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THE SALE OF CREDIT FACILITIES AND OTHER RELATED MATTERS LAWS OF 2015 AND 2018
Directive under sections 13 and 17(2)

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PART I

TITLE, PURPOSE, INTERPRETATION AND SCOPE OF APPLICATION

169(I) of 2015 86(I) of 2018.	The Central Bank issues this Directive by virtue of the powers vested on it by subsection (2) of section 17 of the Sale of Credit Facilities and Other Related Matters Law of 2015 to 2018.
Short title.	1. This Directive shall be cited as the Authorisation and Supervision of Credit Acquiring Companies Directive of 2020.
Purpose.	2. The purpose of this Directive is to define the procedure for granting an authorization by the Central Bank to a credit acquiring company and to define the framework for supervising the operations of a credit acquiring company.
Interpretation.	3. For the purposes of this Directive, the definitions in section 2 of the Law shall apply, unless the context requires another interpretation, and in addition, the following definitions shall apply,

	<p>unless the context requires otherwise-</p> <p>‘Purchase of goods or services’ means-</p> <p>(i) the acquisition of standard products or services, such as information on current prices and the purchase of products and other goods and consumables; and</p> <p>(ii) obtaining consulting and other services which are not part of the credit acquiring company’s business activities, including legal advice;</p> <p>«applicant company» means the legal entity requesting authorisation from the Central Bank;</p> <p>«suitability» means the degree to which an individual is deemed to have good repute and to have, individually and collectively with other individuals, adequate knowledge, skills and experience to perform her/his/their duties. Suitability also covers honesty, integrity and independence of mind of each individual and her or his ability to commit sufficient time to perform her or his duties;</p> <p>«Law» means the Sale of Credit Facilities and Other Related Matters Law of 2015 to 2018.</p>
Scope of application	4. This Directive shall apply to credit acquiring companies.
	<p>PART II</p> <p>AUTHORISATION OF CREDIT ACQUIRING COMPANIES</p>
<p>Submission of application for granting an authorisation.</p> <p>188(l) of 2007 58(l) of 2010 80(l) of 2012 192(l) of 2012 101(l) of 2013 188(l) of 2014 18(l) of 2016 13(l) of 2018 158(l) of 2018 81(l) of 2019</p>	<p>5. - (1) Any legal entity that wishes to obtain an authorisation to operate as a credit acquiring company, must submit a relevant application for authorisation to the Central Bank by attaching, inter alia, the relevant questionnaire based on a template published on the website of the Central Bank.</p> <p>(2) The application for obtaining an authorisation shall be submitted either by the legal entity itself or by a person who is duly authorised for this purpose and is accompanied by -</p> <p>(a) the information and documents referred to in paragraphs (a) to (f) of subsection (1) of section 5 of the Law, and in addition-</p> <p>(i) The memorandum and articles of association of the applicant company foreseen by paragraph (a) of subsection (1) of section 5 of the Law, should include a provision which expressly prohibits the issuance of shares to the bearer;</p> <p>(ii) a duly completed and signed individual or corporate questionnaire of the shareholders referred to in paragraph (b) of subsection (1) of section 5 of the Law, based on the templates published on the website of the Central Bank, so that the Central Bank is satisfied that the said shareholders fulfil the following good repute and integrity credentials:</p> <p>(aa) they have a clean criminal record,</p> <p>(bb) they have not been declared bankrupt in the past, unless they have been restored in accordance with the relevant legislation,</p> <p>(cc) they have the financial soundness which is commensurate with the type of activities foreseen to be carried out by the applicant company, and</p> <p>(dd) there are no reasonable grounds to suspect that their participation in the applicant company, is associated with carrying out, or attempting to carry out or having carried out or having attempted to carry out activities related to money laundering or terrorist financing is, has been or was attempted to be committed within the meaning of section 4 or 5 of the of the Prevention and Suppression of Money Laundering Activities Law of 2007 to 2019, or that the risk of such an activity is increased;</p> <p>(iii) a duly completed and signed individual questionnaire, based on a relevant template published on the website of the Central Bank for each one of the members of the management body of the applicant company referred to in paragraph (d) of subsection (1) of section 5 of the Law, so that the Central Bank is satisfied that such members meet the eligibility criteria prescribed by the Assessment of Suitability of Members of the Management Body and Key Function Holders of Credit Acquiring Companies Directive of 2020,</p> <p>(iv) a description of the responsibilities of each sector of the organisational structure foreseen by paragraph (e) of subsection (1) of section 5 of the Law so that the Central Bank is satisfied that the applicant company has a sound organisational structure for the business activities foreseen by the Law, which includes a clear organisational structure with clear, transparent and consistent lines of responsibility, effective procedures for identifying,</p>

