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Creditors and Credit Intermediaries Act[1]

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13.11.2019	RT I, 04.12.2019, 1	14.12.2019
17.11.2021	RT I, 30.11.2021, 1	10.12.2021

Chapter 1
General Provisions

§ 1. Scope of Act

(1) This Act regulates the activities and liabilities of a creditor and an intermediary of a creditor (hereinafter *credit intermediary*) and supervision over the activities thereof.

(2) The provisions of the Administrative Procedure Act apply to the administrative proceedings prescribed in this Act, taking into account the specifications provided for by this Act and the Financial Supervision Authority Act.

§ 2. Application of Act

(1) This Act applies to creditors and credit intermediaries founded and operating in Estonia, as well as foreign creditors and credit intermediaries and their branches in Estonia that grant or intermediate credit, in the course of their economic or professional activities, to consumers in Estonia.

(2) The provisions of this Act concerning a credit intermediary also apply to such a person that intermediates credit granted by a person that does not operate in its economic or professional activities as a creditor and is not a creditor for the purposes of this Act.

(3) For the purposes of this Act, a consumer means the person specified in subsection 5 of § 1 of the Law of Obligations Act. If the credit intermediary specified in subsection 2 of this section intermediates to a consumer credit which is granted either in part or in full by a consumer, the provisions of this Act and the Law of Obligations Act concerning the consumer credit agreement shall apply to the credit agreement.

(4) This Act applies to activities and branches of Estonian creditors or credit intermediaries in foreign states, unless otherwise provided for by the legislation of the foreign state.

(5) The provisions of this Act do not apply to:
1) grantors of state guarantees or state support of enterprise;
2) natural or legal persons whose economic or professional activities include the granting of credit, in accordance with law and following the social objective, to a restricted public and at a lower interest rate than that prevailing on the market or on other terms which are more favourable than those prevailing on the market provided that the interest rate is not higher than the market average.

(6) A savings and loan association that grants or intermediates credit to a consumer is a creditor or a credit intermediary within the meaning of this Act and the provisions of this Act and other legislation concerning a creditor or a credit intermediary shall apply thereto, with the specifications provided for in this Act and the Savings and Loan Associations Act. This Act does not apply to a savings and loan association if the following conditions have been met:
1) the annual percentage rate of charge of any credit agreement to be entered into or intermediated by the savings and loan association does not exceed, at the time of granting the credit, the average annual percentage rate of charge over the last six months of the consumer loans granted to private persons as last published by *Eesti Pank*;
2) the number of members of the savings and loan association is less than 3,000.

(7) This Act does not apply to credit institutions and branches of foreign credit institutions in Estonia, unless otherwise provided for in the Credit Institutions Act. The provisions of this Act concerning credit institutions shall also extend to branches of foreign credit institutions in Estonia.

(8) Only the provisions of §§ 20, 38, 40 and 43, subsections 2 and 3 of § 44 and §§ 46–53, 57 and 58 of this Act apply to a creditor and a credit intermediary, except to a person that grants or intermediates consumer credit relating to residential immovable property within the meaning of subsection 3 of § 5 or subsection 2 of § 6 of this Act or to a person providing advisory services within the meaning of § 7 of this Act, if all of the following conditions have been met:
[RT I, 11.03.2016, 1 – entry into force 21.03.2016]
1) the parent undertaking of the creditor or the credit intermediary is a credit institution founded in a state which is a contracting party to the EEA Agreement (hereinafter *EEA country*);
2) the creditor or the credit intermediary is a company controlled, within the meaning of § 10 of the Securities Market Act, by a credit institution specified in clause 1 of this subsection and the creditor or the credit intermediary is subject to the consolidated supervision of the Financial Supervision Authority or the financial supervision authority of another EEA country.

(9) This Act does not apply to an undertaking that, in its economic or professional activities, sells to a consumer an object or provides a service and, as an ancillary activity to these activities, allows the postponement of a due date for a consumer for a charge and assigns, according to the factoring contract specified in § 256 of the Law of Obligations Act, a financial claim arising from this contract to another person (hereinafter *factor*) or intermediates credit to a consumer if all of the following conditions have been met:
1) the factor or the creditor whose credit the undertaking intermediates is a credit institution or holds authorisation to operate as a creditor or operates as a creditor in accordance with subsection 8 of this section;
2) the factor or the creditor whose credit the undertaking intermediates is responsible for compliance with the requirements provided for in this Act and the Law of Obligations Act for the granting of credit or the intermediation of credit to a consumer by an undertaking specified in this subsection.

(10) This Act does not apply to payment institutions and e-money institutions, unless otherwise provided for in the Payment Institutions and E-money Institutions Act.

