

**LAW REGULATING FINANCIAL LEASING AND THE ACTIVITIES OF FINANCIAL
LEASING COMPANIES OF 2016**

FINANCIAL LEASING DIRECTIVE OF 2017

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**LAW REGULATING FINANCIAL LEASING AND THE ACTIVITIES OF FINANCIAL
LEASING COMPANIES OF 2016**

Directive pursuant to sections 6,10,12, 22, 27 and 33

72(I)/2016 The Central Bank of Cyprus in exercise of the powers granted to it in accordance with the provisions of sections 6, 10, 12, 22, 27 and 33 of the Financial Leasing Law of 2016 issues this Directive.

PART I

Title, Definitions, Purpose, Scope of application

- Short title. 1. This Directive shall be referred to as the Financial Leasing Directive of 2017.
- Definitions. 2. (1) Unless the context otherwise requires, for the purposes of this Directive the definitions in section 2 of the Financial Leasing Law of 2016 apply, as these may be amended or replaced, as well as the following definitions:
- “durable medium” means any instrument which enables the user to store information in a way that will be accessible for future reference for a period of time that is adequate for the purposes of this information and which allows for the accurate reproduction of the information stored;
- “senior management” means the natural person who exercises executive functions and is responsible and accountable to the governing body for the day-to-day management of the financial leasing company;
- “Law” means the Financial Leasing Law of 2016.
- (2) Any reference in this Directive to a law or regulatory administrative act or an act of the European Union means that law or regulatory administrative act or act of the European Union, as may be amended or corrected or replaced.
- Purpose of the Directive. 3. The purpose of this Directive is:
- (a) to establish the procedure for granting authorisation to a financial leasing company;
- (b) to regulate the activities of financial leasing companies including the methodology for determining additional capital, internal governance, central registry for lessees and the creditworthiness assessment of lessees.
- (c) to set the procedures for the conclusion of a finance lease contract, namely the provision of pre-contractual information and reflection period and the determination of the methodology of the calculation of the outstanding amount in case of advance repayment, annulment or termination of the lease agreement.
- Scope of application. 4. The provisions of this Directive shall be applied by the leasing companies mentioned in paragraph (a) of subsection (1) of section 4 of the Law.

Paragraphs 9, 11, 12, 15 and 17 of this Directive shall be applied by all persons referred to in subsection (1) of section 4 of the Law.

PART II

AUTHORISATION TO PROVIDE FINANCIAL LEASING SERVICES

Submission of application for authorisation.

5. (1) A company wishing to obtain authorisation to provide financial leasing, submits to the Central Bank, duly completed and signed by two members of the management body, the application for authorisation to provide financial leasing based on the relevant template posted on the Central Bank website. The application shall include or be accompanied by:

(a) The information, forms and documents referred to in subsections (a) to (f) of section 22 of the Law and in relation to the questionnaires referred to in paragraph (d) of the Law the following forms:

(i) The summary table in Annex A showing the persons who hold or plan to hold a qualifying holding in the share capital or the twenty largest shareholders, as applicable in each case;

(ii) for each of the persons shown in the summary table referred to in point (i), the shareholder questionnaire, duly completed and signed based on templates that are posted on the Central Bank website.

(iii) for each of the members of the management body and senior management, duly completed and signed the questionnaire, based on the relevant template posted on the Central Bank website.

(b) the following information obtained pursuant to subsection (g) of section 22 of the Law:

(i) Business plan, both for baseline and extreme scenario, which includes the budget for, at least, the first three financial years, demonstrating that the applicant company will have adequate resources to employ appropriate systems and procedures to ensure its sound operation,

(ii) complete information in relation to the calculation of the cost of investment and the source of funds,

(iii) description of the accounting system, the Information Technology system and the management information system,

(iv) description of the procedures for the monitoring and handling of customers' complaints,

(v) description of the systems that will be implemented for the collection of statistical and supervisory data,

(vi) description of the internal control mechanisms including the mechanisms for ensuring compliance with the requirements of the Prevention and Suppression of Money Laundering Activities Law of 2007 to 2016.

