

UNOFFICIAL TRANSLATION

**THE SALE OF CREDIT FACILITIES AND RELATED MATTERS LAWS OF 2015 AND
2018**

Short title. 1. This Law shall be cited as the Sale of Credit Facilities and Related Matters Laws of 2015 and 2018.

Definitions. 2. In this Law, unless the context otherwise requires –

"Buyer" shall mean the persons referred to subsection (1) of Article 4.

"license" shall mean a license granted for acquiring credit facilities by virtue of the provisions of the present Law.

66(I) of 1997
74(I) of 1999
94(I) of 2000
119(I) of 2003
4(I) of 2004
151(I) of 2004
231(I) of 2004
235(I) of 2004
20(I) of 2005
80(I) of 2008
100(I) of 2009
123(I) of 2009
27(I) of 2011
104(I) of 2011
107(I) of 2012
14(I) of 2013
87(I) of 2013
102(I) of 2013
141(I) of 2013
5(I) of 2015

"authorised credit institution or ACI" shall have the meaning attributed to the term in article 2 of the Business of Credit Institutions Laws

26(l) of 2015

35(l) of 2015

93(l) of 2015

“borrower” shall mean a person to whom a credit facility is provided;

Provided that, in case the credit facility is included within the rights and obligations of a creditor as decided by rule, against a debtor as decided by rule, which are incorporated into and / or resulting from a court or arbitration decision, which is issued in relation to a credit facility agreement in which the debtor as decided by rule, was a contracting party as the principal debtor, the term "borrower" shall mean the debtor as decided by rule.

“qualifying holding” shall mean the direct or indirect holding of a capital which represents 10% or more of the capital or of the voting rights of the company or which makes it possible to exercise a significant influence over the management of that company;

“credit acquiring company” shall mean a company to which a license to acquire credit facilities was granted under the provisions of this Law;

"holder of a key position" shall mean a staff member of a credit institution or financial institution or credit acquiring company, which, due to the position it holds may exercise significant influence over the management, but is not a member of the governing body, and includes the heads of the important business sectors of branches outside the Republic and of support and internal audit activities.

“Central Bank” shall mean the Central Bank of Cyprus;

“member state” shall mean a member state of the European Union, other than the Republic of Cyprus, and/or a state which is a contractual party to the Agreement on the European Economic Area, which was signed in Porto on 2 May 1992 and was adjusted by the Protocol, signed in Brussels on 17 May 1993, as such Agreement may be amended;

"credit facility" means:

(a) any agreement providing financial credit which includes, inter alia, loan and credit card limit regardless of whether the relevant agreement has been violated or not, and/or terminated or not, and/or expired or not, and/or is related to any pending legal proceedings or not, provided that there are ongoing and/or not fully settled obligations of the debtor to the creditor,

(b) the rights and obligations of a creditor (as decided by rule) against a debtor (as decided by rule) that are incorporated into and / or resulting from a court or arbitration decision which is not of a criminal or administrative nature and is related to an agreement providing financial credit to which the debtor (as decided by rule) was a contracting party as the principal debtor, provided that there are ongoing and/or not fully settled obligations of the debtor (as decided by rule) to the creditor (as decided by rule);

Provided that any pecuniary obligation of the creditor (as decided by rule) to the debtor (as decided by rule) that exceeds the debtor's (as decided by rule) debt to the creditor (as decided by rule), is not included in the term “credit facility” and is not transferred to the buyer.

“credit institution” for the purpose of this Law shall mean an ACI and a branch that operates in the Republic by virtue of article 10A of the Business of Credit Institutions Law;

“close links” shall mean a situation in which two or more persons are linked in any of the following ways:

- (a) participation in the form of ownership, direct or by way of control, of 20 % or more of the voting rights or capital of an undertaking;
- (b) control;
- (c) a permanent link of both or all of them to the same third person by a control relationship.

“financial institution” shall have the meaning attributed to this term by the Regulation (EU) No 575/2013 of the European Parliament and of the Council of 26 June 2013 on prudential supervision requirements for credit institutions and investment companies and the amendment Regulation (EU) No 648/2012

“time of transfer” shall mean the point in time specified in the agreement between the assignor and the buyer as the time of transfer of the credit facilities.