(10^1) This Act does not apply to claims acquired by foreign credit institutions or special purpose entities for the purpose of forming the cover pool of covered bonds.
[RT I, 30.11.2021, 1 – entry into force 10.12.2021]

(11) The provisions of this Act concerning the granting of credit or the intermediation of credit do not apply to:
1) the credit agreements and credit intermediation agreements specified in subsection 3 of § 403 of the Law of Obligations Act;
2) the credit agreements entered into as a judicial compromise to the extent provided for in subsection 5 of § 403 of the Law of Obligations Act.

(12) For the purposes of this Act, provision of services includes a credit and leasing transaction, postponement of a due date for a charge and another financing transaction, i.e. the granting of credit, the intermediation of credit and the provision of advisory services.

(13) The provisions of this Act concerning the shareholders, share capital and shares of a creditor or a credit intermediary which is a public limited company also apply to the shareholders, share capital and shares of a creditor or a credit intermediary which is a private limited company.

§ 3. Granting of credit

For the purposes of this Act, granting of credit means the granting of credit, the postponement of a due date for a charge, leasing or any other similar financial accommodation specified in subsections 1 and 2 of § 401 of the Law of Obligations Act, including the entry into credit agreements and performance of acts needed for this purpose in the person's own name and on the person's own account.

§ 4. Intermediation of credit

For the purposes of this Act, intermediation of credit means:
1) intermediating the granting of credit or indicating the possibility to enter into a credit agreement to a consumer for a charge;

2) assisting consumers in acts preliminary to entering into a credit agreement or in entering into the agreement and any other activities related thereto which have not been specified in clause 1 of this section;
3) in the interests of and for the benefit of the creditor, negotiating or entering into agreements on behalf and on the account of the creditor independently and on a permanent basis.

§ 5. Creditor and mortgage creditor

(1) For the purposes of this Act, a creditor means an undertaking whose economic or professional activities include the granting of credit to a consumer.

(2) A creditor may operate as a public limited company, a private limited company or, in accordance with the Savings and Loan Associations Act, a commercial association.

(3) A creditor that grants or undertakes to grant to a consumer credit on the basis of a consumer credit agreement relating to residential immovable property is a mortgage creditor.
[RT I, 11.03.2016, 1 – entry into force 21.03.2016]

(4) A consumer credit agreement relating to residential immovable property means a consumer credit agreement for the purposes of subsection 2 of § 402 of the Law of Obligations Act. The provisions of this Act concerning a consumer credit agreement shall also apply to a consumer credit agreement relating to residential immovable property, unless otherwise provided for in this Act.
[RT I, 11.03.2016, 1 – entry into force 21.03.2016]

§ 6. Credit intermediary and mortgage credit intermediary

(1) For the purposes of this Act, a credit intermediary means a natural or legal person that is not operating as a creditor and whose economic or professional activities include intermediating credit to a consumer.

(2) A credit intermediary that intermediates, to a consumer, consumer credit relating to residential immovable property within the meaning of this Act is a mortgage credit intermediary.
[RT I, 11.03.2016, 1 – entry into force 21.03.2016]

§ 7. Provision of advisory services in the case of consumer credit agreement relating to residential immovable property

[RT I, 11.03.2016, 1 – entry into force 21.03.2016]

(1) Advisory services mean the provision, when offering credit relating to residential immovable property, of independent and personalised recommendations to a consumer in respect of one or more agreements to be entered into to obtain the credit relating to residential immovable property.
[RT I, 11.03.2016, 1 – entry into force 21.03.2016]

(2) Advisory services constitute a separate activity from the granting of credit and from the intermediation of credit and these may be provided by creditors or credit intermediaries that have authorisation for this purpose, except if the advisory services are provided by:
1) persons that intermediate credit or provide advisory services in the course of regulated professional activities in the case of which the intermediation of credit or the provision of advisory services is not prohibited;
2) persons that provide advisory services for the performance of an existing debt obligation and that operate in the public interest, for non-commercial purposes or as volunteers;
3) persons other than creditors or credit intermediaries but over which a competent financial supervision authority exercises supervision equivalent to the requirements provided for in this Act.

(3) The following is not deemed to be advisory services:
1) provision of impersonal recommendations meant to be published or made available to the public via an information channel;
2) provision of pre-contractual information to the consumer in accordance with § 403^3 of the Law of Obligations Act or provision of explanations about a consumer credit agreement in accordance with § 403^5 of the Law of Obligations Act.
[RT I, 11.03.2016, 1 – entry into force 21.03.2016]

§ 8. Protection of name

(1) Only creditors may use the word " *krediidiandja*" [creditor] or derivatives or foreign language equivalents thereof in their business names.

(2) Only credit intermediaries may use the words " *krediidivahendaja*" [credit intermediary] and " *krediidimaakler*" [credit broker] or derivatives or foreign language equivalents thereof in their business names.

Credit intermediaries tied to one creditor may only use the word " *krediidiagent*" [credit agent] or derivatives or foreign language equivalents thereof in their business names.

