adopt delegated acts referred to in Articles 6(4), 8(4), 9(3), 10(3), 14(5) and 16(2) shall be conferred on the Commission for an indeterminate period of time following the entry into force of this Directive.	1. The power to adopt delegated acts [...] <u>is</u> conferred on the Commission [...] <u>subject to the conditions laid down in this Article.</u>	1. The power to adopt delegated acts [...] <i>is</i> conferred on the Commission [...] <i>subject to the conditions laid down in this Article.</i>	
2. As soon as it adopts a delegated act, the Commission shall notify it simultaneously to the European Parliament and to the Council.	2. <u>The delegation of power referred to in Articles 14(6) and 21(1)(a) shall be conferred for an indeterminate period of time from the entry into force of this Directive.</u>	<i>1a. The power to adopt delegated acts referred to in Article 9a(3) and Article 12(5) shall be conferred on the Commission for an indeterminate period of time.</i>	
3. The power to adopt delegated acts is conferred on the Commission subject to the conditions laid down in Articles 27 and 28.	3. [...] <u>The delegation of power referred to in Articles 14(6) and 21(1)(a) may be revoked at any time by the European Parliament or by the Council. A decision of revocation shall put an end to the delegation of the power specified in that decision. It shall take effect the day following the publication of the decision in the Official Journal of the</u>	<i>2. The delegation of power referred to in Article 9a(3) and Article 12(5) may be revoked at any time by the European Parliament or by the Council. A decision to revoke shall terminate the delegation of the powers specified in that decision. It shall be published in the Official Journal of the European Union and shall take effect on the day following the</i>	

	<u>European Union or at a later date specified therein. It shall not affect the validity of any delegated acts already in force.</u>	<i>publication of the decision in the Official Journal or at a later date specified therein. It shall not affect the validity of any delegated acts already in force.</i>	
	<u>4. As soon as it adopts a delegated act, the Commission shall notify it simultaneously to the European Parliament and to the Council.</u>	<i>3. [...] As soon as it adopts a delegated act, the Commission shall notify it simultaneously to the European Parliament and to the Council.</i>	
	<u>5. A delegated act adopted pursuant to Articles 14(6) and 21(1) (a) shall enter into force only if no objection has been expressed either by the European Parliament and the Council within a period of 2 months of notification of that act to the European Parliament and the Council or if, before the expiry of that period, the European Parliament and the Council have both informed the Commission that they will not object. That period shall be extended by 1 month at the initiative of the European Parliament or the Council.</u>	<i>3a. A delegated act adopted pursuant to Article 9a(3) and Article 12(5) shall enter into force only if no objection has been expressed either by the European Parliament or the Council within a period of three months of notification of that act to the European Parliament and to the Council or if, before the expiry of that period, the European Parliament and the Council have both informed the Commission that they will not object. At the initiative of the European Parliament or the Council that period shall be extended by three months.</i>	
Article 27	[...]	[...]	
Revocation of the delegation	[...]	[...]	
1. The delegation of powers referred to in Articles 6(4), 8(4), 9(3), 10(3), 14(5) and 16(2) may be revoked at any time by the European Parliament or by the Council.	[...]	[...]	
2. The institution which has commenced an internal procedure for deciding whether to revoke the delegation of powers shall inform the other legislator and the Commission at	[...]	[...]	

the latest one month before the final decision is taken, stating the delegated powers which could be subject to revocation and the reasons for any revocation.			
3. The decision of revocation shall terminate the delegation of the powers specified in that decision. It shall take effect immediately or at a later date specified therein. It shall not affect the validity of the delegated acts already in force. It shall be published in the Official Journal of the European Union.	[...]	[...]	
Article 28	[...]	[...]	
Objections to delegated acts	[...]	[...]	
1. The European Parliament and the Council may object to a delegated act within a period of two months from the date of notification. At the initiative of the European Parliament or the Council that period shall be extended by one month.	[...]	[...]	
2. Where, on expiry of the period referred to in paragraph 1, neither the European Parliament nor the Council has objected to the delegated act, it shall be published in the Official Journal of the European Union and shall enter into force on the date stated therein. The delegated act may be published in the Official Journal of the European Union and enter into force	[...]	[...]	

before the expiry of that period where the European Parliament and the Council have both informed the Commission of their intention not to raise objections.			
3. Where either the European Parliament or the Council objects to an adopted delegated act within the period referred to in paragraph 1, it shall not enter into force. The institution which objects shall state the reasons for objecting to the delegated act.	[...]	[...]	
Article 29	Article <u>32</u>	Article 29	
Imperative nature of this Directive	Imperative nature of this Directive	Imperative nature of this Directive	
1. Member States shall ensure that consumers may not waive the rights conferred on them by the provisions of national law implementing or corresponding to this Directive.	1. Member States shall ensure that: <u>(a) consumers may not waive the rights conferred on them by the provisions of national law implementing or corresponding to this Directive.</u> <u>(b) the provisions they adopt in implementing this Directive cannot be circumvented as a result of the way in which agreements are formulated, in particular by integrating credit agreements falling within the scope of this Directive into credit agreements the character or purpose of which would make it possible to avoid the application of those provisions.</u>	1. Member States shall ensure that consumers may not waive the rights conferred on them by the provisions of national law implementing or corresponding to this Directive.	
2. Member States shall further ensure that the provisions they adopt in	[...]	[...]	

implementation of this Directive cannot be circumvented as a result of the way in which agreements are formulated, in particular by integrating credit agreements falling within the scope of this Directive into credit agreements the character or purpose of which would make it possible to avoid its application.			
3. Member States shall take the necessary measures to ensure that consumers do not lose the protection granted by this Directive by virtue of the choice of the law of a third country as the law applicable to the credit agreement.	[...]	3. Member States shall take the necessary measures to ensure that consumers do not lose the protection granted by this Directive by virtue of the choice of the law of a third country as the law applicable to the credit agreement, <i>if the credit agreement has a close link with the territory of one or more Member States.</i>	
	<u>Article 33</u>		
	<u>Level of Harmonisation</u>		
	<u>This Directive shall not preclude Member States from retaining or adopting more stringent provisions in order to protect consumers, provided that such provisions are consistent with their obligations under Union law and this Directive.</u>		
Article 30	Article 34	Article 30	
Transposition	Transposition	Transposition	
1. Member States shall adopt and publish, by [2 years after entry into force] at the latest, the laws,	1. Member States shall adopt and publish, by 2 years after entry into force at the latest, the laws, regulations	1. Member States shall adopt and publish, by [2 years after entry into force] at the latest, the laws, regulations and	

regulations and administrative provisions necessary to comply with this Directive. They shall forthwith communicate to the Commission the text of those provisions and a correlation table between those provisions and this Directive.	and administrative provisions necessary to comply with this Directive. [...]	administrative provisions necessary to comply with this Directive. They shall forthwith communicate to the Commission the text of those provisions and a correlation table between those provisions and this Directive.	
They shall apply those provisions from [2 years after entry into force]. When Member States adopt those provisions, they shall contain a reference to this Directive or be accompanied by such a reference on the occasion of their official publication. Member States shall determine how such reference is to be made.	<u>Member States</u> shall apply those provisions from 2 years after entry into force. When Member States adopt those provisions, they shall contain a reference to this Directive or be accompanied by such a reference on the occasion of their official publication. Member States shall determine how such reference is to be made.	They shall apply those provisions from [2 years after entry into force]. When Member States adopt those provisions, they shall contain a reference to this Directive or be accompanied by such a reference on the occasion of their official publication. Member States shall determine how such reference is to be made.	
	<u>2. This Directive shall not apply to credit agreements existing on the date when the national implementing measures enter into force.</u>	[See EP Article 30a]	
2. Member States shall communicate to the Commission the text of the main provisions of national law which they adopt in the field covered by this Directive.	<u>3.</u> Member States shall communicate to the Commission the text of the main provisions of national law which they adopt in the field covered by this Directive.	2. Member States shall communicate to the Commission the text of the main provisions of national law which they adopt in the field covered by this Directive.	
	<u>Article 34a</u>	<i>Article 30a</i>	
	<u>Transitional provisions</u>	<i>Transitional Measures</i>	
	<u>1. Credit intermediaries already performing activities referred to in</u>	<i>The Directive shall not apply to credit agreements existing on the date when the</i>	

	<p><u>Article 3(e) before the entry into force of this Directive shall take all necessary measures to comply with national implementing law stemming from Article 21. Where credit intermediaries have not already been approved according to the standards set out in the national law implementing the standards of this Directive, Member States shall ensure that credit intermediaries comply with Article 21 at the latest 3 years after the entry into force of this Directive during which time they may continue to perform the activities referred to in article 3 (e) within their home Member State.</u></p> <p><u>2. Creditors and credit intermediaries or appointed representatives performing activities under this Directive before its entry into force shall take all necessary measures to comply with national implementing law stemming from Article 7 at the latest 3 years after the entry into force of this Directive.</u></p>	<p><i>national implementing measures enter into force.</i></p>	
Article 31	Article 35	Article 31	
Review clause	Review clause	Review clause	
The Commission shall undertake a review five years after the entry into force of this Directive. The review shall consider the effectiveness and appropriateness of the provisions on consumers and the internal market.	1. The Commission shall undertake a review <u>of this Directive</u> five years after its entry into force. The review shall consider the effectiveness and appropriateness of the provisions on consumers and the internal market.	The Commission shall undertake a review five years after the entry into force of this Directive. The review shall consider the effectiveness and appropriateness of the provisions on consumers and the internal market.	
The review shall include the	The review shall include the following:	The review shall include the following:	

following:			
(a) an assessment of consumer satisfaction with the ESIS;	(a) an assessment of consumer satisfaction with the ESIS;	(a) an assessment of <i>compliance</i> with the ESIS <i>and consumer use, understanding and satisfaction thereof</i> ;	
(b) other pre-contractual disclosures;	(b) <u>an analysis</u> other pre-contractual disclosures;	(b) other pre-contractual disclosures;	
(c) an analysis of cross-border business by credit intermediaries and creditors;	(c) an analysis of cross-border business by credit intermediaries and creditors;	(c) an analysis of cross-border business by credit intermediaries and creditors;	
(d) an analysis of the evolution of the market for non-credit institutions providing credit agreements relating to residential immovable property;	(d) an analysis of the evolution of the market for non-credit institutions providing credit agreements relating to [...] immovable property;	(d) an analysis of the evolution of the market for non-credit institutions providing credit agreements relating to residential immovable property;	
(e) an assessment on the need for further measures, including a passport for non-credit institutions providing credit agreements relating to residential immovable property;	(e) an assessment of the need for further measures, including a passport for non-credit institutions providing credit agreements relating to [...] immovable property;	(e) an assessment on the need for further measures, including a passport for non-credit institutions providing credit agreements relating to residential immovable property;	
(f) an examination of the necessity to introduce rights and obligations with regard to the post-contractual stage of credit agreements	(f) an examination of the [...] <u>need</u> to introduce rights and obligations with regard to the post-contractual stage of credit agreements;	(f) [...] <i>an assessment of the functioning</i> of the post-contractual stage of credit agreements;	
(g) an assessment of the need to extend its scope to small companies.	[...]	(g) an assessment of the [...] scope [...] <i>of this Directive in order to avoid the need for new legislation</i> ;	
		(ga) <i>an assessment of the impact of this directive on the market for other forms of credit including those which creditors or consumers may consider substitutable for those within its scope</i> ;	