188(I)/2007
58(I)/2010
80(I)/2012
192(I)/2012

(vii) the address of the head office of the company and contact details of responsible officers,

(c) confirmation from an independent audit firm that the company has:

(i) the minimum initial capital required in accordance with subsection (1) of section 6 of the Law, that the issued and paid share capital and retained earnings of the company is at least two hundred thousand euros (€ 200,000) and

(ii) any amount of additional capital required under subsection (2) of section 6 of the Law and as calculated in accordance with paragraph 7 on the basis of the submitted business plan, and

(iii) in the event that a shareholder does not wish to pay the capital and / or the additional capital before the approval of the application, a confirmation letter should be submitted to the Central Bank from the credit institution, that the amount of two hundred thousand euro (€ 200,000) has been deposited and will remain blocked throughout the course of the examination of the application and that the company will be able to have the required share capital upon approval of its application.

(2) The applicant company must determine and authorise an appropriate person for the submission of the information and for any communication is required with the Central Bank officials for the purpose of the assessment of the application.

(3) The application for authorisation is accompanied by the original information and documents or where this is not possible, true copies.

Assessment of an application by the Central Bank.

6. (1) The Central Bank may, during the assessment of the application for authorisation, request from the applicant company to provide clarifications and/or to submit any additional information and evidence it deems necessary for assessing the application.

(2) The Central Bank requests any additional information and evidence in writing or by electronic mail.

(3) If during its assessment the Central Bank finds that the applicant company did not submit all the evidence, forms and information required for the assessment of the application, it notifies the applicant company that it must submit them as soon as possible and where applicable within a time frame set by the Central Bank, so that the Central Bank will be able to issue its decision within the time frame set by the Law.

(4) In case there is any change in the information provided in connection with either this paragraph or with paragraph 5, the applicant company notifies the Central Bank without delay and in writing about the change.

PART III

PRUDENTIAL REQUIREMENTS

Minimum additional share capital

7. (1) Subject to the provisions of section 6 of the Law, the financial leasing companies are required to maintain at all times in addition to the minimum initial capital of two hundred thousand euro (€200,000), additional capital based on the size of their operations.

(2) For the calculation of the additional capital, the financial leasing company must maintain at all times a minimum total capital (basic and additional), depending on the amount of its assets, as determined by the following scales:

Total level of assets:	Minimum level of total capital
Up to 5 million euro	€200.000
Over 5 and up to 25 million euro	€1.000.000
Over 25 and up to 50 million euro	€2.000.000
Over 50 million euro	€5.000.000

Governance

8. (1) Financial leasing companies, apply, mutatis mutandis, the internal governance and risk management processes that are provided for in the Directive on Governance and Management Arrangements in Credit Institutions, including the provisions for outsourcing.

Official Journal of the Republic, Third Annex (I): 8.8.2014 N.4808 R.A.A. 375/2014

(2) The Central Bank taking into account the nature, scale, complexity and the risks of the business activities, may, through a letter to the financial leasing company or to a group of financial leasing companies that have similar risk profiles, exempt the financial leasing company or the group of financial leasing companies from certain provisions of the Governance and Management Arrangements in Credit Institutions Directive of 2014.

Pre-contractual information to lessees

9. (1) The pre-contractual information consists of (a) the general pre-contractual information which sets out the general characteristics and basic risks of finance leases and is annexed in Appendix B (Part A) and (b) the personalised information which contain the specific basic features of the lease and are based, as appropriate and always applying the principle of proportionality, on the data presented in Appendix B (Part B).

(2)(a) The lessor and where applicable the supplier acting as a credit intermediary, provide and explain to the applicant of a finance lease the general pre-contractual information.

(b) After assessing the applicant's creditworthiness ability, the lessor must also prepare, provide and explain to the lessee the personalised information.

(3) A lessor who has entered into a financial cooperation agreement with suppliers who act as independent credit intermediaries, must maintain a register of such suppliers and be able to provide the register and any other information concerning their cooperation to the Central Bank, if requested.

This paragraph shall not affect the liability of the lessor for the acts or possible omissions of suppliers acting as independent credit intermediaries with whom he has contracted a financial cooperation agreement.