	<p>managing, monitoring and reporting the risks that the company undertakes or may undertake, as well as adequate internal control mechanisms, including appropriate administrative and accounting procedures and that the structure, procedures and mechanisms are comprehensive and proportionate to the nature, scale and complexity of its activities;</p> <p>(b) the following documents which the Central Bank considers important for evaluating the application for obtaining an authorisation in accordance with paragraph (g) of subsection (1) of section 5 of the Law:</p> <ul style="list-style-type: none"> (i) copies and a summary of the contracts that the applicant company intends to enter into when outsourcing to third parties, and complete details concerning the terms of their cooperation; (ii) a description of the accounting system, information technology (IT) system and management information system; (iii) a description of the procedures and systems of the applicant company for monitoring and handling customer complaints; (iv) a description of the systems that will be implemented for compiling statistical and supervisory data; (v) a description of the internal control mechanisms including mechanisms to ensure compliance with the requirements of the Prevention and Suppression of Money Laundering Activities Law of 2007 to 2019; (vi) the address of the head offices of the applicant company as well as the contact details of competent officials; <p>(c) the following additional documents which the Central Bank considers important for the evaluation of the application for obtaining an authorisation in accordance with paragraph (g) of subsection (1) of section 5 of the Law-</p> <ul style="list-style-type: none"> (i) a business plan that includes a budget both for the basic and extreme scenario for the first three financial years of operation of the applicant company which demonstrates that the applicant company has the necessary resources available, to employ systems and procedures that are appropriate and proportionate in order to ensure its sound operation, the respect of the rights of borrowers and their fair treatment; (ii) comprehensive data regarding the calculation of the cost of investment and the origin of the amounts with which it will be financed; (iii) a confirmation by an independent audit firm that the applicant company has the minimum initial capital required in accordance with subsection (1) of section 11 of the Law. In case a shareholder does not wish to proceed, before the approval of the application, with the payment of the amount of the initial capital corresponding to her/his obligation, a confirmation from a credit institution operating in a Member State of the European Union that an amount equal to the amount of the initial capital has been deposited in an account which will remain frozen throughout the examination of the application and that the applicant company will be in a position to have the required share capital at the time of approval of its application; (iv) the most recent audited financial statements of the applicant company together with the unaudited financial statements of the current year, unless the applicant company is a newly formed company. In case there is a parent company or the applicant company belongs to a group, the applicant company must also submit to the Central Bank a copy of the most recent audited financial statements of the parent company and/or of the group. <p>(3) The applicant company must authorise a competent entity for the submission of the application and the information accompanying the application as well as for any communication needed with the officers of the Central Bank for the purpose of assessing the application.</p>
<p>Assessment of the application for granting an authorisation</p>	<p>6. - (1) When assessing the application for granting an authorisation, the Central Bank may request the applicant company to submit any additional information and / or clarification and / or files and / or documents that the Central Bank deems necessary for completing the assessment of the application.</p> <p>(2) The Central Bank may request the additional information referred to in subparagraph (1) in writing by sending a relevant letter by post or e-mail. The applicant company must respond within the time limit prescribed by the Central Bank for its specific request. If the applicant company does not submit the required additional information mentioned in sub-paragraph (1) within the period prescribed by the Central Bank, and does not request an extension in writing,</p>

	<p>the Central Bank shall proceed with assessing the application based on the information that has already been submitted.</p> <p>(3) Before deciding whether or not to grant an authorisation, the Central Bank may, if it considers appropriate, consult with other competent public or supervisory authorities within or outside the Republic and obtain information from any third party who holds or who may provide information regarding the applicant company, its directors and shareholders.</p> <p>(4) If there is any change at any time in the information submitted to the Central Bank with the application, the applicant company must notify the change to the Central Bank in writing, without delay.</p>
Changes in qualifying holdings.	<p>7. - (1) The shareholders intending to acquire or further increase their qualifying holding in a credit acquiring company pursuant to section 6 of the Law, must submit a notification to the Central Bank, together with the individual or corporate questionnaire and all the documents required by the said questionnaire, based on the templates which are published on the website of the Central Bank.</p>
	<p>(2) The Central Bank shall assess the notification submitted in accordance with sub-paragraph (1) of this paragraph within the time limit foreseen by paragraph (2) of section 6 of the Law in order to ensure the proper and prudent management of the credit acquiring company for which the acquisition of the holding is proposed and taking into account the potential influence of the proposed shareholder, it shall assess the suitability and appropriateness of the proposed acquisition, in accordance with the criteria referred to in point (ii) of sub-paragraph (2) of paragraph 5.</p> <p>It is provided that no person can hold a qualifying holding in a credit acquiring company without the prior written approval of the Central Bank.</p>
	<p>PART III</p> <p>SUPERVISION OF CREDIT ACQUIRING COMPANIES</p>
Supervision.	<p>8. - The Central Bank may be assisted for the purposes of exercising its supervision, by duly qualifying persons as provided in paragraph (2) of section 14 of the Law. The Central Bank may additionally request the credit acquiring company to submit assurances by qualifying entities as to whether the credit acquiring company has fulfilled all of its obligations under the Law.</p>
	<p>PART IV</p> <p>RESPONSIBILITIES OF CREDIT ACQUIRING COMPANIES</p>
Restructurings. O.G. Sch. III(I) 3.4.2015 No. 4862 P.I. 107/2015	<p>9. - (1) Where borrowers present or may present arrears in repaying their credit facilities, credit acquiring companies shall apply the provisions of the Code of Conduct which is annexed to the Arrears Management Directive of 2015, in order to arrive at mutually acceptable and sustainable restructuring solutions regarding the credit agreement.</p> <p>(2) Credit acquiring companies shall provide borrowers with transparent information, inter alia, on the category of the base rate charged from time to time on the loan or credit facility, the manner in which it is calculated and the time at which it will be collected or debited to the borrower's account. Additionally, they shall provide each borrower with details of any other charges or recovery costs associated with the credit facility or loan.</p>
Provision of information to the Central Bank.	<p>10.- Each credit acquiring company shall submit to the Central Bank, no later than four months from the end of the financial year, the audited financial statements for the year which shall include the auditor's report.</p>
	<p>PART V</p> <p>FINAL PROVISIONS</p>
Entry into force. O.G. Sch. III(I) No. 4944, 6.5.2016 P.I. 149/2016	<p>11.- (1) This Directive shall enter into force on the date of its publication in the Official Gazette of the Republic.</p> <p>(2) The Authorisation and Supervision of Credit Acquiring Companies Directive of 2016 is repealed as from the time of entry into force of the present Directive.</p>