		<i>(gb) an assessment of whether additional measures are necessary to ensure the traceability of credit agreements secured against residential immovable property;</i>	
		<i>(gc) an assessment of the transparency and consistency of data on trends in prices of residential immovable property.</i>	
	<u>2. The Commission shall undertake a review of this Directive three years after its entry into force in order to examine the need to extend the scope of this Directive to the credit agreements excluded from its scope under Article 2(2)(d) and 2(2)(e).</u>		
		<i>Article 31a</i>	
		<i>Further initiatives on responsible lending and borrowing</i>	
		<i>By ...*, the Commission shall submit a comprehensive report assessing the wider challenges of private over-indebtedness. The report shall identify the related markets, products and actors in the credit supply chain and analyse the different options to tackle these problems including macroeconomic measures related to credit evolution, its limits and uses, structural measures to protect savers in deposit institutions and measures addressed to highly leveraged institutions and to over-indebted households and consumers in difficulties and the consequent vulnerabilities in the financial system. The report shall be</i>	

		<i>accompanied, where appropriate, by legislative proposals.</i>	
		<i>* OJ please insert date: 12 months after the date of entry into force of this Directive.</i>	
Article 32	Article <u>37</u>	Article 32	
This Directive shall enter into force on the twentieth day following that of its publication in the Official Journal of the European Union.	This Directive shall enter into force on the twentieth day following that of its publication in the Official Journal of the European Union.	This Directive shall enter into force on the twentieth day following that of its publication in the Official Journal of the European Union.	
Article 33	Article <u>38</u>	Article 33	
This Directive is addressed to the Member States in accordance with the Treaties. Done at Brussels,	This Directive is addressed to the Member States in accordance with the Treaties.	This Directive is addressed to the Member States in accordance with the Treaties. Done at Brussels,	
<b>ANNEX I</b>	<b>ANNEX I</b>	<b>ANNEX I</b>	
Calculation of the annual percentage rate of charge	Calculation of the annual percentage rate of charge	Calculation of the annual percentage rate of charge	
I. Basic equation expressing the equivalence of drawdowns on the one hand and repayments and charges on the other. The basic equation, which establishes the annual percentage rate of charge (APRC), equates, on an annual basis, the total present value of drawdowns on the one hand and the total present value of repayments and payments of charges on the other hand, i.e.:	I. Basic equation expressing the equivalence of drawdowns on the one hand and repayments and charges on the other. The basic equation, which establishes the annual percentage rate of charge (APRC), equates, on an annual basis, the total present value of drawdowns on the one hand and the total present value of repayments and payments of charges on the other hand, i.e.:	1. Basic equation expressing the equivalence of drawdowns on the one hand and repayments and charges on the other. The basic equation, which establishes the annual percentage rate of charge (APRC), equates, on an annual basis, the total present value of drawdowns on the one hand and the total present value of repayments and payments of charges on the other hand, i.e.:	

$\sum_{k=1}^m C_k (1+X)^{-t_k} = \sum_{l=1}^{m'} D_l (1+X)^{-s_l}$ <p>where:</p> <ul style="list-style-type: none"> <li>• X is the APRC</li> <li>• m is the number of the last drawdown</li> <li>• k is the number of a drawdown, thus <math>1 \leq k \leq m</math></li> <li>• C<sub>k</sub> is the amount of drawdown k</li> <li>• t<sub>k</sub> is the interval, expressed in years and fractions of a year, between the date of the first drawdown and the date of each subsequent drawdown, thus t<sub>1</sub> = 0</li> <li>• m' is the number of the last repayment or payment of charges</li> <li>• l is the number of a repayment or payment of charges</li> <li>• D<sub>l</sub> is the amount of a repayment or payment of charges</li> <li>• s<sub>l</sub> is the interval, expressed in years and fractions of a year, between the date of the first drawdown and the date of each repayment or payment of charges.</li> </ul>	$\sum_{k=1}^m C_k (1+X)^{-t_k} = \sum_{l=1}^{m'} D_l (1+X)^{-s_l}$ <p>where:</p> <ul style="list-style-type: none"> <li>• X is the APRC</li> <li>• m is the number of the last drawdown</li> <li>• k is the number of a drawdown, thus <math>1 \leq k \leq m</math></li> <li>• C<sub>k</sub> is the amount of drawdown k</li> <li>• t<sub>k</sub> is the interval, expressed in years and fractions of a year, between the date of the first drawdown and the date of each subsequent drawdown, thus t<sub>1</sub> = 0</li> <li>• m' is the number of the last repayment or payment of charges</li> <li>• l is the number of a repayment or payment of charges</li> <li>• D<sub>l</sub> is the amount of a repayment or payment of charges</li> <li>• s<sub>l</sub> is the interval, expressed in years and fractions of a year, between the date of the first drawdown and the date of each repayment or payment of charges.</li> </ul>	$\sum_{k=1}^m C_k (1+X)^{-t_k} = \sum_{l=1}^{m'} D_l (1+X)^{-s_l}$ <p>where:</p> <ul style="list-style-type: none"> <li>• X is the APRC</li> <li>• m is the number of the last drawdown</li> <li>• k is the number of a drawdown, thus <math>1 \leq k \leq m</math></li> <li>• C<sub>k</sub> is the amount of drawdown k</li> <li>• t<sub>k</sub> is the interval, expressed in years and fractions of a year, between the date of the first drawdown and the date of each subsequent drawdown, thus t<sub>1</sub> = 0</li> <li>• m' is the number of the last repayment or payment of charges</li> <li>• l is the number of a repayment or payment of charges</li> <li>• D<sub>l</sub> is the amount of a repayment or payment of charges</li> <li>• s<sub>l</sub> is the interval, expressed in years and fractions of a year, between the date of the first drawdown and the date of each repayment or payment of charges.</li> </ul>	
<p>Remarks:</p> <p>(a) The amounts paid by both parties at different times shall not necessarily be equal and shall not necessarily be paid at equal intervals.</p> <p>(b) The starting date shall be that of the first drawdown.</p>	<p>Remarks:</p> <p>(a) The amounts paid by both parties at different times shall not necessarily be equal and shall not necessarily be paid at equal intervals.</p> <p>(b) The starting date shall be that of the first drawdown.</p>	<p>Remarks:</p> <p>(a) The amounts paid by both parties at different times shall not necessarily be equal and shall not necessarily be paid at equal intervals.</p> <p>(b) The starting date shall be that of the first drawdown.</p>	

<p>(c) Intervals between dates used in the calculations shall be expressed in years or in fractions of a year. A year is presumed to have 365 days (or 366 days for leap years), 52 weeks or 12 equal months. An equal month is presumed to have 30.41666 days (i.e. 365/12) regardless of whether or not it is a leap year.</p>	<p>(c) Intervals between dates used in the calculations shall be expressed in years or in fractions of a year. A year is presumed to have 365 days (or 366 days for leap years), 52 weeks or 12 equal months. An equal month is presumed to have 30.41666 days (i.e. 365/12) regardless of whether or not it is a leap year.</p>	<p>(c) Intervals between dates used in the calculations shall be expressed in years or in fractions of a year. A year is presumed to have 365 days (or 366 days for leap years), 52 weeks or 12 equal months. An equal month is presumed to have 30.41666 days (i.e. 365/12) regardless of whether or not it is a leap year.</p>	
	<p><u>Where intervals between dates used in the calculations cannot be expressed as a whole number of weeks, months or years, the intervals should be expressed as a whole number of one of these periods in combination with a number of days. Where using days:</u>  <u>(i) every day shall be counted, including weekends and holidays;</u>  <u>(ii) equal periods and then days shall be counted backwards to the date of the initial drawdown;</u>  <u>(iii) the length of the period of days shall be obtained excluding the first day and including the last day and shall be expressed in years by dividing this period by the number of days (365 or 366 days) of the complete year counted backwards from the last day to the same day of the previous year.</u></p>		
<p>(d) The result of the calculation shall be expressed with an accuracy of at least one decimal place. If the figure at the following decimal place is greater</p>	<p>(d) The result of the calculation shall be expressed with an accuracy of at least one decimal place. If the figure at the following decimal place is greater than</p>	<p>(d) The result of the calculation shall be expressed with an accuracy of at least one decimal place. If the figure at the following decimal place is greater than or</p>	

than or equal to 5, the figure at that particular decimal place shall be increased by one.	or equal to 5, the figure at that particular decimal place shall be increased by one.	equal to 5, the figure at [...] <i>the preceding</i> decimal place shall be increased by one.	
<p>(e) The equation can be rewritten using a single sum and the concept of flows (Ak), which will be positive or negative, in other words either paid or received during periods 1 to k, expressed in years, i.e.:</p> $S = \sum_{k=1}^n A_k (1+X)^{-tk}$ <p>S being the present balance of flows. If the aim is to maintain the equivalence of flows, the value will be zero.</p>	<p>(e) The equation can be rewritten using a single sum and the concept of flows (Ak), which will be positive or negative, in other words either paid or received during periods 1 to n, expressed in years, i.e.:</p> $S = \sum_{k=1}^n A_k (1+X)^{-tk}$ <p>S being the present balance of flows. If the aim is to maintain the equivalence of flows, the value will be zero.</p>	<p>(e) The equation can be rewritten using a single sum and the concept of flows (Ak), which will be positive or negative, in other words either paid or received during periods 1 to k, expressed in years, i.e.:</p> $S = \sum_{k=1}^n A_k (1+X)^{-tk}$ <p>S being the present balance of flows. If the aim is to maintain the equivalence of flows, the value will be zero.</p>	
II. Additional assumptions for the calculation of the annual percentage rate of charge	II. Additional assumptions for the calculation of the annual percentage rate of charge	II. Additional assumptions for the calculation of the annual percentage rate of charge	
(a) If a credit agreement gives the consumer freedom of drawdown, the total amount of credit shall be deemed to be drawn down immediately and in full.	(a) If a credit agreement gives the consumer freedom of drawdown, the total amount of credit shall be deemed to be drawn down immediately and in full.	(a) If a credit agreement gives the consumer freedom of drawdown, the total amount of credit shall be deemed to be drawn down immediately and in full.	
(b) If a credit agreement provides different ways of drawdown with different charges or borrowing rates, the total amount of credit shall be deemed to be drawn down at the highest charge and borrowing rate applied to the most common	[...]	(b) If a credit agreement provides different ways of drawdown with different charges or borrowing rates, the total amount of credit shall be deemed to be drawn down at the highest charge and borrowing rate applied to the most common drawdown mechanism for this type of credit	

drawdown mechanism for this type of credit agreement.		agreement.	
(c) If a credit agreement gives the consumer freedom of drawdown in general but imposes, among the different ways of drawdown, a limitation with regard to the amount and period of time, the amount of credit shall be deemed to be drawn down on the earliest date provided for in the agreement and in accordance with those drawdown limits.	<u>(b) If a credit agreement gives the consumer freedom of drawdown in general but imposes, amongst the different ways of drawdown, a limitation with regard to the amount of credit and period of time, the amount of credit shall be deemed to be drawn down on the earliest date provided for in the credit agreement and in accordance with those drawdown limits.</u>	(c) If a credit agreement gives the consumer freedom of drawdown in general but imposes, among the different ways of drawdown, a limitation with regard to the amount and period of time, the amount of credit shall be deemed to be drawn down on the earliest date provided for in the agreement and in accordance with those drawdown limits.	
	<u>(c) If a credit agreement provides different ways of drawdown with different charges or borrowing rates, the total amount of credit shall be deemed to be drawn down at the highest charge and borrowing rate applied to the most common drawdown mechanism for this type of credit agreement.</u>		
	<u>(d) If different borrowing rates and charges are offered for a limited period or amount, the borrowing rate and the charges shall be deemed to be the highest for the whole duration of the credit agreement.</u>		
(d) If there is no fixed timetable for repayment, it shall be assumed: (i) that the credit is provided for a period of twenty years, and (ii) that the credit will be repaid in 240	<u>(e) For credit agreements for which a fixed borrowing rate is agreed in relation to the initial period, at the end of which a new borrowing rate is determined and subsequently</u>	(d) If there is no fixed timetable for repayment, it shall be assumed: (i) that the credit is provided for a period of twenty years, and (ii) that the credit will be repaid in 240	

