Suppliment tal-Gazzetta tal-Gvern ta' Malta Nru. 21,682, 3 ta' Lulju, 2026

Taqsima B

L.N. 177 of 2026

FINANCIAL INSTITUTIONS ACT (CAP. 376)

Financial Institutions Act (Consumer Credit) Regulations, 2026

IN EXERCISE of the powers conferred by article 12 of the Financial Institutions Act, the Minister responsible for the regulation of financial services, acting on the advice of the Malta Financial Services Authority, has made the following regulations:-

Citation, scope, and commencement.

1. (1) The title of these regulations is the Financial Institutions Act (Consumer Credit) Regulations, 2026.

(2) The scope of these regulations is to transpose the relevant provisions of Directive (EU) 2023/2225 of the European Parliament and of the Council of 18 October 2023 on credit agreements for consumers and repealing Directive 2008/48/EC, and they shall be interpreted and applied in accordance with the said Directive.

(3) These regulations shall come into force on 20th November 2026.

Interpretation.

2. (1) In these regulations, unless the context otherwise requires:

"Act" means the Financial Institutions Act; Cap. 376.

"advisory services" means personal recommendations made by a creditor or credit intermediary as defined herein, to a consumer, in respect of one (1) or more transactions relating to credit agreements and which constitute a separate activity from the granting of credit or from the services provided by a credit intermediary, as applicable;

"ancillary service" means a service offered to the consumer in conjunction with the credit agreement;

"annual percentage rate of charge" means the total cost of the credit to the consumer, expressed as an annual percentage of the total amount of credit;

"competent authority" means the Malta Financial Services Authority established by the Malta Financial Services Authority Cap. 330.

Act;

"consumer" means a natural person who is acting either in his own personal capacity or for the purposes of carrying out his trade, business or profession;

"Consumer Credit Directive" means the Directive (EU) 2023/2225 of the European Parliament and of the Council of 18 October 2023 on credit agreements for consumers and repealing Directive 2008/48/EC, as may be amended from time to time and includes any binding legal instruments, guidelines and other measures that have been or may be issued thereunder;

"creditor" means a company which holds a licence issued by the competent authority in accordance with article 5 of the Act, by virtue of which it is licensed to grant, or promise to grant credit:

Provided that for the avoidance of doubt, a creditor as defined herein shall not be subject to the admission process under the Consumer Credit Intermediaries (Admission) Regulations;

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"credit agreement" means an agreement whereby a creditor grants or promises to grant to a consumer, credit in the form of a deferred payment, loan or other similar financial accommodation, except for agreements for the provision on a continuing basis of services or for the supply of goods of the same kind, where the consumer pays for such services or goods for the duration of their provision by means of instalments;

"credit intermediary" means a natural or legal person registered with the competent authority in accordance with Consumer Credit Intermediaries (Admission) Regulations who is not acting as a creditor and who, in the course of his trade, business or profession, for a fee, which may take a pecuniary form or any other agreed form of financial consideration:

S.L. 376.11.

(a) presents or offers credit agreements to consumers;

(b) assists consumers by undertaking preparatory work or other pre-contractual administration in respect of credit agreements other than as referred to in paragraph (a); or

(c) concludes credit agreements with consumers on

behalf of the creditor;

"Credit Intermediaries Rules" means rules applicable to credit intermediaries and other persons as specified therein, which may be issued by the competent authority under these regulations;

"European creditor" means a payment institution in accordance with the Payment Services Directive, or an electronic money institution in accordance with the Electronic Money Directive authorised by its European regulatory authority in a Member State to grant, or promise to grant credit, and which has exercised its right to establish a branch or to provide services in Malta in accordance with the Payment Services Directive or the Electronic Money Directive, as applicable;

"Financial Institutions Rules" shall have the same meaning as assigned to it in the Act;

"Financial Services Tribunal" means the tribunal established under article 21 of the Malta Financial Services Authority Act; Cap. 330.

"General Data Protection Regulation" 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);

"independent debt advisory services" means personalised assistance of a technical, legal or psychological nature provided by independent professional operators which are not creditors or credit intermediaries as defined herein or credit purchasers or credit servicers as defined in the Credit Servicers and Credit Purchasers Act; Cap. 645.

"Member State" shall have the same meaning as assigned to it in the Act;

"open-end credit agreement" means a credit agreement without a fixed duration and includes credits that must be repaid in full within, or after a specified period but which, once repaid, become available to be drawn down again;

"overdraft facility" means an explicit credit agreement whereby a creditor makes available to a consumer funds which exceed the current balance in the consumer’s current account;

"overrunning" means a tacitly accepted overdraft whereby a creditor makes available to a consumer funds which exceed the current balance in the consumer's current account or the agreed overdraft facility;

"total amount of credit" means the ceiling or the total sums made available under a credit agreement;

(2) Words and expressions used in these regulations which are also used in the Consumer Credit Directive, but which are not defined herein, shall have the same meaning as assigned to them in the said Directive.

Competent authority. Cap. 330.

3. (1) The competent authority established by article 3 of the Malta Financial Services Authority Act shall be the designated competent authority in Malta responsible for the implementation of the Consumer Credit Directive, insofar as applicable to creditors and credit intermediaries defined herein.

(2) The competent authority shall, with respect to credit agreements marketed, distributed or sold in or from Malta, monitor the compliance of creditors and credit intermediaries with the provisions of these regulations and any Credit Intermediaries Rules and Financial Institutions Rules made thereunder.

(3) For the better implementation of the Consumer Credit Directive, the competent authority may exercise any of the powers assigned to it under the Act and may from time to time, issue and publish Credit Intermediaries Rules and Financial Institutions Rules, and such rules shall be binding on creditors and other persons as may be specified therein.

(4) The competent authority shall promote measures that support the education of consumers in relation to responsible borrowing and debt management, in relation to credit agreements. Such measures may include providing consumers with clear and general information on the credit granting process in order to guide them, in particular those who take out, particularly by means of digital tools, consumer credit for the first time.

Applicability.

4. (1) These regulations shall apply to credit agreements covering credit for consumers insofar as the said credit agreements are granted or promised to be granted by creditors as defined in regulation 2.

(2) Specific provisions shall apply limitedly to the following credit agreements, as follows:

(a) only regulations 1 to 5, 17 to 19, 25, 31, and 34 to 38 shall apply to an overrunning;

(b) only regulations 1 to 5, 7, 11, 19, 20, 21(1)(a)(a) to (h), (l) and (r), 21(3), 23, 25, regulation 28 to 35, 37 and 38 shall apply to credit agreements between the creditor and the consumer in respect of deferred payment or repayment methods, where the consumer is already in default or is likely to default on the initial credit agreement and where the following conditions are fulfilled:

(i) the arrangement is likely to avert the possibility of legal proceedings concerning the default of the consumer; and

(ii) the consumer would not, by entering into the arrangement, be subject to terms less favourable than those stipulated in the initial credit agreement;

(c) only regulations 7(4)(d), (e) and (f), 10(2), 11(4), and 21(3) shall apply to one or more of the following credit agreements:

(i) credit agreements involving a total amount of credit of less than two hundred euro (€200);

(ii) credit agreements where credit is granted free of interest and without any other charges; or

(iii) credit agreements under the terms of which credit has to be repaid within three (3) months and only insignificant charges are payable.

5. Without prejudice to regulation 4, these regulations shall not apply to credit agreements: Non-applicability.

(a) entered into before 20th November 2026:

Provided that open-end credit agreements which were entered into before 20th November 2026 shall be regulated by regulations 23, 24, 25(2), 28, and 36, and the creditor shall in any case provide the consumer with that information on paper or another durable medium chosen by the consumer and specified in the agreement to open a current account, on a regular basis;

(b) which are secured either by a mortgage or by another comparable security commonly used in a Member State on immovable property or secured by a right related to immovable property;

(c) the purpose of which is to acquire or retain property rights over land and or, over an existing or projected building, including premises used for trade, business or profession;

(d) involving a total amount of credit of more than one hundred thousand euro (€100,000):

Provided that, notwithstanding sub-regulation (2)(d), these regulations shall apply to unsecured credit agreements the purpose of which is the renovation of a residential immovable property involving a total amount of credit above one hundred thousand euro (€100,000);

(e) relating to hiring or leasing where an obligation to purchase the object of the agreement is not stipulated either by the agreement itself or by a separate agreement. Such an obligation shall only be deemed to exist if it is so decided unilaterally by the creditor;

(f) where the credit is granted by an employer to his employees as a secondary activity free of interest or at annual percentage rates of charge which are lower than those prevailing on the market, and which are not offered to the public;

Cap. 370.

Cap. 371.

(g) which are concluded with European investment firms as defined in article 2 of the Investment Services Act or with banks or credit institutions or electronic money institutions as defined in article 2 of the Banking Act for the purpose of allowing an investor to carry out a transaction relating to one or more of the instruments listed in the Second Schedule to the Investment Services Act where the European investment firm or bank or credit institution or electronic money institution granting the credit is involved in such transaction;

(h) which are the outcome of a settlement reached in court or before another statutory authority;

(i) which relate to the deferred payment, free of charge, of an existing debt;

(j) upon the conclusion of which the consumer is

requested to deposit an item as security in the creditor's safe-keeping and where the liability of the consumer is strictly limited to such pledged item;

(k) which relate to loans granted to a restricted public under a statutory provision with a general interest purpose and at lower interest rates than those prevailing on the market or free of interest or on other terms which are more favourable to the consumer than those prevailing on the market and at interest rates not higher than those prevailing on the market; and

(l) in the form of deferred debit cards:

Provided that the terms of which, the credit has to be repaid is within forty (40) days and which are free of interest with only limited charges for the provision of the payment service.

Obligations of creditors and credit intermediaries.

6. (1) A creditor shall take all the necessary steps to ensure full compliance with these regulations.

(2) Unless otherwise provided, the obligations of the creditor shall equally apply to a European creditor, and a credit intermediary:

Provided that a credit intermediary shall be required to:

(a) indicate in advertising and documentation intended for consumers, the extent of his powers, in particular whether he works exclusively with one or more creditors or as an independent intermediary;

(b) disclose the fee, if any, payable by the consumer for his services, which fee shall be agreed to in writing or on a durable medium between the consumer and the credit intermediary before the conclusion of the credit agreement; and

(c) disclose the fee, if any, payable by the consumer to the credit intermediary for his services to the creditor for the purpose of calculating the annual percentage rate of charge.