(4) The lessor must duly and depending on the situation, explain to the finance lease applicant all the elements, characteristics and risks relating to the lease agreement, at least as reported in the pre-contractual information.

(5) The personalised information when duly completed by the lessor, may be provided to the lessee together with the letter of offer or a specimen contract, where applicable.

Creditworthiness assessment 10. (1)(a) Financial leasing companies require from finance lease applicants who are natural persons, duly completed, the Personal Financial Statement (PFS) which is posted on the website of the Central Bank.

(b) Financial leasing companies require from finance lease applicants the submission of a statement issued by the Administrator of the Data Exchange System that presents all relevant data concerning the total credit facilities of the finance lease applicant and his related parties.

Third Annex(I)
18.03.2016,
No, 4933
R.A.A.
75/2016
R.A.A.
41/2017

(2) For the creditworthiness assessment of the applicant of an immovable property finance lease, the leasing company applies, mutatis mutandis, the provisions of the Directive on Credit Granting and Review Processes of 2016 to 2017.

Letter of offer of finance lease agreement 11. (1) The letter of offer is binding for the lessor and is provided in writing or on other durable medium.

(2) In case the characteristics in the offer letter are different from the personalised information previously provided to the applicant, the lessor shall either:

(a) provide the personalised information again, or
(b) indicate to the applicant, the differences between the personalised information and the letter of offer.

(3) In case of movable property lease, the lessor may provide to the applicant a standardised specimen contract in the place of a letter of offer, which sets out the conditions governing the lease.

Reflection period 12. (1) The lessor provides a reflection period of at least seven (7) working days to the applicant prior to the conclusion of the lease contract, so as to give an opportunity to the

applicant to compare the information received from various lessors, to thoroughly assess the requirements, risks and consequences of the new credit facilities he intends to undertake in order to make an informed decision that he will be able to service them.

(2) The days are counted from the day the letter of offer was provided, the characteristics of which are the same as those provided in the personalised information. In case that, pursuant to paragraph 11(3), a letter of offer is not provided, the days are calculated from the day the final characteristics of the contract are provided, through the personalised information and the specimen contract.

It is provided that in the case where the applicant is satisfied with the information received, he may inform the lessor and proceed with the conclusion of the contract for the lease, prior to the expiry of the set reflection period.

Registry of lessees

13. Financial leasing companies must maintain a registry of the lessees and provide it the Central Bank if and when it is requested. The registry of lessees shall contain the information included in the template attached to Appendix A (Table 1) of the Directive for the Operation of a System or a Mechanism for the Exchange, Collection and Provision of Data of 2015, to the Administrator of the Mechanism for the Exchange of Data.

Official Journal of the Republic,
Third Annex
(I):
19/06/2015
N. 4878
R.A.A.
207/2015

Restructuring of finance leases

14. If lessees present or may present arrears in their lease payments, the financial leasing companies shall apply the provisions of the Code of Conduct that is annexed to the Arrears Management Directive of 2015, in order to proceed to mutually accepted and viable restructuring solutions of the finance lease.

Third Annex
(I): 3.4.2015
N. 4862
R.A.A.
107/2015

Outstanding amount upon the advance payment, termination or dissolution of the finance lease.

15. (1) (a) In the case of

- (i) termination of the finance lease contract pursuant to section 33 (2) of the Law or
- (ii) annulment of the finance lease contract pursuant to section 33 (7) of the Law or
- (iii) annulment of the finance lease contract pursuant to section 33 (8) (b) of the Law

whereby the lessor takes possession of the leased asset, the lessor calculates the outstanding amount that is derived based on the provisions of this paragraph.

(b) In the above circumstances the lessor pays the lessee the amount determined as the market value of the leased asset at the time of termination or annulment of the finance lease

contract minus the outstanding amount of the finance lease which is the total of all of the following elements:

- i. The present value of the future remaining lease payments outstanding until the maturity of the contract, namely the lease payments remaining from the date of termination or annulment of the lease contract until its maturity date, discounted at the rate specified in subparagraph (8);
- ii. The present value of the purchase price;
- iii. Any arrears of lease payments at the time of termination or annulment of the finance lease;
- iv. Any interest accrued on lease payments in arrears at the time of the termination or annulment of the finance lease contract;
- v. Any other arrears related expenses are due in accordance with the lease contract;
- vi. Any legal and other expenses;
- vii. To the extent that the lessor has paid on behalf of the lessee, any taxes and fees as stipulated in the finance lease contract and based on evidence presented to the lessee.