<p>equal instalments and at monthly intervals.</p> <p>(e) If there is a fixed timetable for repayment but the amount of such repayments is flexible, the amount of each repayment shall be deemed to be the lowest for which the agreement provides.</p>	<p><u>periodically adjusted according to an agreed indicator or internal reference rate the calculation of the annual percentage rate shall be based on the assumption that, at the end of the fixed borrowing rate period, the borrowing rate is the same as at the time of calculation of the annual percentage rate, based on the value of the agreed indicator or internal reference rate at that time.</u></p>	<p>equal instalments and at monthly intervals.</p> <p>(e) If there is a fixed timetable for repayment but the amount of such repayments is flexible, the amount of each repayment shall be deemed to be the lowest for which the agreement provides.</p>	
<p>(f) Unless otherwise specified, where the credit agreement provides for more than one repayment date, the credit is to be made available and the repayments made on the earliest date provided for in the agreement.</p>		<p>(f) Unless otherwise specified, where the credit agreement provides for more than one repayment date, the credit is to be made available and the repayments made on the earliest date provided for in the agreement.</p>	
<p>(g) If the ceiling applicable to the credit has not yet been agreed, that ceiling is assumed to be EUR 180 000.</p>	<p>(f) If the ceiling applicable to the credit has not yet been agreed that ceiling is assumed to be EUR 160 000. <u>In the case of credit agreements, other than contingent liabilities or guarantees, the purpose of which is not to acquire or retain a right in immovable property or land, overdrafts, deferred debit cards or credit cards this ceiling is assumed to be EUR 1 500.</u></p>	<p>(g) If the ceiling applicable to the credit has not yet been agreed, that ceiling is assumed to be EUR 180 000.</p>	
<p>(h) In the case of a bridging loan the total amount of credit shall be deemed to be drawn down in full and for the whole duration of the credit agreement. If the duration of the credit</p>	<p>(g) In the case of <u>credit agreements other than overdrafts, bridging loans, [...] shared equity agreements, contingent liabilities or guarantees and open ended credit agreements as</u></p>	<p>(h) In the case of a bridging loan the total amount of credit shall be deemed to be drawn down in full and for the whole duration of the credit agreement. If the duration of the credit agreement is not</p>	

<p>agreement is not known the annual percentage rate of charge shall be calculated on the assumption that the duration of the credit is three months.</p>	<p><u>referred to in the assumptions set out in points (i), (j), (k), (l) and (m):</u>  <u>(i) if the date or amount of a repayment of capital to be made by the consumer cannot be ascertained, it shall be assumed that the repayment is made at the earliest date provided for in the credit agreement and is for the lowest amount for which the credit agreement provides;</u>  <u>(ii) if the interval between the date of initial drawdown and the date of the first payment to be made by the consumer cannot be ascertained, it shall be assumed the shortest interval.</u></p>	<p>known the annual percentage rate of charge shall be calculated on the assumption that the duration of the credit is three months.</p>	
<p>(i) If different interest rates and charges are offered for a limited period or amount, the interest rate and the charges shall be deemed to be the highest for the whole duration of the credit agreement.</p>	<p>[...]</p>	<p>(i) If different interest rates and charges are offered for a limited period or amount, the interest rate and the charges shall be deemed to be the highest for the whole duration of the credit agreement.</p>	
<p>(j) For credit agreements for which a fixed borrowing rate is agreed in relation to the initial period, at the end of which a new borrowing rate is determined and subsequently periodically adjusted according to an agreed indicator, the calculation of the annual percentage rate shall be based on the assumption that, at the end of the fixed borrowing rate period, the borrowing rate is the same as at the time of calculating the annual</p>		<p>(j) For credit agreements for which a fixed borrowing rate is agreed in relation to the initial period, at the end of which a new borrowing rate is determined and subsequently periodically adjusted according to an agreed indicator, the calculation of the annual percentage rate shall be based on the assumption that, at the end of the fixed borrowing rate period, the borrowing rate is the same as at the time of calculating the annual percentage rate, based on the value of the agreed</p>	

<p>percentage rate, based on the value of the agreed indicator at that time.</p>		<p>indicator at that time, but is not less than the fixed borrowing rate. <i>For credit agreements with a fixed borrowing rate of at least an initial period of five years and especially where a new fixed rate agreement is planned to proceed the agreement and variable conditions are only agreed on to prepare for the case that a new fixed deal has not yet been agreed on, only the initial fixed borrowing rate is to be taken into account.</i></p>	
	<p><u>(h) Where the date or amount of a payment to be made by the consumer cannot be ascertained on the basis of the credit agreement or the assumptions set out in points (g), (i), (j), (k), (l) and (m) it shall be assumed that the payment is made in accordance with the dates and conditions required by the creditor and, when these are unknown:</u>  <u>(i) interest charges are paid together with the repayments of the capital;</u>  <u>(ii) a non-interest charges expressed as a single sum is paid at the date of the conclusion of the credit agreement;</u>  <u>(iii) non-interest charges expressed as several payments are paid at regular intervals, commencing with the date of the first repayment of capital, and if the amount of such payments is not known they shall be assumed to be equal amounts;</u>  <u>(iv) the final payment clears the balance of capital, interest and other</u></p>		

	<p><u>charges, if any.</u></p> <p><u>(i) In the case of an overdraft facility, the total amount of credit shall be deemed to be drawn down in full and for the whole duration of the credit agreement. If the duration of the overdraft facility is not known, the annual percentage rate of charge shall be calculated on the assumption that the duration of the credit is three months.</u></p> <p><u>(j) In the case of a bridging loan, the total amount of credit shall be deemed to be drawn down in full and for the whole duration of the credit agreement. If the duration of the credit agreement is not known the annual percentage rate of charge shall be calculated on the assumption that the duration of the credit is twelve months.</u></p> <p><u>(k) In the case of an open ended credit agreement, other than an overdraft facility and bridging loan, it shall be assumed that:</u></p> <p><u>(i) for credit agreements, the purpose of which is to acquire or retain rights in immovable property the credit is provided for a period of twenty years starting from the date of the initial drawdown, and that the final payment made by the consumer clears the balance of capital, interest and other charges, if any; in the case of credit agreements, the purpose of which is not to acquire or retain rights in immovable property or which are drawn down by deferred debit cards or credit cards, this</u></p>		
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	<p>period shall be of one year.</p> <p><u>(ii) the capital is repaid by the consumer in equal monthly payments, commencing one month after the date of the initial drawdown. However, in cases where the capital must be repaid only in full, in a single payment, within each payment period, successive drawdowns and repayments of the entire capital by the consumer shall be assumed to occur over the period of one year. Interest and other charges shall be applied in accordance with those drawdowns and repayments of capital and as provided for in the credit agreement.</u></p> <p><u>For the purposes of this point, an open ended credit agreement is a credit agreement without fixed duration and includes credits which must be repaid in full within or after a period but, once repaid, become available to be drawn down again.</u></p> <p><u>(1) In the case of contingent liabilities or guarantees:</u></p> <p><u>(i) the total amount of credit shall be deemed to be drawn down in full as a single amount at the earlier of:</u></p> <p><u>(a) the latest draw down date permitted under the credit agreement being the potential source of the liability or guarantee; or</u></p> <p><u>(b) in the case of a rolling credit agreement at the end of the initial period prior to the roll over of the agreement.</u></p>		
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	<p><u>(m) In the case of shared equity agreements:</u></p> <p><u>(i) the payments by consumers shall be deemed to occur at the latest date or dates permitted under the credit agreement;</u></p> <p><u>(ii) percentage increases in value of the immovable property which secures the shared equity credit agreement, and the rate of any inflation index referred to in the agreement, shall be assumed to be a percentage equal to the higher of the current central bank target inflation rate or the level of inflation in the Member State where the property is located at the time of conclusion of the credit agreement or 0% if these percentages are negative.</u></p>		
ANNEX II	Annex II	ANNEX II	
European Standardised Information Sheet (ESIS)	European Standardised Information Sheet (ESIS)	European Standardised Information Sheet (ESIS)	
PART A	PART A	PART A	
The text in this model shall be reproduced as such in the ESIS. Indications between square brackets shall be replaced with the corresponding information. Instructions on how to complete the ESIS are provided in Part B.	The text in this model shall be reproduced as such in the ESIS. Indications between square brackets shall be replaced with the corresponding information. Instructions <u>for the creditor or, where applicable, credit intermediary</u> on how to complete the ESIS are provided in Part B.	The text in this model shall be reproduced as such in the ESIS. Indications between square brackets shall be replaced with the corresponding information. Instructions on how to complete the ESIS are provided in Part B.	
Wherever 'where applicable' is	Wherever <u>the words</u> 'where applicable'	Wherever 'where applicable' is indicated,	

<p>indicated, the creditor shall fill in the box if the information is relevant to the credit agreement. Where the information is not relevant, the creditor shall delete the information in question or the entire section. In the latter case, the numbering of the ESIS sections shall be adjusted accordingly. The below information shall be provided in a single document. The font used shall be clearly readable. Bold font, shading or larger font sizes shall be used for the information elements to be highlighted.</p>	<p>[...] <u>are</u> indicated, the creditor shall [...] <u>provide</u> the information <u>required if it is</u> relevant to the credit agreement. Where the information is not relevant, the creditor shall delete the information in question or the entire section <u>(for example, in cases where the section is not applicable)</u>. Where the entire section is <u>deleted</u>, the numbering of the ESIS sections shall be adjusted accordingly. The information below shall be provided in a single document. The font used shall be clearly readable. Bold font, shading or larger font sizes shall be used for the information elements to be highlighted. <u>All applicable risks warnings shall be highlighted.</u></p>	<p>the creditor shall fill in the box if the information is relevant to the credit agreement. Where the information is not relevant, the creditor shall delete the information in question or the entire section. In the latter case, the numbering of the ESIS sections shall be adjusted accordingly. The below information shall be provided in a single document. The font used shall be clearly readable. Bold font, shading or larger font sizes shall be used for the information elements to be highlighted.</p>	
<p>ESIS Model</p>	<p>ESIS Model</p>	<p>ESIS Model</p>	
<p>(Introductory text) This document was produced on [current date] in reply to your request for information. This document does not constitute an obligation for us to grant you a loan. This document was produced on the basis of the information that you have provided so far and on the current financial market conditions. The information below remains valid until [validity date]. After that date, it may change in line with market conditions.</p>	<p>(Introductory text) This document was produced for <u>[name and geographical address of consumer]</u> on [current date] for [...] information. [...] This document was produced on the basis of the information that you have provided so far and on the current financial market conditions. The [...] <u>lending conditions below, (where applicable) apart from the interest rate and other costs, will remain unchanged</u> until [validity date].</p>	<p>(Introductory text) This document was produced on [current date] in reply to your request for information. This document does not constitute an obligation for us to grant you a loan. This document was produced on the basis of the information that you have provided so far and on the current financial market conditions. The information below remains valid until [validity date]. After that date, it may change in line with market conditions.</p>	