(3) Only creditors or credit intermediaries may use the word " *krediidinõustaja*" [credit advisor] or derivatives or foreign language equivalents thereof in their business names.

§ 9. Consolidation group, control relationship and close links

(1) For the purposes of this Act, a consolidation group is formed of:
1) a parent undertaking with a subsidiary;
2) a parent undertaking with a subsidiary and an undertaking related to the parent undertaking or its subsidiary within the meaning of the holding specified in clause 1 of subsection 3 of this section;
3) companies or other legal persons under common management pursuant to the contract entered into, the memorandum of association or the articles of association or wherein the majority of members of the managing or supervisory bodies are the same persons until the consolidated annual report is approved.

(2) For the purposes of this Act, parent undertaking means a person that controls at least one company or other legal person (subsidiary) pursuant to § 10 of the Securities Market Act. For the purposes of this Act, a subsidiary of a subsidiary of a parent undertaking is deemed to be a subsidiary of the same parent undertaking.

(3) In this Act, close links mean a situation where at least two persons are linked by:
1) a holding where at least 20 per cent of the share capital or votes determined by shares is owned in a company or other legal person;
2) a control relationship.

(4) A situation where two or more persons are permanently linked to one and the same person by a control relationship shall also be regarded as constituting a close link.

(5) For the purposes of this Act, control relationship means the relationship between a parent undertaking and a subsidiary provided for in subsections 1 and 2 of this section.

Chapter 2
Application for Authorisation

§ 10. Authorisation

(1) In order to operate as a creditor, authorisation must be held.

(2) In order to operate as a credit intermediary, a legal or natural person shall hold authorisation.

(3) A credit intermediary tied to one creditor as specified in subsection 1 of § 21 of this Act need not hold separate authorisation. Authorisation shall be held by a creditor on whose behalf the tied credit intermediary is operating.

(4) A credit institution need not apply for authorisation in order to grant credit or intermediate credit or to provide advisory services.

(5) In order to grant credit, payment institutions and e-money institutions need not apply for authorisation in accordance with the provisions of subsection 4 of § 5 of the Payment Institutions and E-money Institutions Act.

(6) Authorisation is granted and revoked by the Financial Supervision Authority by its decision in accordance with the provisions of §§ 15 and 18 of this Act.

(7) Authorisation for operating as a creditor or a credit intermediary is granted for an unspecified term.

(8) Authorisation does not apply to a subsidiary, is not transferable and the use thereof by other legal or natural persons is prohibited.

§ 11. Scope of authorisation

(1) A creditor shall apply for authorisation for the granting of credit specified in § 3 of this Act. A credit intermediary shall apply for authorisation for the intermediation of credit specified in § 4 of this Act.
A mortgage creditor or a mortgage credit intermediary shall apply for authorisation for the granting or intermediation of consumer credit relating to residential immovable property or for the said authorisation with the right to provide advisory services.
[RT I, 11.03.2016, 1 – entry into force 21.03.2016]

(2) Authorisation shall not be applied for to grant credit and intermediate credit. Authorisation shall not solely be granted for the provision of advisory services.

(3) A legal or natural person may grant credit or intermediate credit or provide advisory services for which it has been granted authorisation.

(4) In order to provide services not specified in the authorisation, a legal or natural person shall apply for additional authorisation. The provisions of §§ 14-16 of this Act apply to the processing of applications for additional authorisation, verification of the information and deciding on the granting of authorisation.

