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ACT

**No. 257/2016 Coll.
of 5. august 2016**

on Consumer Credit

Amended by: 183/2017 Coll.

Amended by: 303/2017 Coll.

Amended by: 307/2018 Coll.

The Parliament has resolved on the following Act of the Czech Republic:

PART ONE

GENERAL PROVISIONS

Section 1

Subject Matter

This Act incorporates the relevant legal acts of the European Union¹, also follows up the directly applicable regulation of the European Union², and regulates:

- (a) the activity of some of the persons authorized to provide and intermediate consumer credit, including the activity of such persons abroad,
- (b) the rights and obligations in the provision and intermediation of consumer credit and
- (c) the competence of administrative authorities in the area of provision and intermediation of consumer credit.

¹ Directive 2008/48/EC of the European Parliament and of the Council of 23 April 2008 on credit agreements for consumers and repealing Council Directive 87/102/EEC
Commission Directive 2011/90/EU of 14 November 2011 amending Part II of Annex I to Directive 2008/48/EC of the European Parliament and of the Council providing additional assumptions for the calculation of the annual percentage rate of charge

Directive 2014/17/EU of the European Parliament and of the Council of 4 February 2014 on credit agreements for consumers relating to residential immovable property and amending Directives 2008/48/EC and 2013/36/EU and Regulation (EU) No 1093/2010

² Commission Delegated Regulation (EU) No 1125/2014 of 19 September 2014 supplementing Directive 2014/17/EU of the European Parliament and of the Council with regard to regulatory technical standards on the minimum monetary amount of the professional indemnity insurance or comparable guarantee to be held by credit intermediaries

Section 2 Consumer credit

(1) Consumer credit is a deferred payment, cash loan, credit or similar financial service provided or intermediated to a consumer.

(2) Consumer credit for housing purposes is a consumer credit which is:

- (a) secured by immovable property or by right in rem,
- (b) purpose-assigned for
 1. the acquisition, settlement or retaining of rights to an immovable property or its components,
 2. the construction of immovable property or its components,
 3. payment for the transfer of a cooperative share in a housing cooperative or acquisition of a share in a different type of legal person in order to obtain the right to use a flat or a family house,
 4. alteration of the building as according to the Building Act or its connection to public networks,
 5. reimbursement of the costs associated with obtaining a financial loan, credit or other similar financial service for the purposes set out in points 1 to 4; or
 6. repayment of a credit, cash loan or other similar financial service provided for the purposes referred to in points 1 to 6; or
- (c) provided by a building society pursuant to the Building Savings Act.

(3) A tied consumer credit is a consumer credit which is tied to the purchase of goods or the provision of a service, with the exception of consumer credit for housing purposes. A consumer credit is tied to the purchase of goods or the provision of a service if it is intended solely to finance the purchase of a specific good or the provision of a specific service, and

- (a) the seller or the person providing the service is also the provider,
- (b) the provider makes use of the services of the seller or the service provider in connection with the conclusion or preparation of a contract in which consumer credit is negotiated (hereinafter referred to as the "consumer credit contract/contract"); or
- (c) specific goods or services are expressly mentioned in the consumer credit contract.

(4) If part of the consumer credit is consumer credit for housing purposes pursuant to subsection 2 b) and part consumer credit other than for housing purposes, the main purpose of the consumer credit determines whether the provisions for consumer credit for housing purposes or provisions for consumer credit other than for housing purposes are to be applied. If the main purpose cannot be determined, provision for consumer credit other than for housing purposes shall apply to such consumer credit.

Section 3 Definitions

(1) For the purposes of this Act, the following definitions shall apply:

- (a) 'provision of consumer credit' means
 1. the offering of the possibility to conclude a consumer credit in one's own name and on one's own behalf,
 2. the submitting of a proposal for the conclusion of a consumer credit in one's own name and on one's own behalf,
 3. the carrying out of preparatory work for the conclusion of a consumer credit in one's own name and on one's own behalf, including providing recommendation leading to the conclusion of a consumer credit,

4. the concluding of a consumer credit in one's own name and on one's own behalf; or
 5. the exercising of rights and the fulfilling of obligations under a consumer credit contract by the person who has concluded a consumer credit with the consumer,
- (b) 'intermediation of consumer credit' means
1. the offering of the possibility to conclude a consumer credit in the name and on behalf of the provider or in the name and on behalf of the consumer,
 2. the submitting of proposals for conclusion of a consumer credit in the name and on behalf of the provider or in the name and on behalf of the consumer,
 3. the carrying out of preparatory work for the conclusion of a consumer credit in the name and on behalf of the provider or in the name and on behalf of the consumer, including providing recommendation leading to the conclusion of a consumer credit,
 4. the concluding of a consumer credit in the name and on behalf of the provider or in the name and on behalf of the consumer; or
 5. the exercising of rights and fulfilling of obligations under a contract on intermediation of consumer credit by the person who has concluded a contract on intermediation of consumer credit with the consumer,
- (c) 'creditworthiness assessment of the consumer' means the assessment of his ability to repay consumer credit,
- (d) 'provider' means the person who provides consumer credit as an entrepreneur,
- (e) 'intermediary' means the person who intermediates consumer credit as an entrepreneur,
- (f) 'the represented' in the case of
1. a Tied Agent means the person with whom the Tied Agent has a contract under which it intermediates consumer credit and who is a person authorized to provide consumer credit or an Independent Intermediary; or
 2. a Tied Consumer Credit Intermediary means the person with whom the Tied Consumer Credit Intermediary has a contract under which it intermediates tied consumer credit and who is the provider of the tied consumer credit,
- (g) 'identification data' means
1. in the case of natural persons, their name or business name, address, date of birth and identification number of the person (the "identification number"), if assigned; place of permanent or long-term residence in the Czech Republic in the case of a natural person established in a state other than a Member State, with the exception of citizens that are under the Act on the Residence of Foreign Nationals in the territory of the Czech Republic citizens of a Member State of the European Union or of another State party to the Agreement on the European Economic Area (hereinafter referred to as the Member State),
 2. in the case of legal persons, its business name or name, registered office, identification number, if assigned; address of a branch of a business establishment located in the Czech Republic in the case of a legal person established in a third State,
- (h) 'staff member' means a natural person who is employed by a consumer credit provider or consumer credit intermediary, or who is a member of the statutory body or board of directors of a consumer credit provider or consumer credit intermediary, or who is a proxy, where such person is directly involved in or is responsible for the provision or intermediation of consumer credit,
- (i) 'knowledge standard category' means provision or intermediation of
1. consumer credit other than for housing purposes,
 2. tied consumer credit, or
 3. consumer credit for housing purposes,

- (j) 'capital of the Non-Bank Consumer Credit Provider' means its equity reduced by receivables from outstanding registered capital, receivables from unpaid share premium and receivables from unpaid surcharges to funds,
- (k) 'initial capital' means the sum of
 1. paid registered capital,
 2. paid share premium,
 3. mandatory reserve funds,
 4. other funds that can be used exclusively to cover the loss stated in the financial statements and which are created by dividing profits; and
 5. the difference between the retained profits from previous periods, which are stated in financial statements certified by an auditor and approved by the competent authority of the legal person and about whose division the competent body of the legal person has not yet decided, and the outstanding losses from the previous periods,
- (l) 'foreign intermediary' means an intermediary with the Home Member State other than the Czech Republic who is authorized to intermediate consumer credit for housing purposes,
- (m) 'Home Member State' means the Member State in which an intermediary authorized to distribute consumer credit for housing purposes has its registered office or headquarters,
- (n) 'Host Member State' means a Member State other than the Home Member State in which an intermediary authorized to distribute consumer credit for housing purposes has a branch or otherwise temporarily intermediates consumer credit for housing purposes,
- (o) 'competent authority' means an authority of another Member State designated as competent for oversight of intermediation of consumer credit for housing purposes and notified as such to the European Commission.

(2) For the purposes of this Act

- (a) 'creditor' means the provider or the person who has acquired a claim against the consumer under the consumer credit contract,
- (b) 'annual percentage rate of charge' means the total cost of consumer credit, expressed as an annual percentage of the total amount of consumer credit calculated according to the formula set out in Annex 1 to this Act,
- (c) 'total amount to be paid by the consumer' means the sum of the total amount of the consumer credit and the total cost of the consumer credit,
- (d) 'total cost of consumer credit' means all costs, including interest, commissions, taxes, fees or other similar financial benefits, and any other payments which the consumer has to pay in connection with the consumer credit and which are known to the provider, with the exception of the cost of the notary,
- (e) 'total amount of consumer credit' means the total sums made available to the consumer,
- (f) 'borrowing interest rate' means the interest rate expressed as a fixed or variable percentage rate applied on annual basis to the amount of consumer credit drawn down,
- (g) 'fixed borrowing interest rate' means the single borrowing interest rate agreed between the provider and the consumer for the entire duration of the consumer credit or several borrowing interest rates determined for partial periods of time using exclusively a specific fixed percentage; if not all borrowing interest rates are determined in a consumer credit contract other than for housing purposes, the borrowing interest rate shall be deemed to be fixed only for the partial periods of time, for which the borrowing interest rates are determined exclusively by a specific fixed percentage agreed on the conclusion of the contract,
- (h) 'overdraft facility' means an explicit agreement by the contractual parties to make available funds which exceed the current balance on the consumer's payment account,

- (i) 'overrunning' means a factual availability of funds which exceed the current balance on the payment account or the overdraft facility,
- (j) 'reference interest rate' means the interest rate to be used as the basis for the calculation of any interest to be applied, and which originates from a publicly available source and which the parties to the contract may verify but cannot directly affect,
- (k) 'durable medium' means any instrument which enables the consumer to store information addressed personally to him in a way accessible for future reference for a period of time adequate for the purposes of the information and which allows the unchanged reproduction of the information stored;
- (l) 'consumer credit in foreign currency' means consumer credit for housing purposes which, at the time of conclusion of the consumer credit contract for housing purposes, is denominated in a currency other than that
 - 1. in which the consumer receives income from which the consumer credit is to be repaid,
 - 2. in which the consumer holds the assets from which the consumer credit is to be repaid; or
 - 3. in the currency of the Member State in which the consumer is domiciled,
- (m) 'bridging loan' means a consumer credit for housing purposes, which is designed to provide a temporary financial solution to the consumer's situation when switching to another consumer loan for housing purposes and which
 - 1. has no fixed duration, or
 - 2. is to be repaid within 12 months,
- (n) 'contingent liability' or 'guarantee' means a consumer credit for housing purposes pursuant to Section 2 (2) (a), which
 - 1. secures a different legal obligation, and
 - 2. allows the drawing of the principal only if the condition stipulated in the contract is fulfilled,
- (o) 'consumer credit for housing purposes with a share in the value of the property' means a consumer credit where the principal to be repaid is determined on the basis of a contractually determined percentage of the value of the property at the moment of repayment of the principal.

Section 4 **Exceptions to Scope**

- (1) This Act shall not apply to consumer credit
 - (a) other than for housing purposes, which is concluded with an investment firm, a bank, a foreign bank or a foreign person authorized to provide investment services whose purpose is to perform an operation with an investment instrument³, where the investment firm, bank, foreign bank or a foreign person authorized to provide investment services are involved in such transaction,
 - (b) other than for housing purposes, arranged in the form of a continuous service or supply of goods of the same kind for which the consumer may pay in the course of their provision in the form of installments,
 - (c) which is concluded with a contractor operating a pawnshop, where granting of such consumer credit is conditioned by conveying a movable asset to the creditor and the creditor does not have the right to reclaim the money lent to the consumer.

³ Act No. 256/2004 Coll. Capital Market Undertakings Act

(2) This Act shall not apply to the provision of information and recommendations made in the context of practicing law in accordance with the law regulating the practice of a lawyer, or notary in accordance with the law regulating the activity of notaries.

(3) This Act shall not apply to the provision of information and recommendations in the course of management of an existing debt arising from the activity of

- (a) an insolvency trustee,
- (b) free-of-charge advising on a volunteer basis under the Volunteer Service Act,
- (c) social services under the law governing social services.

(4) This Act shall not apply to

- (a) the occasional provision of information on consumer credit products in the context of another professional activity, or
- (b) the mere provision of general information on consumer credit products or similar information about providers or brokers, provided that the purpose of such activity is not to facilitate the conclusion or performance of a consumer credit contract.

Limitation of scope

Section 5

(1) Only Section 1 to 4, Section 122 to 124 and Section 168 (1) shall apply to consumer credit

- (a) other than for housing purposes, concluded in the form of property rental or lease, with the exception of commitments for which a right or obligation to purchase the subject matter of the contract or another option of acquiring ownership to property after a certain period of time,
- (b) granted by an employer to its staff members as an ancillary activity with an annual percentage rate of charge lower than the annual percentage rate of charge for consumer credit usually offered on the market and which is not generally offered to the public,
- (c) in the form of a free postponement of payment of an existing debt, with the exception of consumer credit for housing purposes pursuant to Section 2 (2) (a),
- (d) other than for housing purposes, granted in the public interest to a restricted group of persons under another statutory provision without interest or with a borrowing rate below the usual market rate; or
- (e) resulting from a settlement reached in a judicial proceeding or a proceeding held before another competent authority.

(2) To consumer credit for housing purposes granted in the public interest to a restricted group of persons under another statutory provision without interest or with a borrowing interest rate below the usual market rate or under conditions which are generally more favorable than usual market conditions where the interest rate is not higher than the usual market rate, only Section 1 to 4, Section 90, Section 91, Section 94 to 100, Section 122 to 124 and Section 168 (1) shall apply.

(3) To consumer credit provided without interest and without any remuneration other than the reimbursement of purposefully incurred costs directly related to the securing of such consumer credit, only Section 1 to 4, Section 122 to 124 and Section 168 (1) shall apply.

(4) To an agreement deferring consumer's payment or changing the method of repayment in order to avert legal proceedings concerning creditor's claim against a consumer as a result of his default, where the contractual arrangements in such agreement are at least as advantageous to the consumer as in the original contract, only Section 1 to 4, Section 84,

Section 88 to 91, Section 94, 97, Section 99 (3), (4) and (6), Section 100 (1), (2) to (4), Section 101 (2), Section 102 (1) and (4), Section 104, Section 105, Section 108, Section 109, Section 112 to 117 and Section 120 to 177 shall apply.

Section 6

(1) To consumer credit in the form of an overdraft facility payable within 1 month from the date of its granting, only Section 1 to 84, Section 86 to 89, Section 96, Section 98 (2), Section 99 (3, 4 and 6), Section 100, Section 101 (1), Section 102 (2), (4) and (5), Section 104, Section 105, Section 107, Section 112 to 115 and Section 120 to 177 shall apply.

(2) To consumer credit other than for housing purposes in the form of overdraft facility payable upon request or within 3 months of the date of its granting, only Section 1 to 84, Section 86 to 94, Section 96, Section 98 (2), Section 99 (3, 4 and 6), Section 100, Section 101 (1), Section 102 (2), Section 4 (5), Section 104, Section 105, Section 107, Section 112 to 115 and Section 119 to 177 shall apply.

(3) To consumer credit in the form of overrunning, only Section 1 to 83, Section 108, Section 112 to 114, and Section 121 to 177 shall apply.

(4) For consumer credit for housing purposes pursuant to Section 2 (2) (a) there shall be no obligation to indicate the annual percentage rate of charge if

- (a) the provider's remuneration for granting the consumer credit is a certain amount resulting from the proceeds of the future sale of the right to that immovable asset; and
- (b) the full repayment of consumer credit is conditioned by a specific legal circumstance.

PART TWO

PERSONS AUTHORIZED TO PROVIDE CONSUMER CREDIT

Title I

Basic provisions

Section 7

Authorization to provide consumer credit

Providing consumer credit as an entrepreneur is authorized only in case of

- (a) a bank, a foreign bank and a foreign financial institution under the conditions laid down by the act regulating the activities of banks,
- (b) a savings and credit cooperative under the conditions laid down by the act regulating the activities of savings and credit cooperatives,
- (c) a payment institution and a foreign payment institution under the conditions laid down by the act regulating payment systems,
- (d) a small-scale payment service provider under the conditions laid down by the act regulating payment systems,
- (e) an electronic money institution and foreign electronic money institution under the conditions laid down by the act regulating payment systems,
- (f) a small-scale issuer of electronic money under the conditions laid down by the act regulating payment systems, and
- (g) a Non-Bank Consumer Credit Provider (Section 9) under the conditions provided for by this Act.

Section 8

Some conditions for activity of persons authorized to provide consumer credit

(1) A person authorized to provide consumer credit may in the conduct of activity referred to in Section 3 (1) (a) points 1 to 4, be represented by an staff member, an Independent Intermediary, a Tied Agent or a Tied Consumer Credit Intermediary.

(2) A person authorized to provide consumer credit may only provide consumer credit when its staff member, its Tied Agent and its staff member, its Tied Consumer Credit Intermediary and its staff member, meet the conditions of professional competence pursuant to Section 60 and credibility pursuant Section 72 or Section 73, while ensuring they maintain their expertise and skills.

(3) A person authorized to provide consumer credit, if it is not a Non-Bank Consumer Credit Provider, shall meet the requirements pursuant to Section 15 (2) (b), (c), (d), (h) and (l) and Section 15 (3) mutatis mutandis.

Title II

Non-Bank Consumer Credit Provider

Section 9

Basic provisions

A Non-Bank Consumer Credit Provider is a legal person authorized to provide consumer credit on the basis of an authorization to operate as a Non-Bank Consumer Credit Provider granted by the Czech National Bank.

Section 10

Conditions for granting authorization to operate

(1) The Czech National Bank shall grant an authorization to operate as a Non-Bank Consumer Credit Provider to the applicant, if the applicant

- (a) is a joint-stock company, a European company (SE) or a limited liability company,
- (b) has both its registered office and headquarters in the Czech Republic,
- (c) fulfills the condition of credibility; the condition of credibility must also be met by the controlling entity of the applicant,
- (d) fulfills the condition of professional competence,
- (e) has a supervisory board with powers comparable to the supervisory board of a joint-stock company under the act governing legal relations of commercial companies and cooperatives, if it is a limited liability company,
- (f) has an initial capital of at least the amount stipulated by this Act,
- (g) meets the requirements for operating pursuant to Section 15,
- (h) has a business plan for the provision of consumer credit supported by real economic calculations,
- (i) has drafted rules of conduct towards persons interested in concluding a consumer credit agreement meeting the requirements set out in this Act,
- (j) has a transparent and sound origin of financial resources; the condition of transparency and sound origin of financial resources must also be met by the controlling entity of the applicant, and
- (k) has given information in its application that makes it possible to identify the applicant in the relevant basic register.

(2) Subsection 1 (b) shall not apply if an international treaty which is part of the legal order of the Czech Republic gives an obligation to allow the applicant to provide consumer credit in the Czech Republic under similar conditions as to persons with its registered office in the Czech Republic.

Section 11

Procedure for requesting authorization to operate

(1) An application for authorization to operate as a Non-Bank Consumer Credit Provider may be submitted only electronically. The application shall contain, in addition to the requirements stipulated by the Code of Administrative Procedure, also data on the fulfillment of the conditions for operating as of a Non-Bank Consumer Credit Provider under this Act. The application shall be accompanied by documents proving compliance with these conditions.

(2) The Czech National Bank shall issue a decision on the application pursuant to subsection 1 within 4 months from the date on which the proceedings commence.

(3) If the Czech National Bank grants the application pursuant subsection (1) in full extent, it shall record the Non-Bank Consumer Credit Provider in the register of persons authorized in the field of consumer credit for activities under this Act (hereinafter referred to as the "register"). In such a case, the decision is issued in writing. The decision becomes legally enforceable at the time when the Non-Bank Consumer Credit Provider is entered into the register. The Czech National Bank shall immediately inform the applicant electronically.

(4) If the Czech National Bank does not grant the request for authorization to operate as a Non-Bank Consumer Credit Provider, it shall reject the application.

(5) The details of the application form, including the attachments certifying the fulfillment of the conditions to operate as a Non-Bank Consumer Credit Provider under this Act, its formats and other technical specifications shall be laid down in an implementing legal regulation.

Section 12

Duration of the authorization to operate

(1) The authorization to operate as a Non-Bank Consumer Credit Provider shall be valid until the end of the fifth calendar year following the calendar year in which the Non-Bank Consumer Credit Provider was entered in the register.

(2) The authorization to operate as a Non-Bank Consumer Credit Provider shall be extended for an additional 60 months by payment of the administrative fee. The Czech National Bank shall confirm the payment of the administrative fee to the Non-Bank Consumer Credit Provider without undue delay.

(3) The method of payment of the administrative fee shall be laid down in an implementing legal regulation.

Section 13

End of an authorization to operate

- (1) An authorization to operate as a Non-Bank Consumer Credit Provider shall end upon
- (a) termination of the legal person,
 - (b) serving a notice of termination of operations of the Non-Bank Consumer Credit Provider,
 - (c) expiration of the authorization period, or

(d) revocation (Section 146).

(2) The notification referred to in subsection 1 (b) is served electronically.

(3) The requirements of the notification, its formats and other technical requirements shall be laid down in an implementing legal regulation.