	<p><u>(Where applicable)</u> After that date, it may change in line with market conditions.</p> <p><u>(Where applicable)</u> This document does not constitute an obligation for us to grant you a loan.</p> <p><u>You have the right, upon request, to obtain a free copy of the draft credit agreement. This provision does not apply if the lender is, at the time of the request, unwilling to conclude a credit agreement with you</u></p>		
1. Lender	1. Lender	1. Lender	
<p>[Name] [Geographical address] [Telephone number]</p> <p>[E-mail address] [Web address] Supervisory authority: [Name and Web address of supervisory authority] Contact person: [Full contact details of contact person]</p>	<p>[Name] [Geographical address] [Telephone number] <u>[Fax number]</u> [E-mail address] [Web address] [...] <u>[Registration number]</u></p> <p>Contact person: [Full contact details of contact person]</p>	<p>[Name] [...] [...] [...] [...] [...]</p> <p>Supervisory authority: [Name and Web address of supervisory authority] <i>(Optional)</i> Contact [...] <i>point</i> <i>(Where applicable) Intermediary: [Name, level of service provided ("We recommend, having assessed your needs, that you take out this mortgage"/"We are not recommending a particular mortgage for you. However, based on your answers to some questions, we are giving you information about this mortgage so that you can make your own choice"), remuneration]</i></p>	
	<u>(Where applicable)</u> 2. Credit intermediary		

	<u>[Name]</u> <u>[Geographical address]</u> <u>[Telephone number]</u> <u>[Fax number]</u> <u>[E-mail address]</u> <u>[Web address]</u> <u>[Registration number]</u> <u>Contact person:[Full contact details of contact person]</u>		
2. Main features of the loan	3. Main features of the loan	2. Main features of the loan	
Amount and currency of the loan granted: [value][currency] (Where applicable) "This loan is not in [national currency]"	Amount and currency of the loan to be granted: [value][currency] (Where applicable) "This loan is not in [national <u>currency of the borrower</u> ]"	Amount and currency of the loan granted: [value][currency] (Where applicable) "This loan is not in [national currency]" <i>The total amount you will have to pay back in [national currency] could change. For example in the event that the value of [national currency] fell by 20 % relative to [credit currency], you would have to pay back a total of [insert amount in national currency]. (Where applicable) "The maximum you will have to pay back could be much more than this."</i> <i>You will receive a warning and possibility to renegotiate the conditions if the credit amount reaches [insert amount in national currency]."</i> <i>(Where applicable) "The maximum you will have to pay back could be [insert amount in national currency]."</i>	
Duration of the loan: [duration] [Type of loan] [Type of applicable interest rate]	<u>Duration of the loan: [duration]</u> [Type of loan] [Type of applicable interest rate]	Duration of the loan: [duration] [Type of loan] [Type of applicable interest rate]	

Total amount to be reimbursed:	Total amount to be reimbursed: <u>This means that you will pay back [amount] for every [unit of the currency] borrowed.</u>	Total amount to be reimbursed:	
[Maximum available loan amount relative to the value of the property]:	<u>(Where applicable) [Maximum available loan amount relative to the value of the property]</u> <u>(Where applicable) [Estimated value of the property]</u>	[...] <i>(Where applicable) minimum value of the property [...] required to borrow the illustrated amount)</i>	
(Where applicable) [Security]	(Where applicable) [Security]	(Where applicable) [Security]	
3. Interest rate		3. Interest rate	
The APRC is the total cost of the loan expressed as an annual percentage. The APRC is provided to help you to compare different offers. The APRC applicable to your loan is [APRC]. It comprises:		The APRC is the total cost of the loan expressed as an annual percentage. The APRC is provided to help you to compare different offers. The APRC applicable to your loan is [APRC]. It comprises:	
Interest rate [value in percentage]		Interest rate [value in percentage]	
		<i>(Where applicable) Interest rate [value under best case scenario for variable interest rate]</i> <i>Interest rate [value under worst-case scenario for variable interest rate]</i> <i>(Where applicable) Interest rate [value 20 % drop of national currency scenario]</i> <i>(Where applicable) The actual amount you will have to pay in total or every [enter period] may differ heavily from the figure expressed by the APRC. Therefore the APRC is calculated as an example under different assumptions.</i>	
[Other components of the APRC]		[Other components of the APRC]	

	<u>4. Total cost of the loan</u>		
	<p><u>The annual percentage rate of charge (APRC) is the total cost of the loan expressed as an annual percentage. The APRC is provided to help you to compare different offers. The APRC applicable to your loan is [APRC]. It comprises:</u></p> <p><u>Interest rate [value in percentage or, where applicable, indication of a reference rate and percentage value of creditor's spread]</u></p> <p><u>[Other components of the APRC]</u></p> <p><u>Costs to be paid on a one-off basis</u></p> <p><u>Costs to be paid regularly</u></p> <p><u>(Where applicable) The following costs are not known to the creditor and are therefore not included in the APRC:</u></p> <p><u>[Costs]</u></p> <p><u>(Where applicable) You will also need to pay other taxes and costs [example, notary fees]. (Where applicable) You may also be able to benefit from tax deductions. Please make sure that you are aware of all other taxes and costs associated with the loan.</u></p>		
4. Frequency and number of payments	5. Frequency and number of payments	4. Frequency and number of payments	
Repayment frequency: [frequency] Number of payments: [number]	Repayment frequency: [frequency] Number of payments: [number]	Repayment frequency: [frequency] Number of payments: [number]	
5. Amount of each instalment	6. Amount of each instalment	5. Amount of each instalment	
[Amount] [currency]	[Amount] [currency]	[Amount] [currency]	

	<p><u>Your income may change. Please make sure that you have been made aware of the consequences the drop in your income may have on the repayment of instalments.</u></p> <p><u>(Where applicable) This is interest only loan. This means that, throughout its duration, you will need to build up enough capital in order to reimburse the amount you have borrowed at maturity.</u></p> <p><u>(Where applicable) The interest rate of this loan does not remain fixed during the whole duration of the loan. This means that the amount of your instalments may increase or decrease depending on the interest rate.</u></p>		
<p>(Where applicable) The exchange rate used for converting your repayment in [credit currency] to [national currency] will be the rate published by [name of institution publishing exchange rate] on [date].</p>	<p>(Where applicable) The exchange rate used for converting your repayment in [credit currency] to [national currency of the borrower] will be the rate published by [name of institution publishing exchange rate] on [date].</p> <p><u>(Where applicable) This loan is not in [national currency of the borrower]. Please note that the amount in [national currency of the borrower] that you will need to pay at each instalment will vary in line with the [loan's currency/national currency of the borrower] exchange rate.</u></p>	<p>(Where applicable) <b><i>The amount you have to pay in [national currency] could change. For example, if the value of [national currency] fell by 20 % relative to [credit currency] you would have to pay an extra [insert amount] each [insert period]. Your payments could increase by much more than this. The</i></b> exchange rate used for converting your repayment in [credit currency] to [national currency] [...] will be <b><i>calculated</i></b> on [date] <b><i>using [insert name of benchmark or method of calculation].</i></b></p>	
		<p><b><i>(Where applicable) Because the interest rate on [part of] this loan can vary, the amount of your instalments could change. [Warning on the variability of</i></b></p>	

		<p><i>the instalments and scenarios pursuant to Article 18a(5) illustrating the impact of interest rate changes</i></p> <p><i>(Where applicable) The maximum you might have to pay each [insert period] could be [insert amount in national currency]</i></p> <p><i>(Where applicable) [Warnings for interest only loans secured by mortgages or comparable securities, details on tied savings products, deferred-interest loans as listed in Part B Section 5.]</i></p>	
6. Illustrative repayment table	(Where applicable) 15. Illustrative repayment table	6. (Where applicable) Illustrative repayment table	
<p>This table shows the amount to be paid every [frequency].</p> <p>The instalments (column [relevant no.]) are the sum of interest paid (column [relevant no.]), capital paid (column [relevant no.]) and, where applicable other costs (column [relevant no.]). Where applicable, The costs in the other costs column relate to [list of costs]. Outstanding capital (column [relevant no.]) is the amount of the loan that remains to be reimbursed after each instalment.</p> <p>[Amount and currency of the loan] [Duration of the loan] [Interest rate] [Table] (Where applicable) [Warning on the variability of the instalments]</p>	<p>This table shows the amount to be paid every [frequency].</p> <p>The instalments (column [relevant no.]) are the sum of interest to be paid (column [relevant no.]), capital to be paid (column [relevant no.]) and, (where applicable) other costs to be paid (column [relevant no.]). (Where applicable), The costs in the other costs column relate to [list of costs]. Outstanding capital (column [relevant no.]) is the amount of the loan that remains to be reimbursed after each instalment.</p> <p>[Amount and currency of the loan] [Duration of the loan] [Interest rate] [Table] (Where applicable) [Warning on the variability of the instalments]</p>	<p>This table shows the amount to be paid every [frequency].</p> <p>The instalments (column [relevant no.]) are the sum of interest paid (column [relevant no.]), <b>where applicable</b>, capital paid (column [relevant no.]) and, where applicable other costs (column [relevant no.]). Where applicable, The costs in the other costs column relate to [list of costs]. Outstanding capital (column [relevant no.]) is the amount of the loan that remains to be reimbursed after each instalment.</p> <p>[...] [...] [Table] [...]</p>	