(3) A creditor or credit intermediary may be requested by the competent authority to provide the necessary evidence of compliance with knowledge and competence requirements as established in any regulations and rules issued thereunder.

(4) All information provided by creditors to consumers in relation to these regulations shall be provided free of charge regardless

of the media used to provide such information.

(5) The conditions to be fulfilled by the consumer for being granted credit shall not discriminate against consumers legally resident in the European Union on the ground of their nationality or place of residence or on any ground as referred to in Article 21 of the Charter of Fundamental Rights of the European Union, when those consumers request, conclude or hold a credit agreement within the Union:

Provided that sub-regulation (5) shall be without prejudice to the possibility of offering different conditions of access to a credit where those different conditions are duly justified by objective criteria.

Advertisements. Cap. 378.

7. (1) Without prejudice to Title I of Part VIII of the Consumer Affairs Act, advertising concerning credit agreements shall be fair, clear and not misleading and wording in such advertising and marketing communications that may create false expectations for a consumer regarding the availability or the cost of credit or the total amount payable by the consumer shall be prohibited.

(2) Advertising concerning credit agreements shall include a clear and prominent warning to make consumers aware that borrowing costs money, using wording such as 'Caution! Borrowing money costs money' or an equivalent wording.

Cap. 378.

(3) Without prejudice to Title I of Part VIII of the Consumer Affairs Act, any advertising concerning credit agreements which indicates an interest rate or any figure relating to the cost of the credit to the consumer, shall include standard information by means of a representative example in accordance with sub-regulation (4).

(4) The representative example referred to in sub-regulation (3) shall specify and comprise in a clear, concise and prominent way, the following items of information:

(a) the borrowing rate, whether fixed, or variable or both, together with particulars of any charges included in the total cost of credit to the consumer;

(b) the total amount of credit;

(c) the annual percentage rate of charge;

(d) the duration of the agreement, if applicable;

(e) in the case of credit in the form of a deferred payment for specific goods or services, the cash price and the amount of any advance payment; and

(f) the total amount payable by the consumer and the amount of the instalments, if applicable:

Provided that in specific and justified cases where the medium used to communicate the standard information referred to in sub-regulation (4) does not allow the information to be visually displayed, sub-regulation (4)(e) and (f) shall not apply:

Provided further that, in specific and justified cases and without prejudice to Title I of Part VIII of the Consumer Affairs Act, where the electronic medium used to communicate the standard information referred to in sub-regulation (4) does not allow such information to be visually displayed in a prominent and clear manner, the consumer shall be able to access the information referred to in sub-regulation (4)(e) and (f) by means of clicking, scrolling or swiping.

(5) An advertisement concerning credit agreements shall include a clear and concise statement which is advertised prominently in respect of any obligation to enter into a contract in respect of an ancillary service relating to the credit agreement, where:

(a) the conclusion of that service is compulsory in order to obtain the credit or to obtain it on the terms and conditions advertised; and

(b) the cost of that service cannot be determined in advance.

(6) Creditors shall be prohibited from advertising for credit products which:

(a) encourage consumers to seek credit by suggesting that credit would improve the financial situation of those consumers;

(b) specify that outstanding credit agreements or registered credit in databases have little or no influence on the assessment of a credit application;

(c) falsely suggest that credit leads to an increase in financial resources, constitutes a substitute for savings or can raise a consumer’s living standards;

(d) highlight the ease or speed with which credit can be obtained; or

(e) offer ‘grace periods’ of more than three (3) months

for the repayment of credit instalments.

General information.

8. Creditors shall make available to consumers, clear and comprehensible general information about credit agreements at all times on paper or on another durable medium chosen by the consumer and shall include at least the following:

(a) the identity, geographical address, telephone number and email address of the issuer of the information;

(b) the purpose for which the credit may be used;

(c) the possible duration of the credit agreement;

(d) types of available borrowing rate, indicating whether fixed or variable or both, with a short description of the characteristics of a fixed and variable rate, including related implications for the consumer;

(e) a representative example of the total amount of credit, the total cost of the credit to the consumer, the total amount payable by the consumer and the annual percentage rate of charge;

(f) an indication of possible further costs, not included in the total cost of the credit to the consumer, to be paid in connection with a credit agreement;

(g) the range of different options available for reimbursing the credit to the creditor, including the number, frequency and amount of the regular repayment instalments;

(h) a description of the conditions directly relating to early repayment;

(i) a description of the right of withdrawal;

(j) indication of ancillary services the consumer is obliged to acquire in order to obtain the credit or to obtain it on the terms and conditions marketed and, where applicable, a clarification that the ancillary services may be purchased from a provider that is not the creditor; and

(k) a general warning concerning possible consequences of non-compliance with the commitments linked to the credit agreement:

Provided that where the general information is made

available at the premises of the creditor, such information shall be made available to consumers at least on paper.

Obligation to provide pre-contractual information.

9. (1) Creditors shall, in good time before the consumer is bound by any credit agreement or offer, provide the consumer with clear and comprehensible pre-contractual information needed to take an informed decision on whether to conclude a credit agreement on the basis of the credit terms and conditions offered by the creditor, and where applicable, the preferences expressed and information supplied by the consumer:

Provided that such pre-contractual information shall also be provided to the consumer when means of distance communication is used as defined in the Distance Selling (Retail Financial Services) Regulations. S.L. 330.07.

(2) When the pre-contractual information referred to in sub-regulation (1) is provided less than one (1) day before the consumer is bound by the credit agreement or offer, the creditor shall send a reminder to the consumer of the possibility to withdraw from the credit agreement and of the procedure to be followed for withdrawing in accordance with regulation 26:

Provided that the reminder shall be provided on paper or on another durable medium chosen by the consumer and specified in the credit agreement, between one (1) and seven (7) days after the conclusion of the credit agreement or, where applicable, the submission of the binding credit offer by the consumer.

(3) The creditor shall be deemed to have fulfilled the information requirements in sub-regulation (1) and regulation 5(1)(a) and (b) of the Distance Selling (Retail Financial Services) Regulations when the pre-contractual information referred to in sub-regulation (1) has been provided on paper or on another durable medium chosen by the consumer by means of the Standard European Consumer Credit Information Form provided in the First Schedule and with all the information provided in the form being equally prominent.

Content of pre-contractual information.

10. (1) The pre-contractual information to be disclosed to consumers under regulation 9(1) shall specify all of the following elements in a prominent way in Part I of the form contained in the First Schedule, on one (1) page:

(a) the identity of the creditor and, where applicable, of the credit intermediary involved;

(b) the total amount of credit to be provided under the agreement and the conditions governing the drawdown of credit;

(c) the duration of the credit agreement;

(d) the borrowing rate, or all borrowing rates if different borrowing rates apply in different circumstances;

(e) the annual percentage rate of charge and the total amount payable by the consumer;

(f) in the case of a credit in the form of deferred payment for specific goods or services and in the case of linked credit agreements, the specific goods or services and their cash price;

(g) the costs in the case of late payments, that is, the interest rate applicable in the case of late payments and the arrangements for its adjustment and, where applicable, any charges payable for default;

(h) the amount, number and frequency of payments to be made by the consumer and, where appropriate, the order in which payments shall be allocated to different outstanding balances charged at different borrowing rates for the purposes of reimbursement;

(i) warning regarding the consequences of missing or late payments;

(j) the existence or absence of a right of withdrawal and, where applicable, the withdrawal period;

(k) the existence of a right of early repayment and, where applicable, information concerning the creditor's right to compensation; and

(l) the geographical address, telephone number and email address of the creditor as well as, where applicable, the geographical address, telephone number and email address of the credit intermediary involved:

Provided that in the event that all the elements referred to in sub-regulation (1) cannot be displayed in a prominent way on one (1) page, they shall be displayed in Part I of the form contained in the First Schedule, on two (2) pages at most, in which case, the information referred to in sub-regulation (1)(a) to (g) shall be displayed on the first page of the form.

(2) The pre-contractual information referred to in regulation 8 shall specify all of the following elements, which shall be displayed after, and clearly separated from the elements listed in sub-regulation

(1):

(a) the type of credit;

(b) the conditions governing the breakdown;

(c) where different borrowing rates apply in different circumstances, the conditions governing the application of each borrowing rate and, where available, any index or reference rate applicable to each initial borrowing rate, as well as the periods, conditions and procedures for changing each borrowing rate;

(d) where a credit agreement provides different ways of drawdown with different charges or borrowing rates and the creditor uses the assumption provided in the Third Schedule, an indication that other drawdown mechanisms for the relevant type of credit agreement may result in higher annual percentage rates of charge;

(e) the charges for maintaining one or more compulsory accounts recording both payment transactions and drawdowns, the charges for using a means of payment for both payment transactions and drawdowns, any other charges deriving from the credit agreement, and the conditions under which any of those charges may be changed, where applicable;

(f) a representative example illustrating the annual percentage rate of charge and the total amount payable by the consumer, referring to all of the assumptions used in order to calculate that rate, provided that where the consumer has informed the creditor of one or more components of his preferred credit, such as the duration of the credit agreement and the total amount of credit, the creditor shall take those components into account;

(g) any costs payable by the consumer to a notary on conclusion of the credit agreement, where applicable;

(h) the obligation, if any, to enter into an ancillary service agreement relating to the credit agreement, where the conclusion of such agreement is compulsory in order to obtain the credit or to obtain it on the terms and conditions marketed;

(i) the sureties required, where applicable;

(j) information concerning the way in which the creditor’s compensation shall be determined in the event of early repayment, where applicable;

(k) the right of the consumer to be informed immediately and free of charge in accordance with regulation 13(2) of the result of a database consultation carried out for the purposes of assessing his creditworthiness;

(l) the right of the consumer, as provided in sub-regulation (8), to be supplied on request on paper or on another durable medium and free of charge, with a copy of the draft credit agreement, provided that the creditor, at the time of the request, is willing to proceed to the conclusion of the credit agreement;

(m) an indication that the price was personalised on the basis of automated processing, including profiling, where applicable;

(n) the period of time during which the creditor is bound by the pre-contractual information provided in accordance with this regulation, where applicable;

(o) the possibility for the consumer of having recourse to an out-of-court complaint and redress mechanism and the methods for having access to it;

(p) a warning and explanation regarding the legal and financial consequences of non-compliance with the other commitments linked to the specific credit agreement;

(q) a repayment schedule containing all payments and repayments over the duration of the credit agreement, including the payments and repayments for any ancillary services relating to the credit agreement which are sold simultaneously, whereby payments and repayments, in the event that different borrowing rates apply in different circumstances, are based on reasonable upward changes in the borrowing rate.