Section 14

Capital

(1) The initial capital of a Non-Bank Consumer Credit Provider shall be at least CZK 20,000,000. A Non-Bank Consumer Credit Provider shall keep capital at least equal to 5% of the volume of outstanding credit reported at the end of the calendar year pursuant to subsection 2. The capital of the Non-Bank Consumer Credit Provider may not fall below the minimum amount of initial capital.

(2) The Non-Bank Consumer Credit Provider shall submit to the Czech National Bank a statement of activity including the balance sheet, statement of profits and losses, volume of consumer credit granted over the past calendar year and volume of receivables overdue longer than 3 months resulting from granted consumer credit by 31 March of each year.

(3) The rules, the form and the way of submitting the annual activity statement pursuant to subsection 2 shall be laid down by an implementing legal regulation.

Section 15

Certain requirements for operating

(1) A Non-Bank Consumer Credit Provider shall establish and maintain procedures and rules that are adequate for the proper provision of consumer credit and for the compliance with obligations relating to combating the legalization of criminal proceeds and financing of terrorism. The procedures and rules must be proportionate to the nature, scale and complexity of the activities of the Non-Bank Consumer Credit Provider and must ensure proper and smooth provision of consumer credit.

(2) The procedures and rules pursuant to in subsection 1 shall include

- (a) sound administrative and accounting procedures,
- (b) rules on the remuneration of the provider's staff members, Independent Intermediaries, Tied Agents and their staff members, Tied Consumer Credit Intermediaries and their staff members; the remuneration of persons directly involved in assessing the creditworthiness of the consumer must not be dependent on the number or proportion of approved applications for consumer credit and the remuneration of persons directly involved in the provision of advice under Section 85 (1) must not prejudice their ability to act in the best interests of the consumer, in particular they must not be dependent on the fulfillment of a sales objective,
- (c) rules and procedures for assessing the creditworthiness of the consumer,
- (d) rules and procedures for the acceptance and valuation of the consumer credit for housing purposes collateral,
- (e) rules on compliance with the obligations relating to combating the legalization of criminal proceeds and the financing of terrorism,
- (f) continuous monitoring of compliance with the obligations of a Non-Bank Consumer Credit Provider resulting from this Act and other legal regulations,
- (g) rules on the handling of consumer complaints and reclamations,
- (h) rules for dealing with consumers who are in default,
- (i) rules on the recovery of claims,

- (j) rules on internal and external communication,
- (k) control and security measures for the processing and recording of information,
- (l) rules on supervision of activities of the persons through which a Non-Bank Consumer Credit Provider provides consumer credit, with an emphasis on ensuring proper observance of the rules of conduct laid down by this Act, that ensure the proper fulfillment of the conditions set out in this Act by such persons and the proper performance of their activities.

(3) The Non-Bank Consumer Credit Provider shall continuously verify and periodically evaluate the adequacy and effectiveness of established procedures and rules.

PART THREE

PERSONS AUTHORIZED TO INTERMEDIATE CONSUMER CREDIT

Title I Basic provision

Section 16 Authorization to intermediate consumer credit

To intermediate consumer credit as an entrepreneur is allowed, under the conditions stipulated by this Act, only to

- (a) an Independent Intermediary (Section 17);
- (b) a Tied Agent (Section 27);
- (c) a Tied Consumer Credit Intermediary (Section 37); or
- (d) a foreign intermediary.

Title II Independent Intermediary and its authorization to operate

Section 17 Independent Intermediary

(1) For the purposes of this Act, an Independent Intermediary shall mean a person who is authorized to intermediate consumer credit on the basis of the authorization to operate as an Independent Intermediary granted by the Czech National Bank.

- (2) An Independent Intermediary intermediates consumer credit on the basis of
- (a) a contract concluded in writing with one or more persons authorized to provide consumer credit (Section 7); or
 - (b) a contract to intermediate consumer credit concluded with the consumer.

Section 18 Conditions for granting authorization to operate

(1) The Czech National Bank shall grant an authorization to operate as an Independent Intermediary to the applicant if the applicant

- (a) has both its registered office and headquarters in the Czech Republic,
- (b) fulfills the condition of credibility; the condition of credibility must also be met by the controlling entity of the applicant who is a legal entity,
- (c) fulfills the condition of professional competence,

- (d) is not, pursuant to this Act, already an Independent Intermediary, a Tied Agent or a Tied Consumer Credit Intermediary,
- (e) has given in the application the particulars that make it possible to identify it in the relevant basic register.

(2) Subsection 1 (a) shall not apply if an international treaty which is part of the legal order of the Czech Republic gives an obligation to allow the applicant to intermediate consumer credit in the Czech Republic under similar conditions as to persons with registered office in the Czech Republic.

(3) The Czech National Bank shall also grant the authorization to operate as an Independent Intermediary to the applicant if it is a bank and its bank license authorizes it to operate in financial brokerage.

Section 19

Procedure for requesting the authorization to operate

(1) An application for authorization to operate as an Independent Intermediary may be submitted only electronically. The application shall contain, in addition to the requirements stipulated by the Code of Administrative Procedure, also data on the fulfillment of the conditions for operating as an Independent Intermediary under this Act. The application shall be accompanied by documents proving compliance with these conditions.

(2) If the Czech National Bank grants the application pursuant to subsection 1 in full extent, it shall record the Independent Intermediary in the register. In such a case, the decision is not issued in writing. The decision becomes legally enforceable at the time of the Independent Intermediary's entry into the register. The Czech National Bank shall immediately inform the applicant electronically.

(3) If the Czech National Bank does not grant the request for authorization to operate as an Independent Intermediary, it shall reject the application.

(4) The details of the application form, including the attachments certifying the fulfillment of conditions to operate as an Independent Intermediary under this Act, its formats and other technical specifications shall be laid down in an implementing legal regulation.

Section 20

Duration of the authorization to operate as Independent Intermediary

(1) The authorization to operate as an Independent Intermediary shall be valid until the end of the calendar year following the calendar year in which the Independent Intermediary was entered into the register.

(2) The authorization to operate shall be extended for an additional 12 months by payment of the administrative fee. The Czech National Bank shall confirm the payment of the administrative fee to the Independent Intermediary without undue delay.

(3) The method of payment of the administrative fee shall be laid down in an implementing legal regulation.

Section 21

Obligatory insurance of the Independent Intermediary

(1) An Independent Intermediary must be insured for the duration of its activity in the event of an obligation to compensate the damage to the consumer caused by breaching the

obligations of the Independent Intermediary under this Act with the limit of indemnity of at least the amount stipulated in the Delegated Commission Regulation 1125/2014.

(2) The insurance pursuant subsection 1 must be concluded in such a way the coinsurance, if negotiated, does not exceed the higher of the limits of either CZK 5,000 or 1% of the agreed limit of indemnity.

Section 22

End of an authorization to operate

- (1) An authorization to operate as an Independent Intermediary shall end upon
- (a) death if a natural person,
 - (b) termination if a legal person,
 - (c) serving a notice of termination of operations of the Independent Intermediary,
 - (d) expiration of the authorization period, if there is no extension of the authorization pursuant to Section 20 (2), or
 - (e) revocation (Section 146).
- (2) The notification pursuant to (1) (c) is served electronically.
- (3) The requirements of the notification, its formats and other technical requirements shall be laid down in an implementing legal regulation.

Section 23

Representation of an Independent Intermediary

- (1) In the course of activities referred to in Section 3 (1) (b) (1) to (4), an Independent Intermediary may be represented only by a staff member or a Tied Agent.
- (2) An Independent Intermediary is obligated to intermediate consumer credit only in such a way that he himself, if he is a natural person, its staff member, its Tied Agent and its own staff member, meet the conditions of professional competence pursuant to Section 60 and the conditions of credibility pursuant Section 72, at all times, and to ensure that these people maintain their expertise and skills.
- (3) An Independent Intermediary shall establish, maintain and apply rules for supervision of the activities of its staff members, with an emphasis to ensuring proper observance of the rules of conduct laid down by this Act, which ensure proper fulfillment of the conditions under this Act and proper performance of its activity. The same applies to the Independent Intermediary about its Tied Agents and their own staff members.
- (4) The rules for remuneration of staff members, Tied Agents of the Independent Intermediary and its own staff members, may not discourage the fulfillment of obligations under this Act, especially rules of conduct. Remuneration of persons directly involved in the provision of advice under Section 85 (1) must not be detrimental to their ability to act in the best interests of the consumer, in particular not to be dependent on the fulfillment of a sales objective.

Section 24

Conflict of interest

An Independent Intermediary shall establish, maintain and apply procedures for the detection and management of conflicts of interest as appropriate to the nature, scale and complexity of its activities.

Section 25
Complaints handling system

An Independent Intermediary shall establish, maintain and apply a complaint system, including general rules for informing about the complaint handling process, to the nature, scale and complexity of its activities.

Section 26
Attributability of unlawful acts of an Independent Intermediary

An unlawful act committed by an Independent Intermediary against a third party during its activity is attributed to the Independent Intermediary even though it acted on behalf of the provider; but if the provider has neglected to carefully select or oversee the Independent Intermediary, the provider is responsible for the fulfillment of its obligation to compensate for damages. Section 2914 of the Civil Code does not apply.

Title III
Tied Agent and its authorization to operate

Section 27
Tied Agent

(1) For the purposes of this Act, a Tied Agent shall mean a person who is authorized to intermediate consumer credit on the basis of its registration as a Tied Agent in the register.

(2) A Tied Agent shall intermediate consumer credit exclusively for one represented on the basis of a written agreement.

Section 28
Termination of representation

(1) The represented shall immediately terminate the obligation from a contract pursuant to Section 27 (2) if it finds that the Tied Agent does not meet the conditions stipulated by this Act for the activity of a Tied Agent; by delivery to the Tied Agent of a legal act leading to the termination of the obligation, this obligation ceases.

(2) A Tied Agent shall immediately terminate the obligation under the contract pursuant to Section 27 (2) if it ceases to fulfill the conditions set out in this Act for the activity of a Tied Agent; by delivery to the represented of a legal act leading to the termination of the obligation, this obligation ceases.

(3) The represented shall notify without undue delay the Czech National Bank that the obligation under the contract pursuant to Section 27 (2) has ceased.

Section 29
Entry into the register

(1) The Czech National Bank shall, on the basis of the announcement under Section 30, filed by the represented, enter a Tied Agent into the register if:

- (a) the person intending to operate as a Tied Agent is not already an Independent Intermediary, a Tied agent or a Tied Consumer Credit Intermediary under this Act, and
- (b) the information given in the announcement enables the persons listed in the notification to be identified in the relevant basic register.

(2) The Czech National Bank shall register the Tied Agent into the register without delay, but no later than 5 business days from the date of delivery of the announcement.

(3) The Czech National Bank shall immediately inform the represented person electronically about the registration of the Tied Agent into the register or the non-execution of the registration and the reason for such; Parts two and three of the Code of Administrative Procedure shall not apply.

Section 30

Announcing a Tied Agent

(1) A represented shall announce only a Tied Agent which has both its registered office and headquarters on the territory of the Czech Republic. This does not apply if an international treaty which is part of the legal order of the Czech Republic gives an obligation to allow the person who intends to conduct activity of a Tied Agent to intermediate consumer credit under similar conditions as to persons with registered office in the Czech Republic.

(2) The represented may submit the announcement of its Tied Agent only by means of an electronic application of the Czech National Bank for the registration of entities.

(3) The announcement shall contain, in addition to the requirements laid down by the Code of Administrative Procedure, also identification data of the person intending to operate as a Tied Agent and the fulfillment of the conditions for the activity of a Tied Agent under this Act.

(4) The details of the announcement requirements, its formats and other technical specifications shall be laid down in an implementing legal regulation.

Section 31

Keeping documents

Documents proving the fulfillment of the conditions for the activity of a Tied Agent under this Act shall be kept by the represented for the duration of the registration in the register and for at least 5 years from the date of cancellation of the registration.

Section 32

Establishment and duration of authorization to operate as Tied Agent

(1) The authorization to operate as a Tied Agent arises from the registration of the Tied Agent in the register.

(2) If a person is announced as a Tied Agent by more than one represented, it shall be registered into the register for the first represented that has announced it by the Czech National Bank.

(3) The authorization to operate as a Tied Agent shall be valid until the end of the calendar year following the calendar year in which the registration was made.

(4) The authorization shall be extended for an additional 12 months by payment of the administrative fee. The Czech National Bank will confirm to the represented the payment of the administrative fee without undue delay.

(5) The represented shall, simultaneously with the payment of the administrative fee, notify the Czech National Bank by electronic means, to which persons it shall extend the authorization on the basis of the paid administrative fee.

(6) The method of payment of the administrative fee and the details of the notification requirements, its formats and other technical specifications shall be laid down in an implementing legal regulation.

Section 33

End of an authorization to operate

- (1) An authorization to operate as a Tied Agent shall end upon
- (a) death if a natural person,
 - (b) termination if a legal person,
 - (c) serving a notice of termination of operations of the Tied Agent,
 - (d) expiration of the authorization period, if there is no extension of the authorization pursuant to Section 32 (4), or
 - (e) revocation (Section 146).

(2) A Tied Agent shall submit the notice pursuant to subsection 1 (c) through the represented. If the represented does not provide the necessary cooperation, the Tied Agent may serve the notice independently.

(3) Notification pursuant to subsection 1 c) shall be submitted only through the electronic application of the Czech National Bank for registration of entities.

(4) The details of the notification requirements, its formats and other technical specifications shall be laid down in an implementing legal regulation.

Section 34

Representation of a Tied Agent

A Tied Agent may be represented during the activities pursuant to Section 3 (1) (b) points 1 to 4 only by a staff member.

Section 35

Liability for an offence committed by a Tied Agent

An offence committed by a Tied Agent in the performance of its activity as a Tied Agent, with the exception of offences pursuant to Section 150, shall be the responsibility of the represented if the committed act is attributed to the represented for the purpose of assessing the liability for the offence.

Section 36

Attributability of unlawful acts of a Tied Agent

An unlawful act committed by a Tied Agent of an Independent Intermediary against a third party during its activity is attributed to the Independent Intermediary, even though the Tied Agent acted on behalf of the provider; but if the provider has neglected to carefully select or oversee the Independent Intermediary, the provider is responsible for the fulfillment of its obligation to compensate for damages. Section 2914 of the Civil Code does not apply.

Title IV
Tied Consumer Credit Intermediary and its authorization to operate

Section 37
Tied Consumer Credit Intermediary

(1) For the purposes of this Act, a Tied Consumer Credit Intermediary shall mean a person who is authorized to intermediate a tied consumer credit intended to finance goods sold by this person or service provided by this person, on the basis of a registration as a Tied Consumer Credit Intermediary for a particular represented in the register.

(2) A Tied Consumer Credit Intermediary shall intermediate consumer credit exclusively on the basis of a written agreement with the represented.

Section 38
Termination of representation

(1) The represented shall immediately terminate the obligation under the contract pursuant to Section 37 if it finds that the Tied Consumer Credit Intermediary does not meet the conditions stipulated by this Act for the activity of Tied Consumer Credit Intermediary; by delivery to the Tied Consumer Credit Intermediary of a legal act leading to the termination of the obligation, this obligation ceases.

(2) A Tied Consumer Credit Intermediary shall immediately terminate the obligation under the contract pursuant to Section 37 if it ceases to fulfill the conditions set out in this Act for the activity of a Tied Consumer Credit Intermediary; by delivery to the represented of a legal act leading to the termination of the obligation, this obligation ceases.

(3) The represented shall notify without undue delay the Czech National Bank that the obligation under the contract pursuant to Section 37 has ceased.

Section 39
Entry into the register

(1) The Czech National Bank shall, on the basis of the announcement under Section 40, filed by the represented, enter a Tied Consumer Credit Intermediary into the register for that particular represented if:

- (a) the person intending to conduct activity of Tied Consumer Credit Intermediary is not already a provider, an Independent Intermediary or a Tied Agent under this Act, and
- (b) the information given in the announcement enables the persons listed in the notification to be identified in the relevant basic register.

(2) The Czech National Bank shall register a Tied Consumer Credit Intermediary into the register for that particular represented without delay, but no later than 5 business days from the date of delivery of the announcement.

(3) The Czech National Bank shall without delay inform the represented electronically about the registration of the Tied Consumer Credit Intermediary into the register for that particular represented or the non-execution of such registration and its reason; Parts two and three of the Code of Administrative Procedure shall not apply.

Section 40

Announcing a Tied Consumer Credit Intermediary

(1) A represented shall announce only a Tied Consumer Credit Intermediary who has both its registered office and headquarters on the territory of the Czech Republic. This does not apply if an international treaty which is part of the legal order of the Czech Republic gives an obligation to allow the person who intends to operate as a Tied Consumer Credit Intermediary to intermediate consumer credit under similar conditions as to persons with registered office in the Czech Republic.

(2) The represented may announce the Tied Consumer Credit Intermediary only by means of an electronic application of the Czech National Bank for the registration of entities.

(3) The announcement shall contain, in addition to the requirements laid down by the Code of Administrative Procedure, also the identification data of the person intending to operate as a Tied Consumer Credit Intermediary and the fulfillment of the conditions for operations of a Tied Consumer Credit Intermediary under this Act.

(4) The details of the announcement requirements, its formats and other technical specifications shall be laid down in an implementing legal regulation.

Section 41

Keeping documents

Documents proving the fulfillment of the conditions for the activity of a Tied Consumer Credit Intermediary under this Act shall be kept by the represented for the duration of the registration in the register and for at least 5 years from the date of cancellation of the registration.

Section 42

Establishment and duration of authorization to operate as a Tied Consumer Credit Intermediary

(1) The authorization to operate as a Tied Consumer Credit Intermediary for a particular represented arises from the registration of the Tied Consumer Credit Intermediary for this particular represented into the register.

(2) The authorization to operate as a Tied Consumer Credit Intermediary for a particular represented shall be valid until the end of the calendar year following the calendar year in which the registration of a Tied Consumer Credit Intermediary for a particular represented was made.

(3) The authorization to operate as a Tied Consumer Credit Intermediary for a particular represented shall be extended for an additional 12 months by payment of the administrative fee. The Czech National Bank will confirm to the particular represented the payment of the administrative fee without undue delay.

(4) The represented shall simultaneously with the payment of the administrative fee notify the Czech National Bank by electronic means, to which persons it shall extend the authorization on the basis of the paid administrative fee.

(5) The method of payment of the administrative fee and the details of the notification requirements, its formats and other technical specifications shall be laid down in an implementing legal regulation.

Section 43

End of an authorization to operate

(1) An authorization to operate as a Tied Consumer Credit Intermediary for a particular represented shall end upon

- (a) death if a natural person,
- (b) termination if a legal person,
- (c) serving a notice of termination of operations of the Tied Consumer Credit Intermediary,
- (d) termination of the obligation between the Tied Consumer Credit Intermediary and the particular represented under Section 37,
- (e) end of the authorization to operate of the represented,
- (f) expiration of the authorization period, if there is no extension of the authorization pursuant to Section 42 (3), or
- (g) revocation (Section 146).

(2) A Tied Consumer Credit Intermediary shall submit the notice pursuant to subsection 1 (c) through the represented. If the represented does not provide the necessary co-operation, the Tied Consumer Credit Intermediary may serve the notice independently.

(3) Notification pursuant to subsection 1 c) shall be submitted only through the electronic application of the Czech National Bank for registration of entities.

(4) The details of the notification requirements, its formats and other technical specifications shall be laid down in an implementing legal regulation.

Section 44

Representation of a Tied Consumer Credit Intermediary

A Tied Consumer Credit Intermediary may be represented during the activities pursuant to Section 3 (1) (b) points 1 to 4 only by a staff member.

Section 45

Liability for an offence committed by a Tied Consumer Credit Intermediary

An offence committed by a Tied Consumer Credit Intermediary in the performance of its activity as a Tied Consumer Credit Intermediary, with the exception of offences pursuant to Section 150, shall be the responsibility of the represented whose tied consumer credit is being intermediated, if the committed act is attributed to the represented for the purpose of assessing the liability for the offence.

Title V

Activity of an intermediary in the territory of a Host Member State

Chapter 1

Activity of a foreign intermediary from another Member State in the Czech Republic

Section 46

Authorization to operate of a foreign intermediary from another Member State

A foreign intermediary may intermediate consumer credit for housing purposes in the territory of the Czech Republic in the same extent in which it is authorized to operate in its Home Member State, namely

- (a) through a branch, or

(b) otherwise than through a branch.

Section 47

Commencement of operation of a foreign intermediary from another Member State in the Czech Republic

(1) The Czech National Bank shall communicate to the foreign intermediary the conditions of its activity in the Czech Republic and shall register it within a period of one month from the date of receipt of the identification data and confirmation of its registration in the Home Member State by the competent supervisory authority.

(2) The Foreign Intermediary shall be entitled to commence his activity in the territory of the Czech Republic after one month from the date when it was informed by the competent supervisory authority of his Home Member State about fulfillment of the information obligation to the Czech National Bank.

Section 48

Conditions of operation of a foreign intermediary from another Member State

(1) A foreign intermediary operating in the Czech Republic through a branch shall intermediate consumer credit for housing purposes only if its staff members meet the conditions of professional competence pursuant to Section 60 concerning consumer credit for housing purposes and credibility pursuant to Section 72.