7. Additional obligations and costs	7. Additional obligations [...]	7. Additional obligations and costs	
<p>The borrower must comply with the following obligations in order to benefit from the lending conditions described in this document.</p> <p>[Obligations]</p> <p>(Where applicable) Please note that the lending conditions described in this document (including the interest rate) may change if these obligations are not complied with.</p> <p>In addition to the costs already included in the [frequency] instalments, this loan entails the following costs:</p> <p>Costs to be paid on a one-off basis</p> <p>Costs to be paid regularly</p> <p>Please make sure that you are aware of all other taxes and costs (e.g. notary fees) associated with this loan.</p>	<p>The borrower must comply with the following obligations in order to benefit from the lending conditions described in this document.</p> <p>[Obligations]</p> <p>(Where applicable) Please note the [...] <u>possible consequences of cancelling at a later stage any of the ancillary services relating to the loan;</u></p> <p>[Consequences]</p> <p>[...]</p>	<p>The borrower must comply with the following obligations in order to benefit from the lending conditions described in this document.</p> <p>[Obligations]</p> <p>(Where applicable) Please note that the lending conditions described in this document (including the interest rate) may change if these obligations are not complied with.</p> <p>In addition to the costs already included in the [frequency] instalments, this loan entails the following costs:</p> <p>Costs to be paid on a one-off basis</p> <p>Costs to be paid regularly</p> <p>Please make sure that you are aware of all other taxes and costs (e.g. notary fees, <b>registration fees, valuation fees [where not already included above] and taxes</b>) associated with this loan.</p>	
8. Early repayment	8. Early repayment	8. Early repayment	
<p>(Where applicable) You do not have the possibility to repay this loan early.</p> <p>(Where applicable) You have the possibility to repay this loan early, either fully or partially.</p> <p>(Where applicable) [Conditions]</p> <p>[Procedure]</p> <p>(Where applicable) Exit charge:</p> <p>(Where applicable) Should you decide to repay this loan early, please contact us to ascertain the exact level of the</p>	<p>[...]</p> <p>[...] You have the possibility to repay this loan early, <u>either fully or partially.</u></p> <p>(Where applicable) [Conditions]</p> <p>[...]</p> <p><u>(Where applicable) Exit charge:</u></p> <p>(Where applicable) Should you decide to repay this loan early, please contact us to ascertain the exact level of the</p>	<p>[...]</p> <p>[...] You have the possibility to repay this loan early, either fully or partially.</p> <p>(Where applicable) [Conditions]</p> <p>[Procedure]</p> <p>(Where applicable) Exit charge: <b>[insert amount or method of calculation]</b></p> <p>(Where applicable) [...] <b>You have the right to transfer</b> this loan [...] <b>to another lender.</b></p>	

exit charge at that moment.	exit [...] <u>compensation</u> at that moment.	<p><i>[Insert conditions]</i>  <i>(Where applicable) You do not have the possibility to transfer this loan to another property</i>  <i>(Where applicable) You have the possibility to transfer this loan to another property: [Insert Conditions]</i>  <i>(Where applicable): You have the right to convert the loan into [national currency].</i>  <i>[Insert conditions]</i></p>	
(Where applicable) 9. Right of withdrawal	(Where applicable) 9. [...] <u>Other rights of the borrower.</u>	(Where applicable) 9. Right of withdrawal	
For a period of [length of withdrawal period] after the signing of the credit agreement, the borrower may exercise his right to cancel the agreement.	<p><u>(Where applicable) For a period of [length of withdrawal period] after [when the withdrawal period begins] the borrower may exercise his right to cancel the agreement.</u></p> <p><u>(Where applicable) Should you decide to exercise your right of withdrawal [from the credit agreement], please verify whether you will remain bound by your other obligations relating to the loan [including the ancillary contracts you concluded in relation to the credit agreement], referred to in Section 7.</u></p> <p><u>(Where applicable) Once you have received the credit contract from the creditor, you may not accept it before the end of [length of reflection period]</u></p> <p><u>(Where applicable) The information included in the credit contract provided to you by the creditor will remain valid for [length of the period of validity of the offer].</u></p>	For a period of [length of withdrawal period] after the signing of the credit agreement, the borrower may exercise his right to cancel the agreement. <i>(Where applicable): [Conditions] [Insert procedure]</i>	

	<u>(Where applicable) [Other important legal aspects related to the conclusion of the credit agreement]</u>		
10. Internal complaint scheme	10. Internal complaint procedure	10. [...] <i>Complaints</i>	
[Name of the relevant department] [Geographical address] [Telephone number] [E-mail address] Contact person: [contact details]	[Name of the relevant department] [Geographical address] [Telephone number] [E-mail address] Contact person: [contact details] <u>(Where applicable) Maximum time for the creditor to handle the complaint [period of time]</u>	[...] <i>If you have a complaint please [insert contact point or source of information on procedure]</i> <i>If we do not resolve the complaint to your satisfaction, you can contact: [insert name of organisation]</i> [...]	
11. External complaint body	11. External complaint body/ <u>bodies</u>	[...]	
In the event of disagreement with the lender which remains unresolved the borrower has the possibility to address a complaint to: [Name of the complaint body] [Geographical address] [Telephone number] [E-mail address]	In the event of disagreement with the lender which remains unresolved the borrower has the possibility to address a complaint to: [Name of the complaint body/ <u>bodies</u> ] [Geographical address] [Telephone number] [E-mail address] <u>[Web address]</u>	[...]	
12. Non-compliance with the commitments linked to the loan: consequences for the borrower	12. Non-compliance with the commitments linked to the loan: consequences for the borrower	<i>II.</i> Non-compliance with the commitments linked to the loan: consequences for the borrower	
[Types of non-compliance] [Financial and/or legal consequences] Should you encounter difficulties in making your [frequency] payments, we invite you to contact us as quickly as possible to explore possible solutions.	[Types of non-compliance] [Financial and/or legal consequences] Should you encounter difficulties in making your [frequency] payments, we invite you to contact us as quickly as possible to explore possible solutions. <u>(Where applicable) As a last resort, your home may be repossessed if you</u>	[Types of non-compliance] [Financial and/or legal consequences] Should you encounter difficulties in making your [frequency] payments, we invite you to contact us as quickly as possible to explore possible solutions.	

	<u>do not keep up with payments.</u>		
(Where applicable) 13. Additional information in the case of distance marketing	(Where applicable) 13. Additional information in the case of distance marketing	(Where applicable) <b>12.</b> Additional information	
(Where applicable) The law taken by the creditor as a basis for the establishment of relations with you before the conclusion of the credit contract is [applicable law]. Information and contractual terms will be supplied in [language]. With your consent, we intend to communicate in [language/s] during the duration of the credit agreement.	(Where applicable) The law taken by the creditor as a basis for the establishment of relations with you before the conclusion of the credit contract is [applicable law]. Information and contractual terms will be supplied in [language]. With your consent, we intend to communicate in [language/s] throughout the duration of the credit agreement.	(Where applicable) [...] <b>Additional features: [insert explanation of additional features listed in Part B and, optionally, any other features offered by the lender as part of the credit agreement not mentioned in previous sections]. (Where the language envisaged differs from the language of the ESIS)</b> Information and contractual terms will be supplied in [language]. With your consent, we intend to communicate in [language/s] during the duration of the credit agreement.	
	<u>14. Supervisor</u>		
	<u>This lender is supervised by [Name, geographical and web address of supervisory authority]</u> <u>(Where applicable) This credit intermediary is supervised by [Name, geographical and web address of supervisory authority].</u>		
14. Risks and warnings	[...]	<b>13.</b> Risks and warnings	
<ul style="list-style-type: none"> <li>• We draw your attention to the risks involved in taking out a mortgage loan.</li> <li>• <input type="checkbox"/> (Where applicable) The interest rate of this loan does not remain fixed during the whole duration of</li> </ul>	[...]	<ul style="list-style-type: none"> <li>• We draw your attention to the risks involved in taking out a mortgage loan.</li> <li>• <input type="checkbox"/> (Where applicable) The interest rate of this loan does not remain fixed during the whole duration of the loan.</li> <li>• <input type="checkbox"/> (Where applicable) This loan is not in</li> </ul>	

<p>the loan.</p> <ul style="list-style-type: none"> <li>• <input type="checkbox"/> (Where applicable) This loan is not in [national currency]. Please note that the amount in [national currency] that you will need to pay at each instalment will vary in line with the [loan's currency/national currency] exchange rate.</li> <li>• <input type="checkbox"/> (Where applicable) This is an interest-only loan. This means that, during its duration, you will need to build up enough capital in order to reimburse the loan amount at maturity.</li> <li>• <input type="checkbox"/> You will also need to pay other taxes and costs (where applicable), e.g. notary fees.</li> <li>• <input type="checkbox"/> Your income may change. Please make sure that if your income falls you will still be able to afford your [frequency] repayment instalments.</li> <li>• (Where applicable) Your home may be repossessed if you do not keep up with payments.</li> </ul>		<p>[national currency]. Please note that the amount in [national currency] that you will need to pay at each instalment will vary in line with the [loan's currency/national currency] exchange rate.</p> <ul style="list-style-type: none"> <li>• <input type="checkbox"/> (Where applicable) This is an interest-only loan. This means that, during its duration, you will need to build up enough capital in order to reimburse the loan amount at maturity.</li> <li>• <input type="checkbox"/> You will also need to pay other taxes and costs (where applicable), e.g. notary fees.</li> <li>• <input type="checkbox"/> Your income may change. Please make sure that if your income falls you will still be able to afford your [frequency] repayment instalments.</li> <li>• (Where applicable) Your home may be repossessed if you do not keep up with payments.</li> </ul>	
PART B	PART B	PART B	
Instructions to complete the ESIS	Instructions to complete the ESIS	Instructions to complete the ESIS	
In completing the ESIS, the following instructions shall be followed:	In completing the ESIS, the following instructions shall <u>at least be followed</u> . <u>Member States may however elaborate or further specify the instructions for completing the ESIS.</u>	In completing the ESIS, the following instructions shall be followed:	
Section 'Introductory text'	Section 'Introductory text'	Section 'Introductory text'	

<p>(1) The validity date shall be properly highlighted</p>	<p>(1) <u>In principle</u>, the validity date [...] <u>should</u> be properly highlighted. <u>For the purpose of this section, the 'validity date' means the length of time the information, e.g. the interest rate, contained in the ESIS will remain unchanged and will apply should the creditor decide to grant the credit within this period of time. Where the determination of the applicable interest rate and other costs depends on the results of the selling of underlying bonds, the eventual interest and other costs may be different from that stated. In these circumstances only, the fact that the interest rate and other costs does not remain valid after the validity date of the lending conditions described in the ESIS should be mentioned while indicating: "apart from the interest rate and other costs".</u></p> <p>(2) <u>Where a reflection period for the consumer applies under national law, this shall be clearly mentioned.</u></p>	<p>(1) The validity date shall be properly highlighted</p>	
<p>Section '1. Lender'</p>	<p>Section '1. Lender'</p>	<p>Section '1. Lender'</p>	
<p>(1) Name, telephone number, geographical address and web address of the creditor shall refer to the creditor's headquarters. The relevant authority for the supervision of lending activities shall be indicated.</p>	<p>(1) Name, telephone number, <u>and</u> geographical address [...] of the creditor shall refer to [...] the <u>contact information that the consumer may use for future correspondence.</u></p>	<p>(1) [...] The relevant authority for the supervision of lending activities shall be indicated</p>	
<p>(2) Information on the contact person is optional.</p>	<p>(2) Information <u>on the e-mail address, fax number, web address and</u> contact</p>	<p>(2) Information on <i>a means to contact the lender</i> is optional.</p>	

	person is optional.		
(3) In line with Article 3 of Directive 2002/65/EC, where the transaction is being offered at a distance, the creditor shall indicate, where applicable, the name and geographical address of its representative in the Member State of residence of the borrower. Indication of the telephone number, e-mail address and web address of the representative of the credit provider is optional.	(3) In line with Article 3 of Directive 2002/65/EC, where the transaction is being offered at a distance, the creditor shall indicate, where applicable, the name and geographical address of its representative in the Member State of residence of [...] the <u>consumer</u> . Indication of the telephone number, e-mail address and web address of the representative of the credit provider is optional.	(3) [...] <i>Where the product information is being provided to the consumer by an intermediary, that intermediary shall give its name and inform the consumer whether it is providing information on the product as part of an advice service or not. It will also explain how it is being remunerated. If it is receiving commission from a creditor, the amount and the name of the creditor should be provided.</i>	
(4) In line with Article 3 of Directive 2002/65/EC, where the transaction is being offered at a distance, the creditor shall indicate the name of the trade register in which the creditor is entered and its registration number or an equivalent means of identification in that register	(4) [...] The creditor shall indicate the name of the trade register in which the creditor is entered and its registration number or an equivalent means of identification in that register. <u>(5) The creditor shall inform the consumer whether or not advisory services are being provided and on what basis.</u>	[...]	
	<u>Section '2. Credit intermediary'(1)</u>		
	<u>(1) Name, telephone number and geographical address of the credit intermediary shall refer to the contact information that the consumer may use for future correspondence.</u> <u>(2) Information on the e-mail address, fax number, web address and contact person is optional.</u> <u>(3) The credit intermediary shall</u>		