(3) The creditor shall ensure that the information displayed in the form contained in the First Schedule shall:

(a) be consistent and clearly legible;

(b) take into account the technical restraints of the medium on which it is displayed; and

(c) be displayed in an adequate and suitable way on the different channels taking interoperability into account.

(4) If the creditor provides the consumer with additional

information to that listed in sub-regulations (1) and (2), a separate document shall be provided for this purpose and shall be annexed to the form contained in the First Schedule.

(5) Where the credit agreement references a benchmark as defined in regulation 2(1) of the Malta Financial Services Authority Act (Indices used as benchmarks in financial instruments and financial contracts or to measure the performance of investment funds) Regulations, the name of the benchmark and of its administrator and the potential implications on the consumer shall be provided by the creditor, or where applicable, by the credit intermediary, to the consumer in a separate document, which may be annexed to the form contained in the First Schedule. S.L. 330.10.

(6) In the case of voice telephony communications as referred to in regulation 5(3) of the Distance Selling (Retail Financial Services) Regulations, the description of the main characteristics of the financial services to be provided in accordance with regulation 5(3)(a)(ii) of the said regulations shall specify, at least: S.L. 330.07.

(a) the total amount of credit and the conditions governing the drawdown;

(b) the duration of the credit agreement;

(c) the goods, services and the cash price in the case of credit in the form of deferred payment for specific goods or services or linked credit agreements;

(d) the borrowing rate, the conditions governing the application of such rate and, where available, any index or reference rate applicable to the initial borrowing rate, as well as the periods, conditions and procedure for changing the borrowing rate; and if different rates apply in different circumstances, the above information shall be supplied in respect of all the applicable rates;

(e) the amount, number and frequency of payments to be made by the consumer and where appropriate, the order in which payments shall be allocated to different outstanding balances charged at different borrowing rates for the purpose of reimbursement;

(f) the annual percentage rate of charge illustrated by means of a representative example; and

(g) the total amount payable by the consumer.

(7) If the agreement has been concluded at the request of the consumer using a means of distance communication which does not enable the information to be provided in accordance with sub-regulations (1) and (2), in particular in the case referred to in sub-regulation (6), the creditor shall provide the consumer with the full pre-contractual information, using the form contained in the First Schedule, immediately after the conclusion of the credit agreement.

(8) Upon request from the consumer, the creditor and, where applicable the credit intermediary shall, in addition to the form contained in the First Schedule, provide the consumer free of charge with a copy of the draft credit agreement on paper or on another durable medium, provided that the creditor, at the time of the request, is willing to proceed with the conclusion of the credit agreement with the consumer.

(9) In the case of a credit agreement under which payments made by the consumer do not give rise to an immediate corresponding amortisation of the total amount of credit, but are used to constitute capital during periods and under conditions stipulated in the credit agreement, or in an ancillary agreement, the creditor and, where applicable, the credit intermediary shall in the pre-contractual information referred to in sub-regulation (1) and (2) of regulation 9, include a clear and concise statement that such credit agreements do not provide for a guarantee of repayment of the total amount of credit drawn down under the credit agreement, unless such a guarantee is given expressly.

Pre-contractual information relating to credit agreements referred to in regulation 4(1)(c).

11. (1) For credit agreements referred to in regulation 4(1)(c), the pre-contractual information referred to in regulation 10(1) shall, by way of derogation from regulation 9(3), be provided on paper or on another durable medium chosen by the consumer by means of the European Consumer Credit Information Form provided in the Second Schedule, and such information shall be clear, comprehensible and all information provided in such form shall be equally prominent.

(2) The creditor shall be deemed to have fulfilled the information requirements stipulated in sub-regulation (1) and regulation 5(1)(a) and (b) of the Distance Selling (Retail Financial Services) Regulations if the said creditor has supplied such form.

S.L. 330.07.

(3) For credit agreements referred to in regulation 4(1)(c), the pre-contractual information referred to in regulation 10(1) shall, by way of derogation from regulation 9(3), specify all of the following elements, in a prominent way in Part I of the form contained in the Second Schedule on one (1) page:

(a) the identity of the creditor as well as, where applicable, of the credit intermediary involved;

(b) the total amount of credit;

(c) the duration of the credit agreement;

(d) the borrowing rate, or all borrowing rates if different borrowing rates apply in different circumstances;

(e) the annual percentage rate of charge and the total amount payable by the consumer;

(f) in the case of a credit in the form of deferred payment for specific goods or services and in the case of linked credit agreements, the specific goods or services and their cash price;

(g) the costs in the case of late payments, that is, the interest rate applicable in the case of late payments and the arrangements for its adjustment and, where applicable, any charges payable for default;

(h) the amount, number and frequency of payments to be made by the consumer and, where appropriate, the order in which payments shall be allocated to different outstanding balances charged at different borrowing rates for the purposes of reimbursement;

(i) warning regarding the consequences of missing or late payments;

(j) the existence or absence of a right of withdrawal;

(k) the existence of a right of early repayment and, where applicable, information concerning the creditor's right to compensation; and

(l) the geographical address, telephone number and email address of the creditor as well as, where applicable, the geographical address, telephone number and email address of the credit intermediary involved:

Provided that in the event that all the elements referred to in sub-regulation (3) cannot be displayed in a prominent way on one (1) page, they shall be displayed in Part I of the form contained in the Second Schedule on two (2) pages at most, and in such case, the information referred to in sub-regulation (3) (a) to (g) shall be displayed on the first page of the

form:

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Provided further that in the case of voice telephony communications, as referred to in regulation 5(3) of the Distance Selling (Retail Financial Services) Regulations, the description of the main characteristics of the financial service to be provided pursuant to regulation 5(1)(c)(ii) shall include at least the elements referred to in sub-regulation (3) of this regulation and the form contained in the Second Schedule shall be provided to the consumer by the creditor on a durable medium immediately after the conclusion of the credit agreement.

(4) The pre-contractual information referred to in sub-regulation (1) shall specify all of the following elements, which shall be displayed after, and clearly separated from the elements listed in sub-regulation (3):

(a) the type of credit;

(b) where different borrowing rates apply in different circumstances, the conditions governing the application of each borrowing rate, any index or reference rate applicable to the initial borrowing rate, the charges applicable from the time the credit agreement is concluded and, where applicable, the conditions under which those charges may be changed;

(c) a representative example illustrating the annual percentage rate of charge and the total amount payable by the consumer, referring to all of the assumptions used in order to calculate such rate;

(d) the conditions and procedure for terminating the credit agreement;

(e) information concerning the way in which the creditor's compensation shall be determined in the event of early repayment, where applicable;

(f) an indication that the consumer may be requested to repay the amount of credit in full at any time, where applicable;

(g) a reference to the right of the consumer to be informed immediately and free of charge in accordance with regulation 19(2), of the result of a database consultation carried out for the purposes of assessing his creditworthiness;

(h) an indication that the price was personalised on the basis of automated processing, including profiling, where

applicable;

(i) the period of time during which the creditor is bound by the pre-contractual information provided in accordance with this regulation, where applicable,;

(j) a reference to the possibility for the consumer of having recourse to an out-of-court complaint and redress mechanism and the methods for having access to it;

(k) a warning and explanation regarding the legal and financial consequences of non-compliance with the other commitments linked to the specific credit agreement; and

(l) a repayment schedule containing all payments and repayments over the duration of the credit agreement, including the payments and repayments for any ancillary services relating to the credit agreement which are sold simultaneously, whereby payments and repayments, in the event that different borrowing rates apply in different circumstances, are based on reasonable upward changes in the borrowing rate.

(5) The information displayed in the form contained in the Second Schedule shall be consistent, clearly legible and shall take into account the technical constraints of the medium on which it is displayed, and the information shall be displayed in an adequate and suitable way on the different channels, taking interoperability into account.

(6) Upon request from the consumer, the creditor and, where applicable, the credit intermediary shall, in addition to the form contained in the Second Schedule, provide the consumer free of charge, with a copy of the draft credit agreement, provided that the creditor, at the time of the request, is willing to proceed to the conclusion of the credit agreement with the consumer.

(7) This regulation shall not apply to suppliers of goods or services acting as credit intermediaries in an ancillary capacity:

Provided that this is without prejudice to the obligation of the creditor or where applicable, the credit intermediary, to ensure that the consumer receives the pre-contractual information referred to in regulations 10 and 11.

Adequate explanations.

12. Creditors, and where applicable, credit intermediaries shall be required to provide free of charge and before concluding the credit agreement, adequate explanations to the consumer on the proposed credit agreements and any ancillary services which make it possible

for the consumer to assess whether the proposed credit agreements and ancillary services are adapted to the needs and financial situation of the consumer, including the following elements:

(a) the information referred to in regulations 6(2), 10 and 11;

(b) the essential characteristics of the credit agreement or of the ancillary services proposed;

(c) the specific effects that the credit agreement or the ancillary services proposed may have on the consumer, including the consequences of payment default or late payment by the consumer;

(d) where ancillary services are bundled with a credit agreement, whether each component of the bundle can be terminated separately and the implications for the consumer of such termination.

Personalised offers on the basis of automated processing. Cap. 586.

13. Without prejudice to the provisions of the General Data Protection Regulation and the Data Protection Act, as applicable, creditors and credit intermediaries shall inform consumers in a clear and comprehensible manner when they are presented with a personalised offer that is based on automated processing of personal data.

Tying and bundling practices.

14. (1) Bundling practices shall be allowed whilst tying practices shall be prohibited:

Provided that without prejudice to the application of competition law, creditors may request the consumer to open or maintain a payment or savings account, where the only purpose of such an account is one (1) of the following:

(a) to accumulate capital to repay the credit;

(b) to service the credit;

(c) to pool resources to obtain the credit;

(d) to provide additional security for the creditor in the event of default.

(2) Creditors may require the consumer to hold a relevant insurance policy related to the credit agreement, taking into account proportionality considerations, and shall accept the insurance policy from a supplier different to his preferred supplier where such insurance

policy has a level of guarantee equivalent to the one the creditor has proposed, without modifying the conditions of the credit offered to the consumer.