(2) A foreign intermediary operating in the Czech Republic otherwise than through a branch shall intermediate consumer credit for housing purposes only if its staff members meet the conditions of professional competence pursuant to Section 60, subsections 3 and 4, c) points 2, 3, 5, 9 and 11 and credibility pursuant to Section 72.

(3) A foreign intermediary may intermediate in the Czech Republic only consumer credit offered by persons authorized to provide consumer credit in the territory of the Czech Republic.

Section 49

Termination of authorization to operate as a foreign intermediary from another Member State

Authorization to operate as a foreign intermediary in the Czech Republic is terminated,

- (a) if the Czech National Bank has received information on the termination of operations of the foreign intermediary in the Czech Republic, or
- (b) if the foreign intermediary has ceased to be authorized to operate in its home Member State.

Chapter 2

The activity of an intermediary of consumer credit for housing purposes on the territory of a Host Member State

Section 50

Authorization to act as an intermediary of consumer credit for housing purposes in the territory of a Host Member State

(1) An Independent Intermediary and a Tied Agent of a provider who are authorized to intermediate consumer credit for housing purposes and are registered in the Czech Republic,

may intermediate consumer credit for housing purposes in the territory of another Member State in the same extent in which they are authorized to operate in the Czech Republic, subject to the conditions under Section 51, namely

- (a) through a branch, or
- (b) otherwise than through a branch.

(2) The intermediary referred to in subsection 1 may commence its activity in the territory of another Member State within one month from the date on which it was informed by the Czech National Bank of the fulfillment of the information obligation pursuant to Section 51 (3).

Section 51

Notification of intention to pursue the activity of an intermediary of consumer credit for housing purposes in the territory of a host Member State

(1) The intermediary pursuant to Section 50 (1), who intends to commence business in the territory of another Member State, shall notify this intention to the Czech National Bank; in the case of a Tied Agent, this notification is done by the represented.

(2) The notification referred to in subsection 1 may be made only electronically.

(3) The Czech National Bank shall communicate this information to the competent supervisory authority of the host Member State within one month of receiving the information pursuant to subsection 1, including the identification data of the intermediary pursuant to Section 50 (1). This information shall also include, in the case of a Tied Agent, information about the represented and an indication that the represented is legally responsible for the activity of his Tied Agent. At the same time, the Czech National Bank informs the intermediary pursuant to Section 50 (1) of this communication; in the case of a Tied Agent, it does so through the represented. The represented shall pass this information to its Tied Agent without undue delay.

Section 52

Announcement of termination of operations of mediation of consumer credit for housing purposes

If the authorization to operate as an intermediary under Section 50 (1), whose territorial scope of activity exceeds the borders of the Czech Republic, ceases, the Czech National Bank shall inform the competent supervisory authorities of other Member States where the operations pursuant Section 50 (1) were conducted of the termination and its reasons within 14 days.

PART FOUR

REGISTER

Section 53

Keeping the register

The register is administered and operated by the Czech National Bank. The register is kept in electronic form.

Section 54
Persons entered in the register

The Czech National Bank shall record into the register under the conditions laid down by this Act

- (a) a Non-Bank Consumer Credit Provider,
- (b) an Independent Intermediary,
- (c) a Tied Agent,
- (d) a Tied Consumer Credit Intermediary, and
- (e) a foreign intermediary.

Section 55
Data entered into the register

(1) For a Non-Bank Consumer Credit Provider, an Independent Intermediary, a Tied Agent and a Tied Consumer Credit Intermediary, the following data, including their changes, shall be entered into the register:

- (a) identification data,
- (b) object of its activity pursuant to this act and its extent according to knowledge standard category,
- (c) the person authorized to provide or intermediate a consumer credit for which the Independent Intermediary, Tied Agent or Tied Consumer Credit Intermediary is active,
- (d) the date of commencement of the authorization to operate and the duration of the authorization to operate,
- (e) the member of the statutory body, director, proxy or other person who is responsible for intermediation or directs intermediation,
- (f) for a consumer credit intermediary with registered office in the Czech Republic
 1. the territorial scope of its operation,
 2. data as to whether his activity is carried on in a Host Member State; if so, data of whether it is operated through a branch or otherwise than through a branch, and
 3. the address of the location of the branch where its activity is conducted in a host Member State through a branch,
- (g) date of end of authorization to operate and its reason,
- (h) an overview of fines and enforceable remedial measures imposed by the Czech National Bank,
- (i) the date on which a ruling on bankruptcy takes effect; and
- (j) the date of entry of the legal person into liquidation.

(2) In the case of a foreign intermediary, the following data, including their changes, shall be entered in the register:

- (a) identification data,
- (b) information on the nature of the operation and the persons for whom it is active,
- (c) information on whether its business is operated through a branch or other than through a branch; if its activity is operated through a branch, the address of the location of the branch in the Czech Republic,
- (d) the date on which a ruling on bankruptcy takes effect,
- (e) the date of entry into liquidation; and
- (f) exit data.

(3) The Czech National Bank shall register the data pursuant to subsection 2 on the basis of the information transmitted to it by the competent supervisory authority of the Home

Member State of the foreign intermediary. Other data may be entered in the register if they were provided by the competent supervisory authority of the Home Member State of the foreign intermediary.

Section 56
Access to the register

The Czech National Bank shall make available the data referred to in Section 55 (1) and (2) in a manner allowing for remote access. In case of changes, the previous data shall remain published as well.

Section 57
Presumption of correctness of data entered in the register

Against a person acting on the basis of an entry in the register, the person to whom the registration relates cannot object that the data in the register do not correspond to the facts, with the exception of data pursuant to Section 55 (1) (i) and (j) and Section 55 (2).

Section 58
Extract from the register

(1) Upon request, the Czech National Bank shall issue an electronic extract from the register showing its data at the moment stated in this extract.

(2) The extract from the register shall contain at least:

- (a) specification of the register,
- (b) identification data of the registered person,
- (c) the object of activity of a registered person,
- (d) an internet address where its entry in the register can be verified,
- (e) in case of a foreign intermediary, also the register in which it is registered in its home Member State; and
- (f) date of issue of the extract.

Section 59
Changing data entered in the register

(1) A Non-Bank Consumer Credit Provider, an Independent Intermediary, a represented on data relating to its Tied Agent or Tied Consumer Credit Intermediary, shall without undue delay notify the Czech National Bank of the change in the data entered in the register and also of the change in the data on

- (a) the fulfillment of the conditions stipulated by this Act for operations,
- (b) a ruling on bankruptcy, or
- (c) entry into liquidation.

(2) The obligation pursuant to subsection 1 shall not apply to changes in the data entered in the basic registers as reference data.

(3) The notification referred to in subsection 1 shall be submitted electronically, with the exception of the notification of the change of the data pursuant to Section 55 (1) c), which is submitted through the Czech National Bank's internet application for registration of entities. The document shall be accompanied by documents proving the facts contained therein.

(4) The Czech National Bank shall make changes to the data kept in the register within 5 working days from the date on which it became aware of the change if the change is not a reason for revoking the authorization to operate.

(5) Other requirements for the notification, including the annexes containing the documents proving the facts contained in the notification, its formats and other technical specifications shall be laid down in an implementing legal regulation.

PART FIVE

PERSONAL REQUIREMENTS

Title I

Competence

Section 60

Competence

(1) For the purposes of this Act, professional competence means the acquisition of general knowledge and of the professional knowledge, expertise and skills necessary for the provision or intermediation of consumer credit.

(2) General knowledge shall be evidenced by a high school diploma or certificate of higher education.

(3) Professional knowledge, expertise and skills for providing or intermediating consumer credit shall be proved by a certificate of successful completion of an exam of professional expertise pursuant to this Act. The exam of professional expertise must be carried out in a provable manner. It is permitted for an exam of professional expertise to be conducted only in written form.

(4) For the purposes of this Act, professional knowledge, expertise and skills for the provision or intermediation of consumer credit means for the knowledge standard category

- (a) “provision or intermediation of consumer credit other than for housing purposes”
1. knowledge of the financial market in the scope of a professional minimum,
 2. basic knowledge of the structure, entities and functioning of the market for consumer credit other than for housing purposes,
 3. knowledge of the regulation of the market for consumer credit other than for housing purposes,
 4. knowledge of ethical standards of the market for consumer credit other than housing purposes, should there be any,
 5. knowledge of lending and products of consumer credit other than housing,
 6. knowledge of ancillary services related to consumer credit other than for housing purposes,
 7. basic knowledge of the principles of the consumer creditworthiness assessment process and
 8. capability to properly explain consumer credit products to the consumer, to conduct a basic analysis of consumer credit products and to offer consumers a product that suits their needs,
- (b) “provision or intermediation of tied consumer credit”
1. knowledge of the financial market in the scope of the professional minimum,
 2. basic knowledge of the structure, entities and functioning of the market for tied consumer credit,
 3. knowledge of the regulation of the market for tied consumer credit,

4. knowledge of ethical standards of the market for a tied consumer credit, should there be any,
 5. knowledge of lending and products of tied consumer credit,
 6. knowledge of ancillary services related to tied consumer credit,
 7. basic knowledge of the principles of the consumer creditworthiness assessment process and
 8. capability to properly explain consumer credit products to the consumer, to conduct a basic analysis of consumer credit products and to offer consumers a product that suits their needs,
- (c) “provision or intermediation of consumer credit for housing purposes”
1. knowledge of the financial market in the scope of the professional minimum,
 2. basic knowledge of the structure, entities and functioning of the market for consumer credit for housing purposes,
 3. knowledge of the regulation of the market for consumer credit for housing purposes,
 4. knowledge of ethical standards of the market for consumer credit for housing purposes, should there be any,
 5. knowledge of lending and products of consumer credit for housing purposes,
 6. knowledge of ancillary services related to consumer credit for housing purposes,
 7. basic knowledge of the principles of the consumer creditworthiness assessment process,
 8. basic knowledge of the principles of the procedure and method of valuation of objects, rights and other property values provided as collateral for consumer credit for housing purposes,
 9. knowledge of the real estate market,
 10. knowledge of the procedure for buying real estate,
 11. basic knowledge of the organization and functioning of the Land Register and
 12. capability to properly explain consumer credit products to consumers, conduct a basic analysis of consumer credit products and offer consumers a product that suits their needs.

(5) The knowledge standard category referred to in subsection 4 (a) also includes the knowledge standard category referred to in subsection 4 b).

(6) The scope of the professional knowledge, expertise and skills according to the knowledge standard category and other requirements for the form of the exam of professional expertise for their verification shall be determined by an implementing legal regulation.

Section 61

Authorization to hold exams of professional expertise

Only an Accredited Person may organize exams of professional expertise aimed at proving the professional knowledge, expertise and skills required by this Act.

Section 62

Accredited Person

(1) For the purposes of this Act, an Accredited Person shall mean the person to whom accreditation has been granted by the Czech National Bank.

(2) The Czech National Bank shall publish the list of Accredited Persons in a manner allowing for remote access.

Section 63

Terms of granting or renewal of accreditation

- (1) Accreditation shall be awarded within the scope of a knowledge standard category.
- (2) The Czech National Bank shall grant or extend accreditation to the applicant if
 - (a) it is credible; the condition of credibility must also be met by the controlling entity of the applicant,
 - (b) it meets the material, qualifying, organizational and personnel prerequisites for the operation as an Accredited Person, and primarily it meets the organizational and technical requirements for organizing exams of professional expertise,
 - (c) it has submitted the examination procedure pursuant to Section 69 (2), and
 - (d) the data given in the application make it possible to identify the applicant in the relevant basic register.
- (3) The minimum scope of the requirements for the material, qualifying, organizational and personnel prerequisites of the applicant for granting the accreditation shall be laid down by an implementing legal regulation.

Section 64

Application for accreditation and change of the granted accreditation

- (1) An application for accreditation or change of the granted accreditation may be submitted only electronically.
- (2) In addition to the requirements stipulated by the Code of Administrative Procedure, the application shall also contain the data on fulfillment of the conditions for granting the accreditation stipulated in Section 63 (2). The application shall be accompanied by documents proving the fulfillment of these conditions.
- (3) The Czech National Bank shall grant the request within 3 months from the date on which the request was received by the Czech National Bank if the conditions under this Act are met.
- (4) The details of the application, including the appendices certifying fulfillment of the conditions for granting the accreditation stipulated in Section 63, subsection 2, its formats and other technical specifications shall be laid down in an implementing legal regulation.

Section 65

Duration and extension of accreditation

- (1) Accreditation is granted for a period of 5 years.
- (2) Accreditation may be repeatedly renewed for a further 5 years, on the basis of an application submitted electronically.
- (3) The Czech National Bank shall grant the request for renewal of accreditation within 3 months from the date when the request was received by the Czech National Bank if the conditions under this Act are fulfilled. If the Czech National Bank fails to take a decision within this time limit, the accreditation shall be extended.
- (4) The details of the application form, including the attachments proving the fulfillment of the conditions for prolonging the accreditation stipulated in Section 63, subsection 2, its formats and other technical specifications shall be laid down in an implementing legal regulation.

Section 66

Data change of an Accredited Person

(1) The Accredited Person shall notify the Czech National Bank without undue delay of the change of the conditions specified in Section 63 (2), as soon as it becomes aware of it. Notification is submitted electronically.

(2) The requirements of the notification, its formats and other technical specifications shall be laid down in an implementing legal regulation.

Section 67

End of accreditation

Accreditation ends upon

- (a) death if a natural person,
- (b) termination if a legal person,
- (c) expiration of the period for which the accreditation was granted, if the accreditation has not been extended pursuant to Section 65 (3), or
- (d) revocation.

Section 68

Revocation of accreditation

(1) The Czech National Bank shall revoke the accreditation if the Accredited Person so requests.

(2) The Czech National Bank may revoke accreditation if

- (a) the information on the basis of which the accreditation was granted was untrue or misleading,
- (b) the Accredited Person ceases to fulfill the conditions for accreditation,
- (c) the Accredited Person seriously or repeatedly breached the obligations under this Act.

(3) An application pursuant to subsection 1 shall be submitted electronically.

(4) The application form and other technical specifications shall be laid down in an implementing legal regulation.

Section 69

Exam of professional expertise

(1) An Accredited Person shall conduct examinations on the basis of a set of exam questions prepared by the Czech National Bank in cooperation with the Ministry of Finance.

(2) During the examination, the Accredited Person proceeds according to the examination procedure. A proper course of the professional examination is ensured by the accredited person through an examination commission.

(3) The Accredited Person shall publish in sufficient time before the exam in a manner allowing for remote access the date of the exam, how many persons can take the exam, the exam fee and the examination procedure.

(4) The Accredited Person shall inform the examinee of the result of the examination without undue delay.

(5) The minimum standard of the professional examination, the rules for the provision of a set of exam questions to the Accredited Persons, their handling and updating, the conduct and composition of the commission, the requirements for the examination procedure and the

course of the examination, the form, the scope, and the evaluation of the examination shall be laid down in an implementing legal regulation.

Section 70

Certificate of successful completion of the exam of professional expertise

An Accredited Person shall issue without undue delay to the person who successfully passed the exam of professional expertise a certificate of successful completion of the exam of professional expertise, which shall contain

- (a) identification data of the person who successfully completed the examination,
- (b) identification data of the Accredited Person,
- (c) the scope of the examination according to knowledge standard category,
- (d) date of the examination,
- (e) a list of the members of the examination commission and
- (f) the signature of the person authorized to act on behalf of the Accredited Person.

Section 71

Keeping documents

(1) An Accredited Person shall keep the documents relating to the performance of the exam of professional expertise, in particular the records of the course and the results of the examination and the records of the certificates issued for the passing of the examination.

(2) An Accredited Person shall keep the documents referred to in subsection 1 for at least 10 years from the date of the examination to which the documents relate; this also applies to the legal successor of the Accredited Person and to the person whose accreditation has ceased to exist.

Title II

Credibility

Section 72

Credibility of natural persons

(1) A natural person who has full legal capacity and gives presumption of proper conduct of activities under this Act shall be considered credible for the purposes of this Act.

(2) A natural person is not considered credible for the purposes of this Act if

- (a) it has been legally convicted of a criminal offense against property, an economic criminal offense or any other intentional criminal offense,
- (b) in respect of its assets a ruling of insolvency has been issued during the last five years prior to the decisive day, or at any time thereafter,
- (c) it has been, in the last 5 years before the decisive day, or at any time thereafter, a member of a statutory or supervisory body or a board of directors or any other similar body of a legal person,
 1. in respect of whose assets a ruling of insolvency⁴ has been issued,
 2. whose assets are subject to bankruptcy order⁵,
 3. if the insolvency petition for the assets of the legal person has been rejected because the assets of that legal person are insufficient to cover the costs of the insolvency proceedings; or

⁴ Means a ruling opening insolvency according to Insolvency Act No. 182/2006 Coll.

⁵ Means a ruling opening insolvency according to Bankruptcy Act No. 328/1991 Coll.

4. if the bankruptcy of its assets has been canceled because the property of a legal person is wholly insufficient; or
- (d) it's authorization to operate has been revoked in the last 5 years before the decisive day for breach of the conditions under this Act.

(3) Subsection 2 (b) or (c) shall not apply if the natural person fulfills the conditions set out in subsection 1 and

- (a) in subsection 2 b) or c) but at the same time the insolvency court has canceled the liquidation otherwise than by a resolution on the cancellation of the liquidation after meeting of the allocation resolution, or otherwise than because the debtor's property is wholly insufficient, or the court dismissed the insolvency petition otherwise than because its assets are insufficient to cover the costs of insolvency proceedings,
- (b) in subsection 2 (c) but at the same time the person who has been appointed into office during an already existing insolvency of the legal person, or
- (c) in subsection 2 c) but at the same time it proves in court proceedings, under the act governing special court procedures, that it has acted in its duties with due diligence to the standard of "proper manager".

Section 73

Credibility of legal persons

(1) A legal person whose current activity gives presumption for the proper conduct of activities under this Act shall be considered to be credible for the purposes of this Act.

(2) A legal person is not considered credible for the purposes of this Act if

- (a) it has been finally convicted of a criminal offense against property, an economic crime or any other intentional offense,
- (b) at least one of the members of its statutory or supervisory body or board of directors or any other similar body fails to fulfill the requirement of credibility pursuant to Section 72,
- (c) it's authorization to operate has been revoked for breach of the conditions laid down by this Act,
- (d) in respect of its assets a ruling of insolvency has been issued during the last 5 years prior to the decisive day, or at any time thereafter.

(3) Subsection 2 shall not apply if a legal person fulfills the conditions set out in subsection 1 and in subsection 2 d) but at the same time the insolvency court has canceled the insolvency proceedings otherwise than by a resolution on the cancellation of the liquidation following the meeting of the allocation resolution or otherwise than because the debtor's property is wholly insufficient, or the court dismissed the insolvency petition otherwise than because its assets are insufficient to cover the costs of the insolvency proceedings.

(4) The condition of credibility is fulfilled in the case of a legal person having its registered office in the territory of a state other than the Czech Republic by the confirmation of credibility from the competent supervisory authority of the state of the registered office of the legal person.

Section 74

Decisive day

For the purposes of this Act, the decisive day shall be the date of filing of an application or notification under this Act and, in the case of a staff member or a member of the Supervisory or other similar body, the day of commencement of its appointment.

PART SIX
RULES OF CONDUCT

Title I
Basic provisions

Section 75
Professional care

A provider and an intermediary shall carry out their activities with professional care.

Section 76
Contact with consumers

(1) A provider and an intermediary acts honestly, transparently and takes into account the rights and interests of the consumer.

(2) A provider and an intermediary shall act in such a way that the consumer is clearly aware of their status as provider, Independent Intermediary, Tied Agent or Tied Consumer Credit Intermediary; in the case of a Tied Agent and a Tied Consumer Credit Intermediary, it must be clear who is the person represented.

Section 77
General rules of communication with consumers

(1) A provider and an intermediary, when communicating with the consumer, including a promotional notice, must not use unclear, untrue, misleading or deceptive information.

(2) A provider and an intermediary ensure that the content of communication is

- (a) conveyed in a clear, concise and prominent manner, and
- (b) adequate and accurate and it does not cover, mitigate or withhold important facts, information or warnings, in particular, it does not use wording which may give consumers false expectations regarding the availability of consumer credit and the amount of its costs.

Section 78
Keeping documents and records

(1) A provider and an intermediary in the provision or intermediation of consumer credit shall acquire documents or other records to the extent that it is necessary for a credible assessment of proper conduct of their obligations under this Act.

(2) In the performance of the obligation pursuant to subsection 1, the provider keeps in particular

- (a) consumer credit agreements,
- (b) documents or other records relating to the assessment of the consumer's creditworthiness, including data the consumer has provided for the database pursuant to Section 88 (1),
- (c) documents or other records relating to the provision, modification or termination of consumer credit, if they have been acquired, including the record of provided advice pursuant to Section 85 (3), record of the index used pursuant to Section 102 (5), or the business terms, if part of the contract,

- (d) records of other communications between the provider and the consumer, indicating the beginning, change or termination of the consumer credit, if they have been acquired, and from which the identity of the consumer is obvious; and
- (e) documents and other records referred to in points (c) and (d) if a Tied Agent or a Tied Consumer Credit Intermediary acted on its behalf.

