

CENTRAL BANK OF CYPRUS

EUROSYSTEM

LAW REGULATING THE SALE AND ACQUISITION OF CREDIT FACILITIES AND RELATED MATTERS OF 2015

THE PROCEDURES FOR THE NOTIFICATION OF BORROWERS AND GUARANTORS OF THE INTENTION TO SELL CREDIT FACILITIES DIRECTIVE OF 2016

169.(1) 2015	The Central Bank of Cyprus, by virtue of the powers vested on it by section 17 of the Law Regulating the Sale and Acquisition of Credit Facilities and Related Matters of 2015 (hereinafter to be referred to as "the Law"), issues this Directive.
Short Title.	1. This Directive may be referred to using the short title "The Notification of Borrowers and Guarantors Directive of 2016".
Purpose.	2. The purpose of this Directive is to set out the procedure that relates to the notification of borrowers and/or guarantors, as provided in the Law, by a credit or financial institution (hereinafter to be referred to as "the institution") of its intention to proceed with the sale of credit facilities.
Interpretation.	3. For the purposes of this Directive, the interpretations provided in the Law apply.
Notifications by transferor to borrowers and guarantors.	<p>4.1 An institution which has an intention to sell the whole or a part of its portfolio of credit facilities, must notify its intention using at least one of the following two methods:</p> <p>(1) by publication in the Official Gazette of the Republic and in a conspicuous place in three newspapers of the daily press and / or</p> <p>(2) by sending a registered letter and in case the letter cannot be delivered, by any other means of communication the institution considers appropriate, to the concerned borrowers and guarantors.</p> <p>4.2 Each notification, either by publication or registered letter must specify at least that:</p> <p>(a) within forty five (45) working days from the date of the notification, the borrowers and/or, subject to the condition of paragraph 6, guarantors, have the right to submit, in writing, an offer to the institution to acquire the credit facility themselves;</p> <p>(b) the written offer must specify at least the following:</p> <p>(i) the monetary amount of the offer to settle or acquire the credit facility,</p> <p>(ii) the time period within which the borrowers and/or the guarantors intend to settle or acquire the credit facility, and</p> <p>(iii) the source of funding the settlement or acquisition of the credit facility;</p> <p>(c) the offer must be submitted in a given form (for example registered letter, e-mail) to a specified contact person (name and address);</p> <p>(d) offers for the restructuring of credit facilities which are submitted as a response to this notification shall not be considered as offers for the purposes of this Directive, but are examined within the restructuring framework; and</p> <p>(e) the offer for the settlement or acquisition of the credit facility by the borrowers and/or their guarantors may only be submitted once and that if such a proposal is not submitted within the time period of forty-five (45) working days from the day of the notification, it will be assumed that the borrower and the guarantors do not wish to submit an offer.</p> <p>4.3 Each institution has the discretion to choose which of the above two methods of notification is appropriate for it.</p>
Assessment of the offer by the institution and notification to the	5.1 The institution examines each offer received but it has no obligation to reply to the offers by the borrowers and, where applicable, guarantors which concern the restructuring of their credit facilities, since these are examined within the restructuring framework.

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concerned parties.

5.2. An offer made by a borrower and/or guarantor to acquire a credit facility for which the institution has expressed its intention to sell, is not binding on the institution and the institution does not have an obligation to provide any evidence regarding its assessment and decision to decline an offer made by the concerned parties.

Offer by guarantors.

6. The guarantors may submit an offer to acquire the credit facilities that are intended to be sold only subject to the condition that they have obtained the prior approval of the borrowers for this acquisition.

It is noted that, in the cases referred to in this paragraph, the prior approval of the Central Bank of Cyprus is not required.