(3) In order for consumers to have additional time to compare insurance offers related to credit agreements before purchasing an insurance policy as referred to in sub-regulation (2), consumers have at least three (3) days to compare insurance offers related to credit agreements without such offers being changed, and consumers shall be informed thereof:

Provided that consumers may conclude an insurance policy prior to the expiry of that three (3) day period if they explicitly so request.

Inferred agreement for the conclusion of any credit agreement or the purchase of ancillary services.

15. (1) Creditors and credit intermediaries shall not infer the agreement of the consumer for the conclusion of any credit agreement or for the purchase of ancillary services presented through default options, such as pre-ticked boxes.

(2) The agreement of the consumer to the conclusion of any credit agreement or to the purchase of ancillary services presented through boxes shall be given by an unambiguous and clear affirmative act establishing a freely given, specific, informed and unambiguous indication of the approval of the consumer to the content and substance associated to such boxes.

Advisory services.

16. (1) A creditor shall explicitly inform the consumer, in the context of a given transaction, whether advisory services are being or can be provided to the consumer.

(2) Prior to the provision of advisory services or the conclusion of a contract for the provision of such services, creditors and, where applicable, credit intermediaries shall provide the consumer with the following information on paper or another durable medium chosen by the consumer:

(a) an indication of whether the recommendation shall be based on only their own product range or on a wide range of products from across the market in accordance with sub-regulation (3)(c); and

(b) an indication of the fee payable by the consumer for the advisory services or, where the amount of such fee cannot be established at the time when the information is provided, the method used for its calculation, where applicable:

Provided that the aforementioned information may be

provided to the consumer in the form of additional pre-contractual information which may be annexed to the form contained in the First Schedule.

(3) Where advisory services are provided to consumers, creditors and where applicable, credit intermediaries shall:

(a) obtain the necessary information regarding the financial situation, preferences and objectives of the consumer, related to the credit agreement, in order for the creditor or the credit intermediary to recommend credit agreements that are suitable to the consumer;

(b) assess the financial situation and the needs of the consumer on the basis of the information referred to in sub-regulation (3)(a), which shall be up to date at the time of the assessment, taking into account reasonable assumptions as to the risks to the financial situation of the consumer over the term of the recommended credit agreement;

(c) consider a sufficiently large number of credit agreements in their product range and on that basis recommend one (1) or more credit agreements from among that product range that are suitable to the consumer's needs, financial situation and personal circumstances;

(d) act in the best interests of the consumer; and

(e) give the consumer a record of the recommendation provided on paper or on another durable medium chosen by the consumer and specified in the contract for the provision of advisory services.

(4) The use of the terms "advice" and "advisor" or similar terms shall be prohibited when the advisory services are being marketed and provided to consumers by creditors or, where applicable, credit intermediaries.

(5) Creditors and where applicable, credit intermediaries shall warn a consumer when a credit agreement may induce a specific risk for the consumer considering the financial situation of the consumer.

(6) Notwithstanding the fact that advisory services may only be provided by creditors and where applicable, credit intermediaries, other persons may provide advisory services where the advisory services are provided as follows:

(a) in an incidental manner in the course of a

professional activity that is regulated by legal or regulatory provisions or a code of ethics which do not exclude the provision of those services;

(b) in the context of management of existing debt by insolvency practitioners and where that management activity is regulated by legal or regulatory provisions;

(c) in the context of management of existing debt by public or voluntary providers of independent debt advisory services which do not operate on a commercial basis; or

(d) by persons that are authorised and supervised by competent authorities.

Ban on unsolicited granting of credit.

17. The granting of credit to consumers shall be prohibited without their prior request and explicit agreement.

Obligation to assess creditworthiness of consumer.

18. (1) Prior to concluding a credit agreement, the creditor shall carry out a thorough assessment of the creditworthiness of the consumer, which assessment shall take appropriate account of factors relevant to verifying the prospect of the consumer meeting his obligations under the credit agreement.

(2) Credit intermediaries shall accurately submit the necessary information obtained from the consumer to the relevant creditor in accordance with the Data Protection Act to enable the creditworthiness assessment to be carried out.

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(3) The assessment of creditworthiness shall be carried out on the basis of relevant and accurate information on the income and expenses of the consumer and other financial and economic circumstances which are necessary and proportionate to the nature, duration, value and risks of the credit for the consumer:

Provided that notwithstanding the fact that the information may include evidence of income or other sources of repayment, information on financial assets and liabilities, or information on other financial commitments, such information shall not include special categories of data referred to in Article 9 of the General Data Protection Regulation and shall be obtained from relevant internal or external sources including the consumer and, where necessary on the basis of a consultation of a database referred to in regulation 19:

Provided further that social networks shall not be considered as an external source for the purpose of these regulations.

(4) The information obtained in accordance with sub-regulation (3) shall be appropriately verified where necessary through reference to independently verifiable documentation.

(5) The creditor shall establish procedures for the assessment referred to in sub-regulation (1) and shall document and maintain such procedures, including the information referred to in sub-regulation (3).

(6) Where the credit application is submitted jointly by more than one (1) consumer, the creditor shall perform the creditworthiness assessment on the basis of a joint repayment capacity of all the consumers involved.

(7) The creditor shall only make credit available to consumers where the result of the creditworthiness assessment indicates that the obligations resulting from the credit agreement are likely to be met in the manner required under such agreement, taking into account the relevant factors described in sub-regulation (1).

(8) Where a creditor concludes a credit agreement with a consumer, the creditor shall not subsequently cancel or modify the credit agreement to the detriment of the consumer on the grounds that the assessment of creditworthiness was incorrectly conducted:

Provided that this sub-regulation shall not apply where it is demonstrated that the consumer knowingly withheld or falsified the information referred to in sub-regulation (3) that was provided to the creditor.

(9) Where the creditworthiness assessment involves the use of automated processing of personal data, the consumer shall be informed by the creditor of the right to request and obtain from the creditor, human intervention, consisting of the right to:

(a) request and obtain from the creditor a clear and comprehensible explanation of the assessment of creditworthiness, including on the logic and risks involved in the automated processing of personal data as well as its significance and effects on the decision;

(b) express the point of view of the consumer to the creditor; and

(c) request a review of the assessment of the creditworthiness and the decision on the granting of the credit by the creditor.

(10) Where the credit application is rejected, the creditor shall

inform the consumer without delay of the rejection and, where relevant, refer the consumer to easily accessible independent debt advisory services:

Provided that where applicable, the creditor shall be required to inform the consumer of the fact that the assessment of creditworthiness is based on automated processing of data and about the right of the consumer to human assessment and the procedure for contesting the decision.

(11) Where the parties agree to change the total amount of credit after the conclusion of the credit agreement, the creditor is required to reassess the consumers creditworthiness on the basis of updated information before any significant increase in the total amount of credit is granted.

(12) Creditors shall assess the creditworthiness of consumers on the basis of consultation of the relevant database:

Provided that the assessment of creditworthiness shall not be based exclusively on the credit history of the consumer.

Databases.

19. (1) A creditor making use of public and private databases to assess the creditworthiness of consumers shall comply with the applicable provisions of the General Data Protection Regulation and the Data Protection Act, including any regulations made thereunder, and shall not process: Cap. 586.

(a) special categories of data as referred to in Article 9(1) of the said Regulation; and

(b) personal data processed from social networks.

(2) If the credit application is rejected on the basis of a consultation of a database referred to sub-regulation (1), the creditor shall inform the consumer immediately and free of charge of the result of such consultation and of the particulars of the details of the database consulted as well as the categories of data taken into account.

Form of the credit agreement.

20. Credit agreements and any modifications of such agreements shall be drawn up on paper or another durable medium and all contracting parties shall be provided with a copy of the credit agreement.

Information to be included in the credit agreement.

21. (1) The credit agreement shall specify in a clear and concise manner all of the following elements:

(a) the type of credit and a statement confirming that the

credit agreement is subject to the provisions of these regulations and the Consumer Credit Directive;

(b) the identities, geographical address, telephone numbers and email addresses of the contracting parties as well as, where applicable, the identity and geographical address of the credit intermediary involved;

(c) the total amount of credit and the conditions governing the drawdown;

(d) the duration of the credit agreement;

(e) in case of a credit in the form of deferred payment for specific goods or services and in the case of linked credit agreements, the specific goods or services and their cash price;

(f) the borrowing rate, or all borrowing rates where different borrowing rates apply in different circumstances, the conditions governing the application of each borrowing rate and, where available, any index or reference rate applicable to each initial borrowing rate, as well as the periods, conditions and procedures for changing each borrowing rate;

(g) the annual percentage rate of charge and the total amount payable by the consumer, calculated at the time that the credit agreement is concluded and an indication of all assumptions used in such calculation;

(h) the amount, number and frequency of payments to be made by the consumer and, where appropriate, the order in which payments shall be allocated to different outstanding balances charged at different borrowing rates for the purposes of reimbursement;

(i) where capital amortisation of a credit agreement with a fixed duration is involved, a reference to the right of the consumer to receive, on request and free of charge, at any time throughout the duration of the credit agreement, a statement of account in the form of an amortisation table;

(j) where charges and interest are to be paid without capital amortisation, a statement showing the periods and conditions for the payment of the interest and of any associated recurrent and non-recurrent charges;

(k) the charges for maintaining one (1) or more compulsory accounts recording both payment transactions and

drawdowns, the charges for using a means of payment for both payment transactions and drawdowns, any other charges deriving from the credit agreement, and the conditions under which those charges may be changed, where applicable;

(l) the interest rate applicable in the case of late payments as applicable at the time of the conclusion of the credit agreement and the arrangements for its adjustment and, where applicable, any charges payable for default;

(m) a warning regarding the consequences of missing or late payments;

(n) a statement that notarial fees shall be payable, where applicable;

(o) the sureties and insurance required, where applicable;

(p) the existence or absence of a right of withdrawal, the withdrawal period, where applicable, and other conditions governing the exercise thereof, including the durable medium to be used for the notification, information concerning the obligation of the consumer, to pay the capital drawn down and the interest, and the amount of interest payable per day;

(q) the type of durable medium on which the consumer chooses to receive the following:

(i) the reminder referred to in regulation 9(2), where applicable;

(ii) the information referred to in regulation 22;

(iii) the information on the change in the borrowing rate referred to in regulation 23(1);

(iv) the information referred to in regulations 24(1) and (2), where applicable; and

(v) the information on the termination of an open-end credit agreement referred to in the proviso to regulation 28(1) and regulation 28(2), where applicable;

(r) information concerning the rights provided in regulation 27 as well as the conditions for the exercise of those rights, where applicable;

(s) a reference to the right of early repayment provided in

regulation 29, the procedure for early repayment, as well as where applicable, information concerning the right of the creditor to compensation and a transparent and comprehensible explanation of how the compensation due to the creditor by the consumer shall be calculated;

(t) the procedure that shall be followed in exercising the right of termination of the credit agreement;

(u) the possibility of having recourse to an out-of-court complaint and redress mechanism for the consumer and the methods for having access to it;

(v) other contractual terms and conditions, where applicable;

(w) the name and address of the competent authority; and

(x) the relevant contact details of providers of debt advisory services and a recommendation for the consumer to contact such providers in the event of repayment difficulties:

Provided that the information referred to in this sub-regulation shall be clearly legible and adapted to take into account the technical constraints of the medium on which it is displayed.