(3) In the event the obligation under subsection 2 is not fulfilled by the provider, the intermediary shall, when fulfilling the obligation under subsection 1, keep in particular

- (a) agreements to intermediate consumer credit,
- (b) documents and other records relating to the intermediation of consumer credit, had they been acquired, including a record of the advice given pursuant to Section 85 (3) and business terms, if part of the contract,
- (c) records of other communication between the intermediary and the consumer, indicating the start, change or termination of consumer credit, if they have been acquired, and records and other communications form where the identity of the consumer is obvious; and
- (d) documents and other records referred to in points (b) and (c) if a Tied Agent acted on its behalf.

(4) A provider and an intermediary shall keep documents and records referred to in subsection 1 for at least 5 years from the date on which the legal relationship ceases or from the date of the legal act on the basis of which those documents and records have arisen, or 1 year from the date of the rejection of the request to grant consumer credit to the consumer. The obligation to keep documents and records under other legislation is not affected.

(5) The obligation referred to in subsection 1 shall also apply to the legal successor of the provider or intermediary and the person whose authorization to operate has been terminated or revoked.

(6) The recording of communication with the consumer shall be made in writing or in another probative way and shall include the date of communication, sufficient identification of the parties of the communication and the content of the communication.

Section 79

Prohibition of incentives

A provider and an intermediary may not accept, offer or provide payment, remuneration or other cash or non-monetary benefit ("incentive") in connection with its activity that may lead to a breach of the obligations set out in this Part. An incentive for the purposes of this Act is also an unusual consideration for a service provided or any provision of an unjustified advantage of a financial, material or non-material nature.

Section 80

Prohibition of dual remuneration from both consumer and provider

If an Independent Intermediary acts in the name and on behalf of the consumer on the basis of an agreement on intermediation of consumer credit and receives remuneration from the consumer for that activity, it may not at the same time, in relation to the consumer credit on which the agreement is based, act in the name and on behalf of the provider and receive remuneration for it from the provider.

Section 81
Term “independent”⁶

Applying the term independent, its derivatives, meaning synonyms, or translations into another language during the provision or intermediation of consumer credit, is only allowed to a provider or intermediary who consider consumer credit products from most subjects on the market, and who ensure that the remuneration structure of their staff members and intermediaries and their own staff members is not detrimental to their ability to act in the best interests of the consumer, in particular it is not dependent on a sales objective.

Section 82
Entry payment and remuneration

(1) A provider and an intermediary may not require from a person who participates or is to participate in the provision or intermediation of a consumer credit, payment of an entry fee or other similar payment as the condition for future remuneration for this activity.

(2) A provider and an intermediary must not derive remuneration for the provision or intermediation of consumer credit from the acquisition of other persons for this activity by the person providing remuneration.

Section 83
Restrictions on payments before granting consumer credit

(1) Before the conclusion of a consumer credit agreement, the provider or intermediary shall not be entitled to remuneration or other payment, except for the right to compensation for taxes, administrative fees or other similar monetary obligations and sensibly spent expenses for the valuation of the collateral for consumer credit. The obligation to meet the conditions for the provision of consumer credit from Building Savings under the Building Savings Act is not affected.

(2) If a provider or an intermediary requires the consumer to reimburse the cost of valuation of the immovable property provided as consumer credit collateral, it shall provide the consumer with the result of that valuation and its justification without undue delay upon its preparation.

Title II
Assessment of creditworthiness and provision of advice

Section 84
Information provided by the consumer

(1) Before giving the consumer advice pursuant to Section 85 (1) or assessing their creditworthiness pursuant to Section 86, a provider and an intermediary shall disclose to the consumer or have published which information and documents are necessary for the purpose of assessing their creditworthiness or giving them advice regarding the selection of suitable consumer credit product and the time of its provision. This information must be adequate and indispensable. If the provider requests this information through an intermediary, the intermediary shall pass the requested information to the provider.

(2) The consumer shall provide to the provider or intermediary, based on the requirements of the provider or intermediary referred to in subsection 1, complete and truthful

⁶ The term “independent”, outside of “Independent Intermediary” which is the name of a classification, is subject to this article.

information. If it is required to assess the creditworthiness of the consumer, the consumer shall explain or, where appropriate, provide additional information to the provider or the intermediary at his request. The provider and intermediary shall verify this information in a manner appropriate to the situation, if necessary by using independently verifiable data.

(3) The information disclosed or published pursuant to subsection 1 shall include a warning that if the consumer does not comply with the obligation under subsection 2 and the provider is unable to assess their creditworthiness, the provider will not provide consumer credit.

(4) The obligation from the agreement for consumer credit for housing purposes cannot be terminated simply because the information provided by the consumer pursuant to subsection 2 before the conclusion of the consumer credit agreement was incomplete. This does not apply if the consumer knowingly provided incomplete information or deliberately provided false information.

Section 85 **Rules of advice**

- (1) If a provider or an intermediary offers advice, it shall do so on the basis of
- (a) an analysis of
 - 1. the financial situation of the consumer, his requirements, objectives and needs, based on up-to-date information, and
 - 2. the risks to which the consumer may be exposed throughout the duration of the consumer credit;
 - (b) a selection from a sufficient number of suitable consumer credit products, which in the case of
 - 1. an Independent Intermediary and its Tied Agent means products available on the market,
 - 2. a provider and its Tied Agent means at least products available from the provider's own offer,
 - 3. a Tied Consumer Credit Intermediary means products available at least from the offer of all providers that the Tied Consumer Credit Intermediary represents.
- (2) A provider or intermediary shall inform the consumer from which products and of which providers the selection under subsection 1 is based.
- (3) The consumer shall receive, in paper form or on another durable medium, a record of the advice offered pursuant to subsection 1 which contains
- (a) requirements, objectives and needs of the consumer in relation to consumer credit,
 - (b) reasons on which the provider or intermediary bases its advice under subsection 1 concerning the conclusion of a suitable consumer credit contract or a substantial change in the obligation from such a contract,
 - (c) explanation of the impacts on the consumer from the conclusion of the consumer credit contract or a substantial change in the obligation from such a contract, including the associated risks, and
 - (d) the analysis referred to in subsection 1 a).
- (4) The right of a provider to provide the consumer with a recommendation under Section 3 (1) (a) (3) or the right of an intermediary to provide the consumer with a recommendation under Section 3 (1) (b) (3) is not affected. In the case of providing a recommendation referred to the first sentence, the provider or intermediary shall inform the consumer that it is not offering Advice under this Act.

Section 86

Assessment of creditworthiness of the consumer

(1) Prior to concluding a consumer credit contract or changing the obligation from such a contract by significantly increasing the total amount of consumer credit, the provider shall assess the creditworthiness of the consumer on the basis of necessary, reliable, sufficient and reasonable information obtained from the consumer and, if necessary, from the database enabling the assessment of creditworthiness or even from other sources. The provider shall provide consumer credit only if the outcome of the consumer creditworthiness assessment shows that there are no reasonable doubts about the consumer's ability to make repayments of the consumer credit.

(2) In assessing the creditworthiness of the consumer, a provider shall in particular assess the ability of the consumer to pay the agreed regular repayments of consumer credit, on the basis of a comparison of the consumer's income and expenditure and the manner of fulfilling of existing debts. It takes into account the value of the property if the consumer credit contract shows that the consumer credit is to be partially or wholly repaid by the proceeds of the sale of the property of the consumer rather than by regular repayments or if the financial situation of the consumer indicates that they will be able to repay the consumer credit without regard to their income.

Section 87

Consequences of failure to assess creditworthiness of the consumer

(1) If the supplier provides the consumer with a consumer credit in breach of Section 86 (1) second sentence, the contract shall be null and void. The consumer may raise an objection of invalidity within the 3-year limitation period which commences from the day of the conclusion of contract. The consumer is obliged to return the provided credit for the consumer credit at a time appropriate to their possibilities.

(2) If it is disputed what the time corresponding to the consumer's possibilities under subsection 1 is, this period shall be determined by the court at the request of one of the contracting parties and in the interest of fairly arranging the rights and obligations of the parties, taking account of the consumer's income and overall social and property conditions.

(3) If the consumer's possibilities change, the court may, at the request of one of the contracting parties, change the agreed time or the period determined by its previous decision.

Section 88

Information from databases

(1) The persons entitled to provide consumer credit may inform each other on the debts data that indicate the creditworthiness of the consumer through a database managed by a legal entity that

- (a) processes consumer data for the purpose of assessing their creditworthiness,
- (b) grants access to such data to persons entitled to provide consumer credit,
- (c) allows persons authorized to provide a consumer credit with the registered office or headquarters in another Member State of the European Union to access such data under the same conditions as persons with their registered office or headquarters in the Czech Republic,
- (d) does not condition access of persons entitled to provide consumer credit to such data by the authorization of such a person to the activities of a bank, foreign bank or savings and credit cooperative,

- (e) maintains confidentiality regarding the data obtained and protects them from misuse and
- (f) publishes the conditions for data access to persons entitled to provide consumer credit in a manner allowing for remote access.

(2) The provider is obligated to handle the consumer data obtained from the database referred to in subsection 1 as if it were data obtained from the consumer himself. The provider may use the consumer data obtained through the database referred to in subsection 1 solely to evaluate the assumptions for proper repayment of their debts, in particular to fulfill the obligations under Sections 85 and 86.

(3) The provider shall inform the consumer in accordance with the law regulating the protection of personal data about his intention to search for the data in the database pursuant to subsection 1.

Section 89

Information in case of refusal to provide consumer credit

In case the provider refuses to provide the consumer with a consumer credit as a result of his creditworthiness assessment, the provider shall inform the consumer without undue delay of the refusal and, if the reason for refusal is the result of automated data processing or search in the database pursuant to Section 88 (1), it informs the consumer of the result and the database used.

Title III

Information obligations towards the consumer

Chapter 1

General provisions

Section 90

General provisions on the provision of information to consumers

(1) A provider and an intermediary provide the information required by this Act to the consumer free of charge.

(2) Unless otherwise provided by this Act, information provided to the consumer pursuant to this Act shall be provided in paper form or on another durable medium.

Section 91

Required information in an advertisement

(1) Where a consumer credit or its intermediation is offered through an advertisement that includes any figures about its cost, the advertisement must contain

- (a) (a) in case of consumer credit for housing purposes, the name of the provider or, where relevant, the intermediary,
- (b) in the case of a requirement for collateral for consumer credit for housing purposes, information on this requirement,
- (c) the annual percentage rate of charge which must be given at least as visibly and clearly as any information on the borrowing rate,
- (d) the borrowing rate with the distinction whether it is a fixed or floating rate or a combination of both, along with the details of any charges linked to the consumer credit which form part of the total cost of consumer credit,
- (e) the total amount of consumer credit,

- (f) the amount of individual installments, in the case of consumer credit for housing purposes also their number,
- (g) the total amount payable by the consumer,
- (h) the duration of the consumer credit,
- (i) in the case of consumer credit in the form of deferred payment for a particular good or service, their price and the amount of any advance,
- (j) information on the obligation to conclude an agreement on an ancillary service relating to consumer credit, in particular insurance, where the conclusion of such a contract is a condition for obtaining a consumer credit on the terms and conditions offered and the cost of such service cannot be determined in advance, and
- (k) in case consumer credit in foreign currency is being offered, a warning that a change in the exchange rate may affect the amount of the repayment and the total amount payable by the consumer.

(2) The information referred to in subsection 1 c) to j) are given in the form of a representative example.

(3) In the case of consumer credit other than for housing purposes in the form of an overdraft facility payable on demand or within three months from the date of granting the consumer credit, the advertisement shall contain only the information referred to in subsection 1 (a), (b), (d), (e) and (k).

Section 92

Information permanently accessible to the consumer

(1) A provider shall always make available in paper form, on another durable medium, or on his website

- (a) its contact details, in particular the postal address for delivery, telephone number or e-mail delivery address,
- (b) the particulars of the register or list where it is possible to verify its authorization to operate,
- (c) data on the internal complaint handling mechanism,
- (d) data on the possibility of out-of-court settlement of consumer disputes through the Financial Arbitrator,
- (e) details on the supervisory authority,
- (f) general information on the consumer credit process, including information required from the consumer pursuant to Section 84 (1) in order to assess creditworthiness,
- (g) information on whether Advice is provided pursuant to Section 85 (1),
- (h) the purpose of the consumer credit, including, where appropriate, that the purpose of the consumer credit is not limited,
- (i) the forms and conditions for securing the consumer credit, if required,
- (j) examples of possible duration of consumer credit,
- (k) types of borrowing interest rates available, together with a brief description of fixed and floating rate characteristics, and where appropriate the name of the reference rate⁷, including the related implications for the consumer,
- (l) in case consumer credit in a foreign currency is being offered, the indication of that currency, including an explanation of the consequences for the consumer arising from the conclusion of a consumer credit contract in a foreign currency,

⁷ Regulation (EU) 2016/1011 of the European Parliament and of the Council of 8 June 2016 on indices used as benchmarks in financial instruments and financial contracts or to measure the performance of investment funds and amending Directives 2008/48/EC and 2014/17/EU and Regulation (EU) No 596/2014

- (m) a representative example of the total amount of consumer credit, the total cost of consumer credit, the total amount payable by the consumer and the annual percentage rate of charge,
- (n) any other costs that are not included in the total cost of the consumer credit and which the consumer has to pay in connection with the consumer credit contract,
- (o) options for repayment of consumer credit to the provider including the number, frequency and amount of the repayments,
- (p) where applicable, clear and concise notice that repayment of consumer credit under the consumer credit contract does not guarantee repayment of the total amount of consumer credit,
- (q) conditions for early repayment of consumer credit,
- (r) any claim for valuation of immovable property, costs resulting from this valuation for the consumer and information on whether the valuation is to be made by the consumer,
- (s) information on the obligation to conclude an ancillary service contract relating to a consumer credit where the conclusion of such a contract is a condition for obtaining consumer credit on the terms offered, including information on whether the consumer is limited to the offer of the provider or intermediary,
- (t) a warning on the possible consequences of non-compliance with the consumer credit contract.

(2) The information referred to in subsection 1 relates to consumer credit products in current offer of the provider.

Section 93

Information regarding an intermediary

(1) An intermediary, sufficiently in advance of consumer credit intermediation, shall provide the consumer with information on

- (a) whether it is an Independent Intermediary, a Tied Agent or a Tied Consumer Credit Intermediary,
- (b) contact details of the intermediary and its represented, in particular the postal address for delivery, telephone number or, where applicable, e-mail delivery address; it shall also state whether it represents a provider or an intermediary,
- (c) the register where it is possible to verify its authorization to operate, the registration number and the procedure for verifying the registration of an intermediary in the register,
- (d) the provision of Advice pursuant to Section 85 (1) and information on which of the providers' offers the Advice is based on,
- (e) the prohibition of tying the conclusion of a consumer credit intermediation contract with any ancillary service,
- (f) the amount of remuneration or incentive to be paid by the provider or a third party to the intermediary for services in connection with the consumer credit for housing purposes contract; if this amount is not yet known, the intermediary shall inform the consumer that the actual amount will be stated later in the pre-contractual information provided pursuant to Section 94,
- (g) the amount of remuneration paid by the consumer to the intermediary, if this is not possible, the method of its calculation; the intermediary shall inform the consumer that it cannot simultaneously receive a payment or incentive from the consumer as well as from the provider or a third party,
- (h) the consumer's right to request information on the amount of the commission which, in connection with the intermediation of a consumer credit for housing purposes, is provided

to the intermediary by the individual providers whose consumer credit the intermediary intermediates,

- (i) the internal complaint handling mechanism,
- (j) the possibility of out-of-court settlement of consumer disputes through the Financial Arbitrator,
- (k) the supervisory authority.

(2) The intermediary is required to communicate also to the provider the amount of remuneration referred to in subsection 1 (g) for the purpose of calculating the annual percentage rate of charge for consumer credit.

(3) At first contact with the consumer an intermediary shall at least provide to the consumer the information referred to in subsection 1 (a) and, in case of a Tied Agent or Tied Consumer Credit Intermediary, also information on the person represented.

Chapter 2

Pre-contractual information

Section 94

Providing and explaining pre-contractual information

(1) Information pursuant to Section 95 to 98 shall be provided to the consumer by the provider.

(2) The provider shall duly explain the provided information to the consumer so that the consumer is able to assess whether the proposed consumer credit contract corresponds to their needs and financial situation. Adequate explanation includes, in particular, the explanation of the pre-contractual information provided under subsection 1, including the consequences of the delay in fulfilling the consumer's obligations under the consumer credit contract and the basic information on the individual products offered and their impact on the consumer; in case of ancillary services tied with consumer credit product also the consequences of their discontinuation.

(3) Where a consumer credit is intermediated by an intermediary, the intermediary is obligated to provide the consumer with the information and the appropriate explanation in the same way as the provider. This is without prejudice to the obligations of the provider.

(4) If the obligation to provide information and the appropriate explanation is fulfilled by the intermediary, this obligation is considered to be fulfilled also by the provider. If the obligation to provide information and the appropriate explanation is fulfilled by the provider, this obligation is considered to be fulfilled also by the intermediary.

(5) The obligation to provide information and explanations pursuant to subsection 3 shall not apply to a Tied Consumer Credit Intermediary. This is without prejudice to the obligation of the provider to provide information and explanation.

Section 95

Information provided before the conclusion of a consumer credit contract

(1) Before concluding a consumer credit other than for housing purposes contract, consumers must be provided with information on

- (a) the type of consumer credit,
- (b) the contact details of the provider or intermediary, in particular the postal address for delivery, telephone number or e-mail delivery address,

- (c) the total amount of consumer credit and the conditions for its use,
- (d) the duration of the consumer credit,
- (e) goods or services and their cost, which would have been paid without the use of consumer credit, in the case of consumer credit in the form of deferred payment for goods or services and a tied consumer credit contract,
- (f) the borrowing interest rate, the conditions governing the use of that rate and, where appropriate, any index or reference interest rate applicable to the initial interest rate as well as the terms, conditions and procedure for changing the borrowing interest rate; where different interest rates apply in different circumstances, the above information is on all interest rates,
- (g) the total amount to be paid by the consumer and the annual percentage rate of charge for consumer credit, which must be further explained by means of a representative example, indicating any assumptions used for its calculation, for which the provider is required to take into account the requirements the consumer indicated; if the consumer credit agreement provides for different forms of drawing with different fees or borrowing rates, and if the provider uses the assumption set out in Part 2, point 2 of Annex 1 to this Act, it states that other drawdown mechanisms applied to this type of consumer credit may lead to higher annual percentage rates of charge for consumer credit,
- (h) the amount, number and frequency of payments to be made by the consumer or, where appropriate, the method of assigning payments to individual amounts owed with different borrowing rates for repayment purposes,
- (i) payments for the management of one or more accounts recording payment transactions and drawdowns, unless the opening of the account is optional, payments for the use of payment instruments for payment transactions and drawdowns and any other payments resulting from the consumer credit contract and the conditions under which such charges can be changed,
- (j) where applicable, the consumer's obligation to pay the notary the cost of concluding a consumer credit contract,
- (k) any obligation to conclude a contract for an ancillary service related to a consumer credit contract where the conclusion of an ancillary service contract is mandatory for obtaining consumer credit or for obtaining consumer credit under the terms and conditions offered,
- (l) the applicable interest rate in the event of late payment or contractual penalty in the event of default of the consumer and any other consequences resulting from consumer's default,
- (m) any collateral required,
- (n) the right to withdraw from a consumer credit contract,
- (o) the right to make early repayment of consumer credit, and the potential right of the provider to get reimbursement of the costs incurred and the method of determining them,
- (p) the right of the consumer to prompt and free notification about the search result in a database enabling consumer creditworthiness to be assessed in case the consumer credit request is rejected on the basis of database searches, and data on the database used,
- (q) the right of the consumer to receive a draft text of the consumer credit contract free of charge,
- (r) the time period for which the provider is bound by the information provided before the conclusion of the consumer credit contract or the proposal for the conclusion of the contract, and
- (s) the fact that the possible use of capital generated by consumer payments rather than repayment of consumer credit will lead to the full repayment of the consumer credit.

(2) Before concluding a consumer credit contract for housing purposes, the information specified in Annex 4 to this Act shall be provided to the consumer.

(3) If the borrowing interest rate of consumer credit other than for housing purposes is dependent on a reference rate⁸, the consumer must also be provided with information about its name and administrator and about any related implication to the consumer.

Section 96

Information provided before the conclusion of a consumer credit contract in the form of an overdraft facility

In case of consumer credit in the form of an overdraft facility payable on demand or within 3 months of the date of the provision, the consumer must be provided with the information pursuant to Section 95 (1) (a) to (d), (f), (l), (p) and (r) and also with information on

- (a) conditions and procedures for terminating consumer credit,
- (b) the obligation of the consumer to pay consumer credit in full at the provider's request if such an obligation is required, and
- (c) other costs linked to consumer credit from the time of the conclusion of the consumer credit contract and the conditions under which those costs may be changed.

Section 97

Information provided prior to the conclusion of the contract in order to avert the claims of the provider

In the case of a contract pursuant to Section 5(4) is being concluded, the information specified in Section 96 and Section 95(1) g), h) and o) are to be provided.