Scope

3.-(1) This Law shall apply to:

- (a) credit facilities granted to natural persons where the total balance of the credit facilities to that natural person, at the time of the transfer, for every ACI, does not exceed one million euro (€1.000.000); and
- (b) credit facilities granted to micro and small enterprises as these are defined in the European Commission Recommendation of 6 May 2003 concerning the definition of micro, small and medium-sized enterprises (2003/361/EC) where the total balance of the credit facilities to that

enterprise or group of connected enterprises, at the time of the transfer, for every ACI, does not exceed one million euro (€1.000.000).

(2) Notwithstanding the provisions of subsection (1), all credit facilities where the creditor or the creditor as decided by rule is a credit institution or financial institution or credit acquiring company will be governed by the provisions of articles 18 and 19.

(3) Credit facilities which:

(a) are granted by an ACI, including its branches, to a natural person who is not a permanent resident of the Republic or to a legal person which is not registered in the Republic, or

(b) concern operations and/or investments outside the Republic, or

(c) include in their principal collateral, a mortgage on immovable property and/or a memo on property which is outside the Republic, or

(d) are governed by the law of another jurisdiction,

are exempted from the provisions of subsection (1) and (2).

Persons who can acquire credit facilities 4.(1). Subject to the provisions of paragraph (b) of subsection (2) only the following legal persons are permitted to acquire credit facilities:

(a) a credit acquiring company, including an asset management company which is established either by private or public funds, according to EU state aid rules and taking into account public debt sustainability, that is incorporated in the Republic and to which a license has been granted by the Central Bank, by virtue of this Law; or

(b) an authorised credit institution; or

(c) a credit institution that was granted a license and that is supervised by the competent authority of a member state, that has the right, by virtue of section 10A of the Business of Credit Institutions Law, to provide services or to establish a

branch in the Republic;

(d) a financial institution, which is a subsidiary of a credit institution incorporated in a member state and which provides its services in the Republic or operates in the Republic through a branch, under the provisions laid down in section 10Bbis of the Business of Credit Institutions Law.

(2) A legal person referred to in subsection (1) is allowed to sell credit facilities only to:

(a) a legal person referred to in subsection (1) or

(b) a legal person not referred to in subsection (1), but which had the prior written approval of the Central Bank.

Licensing of a legal person which operates in the activity of acquisition of credit facilities.

5. (1) Subject to the provisions of subsection (6), a legal person that intends to engage in the activity of acquisition of credit facilities in the Republic may apply to the Central Bank for obtaining license under the provisions of this Law accompanying the application with the following documents:

(a) The memorandum and articles of association of the company;

(b) the identity of its shareholders, whether direct or indirect, who have qualifying holdings and the amount of this holding, or, if there are no qualifying holdings, the identity of up to the 20 largest shareholders with a shareholding of 5% or more each;

(c) the identity of its directors;

(d) questionnaires completed by the persons referred to in paragraphs (b) and (c) for the assessment of the fitness and probity criteria laid down in a directive issued by the Central Bank;

(e) the organisational structure of the company;

- (f) the program of operations of the company and
 - (g) any additional information and/or records the Central Bank considers essential for the assessment of the application.
- (2) The Central Bank grants licensing if it is satisfied that–
- a) the company is in a position to fully comply with the provisions of this Law;
 - b) the shareholders and directors of the company are of good repute and have sufficient knowledge, competencies and expertise to carry out their responsibilities meeting the criteria of fitness and probity;
 - c) the company has an organisational structure that will enable it to provide its services in accordance with this Law;
 - d) there are no close links, due to professional or other relationships, between the applicant company and any other natural or legal persons, that in the opinion of the Central Bank may prevent the effective exercise of its supervision.
- (3) If the Central Bank is not satisfied that the company meets the criteria laid down in subsection (2) it shall deny licensing and shall inform the applicant company with its fully reasoned decision.
- (4) The decision to grant or deny licensing is notified to the applicant within two (2) months from the date of receipt of a fully completed application for licensing or, if the application is not complete, within two (2) months from the submission by the applicant of any additional information.
- (5) The Central Bank maintains a fully updated list on its website with the names of all licensed credit acquiring companies.
- (6) A legal person referred to in paragraph (b), (c) or (d) of subsection (1) of article 4 may be permitted to engage in the activity of acquiring credit facilities without licensing under this article, provided that its licence to operate in accordance with the Business of Credit Institutions Laws does not prohibit it to perform the said activity.