(2) Where sub-regulation (1)(i) is applicable, the creditor shall make available to the consumer, free of charge and at any time throughout the duration of the credit agreement, a statement of account in the form of an amortisation table:

Provided that such amortisation table shall indicate the payments owing and the periods and conditions relating to the payment of such amounts and shall also contain a breakdown of each repayment specifying the capital amortisation, the interest calculated on the basis of the borrowing rate and, where applicable, any additional costs:

Provided further that where the borrowing rate is not fixed or the additional costs may be changed under the credit agreement, the amortisation table shall indicate, clearly and concisely, that the data contained in the table shall remain valid only until such time as that borrowing rate or those costs are changed in accordance with the credit agreement.

(3) In the case of a credit agreement under which payments made by the consumer do not give rise to an immediate corresponding

amortisation of the total amount of credit, but are used to constitute capital during periods and under conditions stipulated in the credit agreement, or in an ancillary agreement, the credit agreement shall, in addition to the information referred to in sub-regulation (1), include a clear and concise statement that such credit agreements do not provide for a guarantee of repayment of the total amount of credit drawn down under the credit agreement, unless such a guarantee is given expressly.

Information regarding the modification of the credit agreement.

22. Without prejudice to other obligations provided for in these regulations, the creditor shall, prior to modifying the terms and conditions of the credit agreement, communicate the following information to the consumer on paper or another durable medium specified in the credit agreement:

(a) a clear description of the proposed changes and, where applicable, the need for consumer consent or an explanation of the changes introduced by operation of law;

(b) the timescale for the implementation of the changes referred to in paragraph (a);

(c) the means for complaint available to the consumer regarding the changes referred to in paragraph (a);

(d) the time period available for filing any such complaint; and

(e) the name and address of the competent authority where such complaint may be submitted.

Changes in the borrowing rate.

23. (1) Where creditors change borrowing rates of existing credit agreements, the creditor shall inform the consumer of any change in the borrowing rate on paper or another durable medium specified in the credit agreement, in good time before the change enters into force:

Provided that the information shall include the amount of the payments to be made after the entry into force of the new borrowing rate and, where the number or frequency of the payments changes, the particulars thereof.

(2) Notwithstanding sub-regulation (1), the information to be provided to the consumer may be given periodically where all of the following conditions are fulfilled:

(a) the parties have agreed on such periodical information in the credit agreement;

(b) the change in the borrowing rate is caused by a change in reference rate;

(c) the new reference rate is publicly available in a timely manner by appropriate means; and

(d) the information concerning the new reference rate is also available:

(i) at the premises of the creditor;

(ii) on the website of the creditor, if such a website is available; and

(iii) on the mobile application of the creditor, if such an application is available;

Overdraft facilities.

24. (1) Where a credit agreement has been granted in the form of an overdraft facility, the creditor shall, throughout the duration of the credit agreement, keep the consumer regularly, at least once per month, informed by means of statements of account, on paper or another durable medium specified in the credit agreement, containing the following elements:

(a) the precise period to which the statement of account relates;

(b) the amounts and dates of drawdowns;

(c) the balance from the previous statement and the date thereof;

(d) the new balance;

(e) the dates and amounts of payments made by the consumer;

(f) the borrowing rate applied;

(g) any charges that have been applied; and

(h) the minimum amount to be paid by the consumer, where applicable:

Provided that the creditor shall also inform the consumer, on paper or another durable medium specified in the credit agreement, of increases in the borrowing rate or in any charges payable, in good time before the change in question enters into force.

(2) Notwithstanding sub-regulation (1), the information that shall be provided to the consumer may be given periodically where all of the following conditions are fulfilled:

(a) the parties have agreed on such periodical information in the credit agreement;

(b) the change in the borrowing rate is caused by a change in reference rate;

(c) the new reference rate is publicly available in a timely manner by appropriate means; and

(d) the information concerning the new reference rate is also available:

(i) at the premises of the creditor;

(ii) on the website of the creditor, if such a website is available; and

(iii) on the mobile application of the creditor, if such an application is available;

(3) The creditor shall notify the consumer in an agreed manner of each reduction or cancellation of the overdraft facility at least thirty (30) days prior to the day when the actual reduction or cancellation of the overdraft facility takes effect.

(4) Where the overdraft facility is reduced or cancelled, the creditor shall offer the consumer before the enforcement proceedings have been initiated and at no additional cost, the possibility to repay the amount actually drawn down to the extent of such reduction or cancellation which repayment shall be made in twelve (12) equal monthly instalments unless the consumer chooses to repay earlier, at the borrowing rate applicable to the overdraft facility.

Overrunning.

25. (1) Where the consumer enters into an agreement to open a current account, and there is a possibility that the consumer is allowed an overrun, the creditor shall include information on that possibility in such agreement, as well as information on the borrowing rate, the conditions governing the application of such rate, any index or reference rate applicable to the initial borrowing rate, the charges applicable from the time the credit agreement is concluded, and where applicable, the conditions under which those charges may be changed. The creditor shall in any case provide the consumer with such information on paper or another durable medium chosen by the consumer and specified in the agreement to open a current account, on

a regular basis.

(2) In the event of a significant overrunning exceeding a period of one (1) month, the creditor shall inform the consumer without delay, on paper or another durable medium chosen by the consumer and specified in the agreement to open a current account, of all of the following:

(a) the overrunning;

(b) the amount involved;

(c) the borrowing rate;

(d) any penalties, charges or interest on arrears applicable; and

(e) the repayment date:

Provided that in the case of regular overrunning, the creditor shall offer the consumer advisory services, where available, and redirect the consumer at no cost towards the provision of debt advisory services.

(3) This regulation shall be without prejudice to any rule of national law requiring the creditor to offer another kind of credit product when the duration of the overrunning is significant.

(4) The creditor shall notify the consumer in an agreed manner when the overrunning is no longer allowed or that the limit of the overrunning is reduced, at least thirty (30) days prior to the day when the actual cancellation or reduction of the overrunning takes effect.

(5) Where the overrunning is reduced or cancelled, the creditor shall offer the consumer, before the enforcement proceedings have been initiated, at no additional cost, of the possibility to repay the amount actually drawn down to the extent of such reduction or cancellation and, such a repayment shall be made in twelve (12) equal monthly instalments unless the consumer chooses to repay earlier, at the borrowing rate applicable to the overrunning.

Right of withdrawal.

26. (1) Consumers may withdraw from the credit agreement without giving any reason within a period of fourteen (14) days, and such withdrawal period shall begin either:

(a) from the day of the conclusion of the credit agreement; or

(b) from the day on which the consumer receives the contractual terms and conditions and the information in accordance with regulations 20 and 21, if such day is later than the date referred to in sub-regulation (a):

Provided that the deadline referred to in sub-regulation (1) shall be deemed to have been met if the notification referred to in sub-regulation (4)(a), is dispatched by the consumer to the creditor before such deadline expires.

(2) If the consumer has not received the contractual terms and conditions and the information in accordance with regulation 20 and 21, the withdrawal period shall in any event, expire twelve (12) months and fourteen (14) days after the conclusion of the credit agreement:

Provided that this shall not apply if the consumer has not been informed about his right of withdrawal in accordance with regulation 21(1)(p).

(3) Where a linked credit agreement for the purchase of a good with a return policy ensures a full refund for a certain period of time exceeding fourteen (14) days, the right to withdrawal shall be extended to match the duration of such return policy.

(4) Where the consumer exercises the right of withdrawal, he shall:

(a) notify the creditor in accordance with the information given by the creditor pursuant to regulation 21(1)(p) on paper or another durable medium chosen by the consumer and specified in the credit agreement within the deadline established in sub-regulation (1); and

(b) pay to the creditor the capital and the interest accrued thereon from the date on which the credit was drawn-down until the date on which the capital is repaid, without any undue delay and in any event not later than thirty (30) days after the dispatch of the notification referred to in paragraph (a):

Provided that the interest referred to in sub-regulation (1)(b), shall be calculated on the basis of the agreed borrowing rate and the creditor shall not be entitled to any other compensation from the consumer in the event of withdrawal, except compensation for any non-refundable charges paid by the creditor to any public administrative body.

(5) Where an ancillary service relating to the credit agreement is provided by the creditor, or by a third party on the basis of an agreement between that third party and the creditor, the consumer shall no longer be bound by the ancillary service contract if the consumer exercises the right of withdrawal from the credit agreement in accordance with this regulation.

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(6) Regulations 7 and 8 of the Distance Selling (Retail Financial Services) Regulations shall not apply where the consumer has a right of withdrawal under sub-regulations (1), (4) and (5).

(7) This regulation shall be without prejudice to any national law establishing a period of time during which the performance of the contract may not begin.

Linked credit agreements.

27. (1) Where a consumer has exercised the right of withdrawal, concerning a contract for the supply of goods or the provision of services, they shall no longer be bound by a linked credit agreement.

(2) Where the goods or services covered by a linked credit agreement are not supplied or provided, or are supplied or provided only in part, or are not in conformity with the contract for the supply or provision thereof, the consumer shall have the right to pursue remedies against the creditor if the consumer has pursued remedies against the supplier or provider but has failed to obtain the satisfaction to which he is entitled according to the law or the contract for the supply of those goods or the provision of those services.

(3) This regulation shall be without prejudice to national law rendering the creditor jointly and severally liable in respect of any claim which the consumer may have against the supplier or provider where the purchase of goods or services from the supplier or provider has been financed by a credit agreement.