Section 98

Information provided when negotiating a consumer credit contract by voice telephony

(1) If, before the consumer has received draft contract terms that are to be part of the consumer credit contract pursuant to Section 105 (2), a consumer credit contract is being negotiated by voice telephony, the consumer must at least receive information specified in Section 95 (1) c) to f). In addition, the consumer must be provided with information on the total amount to be paid by the consumer and the annual percentage rate of charge for consumer credit and the amount, number and frequency of payments to be made by the consumer or, where appropriate, the method of assigning payments to individual amounts with different borrowing rates for repayment purposes. This does not apply to consumer credit under Sections 96 and 97 and consumer credit for housing purposes. In the case of consumer credit for housing purposes, information provided in Part A, Sections 3 to 6 of Annex 4 to this Act must be provided to the consumer.

(2) If the consumer requests by voice telephony immediate availability of an overdraft facility, they must be provided with

- (a) in the case of consumer credit under Section 96, the information specified in Section 95 (1) c), f) and g) and Section 96 b),
- (b) in the case of consumer credit under Section 97, information referred to in (a) and information referred to in Section 95 (1) d),
- (c) in the case of consumer credit in the form of an overdraft facility due within 1 month from the date of granting the consumer credit, information referred to in (a).

⁸ Regulation (EU) 2016/1011 of the European Parliament and of the Council of 8 June 2016 on indices used as benchmarks in financial instruments and financial contracts or to measure the performance of investment funds and amending Directives 2008/48/EC and 2014/17/EU and Regulation (EU) No 596/2014

Section 99

Form of information provision

(1) Information pursuant to Section 95 (1) shall be provided on the form set out in Annex 2 to this Act.

(2) Information pursuant to Section 95 (2) shall be provided by the European Standardized Information Sheet as laid down in Annex 4 to this Act.

(3) Information pursuant to Sections 96 and 97 shall be provided on the form provided in the case

(a) of consumer credit other than for housing purposes in Annex 3 to this Act,

(b) of consumer credit for housing purposes in Annex 4 to this Act.

(4) Unless this act stated otherwise, all information must be equally distinct. Information other than that referred to in Section 93 (1), Section 95 (1) and (2), Section 96 and 97 shall be provided in a separate document.

(5) Information pursuant to Section 98 shall be provided by voice telephony.

(6) By providing information in the way specified in subsections 1 to 4, the provider fulfills the information obligations under the Civil Code regarding contracts concluded with a consumer.

Section 100

Timeframe for providing pre-contractual information

(1) The obligation under Section 94 concerning information under Section 95 to 98 must be fulfilled

(a) without undue delay after the provider has assessed the consumer's creditworthiness on the basis of the information provided by the consumer pursuant to Section 84; and

(b) sufficiently in advance to the conclusion of the consumer credit contract or before the consumer makes a binding offer for the conclusion of such a contract.

(2) The obligation under Section 94 must also be fulfilled whenever the provider submits to the consumer an offer for conclusion of a consumer credit contract and the information under Section 95 to 98 has not yet been provided or such a proposal differs from the information previously provided.

(3) Where consumer credit is being negotiated at the request of the consumer by means of distance communication which do not enable the provision of pre-contractual information in accordance with subsection 1, the information pursuant to Section 95 to 97 shall be provided in accordance with Section 99 when concluding a consumer credit contract, and, if this is not possible, without undue delay after the conclusion of this contract.

(4) If consumer credit other than for housing purposes in the form of an agreement pursuant to Section 5 (4) is negotiated outside normal business premises of the provider or intermediary, the information on the annual percentage rate of charge shall be provided to the consumer in accordance with Section 99 without undue delay after the conclusion of this agreement.

Chapter 3
Information provided during the duration of the obligation

Section 101
Information provided during the duration of consumer credit

(1) For the duration of consumer credit concluded for an indefinite period and consumer credit in the form of an overdraft facility, the provider shall provide the consumer regularly and in an appropriate interval a statement containing information on

- (a) the period to which the information referred to in points (b) to (h) applies,
- (b) the amount and date of drawing of consumer credit,
- (c) the balance of the previous period and its date,
- (d) the new balance,
- (e) the date and amount of the payments made by the consumer,
- (f) the borrowing rate used,
- (g) any payments relating to consumer credit paid in the given period, and
- (h) the minimum amount to be paid by the consumer.

(2) If amortization of the consumer credit principal follows from a consumer credit contract with a fixed duration, the provider shall, upon request at any time during the term of the contract, provide the consumer with a table of amortization laid down in Annex 5 to this Act.

Section 102
Information on changing the borrowing interest rate

(1) If the option and method of changing the borrowing interest rate is negotiated in the consumer credit contract other than in the form of overdraft facility, the provider shall, for the duration of the consumer credit, inform the consumer about any change in the borrowing interest rate reasonably in advance before its entry into force, otherwise this change does not take effect towards the consumer. This information includes

- (a) a new rate of the borrowing interest rate,
- (b) a new amount of repayments after adjustment of the borrowing interest rate, and
- (c) if applicable, the new number and frequency of installments referred to in (b).

(2) If the option and method of increasing the interest rate or payments are agreed in a consumer credit contract in the form of an overdraft facility, the provider shall, for the duration of the consumer credit, inform the consumer of every increase in the interest rate or payment, reasonably in advance before they come into force, otherwise this increase is not effective against the consumer.

(3) In the case of consumer credit for housing purposes with a fixed interest rate for a period of at least 1 year followed by another fixed interest rate period of at least 1 year, the provider shall provide the consumer with the information referred to in subsection 1 at the latest 3 months before the end of the period of the fixed interest rate.

(4) Contracting parties may agree that information on changes in the borrowing interest rate referred to in subsections 1 and 2 may be provided to the consumer on a regular basis and within a reasonable interval, and the information referred to in subsection 2 may be part of the information pursuant to Section 101 (1), if the change in the borrowing interest rate is dependent on a change in a reference rate and if such a change in the reference rate is appropriately disclosed, made available on the provider's premises and, in case of consumer credit for housing purposes, communicated directly to the consumer.

(5) If the change in the borrowing interest rate of consumer credit is dependent on a change in a reference rate or index, the information on the reference rate or index used shall be clear, available, objective and verifiable.

(6) If the provider cannot inform the consumer of a change in the borrowing interest rate in advance because the change in the borrowing interest rate is determined by trading in an investment instrument under the act regulating capital markets, the provider shall inform the consumer of such a trade sufficiently in advance of its execution and of what impact on the borrower's interest rate the provider expects.

Section 103

Information for consumer credit in a foreign currency

In the case of a consumer credit in foreign currency contract, the provider shall inform the consumer without undue delay after the amount of the remaining total amount to be paid by the consumer or the amount of individual installments reaches values increased by 20% compared to the values calculated in Czech crowns using the exchange rate at the time of the conclusion of the consumer credit contract, and then regularly, but at least once a year, on

- (a) the remaining total amount to be paid by the consumer,
- (b) the amount of individual installments,
- (c) the conditions for the exercise of the right to change the currency in which the consumer credit is expressed, if relevant, and
- (d) other risk mitigation measures resulting from a change in the exchange rate adopted by the provider in accordance with Section 116 (2).

PART SEVEN

CONSUMER CREDIT CONTRACT

Title I

Consumer credit contract

Section 104

Form

The consumer credit contract requires a written form and must contain information in accordance with Section 106 to 108 and Section 109 (1) in a clear, concise and distinct manner. Failure to comply with this obligation or the written form shall not result in the nullity or invalidity of the contract.

Section 105

Providing the consumer with a contract

(1) The provider or intermediary shall provide the consumer with one copy of the consumer credit contract in paper form or on another durable medium as soon as the contract has been concluded.

(2) In good time before the conclusion of the consumer credit contract, the provider or intermediary shall submit to the consumer a draft of the contractual terms that are to be included in the consumer credit contract in the form of a draft text of this contract.

Section 106

Information included in a consumer credit contract

- (1) A consumer credit contract shall always include the following information:
- (a) type of consumer credit,
 - (b) contact details of the parties, and, if the consumer credit is intermediated, also the contact details of the intermediary, in particular the postal address, telephone number or, if applicable, the e-mail delivery address,
 - (c) total amount of consumer credit and the conditions for its use,
 - (d) duration of the consumer credit; if not possible, the method of its determination,
 - (e) determination of the goods or service and their price which would have been paid without the use of consumer credit, in the case of consumer credit in the form of deferred payment for goods or services or tied consumer credit,
 - (f) the borrowing interest rate, the conditions governing the use of that rate and, where available, the indication of any index or reference rate applicable to the initial borrowing interest rate, as well as the periods, conditions and procedure for changing the borrowing interest rate; where different borrowing interest rates apply in different circumstances, such information shall be given in respect of all the borrowing interest rates,
 - (g) the annual percentage rate of charge for consumer credit, any assumptions used to calculate that rate and the total amount payable by the consumer expressed in numerical terms and calculated with regard to the time of the envisaged conclusion of the consumer credit contract,
 - (h) the amount, number and frequency of payments to be made by the consumer and, where appropriate, the order of allocating payments to individual outstanding balances charged at different interest rates for the purposes of repayment; where in case of consumer credit for housing purposes is not possible to determine the amount, number and frequency of payments to be made by the consumer at the time of conclusion of the consumer credit contract, the provider shall specify the conditions on which the amount, number and frequency of payments to be made by the consumer depend,
 - (i) where a consumer credit contract with a fixed duration involves amortization of the principal, information about the right to receive free of charge an account statement in the form of the amortization table in Annex 5 to this Act at any time during the duration of the obligation from such a contract,
 - (j) a statement showing the periods and conditions for the payment of interest and any associated recurrent or non-recurrent charges, if such charges and interest are to be paid without amortization of principal,
 - (k) where applicable, the obligation of the consumer to pay charges for the management of one or more accounts recording payment transactions and drawdowns, their amount if known to the provider and the conditions under which those charges may be changed, unless the opening of such account is optional, the obligation of the consumer to pay charges for the use of a means of payment for payment transactions and drawdowns, their amount if known to the provider, and any other charges resulting from the consumer credit contract,
 - (l) the interest rate applicable in the case of late payments valid at the time the consumer credit contract is concluded and the conditions for its adjustment and other consequences resulting from the default of the consumer,
 - (m) information on possible costs of notary services or other similar costs and their amount, if known to the provider,
 - (n) the requirement for collateral or insurance,

- (o) information on the right to withdraw from a consumer credit contract other than for housing purposes, and the period within which that right may be exercised and other conditions for the exercise of that right, including information on the consumer's obligation to pay the principal and the interest payable under Section 118 (4), as well as the amount of interest payable per day,
- (p) information about the rights resulting from Section 119 (1) and (3) and the conditions for their exercise,
- (q) information on the right to early repayment of consumer credit, where applicable information on the right of the provider to reimburse the costs incurred and in case of consumer credit other than for housing purposes information on how they are to be determined,
- (r) information on how to terminate the contractual relationship,
- (s) information on the possibility of out-of-court settlement of consumer disputes through the Financial Arbitrator,
- (t) designation of the competent supervisory authority, and
- (u) information as to whether the possible use of capital generated by consumer payments instead of repayment of consumer credit will lead to the full repayment of the consumer credit.

(2) The consumer credit in foreign currency contract shall also contain information on the measures taken by the provider in accordance with Section 116 (1). If such a measure does not limit the exchange risk to which the consumer is exposed to a change in the exchange rate below 20 %, the contract also includes an illustrative example of how the 20% change in the exchange rate will affect the consumer's obligation from a consumer credit contract in a foreign currency.

Section 107

Information in the consumer credit contract in the form of overdraft facility

In the case of a consumer credit in the form of overdraft facility where the consumer credit has to be repaid on demand or within 3 months of the date of the granting of the consumer credit, the consumer credit contract must contain the following information:

- (a) information stated in Section 106 (1) (a) to (d), (f) and (o),
- (b) a warning that the consumer may at any time be called upon to repay the full amount of the consumer credit, if that option results from the contract,
- (c) information on payments in effect at the time of conclusion of the contract and on the conditions under which such payments may be changed, and
- (d) the total consumer credit costs, calculated at the time of the envisaged conclusion of the consumer credit contract.

Section 108

Information in the consumer credit contract in the form of overrunning

(1) If a contract on payment services allows for overrunning, such contract must include information on

- (a) the borrowing interest rate and the conditions of application of this rate,
- (b) the reference interest rate applicable to the initial borrowing interest rate, and
- (c) possible sanctions, late payment interest for this overrunning and other charges.

(2) The information referred to in subsection 1 shall also be provided to the consumer by the provider on a regular basis and in a reasonable interval in paper form or on another durable medium.

(3) If there is a significant overrun, which lasts for more than 1 month, the provider immediately informs the consumer in paper form or on another durable medium of

- (a) this overrunning,
- (b) its amount,
- (c) the borrowing interest rate, and
- (d) possible sanctions, late payment interest for this overrunning and other charges.

Section 109

Information in the agreement to avert the claims of the provider

(1) An agreement to defer payment or change the method of repayment in order to avert the claims of the provider arising from consumer credit other than for housing purposes as a result of consumer's default, whereby the contractual arrangements are in aggregate at least as favorable for the consumer as in the original consumer credit contract, must contain the information provided in Section 106(1) a) to i), l) and q). This agreement, if it is concluded outside normal business premises of the provider or intermediary, need not contain information on the annual percentage rate of charge if that information is provided to the consumer without undue delay after the conclusion of the agreement.

(2) An agreement to defer payment or change the method of repayment in order to avert the claims of the provider arising from consumer credit for housing purposes as a result of consumer's default, whereby the contractual arrangements are in aggregate at least as favorable for the consumer as in the original consumer credit agreement, must contain the information provided in Section 106 (1) b) to f), h), i), l) and q).

Section 110

Consequences of non-compliance with the requirements for the form and content of the consumer credit contract

(1) If a consumer credit contract does not include information on the borrowing interest rate, the annual percentage rate of charge or the total amount to be paid by the consumer, if the written form of the contract has not been complied with in respect of any of that information or if a written copy of a contract containing this information was not provided to the consumer on paper or on another durable medium, the borrowing interest rate is considered to be the repo rate published by the Czech National Bank, valid on the day of the conclusion of the consumer credit contract, if the borrowing interest rate has not been negotiated lower. The arrangements for any other charges agreed in the consumer credit contract are not taken into account.

(2) If a consumer credit contract contains information on a borrowing interest rate which is lower than the information on the total amount to be paid by the consumer indicates, the total amount to be paid by the consumer shall be reduced to reflect the borrowing interest rate specified in the consumer credit contract. If a consumer credit contract contains information on the total amount to be paid by the consumer which is lower than the information on the borrowing interest rate indicates, the borrowing interest rate shall be reduced to reflect the total amount to be paid by the consumer specified in the consumer credit contract.

(3) If a consumer credit contract contains information on the annual percentage rate of charge lower than the real figure, the borrowing interest rate and the total amount to be paid

by the consumer shall be reduced to correspond to the annual percentage rate of charge specified in the consumer credit contract.

(4) If it has been agreed that the consumer will pay in installments, the changes resulting from subsections 1 to 3 shall be taken into account proportionately in individual installments. The creditor calculates a new amount of installments at the consumer's request and communicates it to the consumer.

(5) If the consumer credit contract, in violation of this act, does not contain a written information on

- (a) any of the creditor's rights towards the consumer or the conditions under which the creditor may exercise that right, it shall be considered that the creditor have no such right,
- (b) any obligations of the consumer towards the creditor or the conditions under which the consumer is required to fulfill that obligation, it shall be considered that the consumer have no such obligation,
- (c) the conditions under which the consumer may exercise a certain right towards the creditor, the consumer shall be entitled to exercise that right, even if those conditions are not met.

(6) If the consumer credit contract, in violation of this act, contains information about the right or obligation or the conditions of their application or fulfillment, which do not correspond to the enforceable provisions of this act, subsection 5 shall apply mutatis mutandis.

Section 111 **Reflection time**

If the provider submits to the consumer draft terms of the contract that are to be the substance of a consumer credit contract for housing purposes, the provider may not change or withdraw this proposal within 14 days unless circumstances have arisen during that period as to the creditworthiness of the consumer, with regard to which the creditor, pursuant to Section 86 (1), is obligated not to provide the credit under the proposed conditions. If the consumer communicates to the provider or the intermediary within 14 days from the date when the draft terms of the contract were submitted to the consumer that he or she accepts the proposal, the provider shall conclude without undue delay a consumer credit contract with the consumer on the basis of the proposed draft terms of the contract. Section 1787 of the Civil Code shall apply mutatis mutandis.

Title II **Certain Terms of Service**

Section 112

Exclusion of the use of promissory notes, bills of exchange and cheques

(1) A promissory note, bill of exchange or cheque cannot be used to repay or secure consumer credit.

(2) Subsection 1 shall not apply to consumer credit for housing purposes under Section 2 (2) (b) which cannot be for a transitional period sufficiently secured pursuant to Section 113 (2). Such consumer credit for housing purposes may be secured by a recta promissory note which the creditor is obligated to return to the consumer immediately after securing the consumer credit for housing purposes under Section 113 subsection 2.

(3) The provider and the intermediary jointly and equally compensate the consumer for damage caused by breaching the prohibition set out in subsection 1.

Section 113

Securing consumer credit

(1) At the moment of conclusion of the consumer credit contract, the consumer credit security must not be in a grossly disproportionate proportion to the value of the secured claim. This does not apply in the case of consumer credit for housing purposes under Section 2 (2) (b) or (c), and where the purchase or retention of the object serving as collateral is financed by consumer credit other than for housing purposes secured by such object.

(2) If immovable property or a right in rem on immovable property is used to secure consumer credit, such collateral may only take the form of a mortgage; other arrangements for the purpose of securing consumer credit shall be disregarded.

(3) When valuing the collateral for consumer credit for housing purposes, it shall be valued at the customary price according to the Act on Property Valuation. The valuation of the collateral object must be fair and objective and must be recorded in paper form or on another durable medium. Persons conducting the valuation must be credible, professionally competent and sufficiently independent of the consumer credit provision process.

Section 114

Use of a phone number with a higher than standard price

When providing consumer credit through voice telephony, text, or multimedia messages, a phone number with a higher than standard price cannot be used to access services, in particular a phone number for accessing priced services, a telephone number for accessing universal access service or telephone number for access to shared-cost services under another legal regulation⁹.

Section 115

Restriction of tied consumer credit provision

(1) It is forbidden to bind the conclusion of a consumer credit contract to the conclusion of a contract in which an ancillary service is arranged unless it is possible to conclude a consumer credit contract without concluding an ancillary service contract.

(2) Where the conclusion of a consumer credit contract is conditional to the conclusion of an insurance contract, the provider may not limit the consumer's choice of the insurer.

(3) Subsections 1 and 2 shall not apply to

- (a) a free payment or savings account, the purpose of which is to collect funds for the repayment or management of consumer credit,
- (b) building savings scheme under the Building Savings Act, or
- (c) insurance of a vehicle financed by consumer credit.

Section 116

Limitations of risks arising from consumer credit in foreign currency

(1) Where a consumer credit contract is concluded in a foreign currency, the provider shall allow the consumer, under the conditions laid down by the consumer credit contract, to change the currency in which the consumer credit is expressed to the currency

⁹ No. 117/2007 Coll. Decree on numbering plans for electronic communications networks and services, as amended.

- (a) in which the consumer has had their main income at the time of the last creditworthiness assessment in respect to that consumer credit,
- (b) in which the consumer has held the assets from which consumer credit was to be repaid during the last creditworthiness assessment made in respect of that consumer credit,
- (c) of the Member State in which the consumer was domiciled at the time of the conclusion of the consumer credit contract, or
- (d) of the Member State in which the consumer is domiciled at the time he or she requests a change in the currency in which the consumer credit is expressed.

(2) If the provider does not allow the consumer to change the currency in which the consumer credit is expressed, it shall provide other mechanisms to limit the risk resulting from the exchange rate change between the currency in which the consumer credit is expressed and the CZK; if the consumer credit in foreign currency is expressed in CZK, between the CZK and the currency referred to in subsection 1 different from the CZK.

(3) The exchange rate in which the consumer credit is expressed in accordance with subsection 1 shall be the rate announced by the Czech National Bank for the day the consumer requested the change of currency unless otherwise stipulated in the consumer credit contract.

Title III

Certain terms of termination of obligation from a consumer credit contract

Section 117

Early repayment of consumer credit

(1) The consumer is entitled to repay consumer credit wholly or in part at any time of the duration of consumer credit. In such a case, the consumer is entitled to have the total cost of consumer credit reduced by the amount of interest and other costs that the consumer would have to pay if the consumer credit was not repaid early.

(2) In the event of early repayment of consumer credit, the creditor shall be entitled to reimbursement of the sensibly spent expenses incurred in connection with early repayment.

(3) A creditor may not claim reimbursement of early repayment costs under subsection 2 if early repayment has been made

- (a) from insurance benefit where the insurance was designed to secure the repayment of consumer credit,
- (b) in the case of consumer credit granted in the form of an overdraft facility,
- (c) during a period for which no fixed borrowing rate is set,
- (d) in the case of consumer credit for housing purposes within 3 months after the provider has communicated to the consumer a new amount of the borrowing rate pursuant to Section 102 (3),
- (e) in the case of consumer credit for housing purposes as a result of death, long-term illness or invalidity of the consumer as a debtor under a consumer credit contract, or his spouse or partner, if this leads to a significant reduction in the consumer's ability to repay consumer credit for housing purposes,
- (f) in the case of consumer credit for housing purposes, up to 25% of the total amount of consumer credit within 1 month before the date of the anniversary of the conclusion of the consumer credit for housing purposes contract.