	<p><u>indicate the name of the trade register in which the credit intermediary is entered and its registration number or an equivalent means of identification in that register.</u></p> <p><u>(4) The credit intermediary shall inform the consumer whether or not advisory services are being provided and on what basis.</u></p>		
Section '2. Main features of the loan'	Section '3. Main features of the loan'	Section '2. Main features of the loan'	
	<p><u>(1) This section shall clearly explain the characteristics of the loan, including the potential risks associated with the interest rate and amortisation structure.</u></p>		
<p>(1) The duration of the credit shall be indicated in years or months, whichever is the most relevant. Where the duration of the credit can vary during the life of the contract, the creditor shall explain when and under which conditions this can occur.</p>	<p><u>(2) The duration of the credit shall be [...] expressed in years and months, whichever is the most relevant. Where the duration of the credit can vary during the <u>lifetime</u> of the contract, the creditor shall explain when and under which conditions this can occur. <u>Where the credit is open ended, for example, for a secured credit card, the creditor shall clearly state the fact.</u></u></p>	<p>(1) The duration of the credit shall be indicated in years or months, whichever is the most relevant. Where the duration of the credit can vary during the life of the contract, the creditor shall explain when and under which conditions this can occur.</p>	
<p>The description of the type of credit shall clearly indicate how the capital and the interest shall be reimbursed during the life of the credit (i.e. constant, progressive or regressive reimbursements).</p>	<p><u>(3) The type of loan should be clearly indicated (e.g. mortgage loan, home loan, secured credit card, etc.). The description of the type of credit shall clearly indicate how the capital and the interest shall be reimbursed during the life of the credit (i.e. the <u>amortisation</u></u></p>	<p><u>(2) The description of the type of credit shall clearly indicate how the capital and the interest shall be reimbursed during the life of the credit (i.e. constant, progressive or regressive reimbursements) <b>and specify whether the credit agreement is on a capital repayment or interest-only basis.</b></u></p>	

	<u>structure), specifying clearly whether the credit agreement is on capital repayment or interest-only basis.</u>		
	(4) In the case of a loan under which payments made by the consumer do not give rise to an immediate corresponding amortisation of the total amount of credit, but are used to constitute capital during periods and under conditions laid down in the credit agreement or in an ancillary agreement, a clear and concise statement that such credit agreements do not provide for a guarantee of repayment of the total amount of credit drawn down under the credit agreement, unless such a guarantee is given.		
(2) This section shall also explain whether the interest rate is fixed or variable and, where applicable, the periods during which it will remain fixed; the frequency of subsequent revisions and the existence of limits to the interest rate variability, such as caps or floors. The formula used to revise the interest rate shall be explained. The creditor shall also indicate where further information on the indices or rates used in the formula can be found. Where the credit currency is different from the national currency, the creditor shall include information on the formula used to calculate the exchange rate spreads	(5) This section shall also explain whether the [...] <u>borrowing</u> rate is fixed or variable and, where applicable, the periods during which it will remain fixed; the frequency of subsequent revisions and the existence of limits to the interest rate variability, such as caps or floors. The formula used to revise the <u>borrowing rate and its different components (e.g. reference rate, interest rate spread)</u> shall be explained. The creditor shall also indicate, e.g. <u>by means of web address</u> , where further information on the indices or rates used in the formula can be found, e.g. <u>Euribor, Central Bank reference rate</u> . Where the credit currency is different	(3) This section shall also explain whether the interest rate is fixed or variable and, where applicable, the periods during which it will remain fixed; the frequency of subsequent revisions and the existence of limits to the interest rate variability, such as caps or floors. The formula used to revise the interest rate shall be explained. Where the credit currency is different from the national currency, the creditor shall include information on the formula used to calculate the exchange rate spreads and the frequency of their adjustment.	

and the frequency of their adjustment.	from the national currency <u>of the borrower</u> , the creditor shall include information on the formula used to calculate the exchange rate spreads and the frequency of their adjustment. <u>If different borrowing rates apply in different circumstances, the information should be provided on all applicable rates.</u>		
(3) 'Total amount to be reimbursed' shall be calculated as the sum of the credit amount and the total cost of the credit.	<u>(6) The 'total amount to be reimbursed' corresponds to the total amount payable by the consumer. It shall be shown as the sum of the credit amount and the total cost of the credit. Where the borrowing rate is not fixed for the duration of the contract, it shall be highlighted that this amount is illustrative and may vary in particular in relation with the variation in the borrowing rate. The conditions governing the drawdown of the loan shall be explained.</u>	(4) 'Total amount to be reimbursed' shall be calculated as the sum of the credit amount and the total cost of the credit.	
(4) 'Maximum available loan amount relative to the value of the property' shall indicate the loan-to-value ratio. This ratio is to be accompanied by an example in absolute terms of the maximum amount that can be borrowed for a given property value.	<u>(6) Where it is a condition for the loan, under the heading, 'Maximum available loan amount relative to the value of the property', it shall indicate the loan-to-value ratio. This ratio is to be accompanied by an example in absolute terms of the maximum amount that can be borrowed for a given property value.</u>	(5) [...] <i>Where applicable, the minimum value of the property required to borrow the illustrated amount should be stated.</i>	
(5) Where the credit will be secured by a mortgage on the property or another commonly used guarantee, the creditor shall draw the borrower's attention to	<u>(7) Where the credit will be secured by a mortgage on the property or another [...] comparable security or by a right related to immovable property, the</u>	(6) Where the credit will be secured by a mortgage on the property or another commonly used guarantee, the creditor shall draw the borrower's attention to this.	

<p>this.</p>	<p>creditor shall draw the borrower's attention to this. <u>Where applicable the creditor shall also indicate the assumed value of the security and whether or not a formal valuation needs to be undertaken prior to the granting of a credit.</u></p>		
		<p><i>(7) Where loans are multi-part loans (e.g. part fixed rate, part variable rate), the information shall be given for each part of the loan.</i></p>	
<p>Section '3. Interest rate'</p>	<p>[...]</p>	<p>Section '3. Interest rate'</p>	
<p>(1) In addition to the interest rate, all the other costs contained in the APRC shall be listed (name and equivalence in percentage). Where providing a percentage rate for each of those costs is not possible or does not make sense, the creditor shall provide a global percentage rate.</p>	<p>[...]</p>	<p>(1) In addition to the interest rate, all the other costs contained in the APRC shall be listed (name and equivalence in percentage). Where providing a percentage rate for each of those costs is not possible or does not make sense, the creditor shall provide a global percentage rate.</p>	
		<p><i>(2) Where loans are multi-part loans (e.g. part fixed rate, part variable rate), the information shall be given for each part of the loan.</i></p> <p><i>(3) Where the interest rate is subject to revision, the creditor should state any benchmark which is used to determine changes to the applicable interest rate and include: (1) where relevant, the applicable caps and floors; (2) an example of how the amount of the instalment would vary where the interest rate increases by 1% or by a higher percentage which may be further</i></p>	

		<i>specified, where this is more realistic given the magnitude of normal changes to the interest rate, unless there is a cap on the interest rate which is lower than that this increase, and (3) where there is a cap, the instalment amount in the worst-case scenario.</i>	
	Section '4. Total cost of the loan		
	<p><u>(1) The reference to 'interest rate' corresponds to the borrowing rate.</u></p> <p><u>(2) The interest rate should be mentioned as a percentage value. Where the interest rate is variable and based on a reference rate the creditor may indicate the reference rate and a percentage value of creditor's spread. The creditor should however indicate the value of the reference rate valid on the day of issuing the ESIS.</u></p> <p><u>(3) In the section on 'other components of the APRC' all the other costs contained in the APRC shall be listed, including one-off costs such as administration fees, mortgage registration fee, and regular costs such as annual administration fees. The creditor shall list each of the costs by category (costs to be paid on a one-off basis, costs to be paid regularly and included in the instalments, costs to be paid regularly but not included in the instalments), indicating their amount, to whom they are to be paid and at which moment. Where the amount is not</u></p>		

	<p><u>known, the creditor shall provide an indication of the amount if possible, or if not possible, how the amount will be calculated and specify that the amount provided is indicative only. Where certain costs are not included in the APRC because they are unknown to the creditor, this should be highlighted.</u></p> <p><u>(4) The APRC should be illustrated by means of a representative example, mentioning all the assumptions used in order to calculate that rate; where the consumers has informed the creditor of one or more components of his preferred credit, such as the duration of the credit agreement and the total amount of credit, the creditor shall take those components into account; if a credit agreement provides different ways of drawdown with different charges or borrowing rates and the creditor uses the assumptions set out in Part II of Annex I, it should indicate that other drawdown mechanisms for this type of credit agreement may result in a higher APRC. Where the conditions for drawdown are used for calculating the APRC, the creditor should highlight the charges associated with other drawdown mechanisms that are not necessarily the ones used in calculating the APRC.</u></p>		
Section '4. Frequency and number of payments'	Section '5. Frequency and number of payments'	Section '4. Frequency and number of payments'	

(1) Where payments are to be done on a regular basis, the frequency of payments shall be indicated (e.g. monthly). Where the frequency of payments will be irregular, this shall be clearly explained to the borrower. The number of payments indicated shall cover the whole duration of the credit.	(1) Where payments are to be [...] <u>made</u> on a regular basis, the frequency of payments shall be indicated (e.g. monthly). Where the frequency of payments will be irregular, this shall be clearly explained to the borrower. The number of payments indicated shall cover the whole duration of the credit.	(1) Where payments are to be done on a regular basis, the frequency of payments shall be indicated (e.g. monthly). Where the frequency of payments will be irregular, this shall be clearly explained to the borrower. The number of payments indicated shall cover the whole duration of the credit.	
Section '5. Amount of each instalment'	Section '6. Amount of each instalment'	Section '5. Amount of each instalment'	
(1) The loan currency shall be clearly indicated.	(1) The loan currency shall be clearly indicated.	(1) The loan currency shall be clearly indicated.	
(2) Where the amount of instalments may change during the life of the credit, the creditor shall specify the period during which that initial instalment amount will remain valid when and how afterwards it will change.	(2) Where the amount of the instalments may change during the life of the credit, the creditor shall specify the period during which that initial instalment amount will remain [...] <u>unchanged</u> and when and how frequently afterwards it will change.	(2) Where the amount of instalments may change during the life of the credit, the creditor shall specify the period during which that initial instalment amount will remain valid when and how afterwards it will change.	
(3) Where the credit currency is different to the borrower's; national currency, the creditor shall include numerical examples clearly showing how changes to the relevant exchange rate may affect the amount of the instalments. The illustrated exchange rate changes need to be realistic, symmetrical and include at least the same number of unfavourable cases as favourable cases.	(3) Where the credit currency is different <u>from the borrower's national currency or where the credit is indexed to the currency which is different from the</u> borrower's national currency, the creditor shall include numerical examples clearly showing how changes to the relevant exchange rate may affect the amount of the instalments. The illustrated <u>examples of</u> exchange rate changes need to be realistic, symmetrical and include at least the same number of unfavourable cases as favourable cases.	(3) Where the credit <b><i>agreement is a foreign currency loan and where the credit</i></b> currency is different to the borrower's national currency, the creditor shall include a numerical example clearly showing how [...] <b><i>a 5 % reduction in the value of the borrower's national currency would</i></b> affect the amount of the instalments [...] <b><i>together with a prominent statement that the borrower's national currency could decline by more than the amount assumed in this illustration.</i></b>	