Open-end credit agreements.

28. (1) The consumer may affect standard termination of an open-end credit agreement free of charge at any time, unless the parties have agreed on a period of notice which period shall not exceed one (1) month:

Provided that the creditor may, where agreed in the credit agreement, affect standard termination of an open-end credit agreement by giving the consumer at least two (2) months notice on paper or another durable medium specified in the credit agreement.

(2) The creditor may, where agreed in the credit agreement, for objectively justified reasons, terminate the right of the consumer to draw down on an open-end credit agreement, and the creditor shall

inform the consumer of the termination and the reasons for such termination on paper or another durable medium specified in the credit agreement, where possible before the termination and at the latest immediately thereafter, unless the provision of such information is prohibited by European Union or national law or is contrary to objectives of public policy or public security.

Early repayment.

29. (1) The consumer shall be at any time entitled to early repayment, and in such cases, the consumer shall be entitled to a reduction in the total cost of the credit to the consumer for the remaining duration of the contract:

Provided that when calculating such reduction, all the costs imposed on the consumer by the creditor shall be taken into consideration.

(2) In the event of early repayment, the creditor shall be entitled to fair and objectively justified compensation for possible costs directly linked to such early repayment, provided that the early repayment falls within a period of time for which the borrowing rate is fixed:

Provided that the compensation referred to in sub-regulation (1) shall not exceed one percent (1%) of the amount of credit subject to early repayment where the period of time between the early repayment and the agreed date of termination of the credit agreement exceeds one (1) year. Where that period does not exceed one (1) year, the compensation shall not exceed zero point five percent (0.5%) of the amount of credit subject to early repayment.

(3) Notwithstanding sub-regulation (2), the creditor:

(a) shall only be entitled to the compensation referred to in sub-regulation (2) on the condition that the amount of the early repayment exceeds ten thousand euro (€10,000) within any period of twelve (12) months; and

(b) may exceptionally claim higher compensation if the creditor can prove that the loss suffered due to early repayment exceeds the amount determined in accordance with sub-regulation (2):

Provided that where the compensation claimed by the creditor exceeds the loss actually suffered due to the early repayment, the consumer shall be entitled to a corresponding action and in such case, the loss shall consist of the difference between the initially agreed borrowing rate and the interest rate at which the creditor may lend out the amount subject to early

repayment on the market at the time of such repayment and shall take into account the impact of the early repayment on the administrative costs.

(4) The compensation amounts referred to in sub-regulations (2) and (3)(b) shall not in any case exceed the amount of interest that the consumer would have paid during the period of time between the early repayment and the agreed date of termination of the credit agreement.

(5) The creditor shall not be entitled to the compensation referred to in sub-regulation (2) where one of the following conditions is fulfilled:

(a) the repayment has been made under an insurance contract intended to provide a credit repayment guarantee;

(b) the credit is granted in the form of an overdraft facility; or

(c) the repayment falls within a period for which the borrowing rate is not fixed.

Calculation of the annual percentage rate of charge.

30. (1) The annual percentage rate of charge shall be calculated in accordance with the mathematical formula provided in Part I of the Third Schedule and it shall equate, on an annual basis, to the present value of all commitments (drawdowns, repayments and charges), future or existing, agreed by the creditor and the consumer.

(2) For the purpose of calculating the annual percentage rate of charge, the total cost of the credit to the consumer shall be determined, with the exception of any charges payable by the consumer for non-compliance with any of his commitments stipulated in the credit agreement and charges other than the purchase price which, for purchases of goods or services, he shall be obliged to pay whether the transaction is effected in cash or on credit:

Provided that the costs of maintaining an account recording both payment transactions and drawdowns, the costs of using a means of payment for both payment transactions and drawdowns, and other costs relating to payment transactions shall be included in the total cost of the credit to the consumer unless the opening of the account is optional and the costs of the account have been clearly and separately identified in the credit agreement, or in any other agreement concluded with the consumer.

(3) The calculation of the annual percentage rate of charge shall be based on the assumption that the credit agreement shall remain

valid for the period agreed and that the creditor and the consumer shall fulfil their obligations under the terms and by the dates specified in the credit agreement.

(4) Where credit agreements contain clauses that allow variations in the borrowing rate or variations in certain charges contained in the annual percentage rate of charge which make them unquantifiable at the time of calculation, the annual percentage rate of charge shall be calculated on the assumption that the borrowing rate and other charges shall remain fixed in relation to the initial level and shall remain applicable until the end of the credit agreement.

(5) Where necessary, the additional assumption provided in Part II of the Third Schedule shall be used in calculating the annual percentage rate of charge.

Measures to limit borrowing rates, annual percentage rates of charge or total costs of credit to the consumer.

31. (1) A creditor or a European creditor, offering credit agreements to consumers within Malta shall ensure that the annual percentage rate of charge does not exceed sixteen percent (16%):

Provided that the maximum annual percentage rate of charge may be revised at the discretion of the competent authority.

(2) When an interval between dates used in the calculation cannot be expressed as a whole number of years, months or weeks, the interval shall be expressed as a whole number of one (1) of these periods in combination with a number of days. For the choice among years, months or weeks, consideration shall be given to the frequency of drawdowns and payments. When using days for the purposes of calculating the annual percentage rate of charge:

(a) every day shall be counted, including weekends and holidays;

(b) equal periods and then days shall be counted backwards to the date of the initial drawdown; and

(c) the length of a period of days shall be obtained excluding the first day and including the last day (simple subtraction of dates), and shall be expressed in years by dividing this period by the number of days (365 days or 366 days for leap years), of the complete year counted backwards from the last day to the same day of the previous year.

(d) one (1) month is presumed to have 30.41666 days:

Provided that the applicable national provisions on the annual percentage rate of charge, if any, set by the respective Member State in accordance with the Consumer Credit Directive shall apply where the creditor provides credit agreements to consumers outside Malta in the exercise of a European right in accordance with the European Passport Rights for Financial Institutions Regulations.

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Conduct of business obligations when providing credit to consumers.

32. (1) The creditor and the credit intermediary shall act honestly, fairly, transparently and professionally and shall take into account the rights and interests of the consumers when carrying out any of the following activities:

(a) manufacturing credit products;

(b) advertising credit products in accordance with regulation 7;

(c) granting, intermediating or facilitating the granting of credit;

(d) providing advisory services;

(e) providing ancillary services to consumers; and

(f) executing a credit agreement:

Provided that the activities referred to in paragraphs (c) and (d), shall be based on information about the circumstances of the consumer and any specific requirement communicated by a consumer and on reasonable assumptions about risks to the consumer's situation throughout the duration of the credit agreement:

Provided further that the activities referred to in paragraph (d), shall also be based on the information required under regulation 16(3)(a).

(2) The manner in which creditors remunerate their staff and credit intermediaries and the manner in which credit intermediaries remunerate their staff shall not impede their compliance with the obligation provided in sub-regulation (1).

(3) When establishing and applying remuneration policies for staff responsible for the assessment of creditworthiness, creditors shall comply with the following principles in a way and to the extent that is appropriate to their size, internal organisation and the nature, scope and complexity of their activities:

(a) the remuneration policy is consistent with and promotes sound and effective risk management and does not encourage risk-taking that exceeds the level of tolerated risk of the creditor; and

(b) the remuneration policy is in line with the business strategy, objectives, values and long-term interests of the creditor, and incorporates measures to avoid conflicts of interest, in particular by providing that remuneration is not contingent on the number or proportion of accepted applications for credit.

(4) Where creditors or credit intermediaries provide advisory services, the remuneration structure of the staff involved shall not prejudice their ability to act in the best interest of the consumer and is not contingent on sales targets.

Knowledge and competence requirements for staff.

33. Creditors and credit intermediaries shall ensure that their staff possess and keep an updated and appropriate level of knowledge and competence in relation to the manufacturing, the offering and the granting of credit agreements, the carrying out of credit intermediation activities and the provision of advisory services, as well as in relation to consumer rights in the area of their trade. Where the conclusion of a credit agreement includes ancillary services, creditors and credit intermediaries shall also ensure that their staff possess the appropriate knowledge and competence in relation to such ancillary services:

Provided that the minimum knowledge and competence requirements that shall apply in this regard are established in the Fourth Schedule.

Arrears and forbearance measures.

34. (1) Creditors shall exercise, where appropriate, reasonable forbearance before enforcement proceedings are initiated and such forbearance measures shall take into account, among other elements, the individual circumstances of the consumer:

Provided that in justified cases, creditors shall not be required to offer forbearance measures reiteratively to consumers.

(2) The forbearance measures referred to in sub-regulation (1) may include, among other possibilities, a total or partial refinancing of a credit agreement and shall include modification of the existing terms and conditions of a credit agreement, which may, among other possibilities include:

(a) extending the term of the credit agreement;

(b) changing the type of the credit agreement;

(c) deferring payment of all or part of the repayment of instalments for a period;

(d) reducing the borrowing rate;

(e) offering a payment holiday;

(f) partial repayments;

(g) currency conversions; or

(h) partial forgiveness and debt consolidation:

Provided that the aforementioned list is without prejudice to any other rules provided in national law including in particular the national provisions implementing the European Banking Authority Guidelines on management of non-performing and forborne exposures and the European Central Bank Guidance to banks on non-performing loans.

(3) Creditors shall not be required to perform a creditworthiness assessment in accordance with regulation 18 when modifying the existing terms and conditions of a credit agreement in accordance with sub-regulation (2)(b), provided that the total amount payable by the consumer is not significantly increased when modifying the credit agreement.

(4) Where the creditor defines and imposes charges on the consumer arising from the default, such charges shall not be greater than is necessary to compensate the creditor for costs it has incurred as a result of the default.

Independent debt advisory services.

35. (1) Independent debt advisory services shall be referred by creditors to consumers experiencing difficulties in meeting their financial commitments.

(2) For the purposes of fulfilling the obligation established in sub-regulation (1), creditors shall have processes and policies in place for the early detection of consumers experiencing financial difficulties.

Assignment of rights and set-off.

36. (1) Where the rights of the creditor under a credit agreement are, or the credit agreement itself is, assigned to a third party, the consumer shall be entitled to plead against that assignee, any defence available to him against the original creditor. Such defence may also include the right to set-off:

Cap. 16.