(4) The amount of reimbursement pursuant to subsection 2 may not exceed 1% of the portion of the total amount of consumer credit which has been early repaid, provided that the

period between the early repayment and the agreed end of the consumer credit exceeds 1 year. If this period is not longer than one year, the reimbursement of the expenses may not exceed 0.5% of the early repaid portion of the total amount of consumer credit. The provisions of the preceding sentences do not apply to the expenses that the creditor is entitled to claim in connection with the early repayment of the consumer credit for housing purposes; with the exception of the early repayment of consumer credit for housing purposes relating to the sale of immovable property which purchase or construction was financed by such consumer credit or by which such consumer credit was secured, where the consumer is entitled to fully repay the consumer credit for housing purposes on the condition the duration of the consumer credit contract exceeds period of more than 24 months, while entitling creditors to claim reimbursement of expenses under subsection 2, which may not exceed 1% of the amount of the consumer credit which has been early repaid, but not more than 50,000 CZK.

(5) The amount of reimbursement shall also not exceed the amount of interest that the consumer would have paid over the period from the early repayment to the end of consumer credit, and in the case of consumer credit for housing purposes for the period from early repayment to the end of the period for which the fixed borrowing rate was set.

(6) A consumer who notifies the provider of their intention to early repay consumer credit for housing purposes shall without undue delay be provided by the provider, in order to consider the consequences of early repayment, with

- (a) a quantification of the amount owed that the consumer will have to pay in the case of early repayment, with the distinction of principal, interest and other costs associated with early repayment,
- (b) information on the amount of reimbursement of the expenses to the provider referred to in subsection 2, indicating any assumptions for its calculation, and
- (c) information on any other consequences of early repayment for the consumer, including information on the conditions under which creditors cannot claim reimbursement of early repayment expenses under subsection 3.

Section 118

Withdrawal from a consumer credit other than for housing purposes contract

(1) The consumer may withdraw from a consumer credit contract other than for housing purposes without giving any reason and without any sanction within 14 days from the date of conclusion of this contract. In the event that this contract does not contain information under Section 106 to 108 or Section 109 (1), the withdrawal period shall not end earlier than 14 days after the provider has provided the missing information to the consumer in paper form or on another durable medium.

(2) From a consumer credit other than for housing purposes contract may be withdrawn pursuant to subsection 1 in writing, in accordance with the information provided in this contract on the right of withdrawal. The withdrawal period shall be deemed to be maintained if the withdrawal is sent to the provider in paper form by the postal service provider or on another durable medium no later than the last day of the time period.

(3) By withdrawing from a consumer credit other than for housing purposes contract, the consumer credit other than for housing purposes is terminated from the outset. The provider shall not be entitled to claim any performance from the consumer except the performance referred to in subsection 4.

(4) If consumer credit contract has been withdrawn from, the consumer shall pay to provider without undue delay, but within 30 days from the date of dispatch of the withdrawal,

- (a) the principal of the provided consumer credit,
- (b) interest at the rate at which the provider would be entitled to if the withdrawal would not have taken place for the period from the date on which the consumer credit was drawn to the day on which the principal was repaid, and
- (c) any irrecoverable fees paid by the provider to public authorities or other persons in charge of the performance of public administration.

(5) Where a provider or a third party provides, under a contract between a third party and a provider, an ancillary service related to the consumer credit contract, termination of this contract also terminates the obligation from the ancillary service contract. The provider shall inform the third person without undue delay about the date of withdrawal.

(6) If the consumer has the right to withdraw from a consumer credit contract under this Act, the provisions of the Civil Code governing the withdrawal from distance contracts or off-premises contracts shall not apply.

Section 119

Termination of tied consumer credit

(1) Where a consumer withdraws from a contract for the purchase of goods or the provision of a service where the price of the good or service is fully or partially covered by a tied consumer credit, the tied consumer credit is terminated. The consumer shall inform the provider of this fact. The termination of a tied consumer credit may not be tied to the application of any sanction by the provider or a third party.

(2) If the contract for the purchase of goods has been concluded outside the normal business premises or by the use of means of distance communication and the consumer has returned the goods to the seller, the consumer is not obligated to return the provided funds to the provider before the purchase price is refunded by the seller.

(3) The provider is liable for the monetary debt of the seller or service provider to the consumer if the seller or service provider has acknowledged that debt in written form as regards the reason and amount or if the claim corresponding to that debt was granted by decision of a public authority.

Section 120

Withdrawal from consumer credit

(1) A consumer is entitled to terminate a consumer credit negotiated for an indefinite period at any time. The notice period runs only if it has been negotiated and may not be longer than 1 month. No payment can be required for the filing of the notice.

(2) A provider is entitled, if stipulated in the consumer credit contract, to terminate in writing consumer credit negotiated for an indefinite period, in paper form or on another durable medium. The notice period shall not be less than 2 months.

Section 121

Termination of consumer credit drawdown

Where agreed in a consumer credit contract concluded for an indefinite period the provider may, for objective reasons, terminate the consumer credit drawdown. The provider must inform the consumer in advance about this fact and the reasons for this; if this is not possible then without undue delay after the fact. This information is provided in paper form or on another durable medium. The provisions of the second sentence shall not apply if the provision of such information is prevented by other legislation.

Title IV
Action of a creditor in case of consumer arrears

Section 122
Restrictions on payments related to consumer arrears

(1) A creditor may, in case of consumer arrears on the fulfillment of a debt resulting from a consumer credit contract, only negotiate

- (a) the right to reimbursement of sensibly spent expenses incurred in the context of the consumer's arrears; if a higher compensation has been agreed upon, the contract shall in this part be considered a contractual penalty,
- (b) late payment interest, the amount of which may not exceed the amount laid down by the act governing interest for late payment, or
- (c) a contractual penalty.

(2) The contractual penalty imposed must not exceed 0.1% per day of the amount for which the consumer is in arrears, if the consumer is in arrears of payment of an obligation of a monetary nature. The limitation under the first sentence shall not apply to the sum of contractual penalties applied until the credit becomes due because of the consumer's arrears, provided that the sum of the fines in the calendar year in which the consumer was in arrears in fulfilling the obligation of a monetary nature is lower than CZK 3,000, and if the amount of the contractual fines included in this aggregate applied in relation to the delay with each individual installment of the consumer credit amounts to a maximum of CZK 500.

(3) The sum of the amount of all contractual penalties imposed may not exceed the product of 0.5 multiplied by the total amount of consumer credit, but not more than CZK 200,000 in total.

Section 123
The exercise of mortgage on consumer credit for housing purposes

(1) A creditor may monetize a collateral securing consumer credit for housing purposes only after the expiration of 6 months after it notified the pledgee of the commencement of the exercise of the pledge. Section 1364 of the Civil Code does not apply. During this time, the creditor cannot prevent the debtor from selling the collateral in order to repay the debt.

(2) If the commencement of the exercise of a mortgage has been entered on a public list or in the register of pledges only after the creditor has announced the commencement of the exercise of the mortgage on the pledgee, the period of 6 months shall run from the date of entry on the public list or in the register of pledges.

(3) If a shorter period has been agreed upon before the announcement, this shall be disregarded.

Section 124
Change in consumer credit due to default

If a consumer credit becomes due because of a consumer default, this maturity only covers the outstanding amount of the consumer credit and not the future consumer credit costs. The creditor calls upon the consumer, before the credit becomes due because of a consumer's default, to pay the due installment and provides him with a period of at least 30 days to fulfill this obligation.

PART EIGHT
CONSUMER CREDIT INTERMEDIATION CONTRACT

Title I
Consumer Credit Intermediation Contract

Section 125
Form

Where a consumer credit intermediation contract has a specific obligation for the consumer, it requires written form and must contain the information specified in Section 127 in a clear, concise and distinct manner, otherwise it is invalid.

Section 126
Providing the consumer with a contract

The intermediary shall provide the consumer with one copy of the consumer credit intermediation contract on paper or another durable medium immediately after the conclusion of the contract.

Section 127
Information contained in the Consumer Credit Intermediation Contract

The consumer credit intermediation contract must always contain the following information:

- (a) contact details of the parties, in particular the postal address, telephone number or electronic address,
- (b) information on the amount of remuneration paid by the consumer; where the amount of the remuneration to the intermediary is not known at the time the consumer credit intermediation contract is concluded, the intermediary shall specify the method of calculating its remuneration,
- (c) information on the maturity of the remuneration paid by the consumer to the intermediary,
- (d) information on the consumer credit the consumer is interested in, in particular
 1. the type of consumer credit,
 2. the duration of the consumer credit,
 3. the total amount of consumer credit,
 4. conditions for drawing consumer credit,
 5. the number, frequency and maximum amount of monthly repayments,
 6. the highest total consumer credit costs that the consumer is willing to bear, indicating the highest borrowing rate, information on the percentage the consumer is willing to overpay the principal of the provided consumer credit over its duration and the calculated annual percentage rate of charge,
- (e) information about the right of the consumer to withdraw from the contract pursuant to Section 131, and
- (f) all consequences resulting from a consumer's default in fulfilling a obligation from a consumer credit intermediation contract.

Title II
Certain contractual terms

Section 128

Exclusion of the use of promissory notes or cheques

(1) A bill of exchange or a check cannot be utilized to fulfill or secure fulfillment of the obligation arising from a consumer credit intermediation contract.

(2) The intermediary shall compensate the consumer for damage caused by breaching the prohibition set out in subsection 1.

Section 129

Use of a phone number with a higher than standard price

In the case of consumer credit intermediation through voice telephony, text or multimedia messages, a phone number with a higher than standard price cannot be used to access services, in particular a telephone number for accessing priced services, a telephone number for access to universal access number services and a telephone number for access to shared-cost services.¹⁰

Section 130

Prohibition of tied consumer credit intermediation

The conclusion of a consumer credit intermediation contract cannot be tied to the conclusion of another contract.

Title III

Certain terms of termination of the obligation under a consumer credit intermediation contract

Section 131

Withdrawal from a consumer credit intermediation contract

(1) The consumer may withdraw from the consumer credit intermediation contract without giving any reasons and without any penalty within 14 days from the date of conclusion of this contract unless a consumer credit contract has been concluded on its basis. In the event that the consumer credit intermediation contract does not contain the information under Section 127, the withdrawal period shall not end earlier than 14 days after the intermediary has provided the consumer with the missing information in paper form or on another durable medium.

(2) The consumer credit intermediation contract may be withdrawn from pursuant to subsection 1 in writing, in accordance with the information provided in this contract on the right of withdrawal. The withdrawal period is considered maintained if the withdrawal is sent to the intermediary no later than on the last day of the time period.

(3) Withdrawal from the contract will cancel the obligation from contract from the outset.

(4) If the consumer has the right to withdraw from a consumer credit intermediation contract under this Act, the provisions of the Civil Code governing the withdrawal from financial services distance contracts or off-premises contracts shall not apply.

¹⁰ Decree No. 117/2007 Coll. on numbering plans for electronic communications networks and services, as amended

Title IV
Response to consumer default by an intermediary

Section 132
Restrictions on payments related to consumer arrears

(1) In the event of a consumer arrears on a debt resulting from a consumer credit intermediation contract, an intermediary may negotiate

- (a) late payment interest, the amount of which may not exceed the amount laid down by the law on interest for late payment,
- (b) a right to reimbursement of the sensibly spent expenses incurred in connection with the consumer 's delay; or
- (c) a contractual penalty.

(2) The sum of all contractual fines imposed pursuant to subsection 1 c) must not exceed

- (a) 0.1% per day from the amount for which the consumer is in default, and
- (b) the amount of the commission which the intermediary was to obtain from the consumer or the provider.

PART NINE
ANNUAL PERCENTAGE RATE OF CHARGE

Section 133
Costs included in the total cost of consumer credit

(1) For the purposes of calculating the annual percentage rate of charge, the total cost of consumer credit shall be used, except for the charges payable by the consumer as a result of non-compliance with any of the obligations laid down in the consumer credit contract and other costs than the purchase price that the consumer is obligated to pay regardless of whether the transaction is made using consumer credit or without consumer credit, such as, in particular, administrative fees connected to the registration of ownership in Land Register.

(2) Total cost of consumer credit shall include the costs of valuation of immovable property when it is necessary for obtaining consumer credit, and the costs of ancillary services when the conclusion of an ancillary service contract is mandatory for obtaining consumer credit or obtaining it under the conditions offered.

(3) The cost of ancillary services, such as premiums in particular, shall be included in the total cost of consumer credit, except

- (a) where the conclusion of an ancillary service contract is optional and
- (b) in the case of the costs of setting up or maintaining an account recording a payment transaction and drawing, the costs of using payment instruments for payment transactions and drawdowns and other costs relating to payment transactions, the costs of such services were separately stated in the consumer credit contract or in other contract concluded with the consumer.

Section 134
Prerequisites for calculating the annual percentage rate of charge

(1) The calculation of the annual percentage rate of charge of credit shall be based on the assumption that the consumer credit will last for the agreed period of time and that both the provider and the consumer fulfill their obligations properly and in a timely manner.

(2) Where a consumer credit contract allows a change in the borrowing rate or in the charges related to the consumer credit, which are included in the annual percentage rate of charge but cannot be expressed at the time of calculation, it shall be for the purposes of the calculation assumed that the interest rate and other charges remain unchanged and will continue to be applied until the end of the contract.

(3) If the consumer credit for housing purposes contract allows, after an initial period of at least five years during which a fixed borrowing rate is agreed upon, for negotiation of a new fixed interest rate for another significant period of time, it shall include in the calculation of the supplementary illustrative annual percentage rate of charge stated in the form of European Standardized Information Sheet under Annex 4 to this Act only the initial period with a fixed borrowing rate, and for the purposes of the calculation it is assumed that the remaining principal is repaid at the end of the period with a fixed borrowing rate.

(4) If necessary, the additional assumptions set out in Part 2 of Annex 1 to this Act shall be used when calculating the annual percentage rate of charge.

PART TEN SUPERVISION

Title I Basic provisions

Section 135 Persons subject to supervision

(1) The Czech National Bank shall supervise the observance of the obligations of the provider, intermediary or person conducting exams of professional expertise aimed at proving the professional knowledge and skills required by this Act, as prescribed in this Act and the Commission Regulation (EU) No. 1125/2014.

(2) Persons subject to supervision shall provide the Czech National Bank with the necessary cooperation during the exercise of supervision, in particular they shall provide upon request information, documents, clarification of facts, records, reports or related data, and shall do so without undue delay or in the time limit given by the Czech National Bank. This applies *mutatis mutandis* to those who are reasonably suspect of conducting activity described in this Act without authorization.

Section 136 On-site inspection

(1) The Czech National Bank may conduct an on-site inspection of an Independent Intermediary and Tied Agent in the host Member State concerning the intermediation of consumer credit for housing purposes if the competent supervisory authority of the Host Member State is notified. Upon request of the Czech National Bank the on-site inspection can also be carried out by the competent supervisory authority of the Host Member State.

(2) The competent supervisory authority of the Home Member State of the foreign intermediary, who operates in the Czech Republic through a branch, is authorized to conduct an on-site inspection in the branch of this foreign intermediary if the Czech National Bank is notified by such competent authority.

(3) The Czech National Bank is authorized to conduct an on-site inspection of those persons that are reasonably suspect of providing or intermediating consumer credit without

authorization in the scope necessary to ascertain the matter of fact that gives reason for such suspicion.

Section 137
Confidentiality

For the duty of confidentiality in the exercise of supervision under this Act, the provisions on confidentiality in the exercise of banking supervision under the Act regulating the activity of banks shall apply *mutatis mutandis*.

Title II
Supervision of an intermediary of consumer credit for housing purposes in the territory of a Host Member State

Section 138
Supervision of a foreign intermediary intermediating consumer credit for housing purposes in the Czech Republic

(1) Supervision of compliance with the obligations under Section 3 (2) b), Section 48 (1), (3) and (4), Section 75 to 85, Section 90 to 94, Section 95 (2), Section 133 and Section 134 of a foreign intermediary which intermediates consumer credit for housing purposes in the Czech Republic through a branch is exercised by the Czech National Bank.

(2) In the event that a foreign intermediary pursuant to subsection 1 fails to fulfill its obligations under subsection 1, the Czech National Bank shall notify this fact and request that it be remedied. If the foreign intermediary fails to remedy the situation, the Czech National Bank may impose remedial measures. The Czech National Bank shall inform the competent supervisory authority of the foreign intermediary about the imposed remedial measure.

(3) If the measures taken under subsection 2 do not lead to remedy, the Czech National Bank may, after informing the competent foreign supervisory authority, impose further remedial measures or fines for an offense under Section 152 (1), Section 153 (1) or Section 155 (1). The Czech National Bank shall notify the European Commission without undue delay.

(4) If the Czech National Bank determines that a foreign intermediary who intermediates a consumer credit for housing purposes in the Czech Republic otherwise than through a branch, has breached an obligation imposed by this Act under European Union law, or in case the Czech National Bank finds out that a foreign intermediary who intermediates consumer credit for housing purposes in the Czech Republic through a branch has breached an obligation under European Union law other than the obligation referred to in subsection 1, the Czech National Bank shall notify this fact to the supervisory authority of the Home Member State.

(5) If the competent authority of the Home Member State of a foreign intermediary does not take any action within one month of receiving the notice referred to in subsection 4, or if the foreign intermediary referred to in subsection 4 despite measures taken by the competent authority of the Home Member State endangers or damages consumer interests in the Czech Republic, the Czech National Bank shall

(a) notify the competent supervisory authority of the Home Member State and then impose remedial measures or fines for an offense under Section 152 (1), Section 153 (1) or Section 155 (1), and shall inform the European Commission and the European Banking Authority without undue delay of the measures taken, or

(b) request assistance from the European Banking Authority in accordance with Regulation (EU) No 1093/2010.

Section 139

Supervision of an intermediary of consumer credit for housing purposes operating in a Host Member State

Supervision of compliance with the obligations under this Act in the intermediation of a consumer credit for housing purposes by an Independent Intermediary and a Tied Agent of a provider in a Host Member State shall be exercised by the Czech National Bank, except for the supervision of the fulfillment of the obligations under Section 138 subsection 1 concerning operations in a Host Member State through a branch.

Title III

International cooperation in the supervision of intermediaries of consumer credit for housing purposes

Section 140

Cooperation of the competent supervisory authorities

(1) When necessary for supervision under this Act, the Czech National Bank may request the competent supervisory authority of another Member State to cooperate in the supervision of the intermediation of consumer credit for housing purposes by an Independent Intermediary or a Tied Agent of a provider.

(2) The Czech National Bank shall upon request of cooperation of a competent supervisory authority provide such cooperation.

Section 141

Contact point

(1) The Czech National Bank shall be the contact point for the purposes of cooperation of the competent supervisory authorities and also the point of exchange of information among them.

(2) The Czech National Bank shall be required to provide to any person upon request information as to which authority of another Member State is the competent supervisory authority and which authority of another Member State is the contact point. For this purpose it shall collect and periodically update data.

Section 142

Information exchange

(1) The Czech National Bank may require information about a foreign intermediary from the contact point of another Member State.

(2) Upon request of a contact point of another Member State, the Czech National Bank shall without undue delay provide the contact point with all necessary information related to the supervision of intermediaries intermediating consumer credit for housing purposes. The Czech National Bank may condition the provision of this information by requiring that the information provided may not be passed on without its prior consent.

(3) If a contact point of another Member State provides information to the Czech National Bank on the condition that the information cannot be passed without its prior consent, the Czech National Bank may pass this information to another competent authority

solely for the purposes for which the information was provided. To other authorities or persons, the Czech National Bank shall provide the information only with the explicit consent of the contact point that provided the information and solely for the purposes established by such contact point.

Section 143

Rejection of cooperation or of exchange of information

(1) The Czech National Bank may refuse the request for cooperation pursuant to Section 140(2) or the provision of information pursuant to Section 142(2), provided that:

- (a) such provision could adversely affect the sovereignty or security of the Czech Republic or public order in the Czech Republic, or
- (b) the application concerns the same cause of action and the same person in respect of which legal proceedings have been initiated in the Czech Republic or the decision has become final.

(2) When refusing a request pursuant to subsection 1, the Czech National Bank is obligated to inform the requesting competent supervisory authority in detail of the reasons for the rejection of its request.

Section 144

Settlement of disputes between competent authorities of different Member States

The Czech National Bank may turn to the European Banking Authority in the event that a request for cooperation pursuant to Section 140 (1) or the exchange of information pursuant to Section 142 (1) has been rejected or has not been acted on within a reasonable timeframe, and ask for help in accordance with Regulation (EU) No 1093/2010. In such a case, the competent supervisory authorities concerned shall be bound by any binding decisions taken in accordance with that Article, irrespective of whether they are its members.

Title IV

Remedial measures and revocation of authorization

Section 145

Remedial measures

(1) If the activity of a person authorized to provide consumer credit, the activity of an Independent Intermediary or an Accredited Person is not in accordance with this Act, the Czech National Bank may impose a remedial measure to bring its activity into compliance with the law.

(2) If the activity of a Tied Agent or a Tied Consumer Credit Intermediary is not in accordance with this Act, the Czech National Bank may impose to the represented a remedial measure to bring the activity of its Tied Agent or Tied Consumer Credit Intermediary into compliance with the law.