Changes in
qualifying
holdings.

6. (1) In each case, in which –

(a) a person intending to acquire or dispose, directly or indirectly, a qualifying holding in a credit acquiring company, or

(b) a person intending to increase or decrease directly or indirectly a qualifying holding in a credit acquiring company, in order that the proportion of the voting rights or the capital held, directly or indirectly, reaches or exceeds or falls below twenty percent (20%), thirty percent (30%) or fifty percent (50%) of the share capital of the credit acquiring company or in order for the credit acquiring company to become or cease to be its subsidiary,

that person shall notify the Central Bank of the amount of his/her holding that would arise in that way.

(2) The Central Bank may, within two (2) months from the date of notification under subsection (1) of acquisition or increase of a qualifying holding, not allow such an acquisition if, in an attempt to ensure the proper and prudent management of the credit acquiring company, is not satisfied of the suitability of the person referred to in subsection (1) and, in case the Central Bank allows such an acquisition, it may set a deadline for its implementation.

(3) A credit acquiring company, upon becoming aware of any acquisition, increase or decrease in the holdings of its capital, by which those holdings exceed or fall below any of the thresholds referred to in subsection (1), or where these holdings induce it to become or cease to be a subsidiary, shall inform the Central Bank.

Limitations due to national interest 6A. Notwithstanding the provisions of articles 5 and 6, the Central Bank, for national interest reasons may-

a) refuse to grant to a legal person a license to acquire credit facilities within the Republic,

b) not allow the acquire or increase of a qualifying holding by a credit acquiring company, and

c) not allow the appointment of a member to a management body of a credit acquiring company.

Termination of activities. 7. (1) In case where a credit acquiring company decides to terminate its activities, it shall submit to the Central Bank an action plan for the termination process, that shall include, inter alia, the transfer of credit facilities.

(2) The action plan referred to in subsection (1) and the termination are subject to the approval of the Central Bank.

Suspension of a license of credit acquiring company. 8. (1) The Central Bank may suspend the license of a credit acquiring company that was granted under the provisions of this Law, in the case where –

(a) in the case where, when weighing the seriousness of the contraventions referred to in paragraphs (a) and/or (b) of subsection (1) of article 21, decides not to proceed with the revocation of the license of a credit acquiring company, or

(b) when there is a suspicion for an alleged contravention of the provisions of this Law or of the Directives of the Central Bank or of the terms of the company's license.

(2) In the case referred to in subsection (1), the Central Bank may set a reasonable deadline, which should not exceed three (3) months from the date of notification of the suspension of the

license, for the credit acquiring company to rectify the situation.

(3) The credit acquiring company must, within the deadline set by the Central Bank under subsection (2), inform and provide evidence to the Central Bank of its compliance with the provisions of this law or the requirements of the license, issued by virtue of this law.

(4) If the Central Bank –

(a) is satisfied that the credit acquiring company has complied with the provisions of subsections (2) and (3), it terminates the suspension of license by notifying in writing the credit acquiring company; or

(b) is not satisfied that the credit acquiring company has complied with the provisions of subsections (2) and (3), it instantly extends the suspension period of the license and initiates the procedure for revocation.

(5) During the period of the suspension of the license, the credit acquiring company may continue its operations of managing its existing credit facilities but shall not be allowed to acquire any new credit facilities.

Revocation of
license of a credit
acquiring facility.