<p>(4) Where the currency used for the payment of instalments is different from the credit currency, the exchange rate to be used shall be clearly indicated. Such indications shall include the name of the institution publishing the exchange and the moment at which the applicable exchange is calculated.</p>	<p>(4) Where the currency used for the payment of instalments is different from the credit currency <u>or where the amount of each instalment expressed in the borrower's national currency depends on the corresponding amount in different currency</u>, the exchange rate to be used shall be clearly indicated. Such indications shall include the name of the institution publishing the exchange rate and the moment at which the applicable exchange rate <u>will</u> be calculated.</p>	<p>(4) Where the currency used for the payment of instalments is different from the credit currency [...], <b><i>the date</i></b> at which the applicable exchange is calculated [...] <b><i>shall be given and the basis on which it will be</i></b> calculated.</p>	
		<p><b><i>(5) Where all or part of the loan is an interest-only loan, the following statement shall be inserted prominently at the end of this section "You will still owe [insert amount of loan on an interest-only basis] at the end of the mortgage term. You will need to make separate arrangements to repay this. When comparing the payments on this mortgage with a repayment mortgage, remember to add any money that you may need to pay into a separate savings plan to build up a lump sum to repay this amount."</i></b></p> <p><b><i>(6) If there is a requirement for the consumer to take out a tied savings product as a condition for being granted an interest-only loan secured by a mortgage or another comparable security, the details of this product, including the cost and frequency of any</i></b></p>	

		<p><i>payments, must also be provided with the statement in (5).</i></p> <p><i>(7) Where the loan is a deferred-interest loan, there should be an explanation of: how and when deferred interest is added to the loan as a cash amount; and what the implications are for the consumer in terms of their remaining debt.</i></p> <p><i>(8) Where loans are multi-part loans (e.g. part fixed rate, part variable rate), the information shall be given for each part of the loan, and in total.</i></p>	
Section '6. Illustrative repayment table'	Section '15. Illustrative repayment table'	Section '6. Illustrative repayment table'	
	<p><u>(1) An illustrative repayment table should be provided to consumer as part of the ESIS. However according to national law, such provision may not be compulsory for credit agreements with a borrowing rate that is not fixed for the duration of the contract.</u></p> <p><u>Where applicable, the creditor should clarify that there is a right to receive a revised amortisation table under certain conditions. The creditor should clearly explain those conditions.</u></p>		
(1) Where the interest may vary during the life of the credit, the creditor shall indicate, after the reference to the interest rate, the period during which that initial interest rate will remain valid.	(2) Where the interest rate may vary during the lifetime of the credit, the creditor shall indicate, after the reference to the interest rate, the period during which that initial interest rate will remain [...] <u>unchanged.</u>	(1) <i>This section shall be included where the loan is a deferred interest loan, or where the repayment of principle is deferred for an initial period.</i>	
(2) The table to be included in this	(3) <u>The table to be included in this</u>	(2) The table to be included in this section	

<p>section shall contain the following columns: 'repayment moment', 'amount of the instalment', 'interest to be paid per instalment', 'other costs included in the instalment' (where relevant), 'capital repaid per instalment' and 'outstanding capital after each instalment'.</p>	<p>section shall contain the following columns: 'repayment schedule' (e.g. <u>month 1, month 2, month 3</u>), 'amount of the instalment', 'interest to be paid per instalment', 'other costs included in the instalment' (where relevant), 'capital repaid per instalment' and 'outstanding capital after each instalment'.</p>	<p>shall contain the following columns: 'repayment moment', 'amount of the instalment', 'interest to be paid per instalment', 'other costs included in the instalment' (where relevant), 'capital repaid per instalment' and 'outstanding capital after each instalment'.</p>	
<p>(3) For the first repayment year the information shall be given for each instalment and a subtotal shall be indicated for each of the columns at the end of that first year. For the following years, the detail can be provided on an annual basis. An overall total row shall be added at the end of the table and shall provide the total amounts for each column. The total cost of the credit paid by the borrower (i.e. the overall sum of the 'amount of the instalment' column) shall be clearly highlighted and presented as such.</p>	<p>(4) For the first repayment year the information shall be given for each instalment and a subtotal shall be indicated for each of the columns at the end of that first year. For the following years, the detail can be provided on an annual basis. An overall total row shall be added at the end of the table and shall provide the total amounts for each column. The total amount paid by the borrower (i.e. the overall sum of the 'amount of the instalment' column) shall be clearly highlighted and presented as such.</p>	<p>(3) For the first repayment year the information shall be given for each instalment and a subtotal shall be indicated for each of the columns at the end of that first year. For the following years, the detail can be provided on an annual basis. An overall total row shall be added at the end of the table and shall provide the total amounts for each column. The total cost of the credit paid by the borrower (i.e. the overall sum of the 'amount of the instalment' column) shall be clearly highlighted and presented as such.</p>	
<p>(4) Where the interest rate is subject to revision and the amount of the instalment after each revision is unknown, the creditor may indicate in the repayment table the same instalment amount for the whole credit duration. In such a case, the creditor shall draw that fact to the attention of the borrower by visually differentiating the amounts which are known from the hypothetical ones</p>	<p>(5) Where the interest rate is subject to revision and the amount of the instalment after each revision is unknown, the creditor may indicate in the repayment table the same instalment amount for the whole credit duration. In such a case, the creditor shall draw that fact to the attention of the borrower by visually differentiating the amounts which are known from the hypothetical ones (e.g. using a different</p>	<p>(4) Where the interest rate is subject to revision and the amount of the instalment after each revision is unknown, the creditor may indicate in the repayment table the same instalment amount for the whole credit duration. In such a case, the creditor shall draw that fact to the attention of the borrower by visually differentiating the amounts which are known from the hypothetical ones (e.g. using a different font, borders or</p>	

<p>(e.g. using a different font, borders or shading). In addition, a clearly legible text shall explain for which periods the amounts represented in the table may vary and why. The creditor shall also include:</p> <p>(1) where relevant, the applicable caps and floors;</p> <p>(2) an example of how the amount of the instalment would vary where the interest rate increases or decreases by 1 % or by a higher percentage, where this is more realistic given the magnitude of normal changes to the interest rate and (3) where there is a cap, the instalment amount in the worst-case scenario.</p>	<p>font, borders or shading). In addition, a clearly legible text shall explain for which periods the amounts represented in the table may vary and why. The creditor shall also [...]:</p> <p><u>(i) specify</u>, where relevant, the applicable caps and floors;</p> <p><u>(ii) give</u> an example of how the amount of the instalment would vary where the interest rate would increase or decrease by 1[...] <u>percentage point</u>, or by a higher number of percentage points, where this is more realistic given the magnitude of normal changes to the interest rate; and</p> <p><u>(iii) where there is a cap, indicate the instalment amount in the worst-case scenario.</u></p>	<p>shading). In addition, a clearly legible text shall explain for which periods the amounts represented in the table may vary and why. [...]</p> <p>[...]</p> <p>[...]</p>	
<p>Section '7. Additional obligations and costs'</p>	<p>Section '7. Additional obligations [...]'</p>	<p>Section '7. Additional obligations and costs'</p>	
<p>(1) The creditor shall refer in this section to obligations such as the need to insure the property to purchase life insurance or to buy any other product or service. For each obligation, the creditor shall specify towards whom and by when the obligation needs to be fulfilled.</p>	<p>(1) The creditor shall refer in this section to obligations such as the [...] <u>obligation</u> to insure the property, to purchase life insurance, to have a salary domiciled or to buy any other product or service. For each obligation, the creditor shall specify towards whom and by when the obligation needs to be fulfilled.</p>	<p>(1) The creditor shall refer in this section to obligations such as the need to insure the property to purchase life insurance or to buy any other product or service. For each obligation, the creditor shall specify towards whom and by when the obligation needs to be fulfilled.</p>	
<p>(2) The creditor shall also list each of the costs by category, indicating their amount, to whom they are to be paid and at what moment. Where the amount is not known, the creditor shall</p>	<p>The creditor shall also specify the duration of the obligation, e.g. until the end of the credit agreement. <u>The creditor shall also specify for each obligation whether or not the possible</u></p>	<p>(2) The creditor shall also <b><i>provide a disaggregated list of</i></b> each of the costs by category, indicating their amount, to whom they are to be paid and at what moment. <b><i>This does not have to include</i></b></p>	

provide a possible range or an indication of how the amount will be calculated.	<u>costs to be paid by the consumer in relation to such obligation is included in the APRC (making reference to the corresponding costs mentioned in Section 4 where applicable).</u>	<i>costs incurred for breaches of contract obligations.</i> Where the amount is not known, the creditor shall provide a possible range or an indication of how the amount will be calculated.	
	<p><u>(2) Where applicable, the creditor should clarify that the ancillary services may be purchased from a provider of consumer's choice. Where such possibility is conditional on the ancillary services meeting certain minimum characteristics, such characteristics should be described in this section.</u></p> <p><u>(3) Where applicable, the creditor shall inform the consumer of the possible consequences of cancelling the ancillary services required in connection with the credit agreement.</u></p> <p><u>(4) Where the conditions explained are in order to obtain the credit on the terms and conditions marketed, the lender shall inform the borrower of the possibility to receive an ESIS with different lending conditions.</u></p>		
Section '7. Early repayment'	Section '8. Early repayment'	Section '8. Early repayment <i>and flexibility</i> '	
(1) Where the credit may be repaid early, the creditor shall indicate under what conditions, if any, the borrower can do so. The creditor shall also indicate the steps the borrower should take in order to request the early repayment.	(1) Where the credit may be repaid early, the creditor shall indicate under what conditions, if any, the borrower can do so. [...]	(1) [...] <b>The</b> creditor shall indicate under what conditions, if any, the borrower can [...] <b>repay the loan early, in full or in part.</b> The creditor shall also indicate the steps the borrower should take in order to request the early repayment.	