(3) Where necessary to protect the consumer, the Czech National Bank may along with the remedial measures referred to in subsections 1 and 2, prohibit or restrict operations of the person subject to its supervision until it has complied with the measures imposed pursuant to subsections 1 and 2.

Section 146
Revocation of authorization

(1) The Czech National Bank may revoke the authorization to operate as a Non-Bank Consumer Credit Provider, an Independent Intermediary, a Tied Agent or as a Tied Consumer Credit Intermediary for the represented, if

- (a) a Non-Bank Consumer Credit Provider, an Independent Intermediary, a Tied Agent or a Tied Consumer Credit Intermediary ceases to fulfill with the conditions for the conduct of business set out in this Act,
- (b) the remedial measure imposed did not lead to behavior correction,
- (c) a Non-Bank Consumer Credit Provider, an Independent Intermediary, a Tied Agent or a Tied Consumer Credit Intermediary repeatedly or gravely breaches the obligations laid down in this Act or other legislation regulating the procedure of providing or intermediating consumer credit,
- (d) a Non-Bank Consumer Credit Provider, Independent Intermediary, Tied Agent or Tied Consumer Credit Intermediary violates the conditions or obligations laid down in an enforceable decision issued under this Act, or
- (e) an authorization to operate as a Non-Bank Consumer Credit Provider or an Independent Intermediary or an authorization to operate as a Tied Agent or a Tied Consumer Credit Intermediary for the represented has been entered into the register on the basis of false or misleading information.

(2) Parties to the proceedings of revocation of authorization to operate as a Tied Agent are the Tied Agent and the represented. Parties to the proceedings of revocation of authorization to operate as a Tied Consumer Credit Intermediary for a particular represented are the Tied Consumer Credit Intermediary and that represented.

(3) The Czech National Bank shall publish the enforceable decision on the revocation of authorization to operate in a manner allowing for remote access. The Czech National Bank may inform the public about the decision to revoke authorization to operate in an appropriate manner and only after the decision of revocation of authorization to operate has entered into force.

PART ELEVEN

OFFENCES

Section 147

Offenses of natural persons

(1) A natural person commits an offense by stating false, misleading or incomplete information or by concealing facts in the application for granting of authorization pursuant to this Act.

(2) A fine of up to CZK 5,000,000 may be imposed for an offense under subsection 1.

Section 148

Offenses of a Non-Bank Consumer Credit Provider

(1) A Non-Bank Consumer Credit Provider commits an offense by:

- (a) failing to meet any of the requirements for capital under Section 14 (1),
- (b) failing to fulfill any of the requirements for operation pursuant to Section 15, or

- (c) failing to notify the Czech National Bank of any change of data pursuant to Section 59 (1) without undue delay, or when the notice of changes in data is accompanied by documents with false, misleading or incomplete information.

(2) A fine may be imposed for an offense under subsection 1 amounting up to

- (a) CZK 5,000,000 in the case of an offense under subsection 1 (a) and (c),
- (b) CZK 20,000,000 in the case of an offense under subsection 1 (b).

Section 149

Offences of an Independent Intermediary

(1) An Independent Intermediary commits an offense by:

- (a) in violation of Section 23 (1) being represented by different persons in the course of its activities under this Act,
- (b) in violation of Section 23 (2) operating through persons who do not fulfill the condition of professional competence or credibility,
- (c) in violation of Section 23 (3) not establishing, maintaining or applying the rules for the control of the activities of the persons through which it operates,
- (d) in violation of Section 23 (4) adjusting the rules for the remuneration of the persons through whom it operates,
- (e) in violation of Section 24 not establishing, maintaining or applying procedures for the detection and management of conflicts of interest,
- (f) failing to fulfill any of the obligations relating to the complaint handling system pursuant to Section 25,
- (g) as represented
 1. not immediately terminating the obligation of representation pursuant to Section 28 (1),
 2. not notifying the Czech National Bank without undue delay of the termination of the obligation of representation pursuant to Section 28 (3),
 3. in violation of Section 30 (1) announcing to the Czech National Bank a Tied Agent who has not its registered office or headquarters on the territory of the Czech Republic,
 4. providing false, misleading or incomplete data or concealing any facts in the announcement of a Tied Agent or attaching to the announcement documents with false, misleading or incomplete data, or
 5. not keeping documents in accordance with Section 31,
- (h) not notifying the Czech National Bank without undue delay of change of any of the data pursuant to Section 59 (1), or attaching to the notification documents with false, misleading or incomplete data, or
- (i) negotiating an insurance contract for liability for damage caused by the activity of an Independent Intermediary in conflict with Section 21.

(2) A fine may be imposed for an offense under subsection 1 amounting up to

- (a) CZK 5,000,000 in the case of an offense under subsection 1 (a) (g) points (3) to (5) and h),
- (b) CZK 10,000,000 in the case of an offense under subsection 1 (e), (f) and g) points 1 and 2,
- (c) CZK 20,000,000 in the case of an offense under subsection 1 (b) to (d), (i).

Section 150

Offenses of a Tied Agent

(1) A Tied Agent commits an offense by:

- (a) not immediately terminating the obligation under the contract of representation pursuant to Section 28 (2), or
 - (b) in violation of Section 34 operating through another person.
- (2) A fine up to of CZK 5,000,000 may be imposed for an offense under subsection 1.

Section 151

Offenses of a Tied Consumer Credit Intermediary

- (1) A Tied Consumer Credit Intermediary commits an offense by:
- (a) not immediately terminating the obligation under the contract of representation pursuant to Section 38 (2), or
 - (b) in violation of Section 44 operating through another person.
- (2) A fine up to CZK 5,000,000 may be imposed for an offense under subsection 1.

Section 152

Offenses of a Foreign Intermediary

- (1) A Foreign Intermediary commits an offense by:
- (a) in violation of Section 47 (2) commencing operations in the territory of the Czech Republic before the expiry of one month from the date it was informed by the competent supervisory authority of its Home Member State of fulfillment of the information obligation towards the Czech National Bank,
 - (b) in violation of Section 48 (1) or (2) operating in the Czech Republic through persons who do not fulfill the conditions of professional competence; or
 - (c) in violation of Section 48 (3) intermediating consumer credit in the Czech Republic through persons who are not authorized to provide consumer credit in the Czech Republic.
- (2) A fine may be imposed for an offense under subsection 1 amounting up to
- (a) CZK 5,000,000 in the case of an offense under subsection 1 a),
 - (b) CZK 10,000,000 in the case of an offense under subsection 1 b),
 - (c) CZK 20,000,000 in the case of an offense under subsection 1 c).

Section 153

Offenses of a person authorized to provide or intermediate a consumer credit

- (1) Any person authorized to provide or intermediate a consumer credit commits an offense by
- (a) in violation of Section 75 not operating with professional care,
 - (b) in violation of Section 76 (1) not acting honestly and transparently or by ignoring the rights and interests of the consumer,
 - (c) in violation of Section 76 (2) not acting in such manner to make clear to the consumer whether it is acting as a provider, an Independent Intermediary, a Tied Agent or a Tied Consumer Credit Intermediary or, in the case of a Tied Agent or Tied Consumer Credit Intermediary, not acting in such a manner as to make clear whom it represents,
 - (d) communicating with the consumer in a manner violating Section 77,
 - (e) not keeping documents and records under Section 78,
 - (f) in violation of Section 79 accepting, offering or providing an incentive,
 - (g) in violation of Section 81 using the term impartial or independent, its derivations, meaning synonyms, or translations into another language,

- (h) in violation of Section 82 (1) requiring from a person which participates in or is to participate in the provision or intermediation of consumer credit, payment of an entry fee or other similar charge as the condition for future remuneration for this activity,
- (i) in violation of Section 82 (2) deriving the remuneration of a person which participates in, or is to participate in, the provision or intermediation of consumer credit from the acquisition of other persons for that activity of that person,
- (j) in violation of Section 83 (1) requesting the payment of a remuneration or other payment to which it is not entitled, before the conclusion of the consumer credit contract,
- (k) not providing the consumer with the evaluation of the collateral securing consumer credit pursuant to Section 83 (2),
- (l) violation of Section 84 (1)
 1. failing to disclose or inform the consumer of what information and verifying documents they must provide to the provider or intermediary for the purpose of assessing their creditworthiness or to provide advice for the consumer's choice of the appropriate consumer credit product and the duration of their provision;
 2. requesting the consumer to provide information which is not adequate and necessary,
- (m) in violation of Section 84 (3) not notifying the consumer of the fact that consumer credit will not be granted to them unless the consumer provides it with complete and truthful information,
- (n) providing Advice which is not in compliance with Section 85 (1),
- (o) in violation of Section 85 (2) not disclosing to the consumer the number of consumer credit products which are the subject of the selection,
- (p) in violation of Section 85 (3) not providing the consumer with a record of advice,
- (q) in violation of Section 90 (1) requiring payment from the consumer for providing them with information,
- (r) in violation of Section 90 (2) failing to provide the consumer with information in paper form or on another durable medium,
- (s) failing to ensure that its advertisements contain data under Section 91, or
- (t) failing to fulfill any of the obligations relating to the provision or clarification of pre-contractual information pursuant to Section 94 to 100.

(2) A fine may be imposed for an offense under subsection 1 amounting up to

- (a) CZK 5,000,000 in the case of an offense under subsection 1 c), e), l), m), o), p),
- (b) CZK 10,000,000 in the case of an offense under subsection 1 d), f), g), h), i), j), k), n), s), t)
- (c) CZK 20,000,000 in the case of an offense under subsection 1 a), b), q), r).

Section 154

Offenses of a person authorized to provide consumer credit

- (1) A person authorized to provide consumer credit commits an offense by:
- (a) in violation of Section 8 (1) being represented by a different person in the course of its activities under this Act,
 - (b) in violation of Section 8 (2) operating through persons who do not fulfill the conditions of professional competence and credibility,
 - (c) except the case of a Non-Bank Consumer Credit Provider, in violation of Section 8(3)
 1. not establishing or not applying remuneration rules or rules governing the control of persons through whom it operates, or
 2. not establishing or applying rules and procedures for assessing creditworthiness of the consumer,
 - (d) as represented

1. not immediately terminating representation pursuant to Section 28 (1),
 2. not notifying without undue delay the Czech National Bank of the termination of the representation contract pursuant to Section 28 (3),
 3. in violation of Section 30 (1), announcing the Czech National Bank a Tied Agent who has not its registered office or headquarters in the territory of the Czech Republic,
 4. stating false, misleading or incomplete data or concealing any facts in the announcement of a Tied Agent under Section 30, or by attaching to such notification documents with false, misleading or incomplete data,
 5. failing to keep documents pursuant to Section 31,
 6. not immediately terminating the obligation of a representation pursuant to Section 38 (1)
 7. not notifying without undue delay the Czech National Bank of the termination of the obligation of representation pursuant to Section 38 (3),
 8. in violation of Section 40 (1) announcing the Czech National Bank a Tied Consumer Credit Intermediary which has not its registered office or headquarters on the territory of the Czech Republic,
 9. stating false, misleading or incomplete data or concealing any facts in the announcement of a Tied Consumer Credit Intermediary pursuant to Section 40, or by attaching to such announcement documents with false, misleading or incomplete data,
 10. not keeping documents in accordance with Section 41, or
 11. not notifying without undue delay the Czech National Bank of the change of data pursuant to Section 59 (1), or by attaching documents containing false, misleading or incomplete data to the notification of the change of data,
- (e) providing a consumer loan in violation of Section 86 (1),
- (f) using data obtained from the database not complying with Section 88 (2),
- (g) not informing consumers about their intention to search in the database pursuant to Section 88 (3)
- (h) not informing consumers about the reasons for refusal to provide consumer credit pursuant to Section 89,
- (i) not making accessible the information pursuant to Section 92,
- (j) failing to fulfill any of the information obligations pursuant to Section 101 to 103,
- (k) concluding a consumer credit contract not complying with Section 104,
- (l) in violation of Section 105 (1) not providing the consumer with at least one copy of the consumer credit contract on paper or on another durable medium without delay after the conclusion of the contract,
- (m) in violation of Section 105 (2) not submitting to the consumer a binding draft of contract terms to be included in the consumer credit contract in the form of a draft text of this contract,
- (n) failing to ensure that the consumer credit contract contains information under Section 106 to 109,
- (o) failing to conclude the consumer credit contract for housing purposes with the consumer according to Section 111,
- (p) in violation of Section 112 (1) using a promissory note or cheque to repay or secure consumer credit,
- (q) securing consumer credit for housing purposes not complying with of Section 112 (2) or by not returning the promissory note to the consumer pursuant to Section 112 (2),
- (r) securing consumer credit not complying with Section 113,
- (s) in violation of Section 114 using a telephone number for access to priced services,

- (t) tying the conclusion of a consumer credit contract to the conclusion of a contract in which an ancillary service is negotiated or by restricting the consumer in choosing an ancillary service in violation of Section 115,
- (u) not allowing the consumer a change of currency pursuant to Section 116 (1) or by not providing other mechanisms to limit the risk resulting from changes in the exchange rate pursuant to Section 116 (2),
- (v) not allowing the consumer to repay the consumer credit prematurely pursuant to Section 117 (1),
- (w) in violation of Section 117 (3) to (5) requiring reimbursement of the cost of early repayment of a consumer credit, or
- (x) not providing the consumer with information pursuant to Section 117 (6).

(2) A person authorized to provide a consumer credit commits an offense by:

- (a) in violation of Section 118 (1) and (2) not allowing or hindering the consumer to withdraw from the contract,
- (b) requiring a performance from the consumer in violation of Section 118 (3),
- (c) not informing the third party about the withdrawal of the consumer from the consumer credit contract pursuant to Section 118 (5),
- (d) applying sanction to the consumer for withdrawal from a contract for a tied consumer credit in violation of Section 119 (1),
- (e) not allowing the consumer to terminate a consumer credit negotiated for an indefinite period pursuant to Section 120 (1),
- (f) terminating a consumer credit negotiated for an indefinite period in violation of Section 120 (2),
- (g) requiring the consumer to pay a payment in violation of Section 122,
- (h) enforcing a consumer's debt in violation of Section 123, or
- (i) requiring payment from the consumer for consumer credit in violation of Section 124.

(3) A fine may be imposed for an offense under subsections 1 to 3 amounting up to

- (a) CZK 5,000,000 in the case of an offense under subsection 1 (d) points 1, 2, 3, 4, 5, 6, 7, 8, 9, 10 and 11, (h) and subsection 2 c),
- (b) CZK 10,000,000 in the case of an offense under subsection 1 (a), (b), (c) point 1), f), g), i), j), m), u),
- (c) CZK 20,000,000 in the case of an offense under subsection 1 c) point 2, e), k), l), n), o), p), q), r), s), t), v), w), x) and subsection. 2 (a), (b), (d), (e), (f), (g), (h) and (i).

Section 155

Offenses of a person authorized to intermediate consumer credit

(1) A person who is authorized to intermediate consumer credit commits an offense by:

- (a) receiving remuneration from the provider in violation of Section 80,
- (b) failing to provide the consumer with any of the information pursuant to in Section 93 (1) or (3),
- (c) not notifying the provider of the amount of its remuneration pursuant to Section 93 (2),
- (d) in violation of Section 105 (1) not providing the consumer with at least one copy of the consumer credit contract immediately after the conclusion of this contract, in paper form or on another durable medium,
- (e) in violation of Section 105 (2) not submitting to the consumer a binding draft of the contractual terms to be covered by the Consumer Credit Contract in the form of a draft text of this Contract,

- (f) concluding a contract for intermediation of consumer credit not complying with Section 125,
- (g) in violation of Section 126 not providing the consumer with at least one copy of the consumer credit intermediation contract in paper form or on another durable medium immediately after the conclusion of the contract,
- (h) requiring the consumer to pay the remuneration before the maturity date specified in the consumer credit intermediation contract,
- (i) not ensuring that the contract for intermediation of consumer credit contains information pursuant to Section 127,
- (j) in violation of Section 128 (1) using a promissory note or a cheque to fulfill or ensure the fulfillment of the obligation arising from a contract for intermediation of consumer credit,
- (k) using a telephone number for access to priced services in violation of Section 129,
- (l) in violation of Section 130 conditioning the intermediation of consumer credit by the conclusion of another contract,
- (m) not allowing or hindering the consumer to withdraw from the contract pursuant to Section 131,
- (n) requiring a payment from the consumer in violation of Section 132, or
- (o) accepting a debt repayment or intermediating the paying out of a concluded consumer credit in violation of Section 162.

(2) A fine may be imposed for an offense under subsections 1 and 2 amounting up to

- (a) CZK 5,000,000 in the case of an offense under subsection 1 b), c),
- (b) CZK 10,000,000 in the case of an offense under subsection 1 e),
- (c) CZK 20,000,000 in the case of an offense under subsection 1 a), d), f), g), h), i), j), k), l), m), n), o).

Section 156

Offenses of an Accredited Person

(1) An Accredited Person commits an offense by:

- (a) organizing an exam of professional expertise in contradiction with the scope of the accreditation granted,
- (b) providing false, misleading or incomplete data in the application for renewal of accreditation or attaching documents containing false, misleading or incomplete information,
- (c) not informing the Czech National Bank about the change of data pursuant to Section 66,
- (d) proceeding to perform an exam of professional expertise in violation of Section 69 (1) to (3),
- (e) not informing the examinee of the result of the exam of professional expertise pursuant to Section 69 (4) without undue delay,
- (f) failing to issue a certificate of successful completion of an exam of professional expertise pursuant to Section 70, or
- (g) not keeping documents related to the performance of professional examinations pursuant to Section 71.

(2) A fine shall be imposed for an offense under subsection 1 amounting up to

- (a) CZK 5,000,000 in the case of an offense under subsection 1 b), c), e), f),
- (b) CZK 10,000,000 in the case of an offense under subsection 1 d), g),
- (c) CZK 20,000,000 in the case of an offense under subsection 1 a).

Section 157

Offenses of legal persons and business individuals

- (1) A legal person or a business individual commits an offense by:
- (a) as an applicant for authorization to operate a Non-Bank Consumer Credit Provider, stating in the application false, misleading or incomplete data or omitting information,
 - (b) as an applicant for authorization to act as an Independent Intermediary, stating in the application false, misleading or incomplete data or omitting information,
 - (c) as an applicant for authorization to operate as an Accredited Person, stating in the application false, misleading or incomplete data or omitting information,
 - (d) in violation of Section 7 providing consumer credit unauthorized,
 - (e) in violation of Section 16 intermediating consumer credit unauthorized, or
 - (f) failing to provide the Czech National Bank with the necessary co-operation in the course of supervision pursuant to Section 136 (3).

(2) A natural or legal person subject to supervision of the Czech National Bank shall commit an offense by failing to comply with any of the obligations imposed by the remedial measure issued pursuant to Section 145 (1), (2) and (3) within the prescribed period.

- (3) A fine may be imposed for an offense under subsections 1 and 2 amounting up to
- (a) CZK 5,000,000, in the case of an offense under subsection 1 (f) and subsection 2,
 - (b) CZK 10,000,000 in the case of an offense under subsection 1 (a) to (c),
 - (c) CZK 20,000,000 in the case of an offense under subsection 1 d) and e).

Title II **Common Provisions**

Section 158

Offenses under this Act shall be handled by the Czech National Bank.

Section 159

(1) The Czech National Bank shall publish without undue delay the final decision on the fine imposed in a manner allowing for remote access.

(2) The Czech National Bank shall publish the decision without disclosing identification data of the fined person, if publication

- (a) would be, on the basis of a prior assessment, grossly inappropriate towards the natural person concerned,
- (b) would threaten the stability of the financial market,
- (c) would endanger ongoing criminal proceedings, or
- (d) would cause undue damage to the person concerned.

(3) The decision under subsection 1 or 2 shall be published for at least 5 years. The personal data of the individual in question shall be disclosed only for the time strictly necessary in accordance with law governing the protection of personal data.

PART TWELVE
COMMON PROVISIONS

Section 160
Implementing legal regulation

The Czech National Bank shall issue an implementing legal regulation pursuant to Section 11 (5), Section 12 (3), Section 13 (3), Section 14 (3), Section 19 (4), Section 20 (3), Section 22 (3), Section 30 (4), Section 32 (6), Section 33 (4), Section 40 (4), Section 42 (5), Section 43 (4), Section 59 (5), Section 60 (6), Section 63 (3), Section 64 (4), Section 65 (4), Section 66 (2), Section 68 (4) and Section 69 (5).

Section 161
Unauthorized provision of consumer credit

If consumer credit is provided by a person who is not authorized to provide consumer credit, the consumer credit is not interest-bearing and other payment arrangements for consumer credit are not taken into account.

Section 162
Collecting debt repayments and out payment of consumer credit

(1) If the debt repayment or the intermediation of out payment of consumer credit is done by a Tied Agent of the provider or a Tied Consumer Credit Intermediary, it may do so only in cash and if agreed in writing with the provider and if such arrangement is part of the consumer credit contract.

(2) If the collecting of debt repayments is done by a Tied Agent of the provider or a Tied Consumer Credit Intermediary, it shall

- (a) issue a receipt to the consumer, and
- (b) transfer the debt repayment to the account of the provider without undue delay or transfer it to the provider in cash.