(2) In case of annulment of the finance lease agreement pursuant to section 33 (1) (a) of the Law, the provisions laid down in the lease agreement apply.

(3) If the leased asset is sold, either via bilateral negotiations or via auction, the market value of the asset is considered to be its selling price.

(4) (a) If the lessor takes possession of a leased asset in the form of immovable property, the market value is determined as agreed between the lessee and the lessor.

(b) In the absence of agreement between the lessee and the lessor, the market value of the leased asset is determined as the average of two professional valuations carried out by independent valuers which are appointed one by the lessor and one by the lessee.

(c) If the highest valuation, according to the two valuation reports, is equal to or greater than the lowest valuation plus twenty-five percent (25%) of the latter, the lessor shall, within ten (10) days from the date of the receipt of the valuation report, appoint a third independent valuer who, within thirty (30) days from his appointment shall prepare an independent valuation.

The market value of the immovable property is considered to be the average of the two closest valuations and if the valuations differ equally between them, the market value is the average of the three valuations.

(5) If the lessor takes possession of the leased asset that is movable property, the market value is determined as agreed between the lessee and the lessor.

(6) (a) If the amount resulting from the calculation set out in subparagraph (1) is positive, this amount is immediately payable by the lessor to the lessee.

(b) In the case of a deficit, that is, where the market value of the leased asset is not sufficient to cover the outstanding amount of the finance lease, the lessor may provide a feasible timetable for the repayment of the outstanding amount by the lessee and where applicable by the guarantors.

(7) In the following cases:

(a) exercise of the right for advance repayment of the lease contract by the lessee and

(b) termination of the lease contract based on the provisions of section 33 (2)(b) of the Law and transfer of the leased asset to the lessee,

the outstanding amount of the finance lease, that the lessee must pay to the lessor shall not exceed the total of the following elements:

i. All lease payments in arrears at the time of exercise of the right for advance repayment or termination of the finance lease;

ii. The present value of the future minimum lease payments outstanding until the maturity of the contract.

iii. The present value of the purchase price;

iv. Any interest accrued on lease payments in arrears (as per point i) at the time of the termination of the contract;

v. Any other arrears related expenses are due in accordance with the lease contract;

vi. Any legal and other expenses;

vii. Taxes, fees and other expenses that were paid by the lessor, on behalf of the lessee.

(8) The discount rate used to calculate the present value of the minimum lease payments outstanding and the purchase price is equal to the rate used to calculate the lease payments.

Information

16. (1) Each financial leasing company must establish, implement and maintain accounting policies and procedures which will enable it to promptly submit to the Central Bank valid financial statements which reflect the true and fair view of its financial condition.

(2) Every financial leasing company must submit to the Central Bank its annual audited financial statements within six (6) months from the end of each financial year together with the signed copy of the audit report of the statutory auditor.

(3) Every financial leasing company must submit to the Central Bank the template presented in Appendix A on an annual basis with a reference date of 31 December of each year and in case there is a change in the information submitted, as soon as the company becomes aware of such change. The regular annual report shall be submitted by 31 January of the year following the reference date.

(4) The Central Bank may determine the type, frequency and the reference dates of additional returns that financial leasing companies must submit to the Central Bank for purposes of prudential supervision and for statistical purposes, including statistical reporting requirements in relation to the European Union and the Eurosystem.

PART IV

Transitional Provisions

Compliance with the –pre-contractual information

17. The lessor shall, within two (2) months from the date of publication of the present directive, be able to provide applicants-lessees the pre-contractual information, as per paragraph 9.



