



**ADVISORY**  
Industry Information

## Central Credit Register Update

30 September 2016

### 1. New requirements published on the operation of the Central Credit Register ("Register")

The Central Bank of Ireland ("the Central Bank") has recently (22 September) published [a series of regulations](#) (the "Regulations") governing the operation of the Register. When it goes live next year, the Register will be a national mandatory database of borrower information that will be maintained and operated by the Central Bank, in accordance with the provisions of the Credit Reporting Act 2013.

The Regulations are technical in nature and shed additional light on the practicalities of the operation of the Register. Lenders will have to comply with detailed and ongoing credit reporting obligations (the "Reporting Obligations") on the performance of (and amendments to) loans within scope of the Act and the Regulations. Items covered by the Regulations include prescribing:

- (i) those steps a lender must take to verify a borrower's identity;
- (ii) the form and timing of information on borrowers that lenders must supply to the Register;
- (iii) information to be provided about borrowers in response to an access request to the Register.

#### Recommended Actions for All Lenders



Conduct an internal assessment of your borrowers to determine if you will be subject to the Reporting Obligations of the Register in Phase 1 (consumer lending from June 2017) and/or Phase 2 (business lending from Q2 2018)



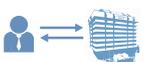
Consider the process and procedures required to verify required borrower information and report this information to the Central Bank



Build the obligation to check the Register prior to advancing credit of €2,000 or more into your business processes



Consider if your loan documentation adequately addresses the requirement to disclose obligation under the Reporting Obligations



Prepare for engagement with the Central Bank in the run up to register going live



## 2. Background to the Register

The genesis of the Register stems from a commitment given by the Government as part of the EU/IMF Programme of Financial Support for Ireland. It is envisaged that the Register will supersede the Irish Credit Bureau, which is privately owned and operated primarily by regulated Irish lenders.

Many EU countries already operate their own national central credit registers, and there have been indications that a pan-European register may be created at some point in the future.

## 3. Lenders in scope for the Register

The scope of the Reporting Obligations is very broadly drafted and all lenders and/or owners of loan portfolios should review and assess their own obligations under the Act. The Act is generally applicable to all lenders – including those lenders that:

- (i) are not regulated financial service providers authorised and/or supervised by the Central Bank; and/or
- (ii) only engage in commercial lending to corporate entities.

Credit is defined as including loans, deferred payments or other financial accommodation of €500 or more extended to a (personal or corporate) borrower who is resident in the State at the time of making the credit application or where the credit agreement is governed by Irish law.

The Central Bank has itself stated that:

*“The credit reporting obligations will apply to over 500 lenders, such as banks, credit unions, local authorities, NAMA, asset finance houses and moneylenders. The obligations will also extend to those entities that have acquired loan books from Irish financial institutions in recent years”.*

This represents a significant development for commercial lenders in Ireland that are not regulated as financial service providers. Where previously pure commercial lending could have been undertaken on a completely unregulated basis, the operation of the Register will bring pure commercial lending under the ‘regulatory umbrella’ of the Central Bank for the first time.

Currently unregulated commercial lenders (including loan origination platforms and/or SPVs) should consider how they intend to comply with the Reporting Obligations of the Register – it is foreseeable that, for example, SPVs that advance credit may have to engage external service providers specifically to assist them to comply on an ongoing basis with the credit reporting obligations.

## 4. Exemptions from scope

There are some useful, albeit limited, exemptions from the scope of the Register, including:

- (i) inter-bank or inter-group credit;
- (ii) credit in relation to the provision of utilities; and
- (iii) credit supplied to enable the purchase of goods or services from the person providing the credit.

## 5. Timetable for launch of the Register

Data submissions by lenders for Phase 1 (consumer lending) will commence from 30 June 2017 with all lenders required to submit data by 31 December 2017. The Central Bank expects that the Register will produce credit reports for individual lenders after 31 December 2017.

Data submissions by lenders for Phase 2 (business lending, local authorities and moneylenders) will commence in Q2 2018, with data relating to guarantors scheduled for 2019.

As consumer lending is usually a regulated financial service in Ireland, we expect that these Phase 1 Reporting Obligations will primarily (though not exclusively) fall on regulated financial service providers (such as banks), and also those entities that have acquired consumer loan books from banks in recent years.



The Central Bank will be publishing guidance manuals in the coming months to assist lenders in meeting the Reporting Obligations and will also be launching a general awareness campaign for borrowers.

It is worth noting that the launch of the Register (which is the responsibility of the Central Bank, but being built and operated by a private company, CRIF Ireland Limited) has been subject to a number of delays - it was initially envisaged that the Register would be up and running by now. Based on the slow progress made to date, and caveats built into the Central Bank's own timelines (including around "data quality assurance") it would not come as a surprise if further delays come to pass.

## Key Contacts

If you have any queries on the operation of the Register and/or the impact that it may have on you and your business, please speak to your usual contact in Walkers or contact:



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