9. (1) The Central Bank may revoke the license granted to a credit acquiring company, if according to the judgement of the Central Bank it is proved that this company–

(a) obtained the license based on false or misleading information or by any other improper way, or submitted, or notified or otherwise publicised in any way false or misleading information, or false or misleading data or documents;

- (b) no longer fulfils the conditions for licensing;
 - (c) has committed serious and/or repeated offenses under the provisions of this Law or the Directives issued by virtue of this Law and/or has repeatedly committed such offenses.
- (2) In case of revocation of the license of a credit acquiring company, that company shall instantly cease to acquire credit facilities.
- (3) In case of revocation of license, the credit acquiring company must, within one month, submit for approval to the Central Bank an action plan for the termination of the activity of acquiring and managing credit facilities.
- (4) A credit acquiring company, the license of which has been revoked, remains under the supervision of the Central Bank until the Central Bank is satisfied that this company fully complies with the provisions of this article and not later than the full disposal of the credit facilities acquired in accordance with the action plan approved by the Central Bank.
- (5) In the case where, a company contravenes the provisions of subsections (2) and/or (3), the Central Bank may, after allowing the company to provide its justification, impose an administrative fine not exceeding the amount of three hundred thousand euro (€300.000).

Supervision of 10. (1) The Central Bank supervises the activities of the credit activities of credit acquiring companies in order to ensure the proper functioning of the activities of acquisition and management of credit facilities with companies. the objective to safeguard the financial stability in the Republic.

(2) Where it considers that the financial stability in the Republic is affected, the Central Bank may intervene in the rate of foreclosures of mortgaged properties, by issuing general or specific directives or guidelines.

Minimum capital. 11. (1) Each credit acquiring company must maintain at all times a

minimum paid up share capital of one hundred thousand euro (€100.000).

(2) The share capital of a credit acquiring company may only be reduced below the minimum capital referred to in subsection (1) when there is a plan, approved by the Central Bank, for the dissolution or liquidation of the company.

Assessment of the management body and key function holders.

12. If the Central Bank, during the performance of its supervisory functions, assesses that, any member of the management body is incapable and/or unsuitable to act as a member of the management body, it may order that such person ceases to act as a member of the management body of the credit acquiring company.

Information required for the exercising of prudential supervising.

13. (1) Each credit acquiring company shall submit to the Central Bank, a copy of the balance sheet, the profit and loss account and any other information the Central Bank deems necessary for the purpose of conducting prudential supervision.

(2) The Central Bank issues directives to specify the type, the frequency, the reporting and reference dates and the format of the information required under subsection (1).

Access to books and records and exchange of information with the Data Exchange Mechanism.

14. (1) Each credit acquiring company must, if required by the Central Bank, allow duly authorised officers of the Central Bank to enter the premises and investigate the operations and activities of the company, and make available to them any books, documents or records or transmit to the Central Bank any information considered essential for carrying out its supervisory activities pursuant to this Law, including unlimited information regarding assets and liabilities, and in particular records and reports regarding the portfolio of acquired credit facilities.

(2) The authorised officers of the Central Bank may be assisted by

duly qualified persons, who are designated for this purpose by the Central Bank and who shall be subject to the same obligations concerning confidentiality, as those which the officers of the Central Bank are subject to.

(3) Subject to the provisions of subsection (3) of Article 28E of the Business of Credit Institutions Law, each credit acquiring company, after the transfer of a credit facility participates to the Data Exchange Mechanism ARTEMIS, provided that it fulfilled the obligations deriving from the regulation EU 2016/679, as well as by the relevant national legislation.

(4) For the purpose of this article:

“Regulation (EU) 2016/679”, means Regulation (EU) 2016/679 of the European Parliament and of The Council of 27 April 2016 on the protection of natural persons with regard to the processing of personal data and on the free movement of such data, and repealing Directive 95/46/EC (General Data Protection Regulation).

“ARTEMIS data exchange mechanism” means the data exchange system or mechanism that belongs and is being operated by ARTEMIS Banking Information Systems Ltd, with participants:

- (a) all ACIs except the Cyprus Co-op Bank and the Housing Finance Corporation,
- (b) the credit institutions that operate in the Republic under article 10A of the Business of Credit Institutions Law,
- (c) the credit acquiring companies;

Confidentiality.

138(I) of 2002

166(I) of 2003

34(I) of 2007

86(I) of 2013

87(I) of 2013

103(I) of 2013.