CENTRAL BANK OF CYPRUS

EUROSYSTEM

ANNEX A

FINANCIAL LEASING COMPANY	
REFERENCE DATE	

SHAREHOLDERS THAT DIRECTLY OR INDIRECTLY HOLD 10% AND ABOVE OF THE ISSUED SHARE CAPITAL OF THE FINANCIAL LEASING COMPANY
OR THE 20 MAJOR SHAREHOLDERS OF THE FINANCIAL LEASING COMPANY

NAME OF SHAREHOLDER (NATURAL OR LEGAL PERSON) (In the case of persons acting in agreement, to hold directly or indirectly a qualifying holding, report this fact and the percentage of each shareholder)	No. OF SHARES	% OF HOLDING IN THE SHARE CAPITAL OF THE FINANCIAL LEASING COMPANY	PLACE OF RESIDENCE/ INCORPORATION	In case of a legal person, state the names of the ultimate beneficiaries
Subtotal				

General pre-contractual information for finance leasing

Financial leasing is a way of financing whereby the lessee chooses the asset and the lessor buys and leases it to the lessee in exchange for the agreed lease payments. The lessee has the option to buy the leased property throughout the ordinary term of the lease or its renewal.

Financial leasing is governed by the Law regulating Financial Leasing and the Activities of Financial Leasing Companies of 2016 and the directives issued by the Central Bank pursuant to this Law.

You are hereby informed that:

1. You are obliged to make the lease payments as agreed by the finance lease contract, at the prescribed time.
2. If the lease payments present any arrears exceeding the period determined explicitly in the lease contract, you run the risk of losing the right of possession/use/ownership of the lease asset or/and of any additional collateral for that lease.
3. If, upon the maturity of the finance lease you do not exercise the right for renewal or the option to purchase the leased asset within the time frame specified in the agreement, the lease is dissolved, the registration is cancelled and the ownership of the asset remains with the lessor.
4. You have the right to rent out or/and mortgage the leased asset as well as transfer or assign to a third party your rights and obligations resulting from the lease, provided that this is permitted by the lease agreement and granted you have the written consent of the lessor.
5. The lessor has the right to transfer the leased asset to a different lease provider or/and mortgage/pledge/commit with any other way the leased asset for the benefit of a different lease provider, provided that this is not expressly prohibited by the finance lease and granted that you have been previously duly notified.
6. Your rights, which derive from the finance lease, precede the rights of any third party for the benefit of which the leased asset had been mortgaged or/and pledged/committed in any way.

I declare that I have received the general pre-contractual information for finance leasing and I was informed and I understand my rights and responsibilities.

(Signature of the applicant for a finance lease)

[Financial leasing company / LESSOR] B) [Postal address] [Telephone] [Fax] [Website]			ANNEX B (PART	
PRE-CONTRACTUAL INFORMATION TO APPLICANTS FOR A FINANCE LEASE				
Application No.:			Date:	
Part 1. Applicant information				
Name of Applicant:			Identity No./ Company Registration No.	
Address:			Occupation:	
Part 2. Lessor information				
2.1.	Contact person:		Telephone number:	
2.2.	E-mail address:			
Part 3. Basic features of financial leasing				
3.1.	Purpose of the finance lease	[.....]		
3.2.	Value of asset to be leased	<u>Applicable option indicated by √</u> <input type="checkbox"/> Selling Price <input type="checkbox"/> Indicative valuation <input type="checkbox"/> Statistical valuation <input type="checkbox"/> Independent valuation [...].		
3.3.	Amount of finance lease	[...]	Amount of own contribution	[...]
3.4.	Acquisition price of asset to be leased	[...]	Lease amount to value	[...]
3.5.	Lease duration:	[...]	Right to change the duration of the lease	<input type="checkbox"/> Yes <input type="checkbox"/> No
3.6.	Irrevocable period:	<input type="checkbox"/> Yes [...]	<input type="checkbox"/> No	
3.7.	The following additional collateral may be requested:	A. B. C.		
Part 4. Interest rate				
4.1.	<u>Basic interest rate: Applicable option indicated by √</u> <input type="checkbox"/> Fixed <input type="checkbox"/> Variable <input type="checkbox"/> Fixed for [period] followed by Variable for [period]		In the case of variable basic interest rate, the applicable basic interest rate is indicated by √: <input type="checkbox"/> Interest rate of European Central Bank (ECB) <input type="checkbox"/> Euribor Rate <input type="checkbox"/> Basic bank lending rate <input type="checkbox"/> Libor Rate	
4.2.	Interest rate margin	[...]%	Total interest rate (total of basic interest rate and interest rate margin)	[...]%
For the calculation of interest the time elapsing shall be expressed in years or in fractions of the year. A year is considered to have 365 days (366 for leap years), 52 weeks or 12 equal months. An equal month has 30,41666 days (i.e. 365/12), whether being a leap year or not.				
The lease payments include compound interest which shall never occur more than twice a year.				
If any amount is not paid on the date due, the lessor may impose interest on that amount from the date that it was deemed payable until the date that it is repaid. The arrears interest imposed is related to the actual cost of the lessor and must not exceed 2% of the amount in arrears, calculated on an annual basis.				

