



Banc Ceannais na hÉireann
Central Bank of Ireland
Eurosystem

2015

Addendum to Code of Conduct for Business Lending to Small and Medium Enterprises 2012



CODE OF CONDUCT FOR BUSINESS LENDING TO SMALL AND MEDIUM ENTERPRISES 2012

ADDENDUM FOR CREDIT SERVICING FIRMS

Introduction

The Consumer Protection (Regulation of Credit Servicing Firms) Act 2015 (the "2015 Act") amends Part V of the Central Bank Act 1997 (the "1997 Act") to provide for a regulatory regime for the provision of credit servicing. This is achieved by incorporating a new category of 'regulated business' into the existing regulatory framework in Part V of the 1997 Act, thereby extending the application of provisions of Irish financial services law that apply to 'regulated financial service providers' to credit servicing firms.

With effect from 8 July 2015, credit servicing firms, as defined in the 2015 Act, must apply for authorisation to the Central Bank and Code of Conduct for Business Lending to Small and Medium Enterprises 2012 (the "SME Code") will apply to these firms.

The purpose of this Addendum is to make clear that (as automatically arises as a matter of law) the activity of credit servicing is a 'regulated activity' within the meaning of the SME Code. Firms carrying on the activity of credit servicing, in relation to "credit" as set out in Section 28 of the Central Bank Act 1997¹, are 'regulated entities' with respect to that activity.

For the purposes of applying the SME Code to credit servicing firms, the following parts of the SME Code are now amended:

- Scope
- Definitions

LEGAL BASIS

Pursuant to Section 117 of the Central Bank Act 1989, the SME Code is hereby amended as set out below.

¹ i.e. a cash loan

SCOPE

The '**Scope**' Section is hereby amended in Paragraph 5 as follows:

"This Code applies to **regulated entities** when providing and servicing the following credit products within the State to **SMEs** operating within the State, unless otherwise stated..."

DEFINITIONS

The definition of **business lending** is amended as follows:

'business lending' means the provision of credit products to **small and medium enterprises** operating in this State and the credit servicing of such credit products, but not the credit servicing of the credit products of:

(a) leasing

(b) hire purchase, or

(c) invoice discounting

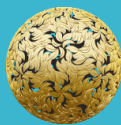
when carried out by a **credit servicing firm** which is not a regulated entity authorised to provide credit in the State.

The following definitions are hereby inserted into the '**Definitions**' Section of the SME Code:

'credit servicing' has the meaning given to it by Section 28 of the Central Bank Act 1997 (as amended by the 2015 Act);

'credit servicing firm' has the meaning given to it by Section 28 of the Central Bank Act 1997 (as amended by the 2015 Act);

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