15. (1) Any information obtained by the Central Bank by virtue of this Law is kept confidential and is used only for the purposes of this Law, of the Central Bank of Cyprus Laws and of the Business of Credit Institutions Law.

(2) Notwithstanding the provisions of subsection (1), the Central Bank may use any of the information provided to it under this Law for the publication of anonymous aggregate statistical data.

Annual fee. 16. Every credit acquiring company shall reimburse the Central Bank for the costs incurred in carrying out its supervisory functions by the payment of an annual fee of three thousand euro (€3.000) payable on the anniversary of the date on which the license was granted to the company.

Power to issue Directives 17. (1) The Central Bank may issue general or specific Directives or guidelines which it shall publish on its website and / or in the Official Gazette of the Republic.

(2) Without prejudice to the generality of the provisions of subsection (1), the Central Bank shall issue directives or guidelines to regulate, the following:

- (a) the procedures for granting, suspending and revoking a license granted by virtue of this law;
- (b) the criteria for the fitness and probity of shareholders, directors and key function holders
- (c) the internal organisation and governance of the credit acquiring company;
- (d) outsourcing;
- (e) the process of review, management and restructuring of the non-performing loans.

Sale of Credit Facility. 18. (1) Prior to the selling of whole or part of its credit facilities, a credit institution or a financial institution or a credit acquiring company shall-

- (a) either notify its intention to sell or dispose the whole or part of its portfolio of credit facilities:

Provided that, the said notification by the credit or financial institution is published in the Official Gazette of the Republic

and in three daily newspapers:

Provided further that, the borrowers and the guarantors, if they so wish, may submit, within a period of forty-five days (45), a proposal to purchase the credit facility under sale, or

(b) call the borrower and his guarantors to submit, within a period of forty-five days (45), a proposal to purchase his credit facility under sale:

Provided that, the said notification by the credit or financial institution is communicated by a letter addressed to the borrower and his guarantors:

Provided further that, the borrower is not obliged to submit an offer for acquiring his credit facility under sale:

Provided even further that, the proposal for acquiring the credit facility under sale is submitted only once by the borrower and in case such a proposal is not submitted within the time period of forty-five days (45), then it is assumed that the borrower does not wish to submit a proposal.

(2) (a) Any credit facility that is transferred from a credit or financial institution or credit acquiring company, hereafter “the assignor”, to any of the acquirers set out in subsection (1) of article 4, is deemed to be transferred to that acquirer at the time of transfer and all rights and obligations arising from the credit facility agreement of the account transferred, are automatically transferred to the relationship between the borrower and the acquirer and thereby shall continue to be valid between the two parties.

(b) The assignor is obliged to submit, every six (6) months, to the Central Bank a report which the assignor publishes and which includes:

(i) data on the number and amount of credit facilities, by category, that have been sold to any legal person, by virtue of subsection (1) of article 4, and

(ii) data on the number and amount of credit facilities, by category, that have been purchased by the borrower.

(c) the stated in paragraph (a) transfer, does not affect any procedure in progress pursuant the provisions of The Insolvency of Natural Persons (Personal Repayment Schemes and Debt Relief Order) Law, or Part IVA of the Companies' Law nor does it affect any results pursuant to the implementation of provisions these laws.

(d) The stated in paragraph (a) transfer, shall not affect the right of the borrower to submit an application for Insolvency Settlement

Chap..113 under The Insolvency of Natural Persons (Personal Repayment
9 of 1968 Schemes and Debt Relief Order) Law, or the right of the borrower
76 of 1977 or other person to appoint an examiner pursuant to Part IVA of the
17 of 1979 Companies' Law

105 of 1985

198 of 1986

19 of 1990

41(l) of 1994

15(l) of 1995

21(l) of 1997

82(l) of 1999

149(l) of 1999

2(l) of 2000

135(l) of 2000

151(l) of 2000

76(l) of 2001

70(l) of 2003

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203(l) of 2012
6(l) of 2013
90(l) of 2013
74(l) of 2014
75(l) of 2014
18(l) of 2015
62(l) of 2015
63(l) of 2015.
89(l) of 2015
120(l) of 2015