Part 5. Charges		
	Total Annual Percentage Rate of Charge (APRC)	[...]
5.1.	<i>The APRC is the total cost of the lease, expressed as an annual percentage and calculated according to the data presented in this offer regarding the amount of the finance lease, the duration of the lease, the total interest rate and all the costs and charges occurring with the conclusion of the lease contract and are payable by the lessee, as presented here.</i>	
5.2.	One-off expenses	[kind and amount] - payable by the [lessee/lessor]
	Regular expenses	[kind and amount] - payable by the [lessee/lessor]
5.3.	The following costs are not known to the lessor upon the completion of this form and are not included in the calculation of the APRC referred to in point 5.1.: [...]	
The actual APRC will be <u>different</u> from this APRC if, among other: a) the interest rate of the lease is variable and fluctuates during the finance lease b) there are lease payments in arrears and interest is charged thereon c) there are costs that are not known upon the completion of this form as per point 5.3.		
5.4.	The following taxes and penalties are not included in the calculation of the APRC:	[immovable property taxes], [sewage charges], [municipal taxes], [...] - payable by the [lessee/lessor]
Part 6. Frequency of lease payments and illustrative repayment table		
6.1.	Amount of lease payment (instalment)	[...]
6.2.	See illustrative repayment table (Table A)	
6.3.	(If applicable) If the basic interest rate of the finance lease is variable, the amount of the lease payments and the total amount of the lease may change. See attached Table B which presents scenarios for increased basic interest rate.	
6.4.	(If applicable) If the finance lease is provided in a foreign currency, the amount of lease payments and the total amount of the lease may change due to fluctuations in the exchange rate. See attached Table B which presents the increase in the lease payments resulting from an increase in the value of foreign currency by 20%.	
Part 7. Other provisions		
7.1.	(If applicable) Provision for withdrawal after conclusion of the leasing contract	<input type="checkbox"/> Yes [...] days <input type="checkbox"/> No
Part 8. Termination of the finance lease before the maturity date		
8.1.	Expenses for termination of the contract prior to the maturity date upon the request of the lessee (early repayment) The expenses must not exceed the administrative or other cost borne by the lessor. Amount: [.....] [Description of the calculation method]	

DECLARATION BY THE LESSEE:

1. All the basic characteristics, the terms and the conditions as well as the risks that this finance lease may entail, have been fully explained to me.
2. The provision of this document does not, in any circumstance, oblige the [lessor] to grant me the finance lease.

Signature

Date

DECLARATION BY THE LESSOR:

1. I have duly completed and fully explained this pre-contractual information to the lessee.

Signature

Date

Table A. - Illustrative Repayment Table

Repayment schedule	Total Interest rate (basic % + interest rate margin %)	Lease payments	Payable interest per lease payment	Other charges included in the lease payment (where appropriate)	Amount of capital paid per lease payment	Remaining capital amount after each lease payment
[Month 1]						
[Month 2]						
[...]						
Subtotal for 1st year						
[Year 2]						
[Year ...]						
Indicative total of the lease						

Table B. - Indicative examples of adjusting the level of the lease payment in case of an increase in the basic interest rate and in case of a change in the exchange rate.