Provided that set-off may only be raised in accordance with the relevant provisions of articles 1196 to 1204 of the Civil Code,

which shall apply irrespective of anything to the contrary contained in the credit agreement.

(2) Where the rights of the creditor are assigned in accordance with sub-regulation (1), the consumer shall be entitled to be informed of such an assignment, except where the original creditor, by agreement with the assignee, continues to service the credit towards the consumer.

Administrative penalties, other administrative measures and appeals.

37. (1) Without prejudice to any other power assigned to the competent authority in accordance with the Act, these regulations or any other law, where a person falling within the scope of these regulations fails to comply with any of the provisions of these regulations or any Credit Intermediaries Rules and Financial Institutions Rules issued thereunder which further implement these regulations, the competent authority may, by notice in writing impose on such person an administrative penalty and other administrative measures in accordance with article 23 of the Act, as applicable.

(2) A right of appeal to the Financial Services Tribunal shall lie from the decisions which the competent authority shall take in accordance with these regulations and the provisions of article 21 of the Act shall apply *mutatis mutandis*.

Regulations shall prevail.

38. (1) The provisions of these regulations shall prevail and apply notwithstanding anything to the contrary contained in any credit agreement entered into by the consumer.

(2) Any waiver by the consumer of any of the rights granted to him by these regulations shall be null and void.

(3) The provisions of these regulations shall not be circumvented as a result of the way in which agreements are formulated, in particular by integrating drawdowns or credit agreements falling within the scope of these regulations into credit agreements the character or purpose of which would make it possible to avoid its application.

(4) Notwithstanding any provision in the credit agreement to the effect that the applicable law to the credit agreement shall be the law of a country which is not a Member State, the protection granted by these regulations shall continue to apply where the credit agreement has a close link with the territory of Malta or of any other Member State.

Repeal and savings. S.L. 376.09.

39. The Financial Institutions Act (Consumer Credit) Regulations are hereby repealed without prejudice to anything done or omitted to be done thereunder:

Provided that the aforementioned regulations shall continue to apply to credit agreements entered into prior to 20th November 2026 until such termination thereof.

FIRST SCHEDULE
(regulation 9)

STANDARD EUROPEAN CONSUMER CREDIT INFORMATION

(*) This information is optional for the creditor.

Wherever "where applicable" is indicated, the creditor shall fill in the box if the information is relevant to the credit product or delete the respective information or the entire row if the information is not relevant for the type of credit considered.

Indications between square brackets provide explanations for the creditor and shall be replaced with the corresponding information.

Key information

Part I

[Always on the first page of the form]:

Creditor *Where applicable* Credit intermediary	[Identity] [Identity]
Total amount of credit *This means the ceiling or the total sums made available under the credit agreement.*	
Duration of the credit agreement	
The borrowing rate or, where applicable, different borrowing rates which apply to the credit agreement	[percentage (%) - fixed, or - variable (with the index or reference rate applicable to the initial borrowing rate), - periods]

Annual percentage rate of charge (APR) *This is the total cost expressed as an annual percentage of the total amount of credit.* *The APR is there to help you compare different offers.*	
Total amount you shall have to pay *This means the amount of borrowed capital plus interest and possible costs related to your credit.*	[Sum of total amount of credit and total cost of credit to the consumer]
Where applicable The credit is granted in the form of a deferred payment for specific goods or specific services or is linked to the supply of specific goods or the provision of specific services Name of good/service Cash price	
Costs in the case of late payments	You shall be charged [… (applicable interest rate and arrangements for its adjustment and, where applicable, default charges)] for late payments.

Part II

[If following elements cannot be displayed in a prominent way on one page, they shall be displayed in the first part of the form on the

B 2016

second page]:

Instalments and, where appropriate, the order in which instalments shall be allocated	You shall have to pay the following: [The amount, number and frequency of payments to be made by the consumer] Interest and/or charges shall be payable in the following manner:
Warning regarding the consequences of missing or late payments *Missing or late payments could have severe consequences for you (e.g. forced sale) and make it more difficult for you to obtain credit in the future.*	
Right of withdrawal *You have the right to withdraw from the credit agreement within a period of 14 calendar days.*	Yes/no
Early repayment *You have the right to repay the credit early at any time fully or partially.* *Where applicable* The creditor is entitled to compensation in the case of early repayment.	Yes

Creditor Geographical address Telephone number Email address Web address (*)	
Where applicable Credit intermediary Geographical address Telephone number Email address Web address (*)	

Additional information about the credit agreement

1. Description of the main features of the credit product

The type of credit	
The conditions governing the drawdown *This means how and when you shall obtain the money.* *Where applicable* Other drawdown mechanisms for the relevant type of credit agreement may result in higher annual percentage rates of charge	[Where the credit agreement provides different ways of drawdown with different charges or borrowing rates and the creditor uses the assumption established in Part II, paragraph (b) of the Third Schedule, include an indication that other drawdown mechanisms for the relevant type of credit agreement may result in higher annual percentage rates of charge]
Where applicable Sureties required *This is a description of the security to be provided by you in relation to the credit agreement.*	[Kind of sureties]

B 2018

Where applicable Repayments do not give rise to immediate amortisation of the capital.	
Where applicable The price was personalised on the basis of automated decision-making.	

2. Costs of the credit

Where applicable The different borrowing rates that apply to the credit agreement	[percentage (%) - fixed, or - variable (with the index or reference rate applicable to the initial borrowing rate), - periods, - conditions governing the application of each borrowing rate, - periods, conditions and procedures for changing each borrowing rate]
Representative example illustrating the annual percentage rate of charge (APR) and the total amount payable by the consumer	[Percentage (%) a representative example mentioning all the assumptions used for calculating the annual percentage rate of charge to be set out here]

Is it compulsory, in order to obtain the credit or to obtain it on the terms and conditions marketed, to take out - an insurance policy securing the credit, or - another ancillary service contract? *If the costs of these services are not known by the creditor, they are not included in the APR.*	Yes/no [if yes, specify the kind of insurance] Yes/no [if yes, specify the kind of ancillary service]
Related costs	
Where applicable Charges for maintaining one or more accounts which are required for recording both payment transactions and drawdowns	
Where applicable Amount of costs for using a specific means of payment (e.g. a credit card)	
Where applicable Any other costs deriving from the credit agreement	
Where applicable Conditions under which the abovementioned costs related to the credit agreement can be changed	
Where applicable Obligation to pay notarial fees	

3. Other important legal aspects

Where applicable The creditor is entitled to compensation in the case of early repayment	[Determination of the compensation (calculation method) in accordance with regulation 29]

B 2020

Consultation of a database *The creditor shall inform you immediately and without charge of the result of consulting a database, if a credit application is rejected on the basis of such a consultation.*	
Right to a draft credit agreement *You have the right, upon request, to obtain a copy of the draft credit agreement free of charge. This provision applies if the creditor is willing, at the time of your request, to proceed to the conclusion of the credit agreement with you.*	
Where applicable The period of time during which the creditor is bound by the pre-contractual information	The information contained in this form is valid from […] until […].
Concerning redress *You have the right to access an out-of-court complaint and redress mechanism.*	[The out-of-court complaint and redress mechanism for the consumer and how to access it]
Warning regarding the legal and financial consequences of non-compliance *Non-compliance with the commitments linked to the credit agreement other than late or missed payments could have severe consequences for you.*	
Repayment schedule	[Repayment schedule containing all payments and repayments to be made by the consumer over the duration of the credit agreement, including the payments for any ancillary services]

Where applicable

4. Additional information in the case of the distance marketing of financial services

(a) Concerning the creditor	
Where applicable Representative of the creditor in your Member State of residence Address Telephone number E-mail address Web address (*)	[Identity] [Geographical address to be used by the consumer]
Where applicable Registration	[The trade register in which the creditor is entered and their registration number or an equivalent means of identification in that register]
Where applicable The supervisory authority	
(b) Concerning the credit agreement	
Where applicable Exercise of the right of withdrawal	[Practical instructions for exercising the right of withdrawal indicating, *inter alia*, the period for exercising the right, the address to which notification of exercise of the right of withdrawal should be sent and the consequences of not exercising the right of withdrawal]
Where applicable The law taken by the creditor as a basis for the establishment of relations with you before the conclusion of the credit agreement	
Where applicable Clause stipulating the law applicable to the credit agreement and/or the competent court	[Relevant clause to be set out here]

Where applicable Language regime	Information and contractual terms shall be supplied in [specific language]. With your consent, we intend to communicate in [specific language/languages] during the duration of the credit agreement.

SECOND SCHEDULE
(regulation 10)

EUROPEAN CONSUMER CREDIT INFORMATION FORM

(1) overdrafts

(2) debt conversion

(*) This information is optional for the creditor.

Wherever "where applicable" is indicated, the creditor shall fill in the box if the information is relevant to the credit product or delete the respective information or the entire row if the information is not relevant for the type of credit considered.

Indications between square brackets provide explanations for the creditor and shall be replaced with the corresponding information.

Part I

[Always on the first page of the form]:

Creditor *Where applicable* Credit intermediary	[Identity] [Identity]
The total amount of credit *This means the ceiling or the total sums made available under the credit agreement.*	
The duration of the credit agreement	

The borrowing rate or, where applicable, different borrowing rates which apply to the credit agreement	[percentage (%) - fixed, or - variable, - periods]
Annual percentage rate of charge (APR) *This is the total cost expressed as an annual percentage of the total amount of credit.* *The APR is there to help you compare different offers.*	
The total amount you shall have to pay *This means the amount of borrowed capital plus interest and possible costs related to your credit.*	[Sum of total amount of credit and total cost of credit to the consumer]
Where applicable The credit is granted in the form of a deferred payment for specific goods or specific services or is linked to the supply of specific goods or the provision of specific services	
Name of good/service	
Cash price	
Costs in the case of late payments	You shall be charged […(applicable interest rate and arrangements for its adjustment and, where applicable, default charges)] for late payments.