(3) The installment of repayment of the debt paid by the consumer to the provider through its Tied Agent or Tied Consumer Credit Intermediary referred to in subsection 1 shall be considered as a repayment of the debt paid to the provider. Consumer credit paid by the provider through its Tied Agent or Tied Consumer Credit Intermediary to the consumer under subsection 1 shall be deemed to have been paid out at the time when the consumer actually receives it.

(4) Subsection 3 shall apply even if the Tied Agent of the provider or Tied Consumer Credit Intermediary of the provider has lost its authorization to operate or if the obligation between the Tied Agent or the Tied Consumer Credit Intermediary and the provider ceases to exist, unless the consumer knew that the person was not entitled to provide or receive the service.

Section 163
Proof of integrity of foreign persons

(1) Integrity of a natural person who is not a citizen of the Czech Republic is proven by a document corresponding to an extract from the Criminal Register issued by the state of which they are a citizen and by the State in which they have been residing for a continuous period of more than three months during the last 3 years. This is also the case for a citizen of the Czech

Republic who has resided for a continuous period of more than three months abroad for the last 3 years.

(2) If the state of which the foreign natural person is citizen or the state in which the person has been residing in for a continuous period of more than three months during the last 3 years does not issue a document corresponding to an extract from the Criminal Register, as equivalent of proof of integrity shall be considered a document issued by the competent court or administrative body of the state of which the individual is a citizen or of the state in which the person has resided continuously for more than 3 months during the last 3 years.

(3) If the State does issue a document in accordance with subsection 2, as equivalent proof of integrity shall be considered a certified statement or an affidavit not older than three months, made by the natural person before a competent court or administrative authority or a notary of the State of which the natural person is a citizen or state in which the person has been residing continuously for more than 3 months during the last 3 years. The authenticity of the certified statement or affidavit must be certified by a court, administrative authority or notary.

(4) Proof of the integrity of a legal person with registered office outside the Czech Republic is a document comparable to that of the Criminal Register, issued by the State in which that person has acted in a manner that suggests it holds its registered office or at least holds its property or assets, or state in which it has been operating continuously for more than 3 months in the last 3 years before the date of proof of integrity. This applies similarly in the case of a domestic legal person who has operated abroad for 3 consecutive months in the last 3 years.

(5) If the state in which the legal person operates or the state in which the legal person has been operating continuously for more than 3 months in the last 3 years does not issue a document comparative to an extract from the Criminal Register, as equivalent proof of integrity of this legal entity shall be considered a document issued by the competent court or administrative authority of the state in which the legal person operates or state in which, over the last 3 years prior to the date of proof of integrity, it has been acting continuously for more than 3 months.

(6) If the state does not issue a document in accordance with subsection 5, as equivalent proof of identity shall be considered a certified statement or affidavit not older than three months, made by the legal person before a competent court or administrative authority or a notary of the state in which the legal person operates, in which the legal entity a has been operating continuously for more than 3 months in the last 3 years. The authenticity of the certified statement or affidavit must be certified by a court, administrative authority or notary.

PART THIRTEEN

TRANSITIONAL PROVISIONS

Section 164

General provisions

Unless otherwise specified, the rights and obligations from a consumer credit contract concluded prior to the date of entry into force of this Act shall be governed by the existing legal regulations. This does not prevent the parties from agreeing that their rights and obligations will be governed by this Act from the date of its entry into force.

Section 165
Assessment of creditworthiness of the consumer

The provisions of Section 86 shall apply if, after the date of entry into force of this Act, the total amount of consumer credit negotiated before the effective date of this Act is significantly increased.

Section 166
Information obligations

From the date of entry into force of this Act, Section 101 and 102 shall also apply to a obligation from a consumer credit contract concluded before the date of entry into force of this Act with the exception of

- (a) Section 102 (3), which does not apply to consumer credit with a fixed borrowing rate for a period of at least 1 year, followed by a further fixed interest rate period of at least 1 year ending by the end of the third month after the entry into force of this Act, and
- (b) Section 102 (4), which shall not apply to consumer credit for housing purposes with a variable interest rate; for consumer credit for housing purposes with a variable interest rate the information pursuant to Section 102 (1) or (2) may be provided to the consumer on a regular basis and within a reasonable interval and the information referred to in Section 102 (2) may be part of the information under Section 101 (1) if the change in the borrowing rate is dependent on a change in the reference rate and if such change in the reference rate is appropriately disclosed and made available at the premises of the provider and, in case of consumer credit for housing purposes, communicated directly to the consumer.

Section 167
Early repayment

The provisions of this Act governing early repayment of consumer credit for housing purposes shall also apply to consumer credit contracts for housing purposes concluded before the date of entry into force of this Act with

- (a) a fixed borrowing interest rate from the date on which the new period for which a fixed borrowing rate has been set begins after the date of entry into force of this Act, or
- (b) a variable borrowing interest rate from the date of entry into force of this Act.

Section 168
Consumer arrears

(1) Should the consumer be in arrears with the fulfillment of obligations arising from a consumer credit contract or consumer credit intermediation contract after the date of entry into force of this Act, the provisions of Section 122 to 124 and Section 132 shall apply instead of the relevant provision of the consumer credit contract or consumer credit intermediation contract, if those are inconsistent with this Act, even though the contract was concluded before the date of its entry into force.

(2) Should before the date of entry into force of this Act the late payment interest exceeding the maximum permissible late payment interest under this Act been negotiated, the difference between the asserted and the maximum allowable late payment interest shall for the purposes of Section 122 (1) (a) be deemed to be costs incurred by the creditor in connection with the arrears of the consumer; in so far as that difference exceeds the sensibly spent

expenses, that difference for the purposes of Section 122 (2) and (3) shall be deemed to be a contractual penalty.

(3) Should before the date of entry into force of this Act a contractual penalty exceeding the maximum penalty allowable under this Act have been negotiated, the difference between the maximum permissible and the actual contractual penalty shall for the purposes of Section 122 (1) (a) be deemed to be costs incurred by the creditor in connection with the arrears of the consumer; in so far as that difference exceeds the sensibly spent expenses, that difference for the purposes of Section 122 (1) (b) shall be deemed to be late payment interest.

(4) Payments related to a consumer's arrears which have arisen to the creditor by the date of entry into force of this Act shall not be included in the sum of the amount of all contractual penalties imposed pursuant to Section 122 (3).

Section 169

Authorization of a provider

(1) Any person who has been entitled to provide consumer credit on the basis of a trade license prior to the date of entry into force of this Act may carry out this activity on the basis of a trade license until the Czech National Bank decides on its application for authorization to operate as one of the persons referred to in Section 7, but not later than 18 months from the date of entry into force of this Act, provided it has filed this application within 3 months from the date of entry into force of this Act. By futile elapse of this period its sanction to provide consumer credit expires.

(2) The Czech National Bank shall decide on the granting of an authorization on the basis of the received application within 15 months.

(3) Any person entitled to provide consumer credit other than for housing purposes before the date of entry into force of this Act shall comply with Section 8 within 3 months from the date of entry into force of this Act unless otherwise specified.

(4) Any person entitled to provide consumer credit for housing purposes before the date of entry into force of this Act shall comply with Section 8, except for the requirement to fulfill the conditions of professional competence, within 3 months from the date of entry into force of this Act.

(5) Any person entitled to provide consumer credit for housing purposes before 20 March 2014 shall fulfill the requirement of professional competence set out in Section 8 by 21 March 2017, unless otherwise specified.

Section 170

Authorization of a consumer credit other than for housing purposes intermediary

(1) Any person entitled to intermediate consumer credit other than for housing purposes prior to the date of entry into force of this Act may carry out such activity until the Czech National Bank decides on its application for authorization to operate as an Independent Agent or registers a Tied Agent or a Tied Consumer Credit Intermediary or informs the represented of the non-execution of the registration, provided that within 3 months from the date of entry into force of this Act it has submitted an application for authorization to operate as an Independent Intermediary or it has been announced by the represented as a Tied Agent or a Tied Consumer Credit Intermediary. By futile elapse of this period its sanction to intermediate consumer credit expires.

(2) On the basis of a received application, the Czech National Bank decides to grant an authorization to operate as an Independent Intermediary, or registers a Tied Agent or a Tied

Consumer Credit Intermediary or informs the represented of the non-execution of the registration within 15 months; Parts two and three of the Code of Administrative Procedure shall not apply.

(3) Any person entitled to intermediate consumer credit other than for housing purposes before the date of entry into force of this Act shall meet the requirements referred to with Section 23 within 3 months from the date of entry into force of this Act.

Section 171

Authorization of a consumer credit for housing purposes intermediary

(1) Any person entitled to intermediate consumer credit for housing purposes before the date of entry into force of this Act may carry out such activity until such time as the Czech National Bank decides on the application for authorization to operate as an Independent Intermediary or registers a Tied Agent into the register pursuant to this Act or informs the represented of the non-execution of the registration, if within three months from the date of entry into force of this Act it has submitted an application for authorization to operate as an Independent Intermediary or was announced as a Tied Agent by the represented. By futile elapse of this period its sanction to intermediate consumer credit for housing purposes expires.

(2) On the basis of a received application, the Czech National Bank decides to grant an authorization to operate as an Independent Intermediary, or registers a Tied Agent or informs the represented of the non-execution of the registration by 21 March 2017; Parts two and three of the Code of Administrative Procedure shall not apply.

(3) A person which has been entitled to intermediate consumer credit for housing purposes prior to the date of entry into force of this Act, is not authorized to distribute consumer credit for housing purposes in another Member State without the appropriate authorization issued by this Member State during the period it intermediates consumer credit for housing purposes under subsection 1.

(4) Any person who, prior to the date of entry into force of this Act, has been entitled to intermediate consumer credit for housing purposes under a different Act, shall meet the requirements referred to in Section 23, except for the requirement to fulfill the conditions of professional competence within 3 months from the date of entry into force of this Act.

(5) Any person who, before 20 March 2014, was authorized to intermediate consumer credit for housing purposes under a different Act, shall meet the requirement of professional competence referred to in Section 23 (2) before 21 March 2017.

Section 172

Announcement of Tied Agents and Tied Consumer Credit Intermediaries

(1) The Czech National Bank shall register, if the conditions under Section 29 (1) or Section 39 (1) are fulfilled, also a Tied Agent or a Tied Consumer Credit Intermediary announced by a person authorized to provide or intermediate a consumer credit on the basis of a trade license, if the person has applied for the authorization to operate as of one of the persons mentioned in Section 7 within the time limit pursuant to Section 169 (1) or as an Independent Intermediary within the time limit pursuant to Section 170 (1) or Section 171 (1).

(2) The Czech National Bank shall register, if the conditions under Section 29 (1) or Section 39 (1) are fulfilled, also a Tied Agent announced by a bank authorized to intermediate consumer credit if the bank has applied for the authorization to operate as an Independent Intermediary.

Section 173
Czech Trade Inspection Authority

The supervision of persons authorized to provide and intermediate consumer credit on the basis of a trade license obtained prior to the date of entry into force of this Act is performed by the Czech Trade Inspection Authority until the Czech National Bank decides to grant an authorization pursuant to this Act but for a maximum of 18 months from the date of entry into force of this Act.

Section 174
Termination of trade license to provide or intermediate consumer credit

(1) A trade license to provide or intermediate consumer credit shall be terminated not only by the expiration of the time period referred to in Section 169 (1), Section 170 (1) or Section 171 (1), but also by the decision of the Czech National Bank on the application for authorization to operate as one of the persons listed in Section 7 or as an Independent Intermediary or by the entry into the register as a Tied Agent or as a Tied Consumer Credit Intermediary or by a notification to the represented on the non-execution of the registration.

(2) Within four months of the date of entry into force of this Act, the Czech National Bank shall notify the Trade Licensing Office of

- (a) which holders of a trade license have applied for the granting of an authorization to provide or intermediate credit within 3 months from the date of entry into force of this Act
 - 1. as any of the persons referred to in Section 7, or
 - 2. as an Independent Intermediary and
- (b) which persons were announced by a represented as Tied Agents or Tied Consumer Credit Intermediaries to the Czech National Bank within 3 months from the date of entry into force of this Act.

(3) The Czech National Bank shall notify the Trade Licensing Office of the decision on the received application pursuant to subsection 2 (a) or whether it registered a Tied Agent or Tied Consumer Credit Intermediary on the basis of a received notification under subsection 2 (b) or it notified the represented about the non-execution of the registration.

(4) The competent Trade Licensing Office shall mark the termination of the relevant trade license in the Trade Licensing Register within 5 working days of receipt of notification of the Czech National Bank pursuant to subsection 2 or 3.

Section 175
Completion of proceedings

(1) Proceedings commenced before the date of entry into force of this Act, which have not been legally terminated, shall be completed according to the existing legal regulations, unless otherwise stated.

(2) The proceedings initiated by the Czech Trade Inspection Authority in connection with the exercise of its control activity after the date of entry into force of this Act shall be completed by the Czech Trade Inspection Authority.

(3) The proceedings initiated by the Trade Licensing Office in connection with the carrying out of trade inspection after the date of entry into force of this Act shall be completed by the Trade Licensing Office.

(4) A bank's application for authorization to intermediate consumer credit filed prior to the date of entry into force of this Act that has not been legally ruled on by the effective date

of this Act shall be deemed to be an application for authorization to act as an Independent Intermediary under of this Act and the proceedings are conducted according to this Act.

Section 176

Professional competence

(1) Within 24 months from the date of entry into force of this Act, the expertise and skills for providing or intermediating consumer credit may also be evidenced by an affidavit of a person authorized to provide or intermediate consumer credit. The affidavit can only concern staff members of a person authorized to provide or intermediate consumer credit, its Tied Agents and Tied Consumer Credit Intermediaries. A person entitled to provide or intermediate a consumer credit that is a natural person may make an affidavit on its own.

(2) A provider and an intermediary and their staff members shall obtain general knowledge certified by the corresponding document pursuant to Section 60 (2) no later than 42 months after the date of entry into force of this Act.

(3) Natural persons who at the date of entry into force of this Act provided or intermediated consumer credit for at least three years or who, as staff members of a person authorized to provide or intermediate consumer credit, directly contributed to the provision or intermediation of consumer credit or were providing or intermediating consumer credit are not obligated to obtain general knowledge certified by the corresponding document pursuant to Section 60 subsection 2.

Section 177

Decisive Day

If an staff member or a member of a supervisory body of a provider or an intermediary started operating before the date of entry into force of this Act, the decisive day referred to in Section 74 shall be the day of entry into force of this Act.

PART FOURTEEN

FINAL PROVISIONS

Section 178

Cancellation clause

The following Acts are cancelled:

1. Act No. 145/2010 Coll., On Consumer Credit and on Amendments to Certain Acts.
2. Act No. 43/2013 Coll., amending act No. 145/2010 Coll., On Consumer Credit and on Amendments to Certain Acts.

Section 179

Entry into force

This Act shall enter into force on the first day of the fourth calendar month following the day of its publication.

Calculation of the Annual Percentage Rate of Charge (APRC)

PART 1

Calculation of the Annual Percentage Rate of Charge Formula

The annual percentage rate of charge shall be calculated on the basis of the following formula:

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

where:

- X is the APRC
- 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 k
- 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.

Explanatory notes:

- (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. An equal month is presumed to have 30,41666 days (i.e. $365/12$) regardless of whether or not it is a leap year.
- (d)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. Where using days:
 - 1. every day shall be counted, including weekends and holidays;
 - 2.equal periods and then days shall be counted backwards to the date of the initial drawdown;
 - 3.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 days) of the complete year counted backwards from the last day to the same day of the previous year.
- (e)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 the preceding decimal place shall be increased by one.

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

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

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

PART 2

Additional assumptions for the calculation of the APRC

1. If 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.
2. If a credit agreement provides different ways of drawdown 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 this type of credit agreement.
3. If a credit agreement gives the consumer freedom of drawdown in general but imposes, amongst the different ways of drawdown, 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 provided for in the credit agreement and in accordance with those drawdown limits.
4. If different borrowing rates and charges are offered for a limited period or amount, the highest borrowing rate and charges shall be deemed to be the borrowing rate and charges for the whole duration of the credit agreement.
5. For credit agreements for which a fixed borrowing rate is agreed in relation to the initial period, at the end of which a new borrowing rate is determined and subsequently periodically adjusted according to an agreed indicator or internal reference rate the calculation of the APRC 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 calculation of the APRC, based on the value of the agreed indicator or internal reference rate at that time, but is not less than the fixed borrowing rate.
6. If the ceiling applicable to the credit has not yet been agreed, that ceiling is assumed to be EUR 170 000. In the case of credit agreements — other than contingent liabilities or guarantees — the purpose of which is not to acquire or retain a right in immovable property or land, overdrafts, deferred debit cards or credit cards this ceiling is assumed to be EUR 1 500.
7. In the case of credit agreements other than overdrafts, bridging loans, shared equity credit agreements, contingent liabilities or guarantees and open-ended credit agreements as referred to in the assumptions set out in points (i), (j), (k), (l) and (m):
 - (a) if 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;

- (b) if 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.

8. 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 set out in points (g), (i), (j), (k), (l) and (m) it shall be assumed that the payment is made in accordance with the dates and conditions required by the creditor and, when these are unknown:

- (a) interest charges are paid together with the repayments of the capital;
- (b) non-interest charges expressed as a single sum are paid at the date of the conclusion of the credit agreement;
- (c) non-interest charges expressed as several payments are paid at regular intervals, commencing with the date of the first repayment of capital, and if the amount of such payments is not known they shall be assumed to be equal amounts;
- (d) the final payment clears the balance of capital, interest and other charges, if any.

9. 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 APRC shall be calculated on the assumption that the duration of the credit is three months.

10. In the case of a bridging loan, 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 credit agreement is not known the APRC shall be calculated on the assumption that the duration of the credit is 12 months.

11. In the case of an open ended credit agreement, other than an overdraft facility and bridging loan, it shall be assumed that:

- (a) for credit agreements, the purpose of which is to acquire or retain rights in immovable property the credit is provided for a period of 20 years 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; in the case of credit agreements the purpose of which is not to acquire or retain rights in immovable property or which are drawn down by deferred debit cards or credit cards, this period shall be of one year;
- (b) the capital is repaid by the consumer in equal monthly payments, commencing one 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 year. Interest and other charges shall be applied in accordance with those drawdowns and repayments of capital and as provided for in the credit agreement.

Explanatory notes:

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

12. In the case of contingent liabilities or guarantees, the total amount of credit shall be deemed to be drawn down in full as a single amount at the earlier of:

- (a) the latest draw down date permitted under the credit agreement being the potential source of the contingent liability or guarantee; or
- (b) in the case of a rolling credit agreement at the end of the initial period prior to the rollover of the agreement.

13. In the case of shared equity credit agreements:
- (a) the payments by consumers shall be deemed to occur at the latest date or dates permitted under the credit agreement;
 - (b) percentage increases in value of the immovable property which secures the shared equity credit agreement, and the rate of any inflation index referred to in the agreement, shall be assumed to be a percentage equal to the higher of the current central bank target inflation rate or the level of inflation in the Member State where the immovable property is located at the time of conclusion of the credit agreement or 0 % if those percentages are negative.

Annex 2 to Act No. 257/2016 Coll.

See Annex II of the Directive 2008/48/EC of the European parliament and of the Council of 23 April 2008 on credit agreements for consumers and repealing Council Directive 87/102/EEC.

Annex 3 to Act No. 257/2016 Coll.

See Annex III of the Directive 2008/48/EC of the European parliament and of the Council of 23 April 2008 on credit agreements for consumers and repealing Council Directive 87/102/EEC.

Annex 4 to Act No. 257/2016 Coll.

See Annex II of the Directive 2014/17/EU of the European parliament and of the Council of 4 February 2014 on credit agreements for consumers relating to residential immovable property and amending Directives 2008/48/EC and 2013/36/EU and Regulation (EU) No 1093/2010.

Amortization Table Example

(1) The Amortization Table shall contain due payments, limitation periods and requirements pertaining to those due payments, division of each repayment indicating the amortization of the principal amount, interest calculated on the basis of the interest rate and all other costs.

(2) The Amortization Table shall be composed in such a way that

- a) in its lines expresses every individual period in which a drawdown or repayment of consumer credit occurs, and on the last line expresses also the sum of those items, and
- b) in its columns expresses the expected drawdown of consumer credit, all costs of consumer credit for which payment the consumer has committed in the consumer credit contract and the balance of the principal.

(3) Should the interest rate not be fixed or it is possible to adjust costs after the conclusion of contract, the amortization Table must contain clear and concise information that the contained data is only valid until a change in interest rate or adjustment of costs made in accordance with the consumer credit contract.

(4) The graphic design of the Amortization Table, especially its structure and column labels, must not differ significantly from this example given:

Period number	Date	Credit drawdown		Credit Repayment						
		Drawdown amount	Negotiated interest rate [A]	Payment of costs for arranging and managing credit not covered by credit [B]	A repayment [C]	From which interest [D]= [remainder from the principal amount from the previous period]-[A]	From which amortized [E]=[C]-[D]	Ancillary financial services (insurance premiums) [F]	Sum of repayment for period [B]+[C]+[F]	Balance (amount of unpaid principal) [remainder from the principal amount from the previous period]-[E]
1										
2										
...										
Sum	-		-							-