	Frequency of lease payments	Increase in the interest rate by 1%	Increase in the interest rate by 2%	Increase in the value of foreign currency by 20%
Amount of lease payment	[monthly / quarterly / other]			
Indicative lease total				

Instructions for completing the pre-contractual information by the lessor	
	Part 1. Applicant details
	Applicant's identity and contact details.
	Part 2. Lessor details
2.1-	The contact details of the employee of the lessor or the credit intermediary facilitating the communication
2.2.	between the lessee and the competent persons.
	Part 3. Basic characteristics of the finance lease
3.1. -	The basic characteristics of the finance lease are clearly described, including the description of the leased asset, the market value, the amount of own contribution that is, the amount which the lessee initially pays (deposit) and the total price of the lease.
3.6.	The lease term is expressed in years or months, whichever is more appropriate. If the term of the lease may be changed during the lease term, the lessor explains the process to the lessee. The irrevocable period during which neither party can terminate the lease is indicated (if any).
3.7.	It is indicated whether additional collateral are required for the conclusion of the lease contract, the form and the estimated or actual value of the collateral.
	Part 4. Interest rate
4.1.	The interest rate is expressed as a percentage. If the lease rate is variable, the reference rate is indicated (e.g. euribor). The lessor must indicate the reference interest rate applicable on the day of provision of the pre-contractual information.
4.2.	The interest rate margin as defined in the Liberalisation of Interest and other Related Issues Law of 1999 to 2015 is indicated.
	The lessor must clearly state in the lease contract and inform each lessee during the negotiation of the contract, about the level of the interest rate imposed on overdue amounts as defined in the Liberalisation of Interest and other Related Issues Law of 1999 to 2015, their manner of calculation and the terms under which it ceases to be imposed.
	Part 5. Charges
5.1.	If the interest rate is variable, the applicant must be warned that the fluctuation of the interest rate may affect the actual APRC and the parameters used for calculating the APRC are explained to the applicant.
5.2.	All the charges included in the APRC are listed, distinguishing one-off charges (i.e. administration fees, Stamp duties, valuation fees, land registry fees etc) from the regular charges (i.e. account maintenance fees etc). It is explained that the APRC calculation does not include any costs arising from breach of contract.
5.3.	The costs that are not included in the APRC due to the fact that they are not known to the lessor, are indicated upon the provision of pre-contractual information to the lessee. Where the amount is not known, the lessor may give an indicative amount or, if this is not possible, declares the manner of calculation and clarifies that the amount is only indicative.
5.4.	The taxes that arise are stated and it is specified which party is liable for each tax and that taxes are not included in the APRC calculation.
	Part 6. Frequency of lease payments and illustrative repayment table
6.1.	The amount of the lease payments and the frequency of the payments (e.g. monthly) is clearly stated. If the frequency of the lease payments is not regular, a clear explanation is provided to the lessee.
	If the lessee has the right to obtain a revised illustrative repayment table, this is stated together with the conditions under which the lessee has this right.

6.2.	For the first year of repayment, the information shall be given for each lease payment 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 lease paid by the lessee (i.e. the overall sum of the 'lease payments' column) shall be clearly highlighted and presented as such.
6.3.	To be completed only if applicable If the interest rate is variable, table B must be completed whereby the increase in the lease payments upon an increase of the basic interest rate by 100 basis points (1%) and 200 basis points (2%) is illustrated.
6.4.	To be completed only if applicable Where the currency of the lease is different from the national currency of the lessee, the lessor shall include a numerical example clearly showing how changes to the relevant exchange rate may affect the amount of the lease payments and the total amount of the lease. That example shall be based on a 20 % reduction in the value of the national currency of the lessee.
	Part 7. Other provisions
7.1.	The lessor shall indicate whether the lessee has the right to withdraw from the lease. If the lessee has the right, the period in which they can exercise the right of withdrawal is indicated.
	Part 8. Termination of the finance lease before its maturity date
8.1.	The lessor explains how to calculate the amount due by each party depending on the situation, in case of termination of the lease before maturity. If possible an illustrative example is provided.