<p>(2) Where an exit charge will be applied to the early repayment, the creditor shall draw the borrower's attention to this and indicate its amount. In cases where the amount of the exit charge would depend on different factors, such as the amount repaid or the prevailing interest rate at the moment of the early repayment, the creditor shall indicate how the exit charge will be calculated. The creditor shall then provide at least two illustrative examples in order to demonstrate to the borrower the level of the exit charge under different possible scenarios.</p>	<p>(2) [...] <u>In the section on the exit charge,</u> the creditor shall draw the borrower's attention to this and indicate its amount. In cases where the amount of [...] <u>compensation</u> would depend on different factors, such as the amount repaid or the prevailing interest rate at the moment of the early repayment, the creditor shall indicate how the [...] <u>compensation</u> will be calculated. The creditor shall then provide an illustrative example in order to demonstrate to the borrower the level of compensation under different possible scenarios. <u>The creditor shall also indicate whether there are any other costs in addition to early repayment charge, e.g. administrative fees, file closure fees, as well as their level.</u></p>	<p>(2) Where an exit charge will be applied to the early repayment <b><i>in order to compensate the creditor and preserve its indemnity</i></b>, the creditor shall draw the borrower's attention to this and indicate its amount. In cases where the amount of the exit charge would depend on different factors, such as the amount repaid or the prevailing interest rate at the moment of the early repayment, the creditor shall indicate how the exit charge will be calculated. The creditor shall then provide [...], <b><i>where applicable, the maximum amount that the charge might be.</i></b></p>	
	<p><u>(3) Where applicable, the creditor shall indicate whether or not the loan may be transferred to another property.</u></p>	<p><b><i>(3) Where applicable, the creditor shall explain the conditions for transferring the loan to another creditor.</i></b>  <b><i>(4) Where the consumer has the option of transferring their loan to another property, the conditions for doing this will be explained.</i></b>  <b><i>(5) Where the loan is a foreign currency loan the creditor should state the right in Article -18a(1), and the conditions attached to exercise of that right in accordance with Article -18a(2) and (3). Where the income or assets on which the consumer is relying to repay the loan are in a different currency from that of the</i></b></p>	

		<i>credit agreement or where the credit agreement is in a currency other than the national currency, the creditor shall state whether there is a right to convert the currency of the credit agreement and, if so, under what conditions.</i>	
Section '9. Right of withdrawal'	<u>Section '9. [...] Other important legal aspects'</u>	Section '9. Right of withdrawal'	
(1) Where a right of withdrawal exists, the creditor shall specify the conditions to which this right is subject, the procedure that the borrower will need to follow in order to exercise this right, inter alia, the address to which the notification of withdrawal should be sent, and the corresponding fees (where applicable).	<u>(1) Where specific rights [...] of e.g. withdrawal, reflection, portability (including subrogation) for the borrower exist in relation to the conclusion of the credit agreements, the creditor shall clarify the right that exist,</u> specify the conditions to which this/these right(s) is subject, the procedure that the borrower will need to follow in order to exercise this/these right(s), inter alia, the address to which the notification of withdrawal should be sent, and the corresponding fees (where applicable).	(1) Where a right of withdrawal exists, the creditor shall specify the conditions to which this right is subject, the procedure that the borrower will need to follow in order to exercise this right, inter alia, the address to which the notification of withdrawal should be sent, and the corresponding fees (where applicable).	
(2) In line with Article 3 of Directive 2002/65/EC, where the transaction is being offered at a distance, the consumer shall be informed of the existence or absence of a right of withdrawal.	<u>(2)</u> [...] Where the transaction is being offered at a distance, the consumer shall be informed of the existence or absence of a right of withdrawal.	(2) In line with Article 3 of Directive 2002/65/EC, where the transaction is being offered at a distance, the consumer shall be informed of the existence or absence of a right of withdrawal.	
(3) In line with Article 5 of Directive 85/577/EEC, where the transaction is being offered away from business premises, the consumer shall be	[...]	(3) In line with Article 5 of Directive 85/577/EEC, where the transaction is being offered away from business premises, the consumer shall be informed	

informed of the existence of a right of withdrawal.		of the existence of a right of withdrawal.	
Section '10. Internal complaint scheme'	Section '10. Internal complaint scheme'	<i>Section '10. [...] Complaints [...]'</i>	
(1) Information on the contact person is optional.	(1) Information on the contact person is optional.	<i>(1) [...] Insert a means of contacting the organisation to complain or a link to the complaints procedure on the relevant page of a website or similar information source, plus the name of the relevant external body for out-of-court complaints and redress.</i>	
Section '11. External complaint body'	Section '11. External complaint body'	[...]	
(1) In line with Article 3 of Directive 2002/65/EC, where the transaction is being offered at a distance, the creditor shall also specify whether or not there is an out-of-court complaint and redress mechanism for the borrower and, if so, explain the methods of access to it.	(1) [...] The creditor shall explain further [...] <u>conditions for making a complaint.</u> (2) <u>In the case of credit agreements with a cross-border element, the creditor shall provide a reference to FIN-NET.</u>	[...]	
Section '12 Non-compliance with the commitments linked to the credit consequences for the borrower'	Section '12. Non-compliance with the commitments linked to the [...] <u>loan</u> :		
(1) Where the non-observance of any of the borrower's obligations linked to the credit may have financial or legal consequences for the borrower, the creditor shall describe in this section the different possible cases (e.g. late payments/ default, failure to respect the obligation set out in Section 7 'Additional obligations and costs').	(1) Where non-observance of any of the borrower's obligations linked to the credit may have financial or legal consequences for the borrower, the creditor shall describe in this section the different [...] <u>main</u> cases (e.g. late payments/default, failure to respect the obligations set out in Section 7 'Additional obligations') and <u>indicate where further information could be</u>	(1) Where the non-observance of any of the borrower's obligations linked to the credit may have financial or legal consequences for the borrower, the creditor shall describe in this section the different possible cases (e.g. late payments/ default, failure to respect the obligation set out in Section 7 'Additional obligations and costs').	

	<u>obtained.</u>		
(2) For each of those cases, the creditor shall specify, in clear, easy comprehensible terms, the penalties or consequences to which they may give rise. Reference to serious consequences should be highlighted.	(2) For each of those cases, the creditor shall specify, in clear, easily comprehensible terms, the penalties or consequences to which they may give rise. Reference to serious consequences should be highlighted.	(2) For each of those cases, the creditor shall specify, in clear, easy comprehensible terms, the penalties or consequences to which they may give rise. Reference to serious consequences should be highlighted.	
Section '13 Additional information in the case of distance marketing"	Section '13. Additional information in the case of distance marketing'	Section '12. Additional information' [...]	
(1) Where applicable, this section will include a clause stipulating the law applicable to the credit agreement and/or the competent court.	(1) Where applicable, this section will include a clause stipulating the law applicable to the credit agreement and/or the competent court.	(1) <i>The creditor shall state here whether it is compulsory for the consumer to hold any ancillary services to obtain the credit on the stated terms, and if so, whether the consumer is obliged to purchase them from the creditor's preferred supplier. Where the credit agreement is bundled with other products the credit shall state the key features of those other products and clearly state whether the consumer has a right to terminate the credit agreement and/or the bundled products separately and the conditions for and implications of doing so.</i>	
		(2) <i>(Where Appropriate) Additional Features: Where the product contains any of the features listed in (4) below, this section must list these features and provide a brief explanation of: the circumstances in which the consumer can use the feature; any conditions attached to the feature; if the feature being part of the loan secured by a mortgage or comparable security means</i>	

		<p><i>that the consumer loses any statutory or other protections usually associated with the feature; and the firm providing the feature (if not the creditor).</i></p> <p><i>(2) If the feature contains any additional credit, then this section must explain to the consumer: the total amount of credit (including the credit secured by the mortgage or comparable security); whether the additional credit is secured or not; the relevant interest rates; and whether it is regulated or not.</i></p> <p><i>(3) If the feature involves a savings vehicle, the relevant interest rate must be explained.</i></p> <p><i>(4) The possible additional features are: 'Underpayments'; 'Payment holidays'; 'Borrow back'; 'Incentives'; 'Additional borrowing available without further approval'; 'Additional secured borrowing'; 'Credit card'; 'Unsecured borrowing'; 'Linked current account'; and 'Linked savings account'.</i></p> <p><i>(5) The lender may also include any other features offered by the lender as part of the credit agreement not mentioned in previous sections.</i></p> <p><i>(6) Where the firm intends to communicate with the consumer during the life of the contract in a language different from the language of the ESIS that fact shall be included and the language of communication named.</i></p>	
	<p><u>Section '14. Supervisor'</u></p>		

	<u>(1) The relevant authority or authorities for the supervision of the pre-contractual stage of lending shall be indicated.</u>		
Section '14. Risks and warnings"	[...]	Section '13. Risks and warnings'	
(1) All the listed warnings shall be highlighted. (2) Where applicable, the creditor shall recapitulate in this section the general interest rate revision rules and provide a quantitative example of how the instalments would increase if the credit's interest rate were to increase by X % (as explained in section 'Illustrative repayment table') and/or in the worst-case scenario (if there is a cap on the interest rate variability).	[...]	(1) All the listed warnings shall be highlighted. (2) Where applicable, the creditor shall recapitulate in this section the general interest rate revision rules [...] <b>and the risk to the consumer from interest rate increases in a clear, brief statement referring to the quantitative</b> example of how the instalments would increase if the credit's interest rate were to increase by X % [...] in section [...] 3(3).	
	<u>Annex III</u>	<b>Annex IIa</b>	
	<u>Minimum knowledge and competence requirements</u>	<b>Minimum knowledge and competence requirements</b>	
	<u>1. The minimum knowledge and competence requirements for creditors', credit intermediaries' and appointed representatives' staff (Article 7) and for persons involved in the management of credit intermediaries or appointed representatives (Article 21(1b)) should include at least:</u> <u>(a) Appropriate knowledge of mortgage products and ancillary services typically offered together with mortgage products;</u>	<b>1. The minimum knowledge and competence requirements for creditors', credit intermediaries' and appointed representatives' staff should include at least:</b> <b>(a) appropriate knowledge of credit products secured by mortgages or other comparable securities and ancillary services typically offered together with such products;</b> <b>(b) appropriate knowledge of the laws related to the credit agreements for</b>	

	<p><u>(b) Appropriate knowledge of the laws related to the credit agreements for consumers;</u></p> <p><u>(c) Appropriate knowledge and understanding of the property purchasing process;</u></p> <p><u>(d) Appropriate knowledge of security valuation;</u></p> <p><u>(e) Appropriate knowledge of organization and functioning of land registers;</u></p> <p><u>(f) Appropriate level of financial and economic competency;</u></p> <p><u>(g) Appropriate knowledge of business ethics standards;</u></p> <p><u>(h) Appropriate knowledge of the consumer's creditworthiness assessment process.</u></p>	<p><i>consumers including consumer protection;</i></p> <p><i>(c) appropriate knowledge and understanding of the property purchasing process;</i></p> <p><i>(d) appropriate knowledge of security valuation;</i></p> <p><i>(e) appropriate knowledge of organization and functioning of land registers;</i></p> <p><i>(f) appropriate level of financial and economic competency and knowledge of market context;</i></p> <p><i>(g) appropriate knowledge of business ethics standards;</i></p> <p><i>(h) appropriate competence in assessing consumers' creditworthiness, where applicable, or knowledge of the assessment process.</i></p>	
	<p><u>2. When establishing minimum knowledge and competence requirements Member States may differentiate between the levels and types of requirements applicable to the staff of creditors, the staff of credit intermediaries or appointed representatives and the management of credit intermediaries or appointed representatives.</u></p>	<p><i>2. When establishing minimum knowledge and competence requirements Member States may differentiate between the levels and types of requirements applicable to the staff of creditors, the staff of credit intermediaries or appointed representatives and the management of credit intermediaries or appointed representatives.</i></p>	
	<p><u>3. Member States shall determine the appropriate level of knowledge and competence should be determined on the basis of:</u></p> <p><u>(a) professional qualifications, e.g.</u></p>	<p><i>3. Member States shall determine the basis for demonstrating an appropriate level of knowledge and competence. This may include professional qualifications or competency tests. Relevant</i></p>	

	<p><u>diplomas, degrees, trainings, competency tests; or</u>  <u>(b) professional experience, which may be defined as a minimum number of years working in areas related to the origination, distribution or intermediation of credit products.</u></p>	<p><i>professional experience may also be taken into account where there is evidence that performance is consistent with the standards required. However, the basis for demonstrating competence shall not solely consist of a minimum number of years working in areas related to the origination, distribution or intermediation of credit products.</i></p>	
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