(e) The stated in paragraph (a) transfer, shall not affect the right of
Official Gazette a borrower referred to in Annex 2, Part I of the Code of Conduct
Part Three (l) attached to the Arrears Management Directive 2015, of the Central

3.4.2015 Bank.

107/2015

(3) (a) From the time of transfer, the buyer of credit facilities replaces the assignor in relation to all the rights and obligations in relation to and in a way such that any collateral received by the assignor for purposes of securing repayment of the credit facility, is transferred to the buyer who holds it as collateral for the repayment of the transferred credit facility:

Provided that, for purposes of this paragraph and paragraph (b) of this subsection the collateral includes any guarantee agreements and any encumbrance:

Provided further that, regardless of the provisions of any other law or directives issued under the provisions of any other law, the transfer of collateral by the assignor to the buyer will not be subject to any fee.

(b) The buyer of credit facilities has the same rights and the same order of priority, and shall be subject to the same obligations, in relation to contracts of credit facilities and collateral transferred to him as the assignor.

(c) The possession of any documents, books, goods or other assets held by the assignor with respect to credit facilities transferred, shall be deemed to be transferred to the purchaser at the time of transfer together with all relevant rights and obligations of the assignor related to the said documents, books, goods or other assets and, pending any such transfer, the assignor is considered to hold any such document, book, good, or other asset as a trust or as bailee, as the case may be, for the exclusive benefit of the buyer.

(d) All documents, books, files, and assumptions which constitute evidence by law with respect to any matter for or against the assignor, constitute evidence and will be accepted for or against the buyer, during and after the time of transfer.

(4) Any legal proceedings including, but not limited to, any lawsuit, arbitration, foreclosure process or other proceeding, and any

lawsuit right or order or decision at the time of the transfer of credit facilities is either pending or existing, by or against or to the benefit of the assignor in relation to the credit facilities transferred, will not be terminated or interrupted or adversely affected due to the transfer of credit facilities. Instead, it can be registered or continued or recognized or executed by or against the buyer of credit facilities who automatically replaces the assignor in this legal proceeding, at the time of transfer of the credit facilities:

Provided that, regardless of the provision of any other law, in case any proceeding is pending before a court, or a District Land Registry Department, the replacement and/or substitution of the assignor by the buyer for the purpose of the pending proceeding, will be effective at the time of registration of a relevant notice by the assignor to the relevant Judicial Registry, or District Land Registry Department as the case may be, and will not be subject to any fee:

Provided further that, regardless the provisions of any other law, including this Law, the provisions of this subsection will not apply to any criminal or administrative legal process or to any right to initiate a criminal or administrative legal process or an order or decision of criminal or administrative nature, either pending or existing, against the assignor at the time of the transfer of credit facilities or at any later time. Such legal proceedings or a right to initiate such legal proceedings or order or decision against the assignor will not be terminated or interrupted or adversely affected due to the transfer of credit facilities, but instead, it can be registered or continued or recognized or executed against the assignor.

(5) Anywhere in any document, whenever it was produced or executed, any reference to the assignor is included or assumed, then, to the degree that such document relates to any right or obligation is transferred to the buyer of the credit facilities, such reference shall be read, interpreted and be valid as a reference to the buyer at and after the time of the transfer, unless is otherwise stated in the relevant document.

Notifications by acquirer to borrowers and guarantors.

19. (1) Each credit or financial institution or credit acquiring company shall inform the borrower, the latest within five working days from the acquisition, that the credit facility agreement and related collaterals have been transferred to another person.

(2) Each credit or financial institution or credit acquiring company shall provide the borrower with all relevant contact details of the persons responsible for the management of the credit facilities transferred thereto and of the new account numbers of those credit facilities.

Administrative measures for acquisition of credit facilities without a license and for imprudent management.

20. (1) The Governor of the Central Bank may impose any administrative measures to a person who acquires credit facilities in contravention of subsection (1) of article 4 or who does not provide the notification according to subsections (1) and (3) of article 6 or for which the Central Bank considers that such person acts to the detriment of the sound and prudent management of the credit acquiring company-

- (a) a public statement which identifies the legal person responsible and the nature of the breach;
- (b) an order requiring the person responsible to cease a specific behaviour;
- (c) the payment of pecuniary fine up to twice the amount of the benefit derived from the breach, where that benefit may be determined, and after calling to account the concerned person, and in case it is not possible to determine the abovementioned benefit, the amount of the fine under the provisions of this paragraph, which shall not exceed two hundred fifty thousand (250.000) euros.

