

# Central Credit Register

## – Impact on SPVs

The Credit Reporting Act 2013 (together with related statutory instruments) provides for the establishment of a Central Credit Register.

The Central Credit Register (CCR) is a national database of credit information maintained and operated by the Central Bank of Ireland (CBI). It will be mandatory for certain lenders ("credit information providers") to report information to the CBI and to make credit checks against certain borrowers ("credit information subjects").

On 30 September 2018, the reporting and checking obligations under the Act will commence for lenders who provide credit to non-consumers. This may include lenders which are "section 110" companies<sup>1</sup> used as loan origination platforms or on CLOs (section 110 lenders). We outline below some key information for such section 110 lenders.

### Which section 110 lenders will need to report to the CCR?

The CBI has issued guidance indicating the Act's reporting obligations will apply to lenders who are (i) regulated financial services providers listed on any of the CBI's registers, (ii) EU-based lenders established in the State or (iii) non-EU-based lenders in the State and who provide credit, through a credit application or a credit agreement, where either (a) the borrower is resident in the State or (b) the credit agreement is governed by Irish law.

The wide scope of the Act and the CBI's guidance means that section 110 lenders (being incorporated in the State) who make (or acquire) loans to Irish corporate borrowers (including other section 110 companies) may need to comply with the Act.

### What are the main obligations for section 110 lenders?

An in-scope lender should register as a "credit information provider" through the CBI's online lender portal for CCR reporting.

The Act requires in-scope lenders to provide certain information to the CBI in relation to

any relevant borrowers and the related credit agreements. The CBI then generates a credit report in relation to the borrower using the information provided on that borrower by all credit information providers. In-scope lenders who have existing credit agreements with Irish corporate borrowers must report the relevant information to the CCR by 30 September 2018.<sup>2</sup>

The information to be provided is quite extensive and includes:

- the nature and term of the credit
- conditions about payment or repayment
- amount of credit
- currency
- nature of any guarantee, indemnity or security given and details of any associated valuation
- rate of interest payable
- details of any risk rating undertaken in relation to the application
- details of any securitisation of the credit agreed

This information must be reported in the prescribed format (which is available to the lender through the CBI's online portal once registered).

<sup>1</sup> i.e. "qualifying companies" for the purposes of section 110 of the Irish Taxes Consolidation Act 1997 (as amended).

<sup>2</sup> The CBI has indicated that, at a future date yet to be specified, there will be further enhancements to the scope of the CCR, for example, to capture information on guarantors. Credit advanced through alternative means, such as through bonds, derivatives or deposits, does not yet need to be reported on under the current legislation and guidance.

The CBI will use this information (and similar information from other lenders in relation to the same borrower) to create a comprehensive credit report in relation to the particular borrower.

### What information is contained in a credit report?

Importantly, the CBI guidance states that a borrower credit report will not contain all the information relating to the borrower/credit agreement which lenders are required to report to the CBI under the Act. Much of the commercially sensitive information will not appear in the credit report (which will be available to other credit information providers). Excluded information includes, for example: the interest rate; the interest rate type; the number of outstanding payments; the current 'past due' balance; the current 'days past due'; the purpose of credit type and the exposure class.

### Who can access information on the CCR?

The Act requires a new lender to apply to access a borrower's credit report where the borrower applies to it for a new loan. An existing lender can apply to access a borrower's credit report

where the borrower (1) applies to have its existing loan re-structured, (2) has breached the terms of any credit agreement (or related guarantee or indemnity) or (3) has breached the limit on a credit card or overdraft. A borrower, or another person with the consent of that borrower, can (for a nominal fee) also apply to access information on the CCR relating to the borrower.

### Ongoing reporting and fees/levies

The provision of information is an ongoing obligation, so if changes are made to some of the information reported to the CBI (for instance, in the context of an amendment or restructuring of a credit agreement), the CBI should be notified on the next reporting date.

As noted above the Act requires/allows credit information providers to access a borrower's credit report in certain circumstances. Lenders will not be charged for these enquiries until 1 January 2019. From that date, the initial charge will be €3.50 per enquiry.

The CRA also allows the CBI to impose other fees and levies in connection with the CCR. No lender levy has been specified as of yet, but the CBI may introduce such a levy at a later stage.

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