B 2024

Part II

[If the following elements cannot be displayed in a prominent way on one page, they shall be displayed in the first part of the form on the second page]:

Instalments and, where appropriate, the order in which instalments shall be allocated	You shall have to pay the following: [The amount, number and frequency of payments to be made by the consumer] Interest and/or charges shall be payable in the following manner:
Warning regarding the consequences of missing or late payments *Missing or late payments could have severe consequences for you (e.g. forced sale) and make it more difficult for you to obtain credit in the future.*	
Right of withdrawal	Yes/no
Early repayment *You have the right to repay the credit early at any time fully or partially.* *Where applicable* The creditor is entitled to compensation in the case of early repayment.	
Creditor Geographical address Telephone number Email address Web address (*)	

Where applicable Credit intermediary Geographical address Telephone number Email address Web address (*)	

Additional information about the credit agreement

1. Description of the main features of the credit product

The type of credit	
Where applicable Indication that the consumer may be requested to repay the amount of the credit in full at any time	
Where applicable The price was personalised on the basis of automated decision-making.	

2. Costs of the credit

Where applicable	
The different borrowing rates that apply to the credit agreement	[percentage (%) - fixed, or - variable (with the index or reference rate applicable to the initial borrowing rate), - periods - conditions governing the application of each borrowing rate]
Representative example illustrating the annual percentage rate of charge (APR) and the total amount payable by the consumer	[percentage (%) a representative example mentioning all the assumptions used for calculating the annual percentage rate of charge to be set out here]

Where applicable Costs *Where applicable* The conditions under which those costs may be changed	[The costs applicable from the time the credit agreement is concluded]

3. Other important legal aspects

Termination of the credit agreement	[The conditions and procedure for terminating the credit agreement]
Where applicable The creditor is entitled to compensation in the case of early repayment	[Determination of the compensation (calculation method) in accordance with regulation 29]
Consultation of a database *The creditor must inform you immediately and without charge of the result of consulting a database, if a credit application is rejected on the basis of such a consultation.*	
Where applicable The period of time during which the creditor is bound by the pre-contractual information	The information contained in this form is valid from […] until […].
Concerning redress *You have the right to access an out-of-court complaint and redress mechanism.*	[The out-of-court complaint and redress mechanism for the consumer and how to access it]
Warning regarding the legal and financial consequences of non-compliance *Non-compliance with the commitments linked to the credit agreement other than late or missed payments could have severe consequences for you.*	

Repayment schedule	[Repayment schedule containing all payments and repayments to be made by the consumer over the duration of the contract, including those payments for any ancillary services]

Where applicable

4. Additional information in the case of the distance marketing of financial services

(a) Concerning the creditor	
Where applicable Representative of the creditor in your Member State of residence Address Telephone number E-mail address Web address (*)	[Identity] [Geographical address to be used by the consumer]
Where applicable Registration	[The trade register in which the creditor is entered and their registration number or an equivalent means of identification in that register]
Where applicable The supervisory authority	
(b) Concerning the credit agreement	
Where applicable Exercise of the right of withdrawal	[Practical instructions for exercising the right of withdrawal indicating, *inter alia*, the withdrawal period, the address to which notification of exercise of the right of withdrawal should be sent and the consequences of not exercising the right of withdrawal]
Where applicable	

The law relied upon by the creditor as a basis for establishing a relationship with you prior to the conclusion of the credit agreement	
Where applicable Clause stipulating the law applicable to the credit agreement and/or the competent court	[Relevant clause to be set out here]
Where applicable Language regime	Information and contractual terms shall be supplied in [specific language]. With your consent, we intend to communicate in [specific language/languages] during the duration of the credit agreement.

THIRD SCHEDULE
(regulation 9)

Part I

The basic equation expressing the equivalence of drawdowns on the one hand and repayments and charges on the other.

The basic equation, which establishes the annual percentage rate of charge (APR), equates on an annual basis, the total present value of drawdowns on the one hand and the total present value of repayments and payments of charges on the other hand, i.e.:

$$\sum_{k=1}^{m} C_k (1+X)^{-t_k} = \sum_{l=1}^{m'} D_l (1+X)^{-S_l}$$

Where:

∑ is the APR,

m is the number of the last drawdown,

K is the number of a drawdown, thus $1 \leq k \leq m$,

C_k is the amount of drawdown

t_k is the interval, expressed in years and fractions of a year, between the date of the first drawdown and the date of each subsequent drawdown, thus $t_1 = 0$,

m' is the number of the last repayment or payment of charges,

l is the number of a repayment or payment of charges,

D_l is the amount of a repayment or payment of charges,

S_l is the interval, expressed in years and fractions of a year, between the date of the first drawdown and the date of each repayment or payment of charges.

Remarks:

(a) The amounts paid by both parties at different times shall not necessarily be equal and shall not necessarily be paid at equal intervals.

(b) The starting date shall be that of the first drawdown.

(c) Intervals between dates used in the calculations shall be expressed in years or in fractions of a year. A year is presumed to have 365 days (or 366 days for leap years), 52 weeks or 12 equal months. A month is presumed to have 30,41666 days (i.e. 365/12) regardless of whether or not it is a leap year.

Where intervals between dates used in the calculations cannot be expressed as a whole number of weeks, months or years, the intervals shall be expressed as a whole number of one of those periods in combination with a number of days. When using days:

(i) every day shall be counted, including weekends and holidays;

(ii) equal periods and then days shall be counted backwards to the date of the initial drawdown;

(iii) the length of the period of days shall be obtained excluding the first day and including the last day and shall be expressed in years by dividing this period by the number of days (365 or 366) of the complete year counted backwards from the last day to the same day of the previous year.

(d) The result of the calculation shall be expressed with an accuracy of at least one decimal place. If the figure at the following decimal place is greater than or equal to 5, the figure at that particular decimal place shall be increased by one.

(e) The equation can be rewritten using a single sum and the concept of flows (A_k), which can be positive or negative, in other words either paid or received during periods 1 to n, expressed in years, i.e.:

$$S = \sum_{k=1}^{n} A_k (1 + X)^{-t_k},$$

where S is the present balance of flows. If the aim is to maintain the equivalence of flows, the value of S shall be zero.

Part II

The additional assumptions for calculating the APR shall be as follows.

(a) Where a credit agreement gives the consumer freedom of drawdown, the total amount of credit shall be deemed to be drawn down immediately and in full.

(b) Where a credit agreement gives the consumer freedom of drawdown in general but imposes, amongst the different ways of drawing down, a limitation with regard to the amount of credit and period of time, the amount of credit shall be deemed to be drawn down on the earliest date fixed in the credit agreement and in accordance with those drawdown limits.

(c) Where a credit agreement provides different ways of drawing down with different charges or borrowing rates, the total amount of credit shall be deemed to be drawn down at the highest charge and borrowing rate applied to the most common drawdown mechanism for that type of credit agreement.

(d) In the case of an overdraft facility, the total amount of credit shall be deemed to be drawn down in full and for the whole duration of the credit agreement. If the duration of the overdraft facility is not known, the APR shall be calculated on the assumption that the duration of the credit is three (3) months.

(e) In the case of an open-end credit agreement, other than an overdraft facility, it shall be assumed that:

(i) the credit is provided for a period of one (1) year starting from the date of the initial drawdown, and that the final payment made by the consumer clears the balance of capital, interest and other charges, if any;

(ii) the capital is repaid by the consumer in equal monthly payments, starting one (1) month after the date of the initial drawdown. However, in cases where the capital must be repaid only in full in a single payment, within each payment period, successive drawdowns and repayments of the entire capital by the consumer shall be assumed to occur over the period of one (1) year. Interest and other charges shall be applied in accordance with those drawdowns and repayments of capital and as set out in the credit agreement.

For the purposes of this paragraph, an open-end credit agreement is a credit agreement without a fixed duration and includes credits that must be repaid in full within or after a period but, once repaid, become available to be drawn down again.

(f) In the case of credit agreements other than overdrafts and open-end credit agreements as referred to in the assumptions established in paragraphs (d) and (e):

(i) where the date or amount of a repayment of capital to be made by the consumer cannot be ascertained, it shall be assumed that the repayment is made at the earliest date provided for in the credit agreement and is for the lowest amount for which the credit agreement provides;

(ii) where the interval between the date of initial drawdown and the date of the first payment to be made by the consumer cannot be ascertained, it shall be assumed to be the shortest interval.

(g) Where the date or amount of a payment to be made by the consumer cannot be ascertained on the basis of the credit agreement or the assumptions established in paragraphs (d), (e) or (f), it shall be assumed that the payment is made in accordance with the dates and conditions required by the creditor and, when those dates and conditions are unknown:

(i) interest charges are paid together with the repayments of capital;

(ii) a non-interest charge expressed as a single sum is paid at the date of the conclusion of the credit agreement;

(iii) non-interest charges expressed as several payments are paid at regular intervals, starting with the date of the first repayment of capital, and where the amount of such payments is not known they shall be assumed to be equal amounts;

(iv) the final payment clears the balance of capital, interest and other charges, if any.

(h) Where the ceiling applicable to the credit has not yet been agreed, shall be assumed to be €1,500.

(i) Where different borrowing rates and charges are offered for a limited period or amount, the borrowing rate and the charges shall be deemed to be the highest rate for the whole duration of the credit agreement.

(j) For credit agreements for consumers for which a fixed borrowing rate is agreed for the initial period, at the end of which a new borrowing rate is determined and subsequently periodically adjusted according to an agreed indicator, the calculation of the APR shall be based on the assumption that, at the end of the fixed borrowing rate period, the borrowing rate is the same as at the time of calculating the APR, based on the value of the agreed indicator at that time.

FOURTH SCHEDULE
(regulation 33)

Minimum Knowledge and Competence Requirements

1. The minimum knowledge and competence requirements for creditors' and credit intermediaries' staff shall include an appropriate knowledge and level of competence in the following areas:

(a) credit products falling within the scope of these regulations in accordance with regulation 4 and the ancillary services typically offered with them;

(b) the laws related to consumer credit agreements, in particular consumer protection;

(c) in relation to over-indebtedness and consideration of the clients' future financial planning;

(d) business ethics standards, consequences resulting from non-disclosure during the application process and consequences due to events of default;

(e) appropriate knowledge of the consumer's creditworthiness assessment process or, where applicable, competence in assessing the consumer's creditworthiness.

2. Creditors and credit intermediaries shall be responsible for ensuring compliance with the appropriate level of knowledge and competence on the basis of:

(a) professional qualifications, for example diplomas, degrees, training, competency tests; or

(b) professional experience, which may be defined as a minimum number of years working in areas related to the manufacturing, the offering and the granting of credit agreements, the carrying out of credit intermediation activities and the provision of advisory services as well as in relation to consumer rights in the area of their trade.

VERŻJONI ELETTRONIKA

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