(2) Where a person acquires or increases directly or indirectly a qualifying holding in a credit acquiring company, despite the opposition of the Central Bank pursuant to subsection (2) of Article 6, the Central Bank, may take a decision -

- (a) for suspending the exercise of the relevant voting

rights, or

(b) for the nullity of votes and/or for the disposal of the holding within a specified time period that does not exceed one month.

Administrative
fines

21. In case a legal person contravenes or fails to comply with this Law, or with the conditions of the license issued by virtue of this Law or with any Directive of the Central Bank by virtue of this Law, the Governor of the Central Bank may, after calling to account that legal person, the consultants or directors, as appropriate, -

(a) impose on that legal person, for every infringement an administrative fine up to the amount of two hundred and fifty thousand euro (€250.000) depending on the seriousness of the offense and, if the infringement is continued or repeated and the legal person or director or manager refuses or fails to comply, may impose a fine of one hundred euro (€100) and up to thirty thousand euro (€30.000) for each day the contravention continues, and/or

(b) suspend or revoke the license of that legal person by providing a fully reasoned decision.

Criminal offences

22. (1) In case a legal person –

(a) intentionally refuses or omits to perform any act, or to provide any information required by the Central Bank or other authorized person for the purposes of this Law or of directives issued pursuant thereto, or

(b) performs any action which is prohibited or prescribed by this Law or by the directives issued pursuant thereto, or

(c) provides false or misleading or incomplete reports or information,

then, the legal person, or any member of its management body, who has knowledge that any action omission provided for in paragraphs (a), (b) and (c), is guilty of a criminal offence and, upon

conviction, are each subject to a fine not exceeding two hundred and fifty thousand (250.000) euros:

Provided that the Central Bank may, after conviction by the Court, suspend or revoke the license of the legal person.

(2). Any legal person proceeding with the acquisition of credit facilities, despite the decision of the Central Bank to suspend or revoke its license in accordance with this Law, commits an offense and, upon conviction, shall be punished by paying a fine not exceeding two hundred thousand euro (€200.000).

Jurisdiction. 23. Unless provided otherwise in the credit facility agreement, jurisdiction for the application of the provisions of the present law rests with the district courts of the Republic.

Indemnity 24. The Central Bank and any person that is advisor or officer of the Central Bank, is not subject to any liability in the event of any action, suit or other legal proceedings for damages in respect of any act or omission in the performance of its responsibilities by virtue of this Law or by virtue of any Directives issued according to this Law, unless it is proved that the act or omission was not done bona fide or is the result of negligence.

Right to Offset 25. (1) When the assignor is a credit institution, the terms of the transfer of credit facilities may include provisions to the effect that at the time of transfer of credit facilities a right to offset the credit facilities with credit balances held by the borrower with the assignor is created or reserved.

(2) In the event that at the time of transfer of credit facilities a right to offset the credit facilities with credit balances held by the borrower with the assignor is created or reserved, the following shall apply:

(a) The documents of the transfer of credit facilities shall precisely describe the scope of the offset.

(b) A process shall be applied to safeguard the credit balances held by the borrower with the assignor, which are subject to the right to offset. The safeguarding process concerns the commitment of assets to be held in favour of the buyer at least of equal value with the sums subject to the right to offset, aiming at the full hedging of the buyer's offset risk, while the said assets shall not be available in the general property of the assignor.

(c) The assignor and the buyer shall introduce and record on the documents of the transfer of credit facilities the process and frequency of briefing each other regarding the committed amounts according to paragraph (b) of this subsection, and the frequency of the accounting readjustment of the total sums subject to offset.

(3) The Central Bank may publish directives regarding the safeguarding process of the offset right, the type of assets held in favour of the buyer and the information submitted to the Central Bank for the purpose of supervising the correct implementation and functioning of the process.