§ 12. Application for authorisation

(1) Upon applying for authorisation, a member of the management board of a legal person or a natural person who wishes to operate as a credit intermediary shall submit to the Financial Supervision Authority an application which consists of a written petition and the following information and documents (hereinafter in this Chapter petition, information and documents, together *application*):
1) in the case of an applicant that is a legal person, a copy of the articles of association or, in the case of an applicant that is a natural person, information on the applicant, which includes the name, residence, personal identification code or, in the absence thereof, date and place of birth of the person;
2) a business plan which complies with the requirements provided for in § 13 of this Act;
3) in the case of a legal person, information on the members of the management board and supervisory board of the applicant (hereinafter member of the management board or supervisory board *manager*), which includes each member's given name and surname, personal identification code or, in the absence thereof, date and place of birth, citizenship, residence, educational background, a complete list of places of employment and positions and, in the case of members of the management board, a description of their area of responsibility and additionally, if the applicant so wishes, documents certifying the trustworthiness of the managers and their compliance with the requirements of this Act;
4) in the case of a legal person, a document proving the existence of the share capital paid up by the applicant;
5) in the case of a legal person, the opening balance sheet of the applicant and the latest balance sheet, income statement and last three annual reports of the applicant if such documents exist;
6) an action plan which sets out in particular the intended services;
7) the internal rules provided for in § 44 of this Act and the accounting policies and procedures or drafts thereof;
[RT I, 11.03.2016, 1 – entry into force 21.03.2016]
8) a description of the information systems and other technological means needed for the provision of the intended services;
9) a description of measures which ensure the performance of obligations in connection with preventing money laundering and terrorist financing and upon the granting of credit and the financing of the activities of a creditor;
10) in the case of an applicant that is a legal person, a description of the organisational structure, which includes, if necessary, the use of a credit intermediary or a tied credit intermediary or a description of the procedure for the outsourcing of services;
11) in the case of an applicant that is a legal person, a list of shareholders which sets out each shareholder's name and, upon the existence thereof, registry code or personal identification code or, in the absence thereof, date and place of birth and information on the number of shares or the size of the shares and number of the votes to be acquired or owned by each shareholder;
12) in the case of a legal person, the information specified in § 31 of this Act on persons that have a qualifying holding in and control over the applicant;
13) information on legal persons in which the holding of the applicant or a manager thereof exceeds 20 per cent or over which it has control. This information shall include the size of the equity, the size of the share capital, a list of the areas of activity and the size of the holding of the applicant and each manager;
14) in the case of an applicant that is a legal person, information on the auditor and internal auditor of the applicant, which includes each person's name, residence or seat, personal identification code or, in the absence thereof, date and place of birth or registry code;
15) in the case of an applicant that is a natural person, information on the auditor of the applicant, which includes the persons' name, residence or seat, personal identification code or, in the absence thereof, date and place of birth or registry code;
16) information which certifies the sufficient knowledge, skills and experience of the managers and members of staff of the creditor or the credit intermediary;
17) a certificate concerning payment of the processing fee provided for in subsection 2 of § 45^3 of the Financial Supervision Authority Act.

(2) A credit intermediary need not submit the information and documents specified in clauses 2 and 5 of subsection 1 of this section. A mortgage credit intermediary shall submit, along with the application, a document proving professional indemnity insurance or other comparable security prescribed for covering the liability arising from professional negligence.
[RT I, 11.03.2016, 1 – entry into force 21.03.2016]

(3) Upon applying for authorisation to a savings and loan association, the information specified in clause 12 of subsection 1 of this section on persons that have a qualifying holding in and control over the applicant shall not be submitted and the provisions of this Act concerning the acquisition of a qualifying holding do not apply to savings and loan associations. Information and documents on the origin of the financial resources with which a

contribution of 5,000 euros or more will be or has been paid must be appended to an application of a savings and loan association.

(4) The accuracy of the information and documents submitted with regard to the persons specified in clauses 3, 13 and 16 of subsection 1 of this section shall be confirmed by the persons with their signatures.

(5) An applicant shall not submit a new application for authorisation within three months of the entry into force of a decision of the Financial Supervision Authority on the refusal to grant authorisation. If the Financial Supervision Authority refuses to review an application for authorisation in accordance with subsection 2 of § 14 of this Act, the applicant shall not submit a new application for authorisation until one month has passed since the refusal to review the application.

§ 13. Business plan

(1) A business plan of an applicant that is a natural person shall include a description of the nature of the intended business activities of the applicant, a description of the rights, obligations and liability of the persons related to the provision of the planned activities and services and a description, forecast and analysis of the following factors:
1) the amount of revenue and expenditure by area of activity;
2) obligations related to the provision of services;
3) the technical administration of the activities of the applicant;
4) operational strategy and the market share planned to engage in activities;
5) the intended activities, services to be provided and credit agreements to be offered and potential consumers and competitors;
6) general principles of risk management and strategy of risk management;
7) investment policy and policy for the financing of activities.

(2) In addition to the provisions of subsection 1 of this section, a business plan shall include confirmation that the applicant has no tax arrears and that no bankruptcy proceedings have been commenced against the applicant.

(3) In addition to the provisions of subsection 1 of this section, a business plan of an applicant that is a legal person shall include a description of the organisational structure, internal control system and management structure of the applicant and the following information:
1) the size of the assets and the share capital of the applicant;
2) potential intermediaries;
3) the annual balance sheet and financial indicators which, *inter alia*, set out revenue, expenditure, profit and cash flows, and the presumptions which constitute the basis thereof.

(4) A business plan shall be submitted for at least three years.

(5) The Financial Supervision Authority has the right to demand the supplementation of a business plan if, in its opinion, the financial indicators and other information set out therein are not reliable.

§ 14. Review of applications for authorisation

(1) If an applicant has failed to submit all of the information and documents specified in § 12 of this Act or if they have not been prepared in accordance with the requirements, the Financial Supervision Authority may refuse to review the application or demand the elimination of the deficiencies by the applicant.

(2) The Financial Supervision Authority may refuse to review an application pursuant to subsection 1 of this section if:
1) the application has been submitted with significant deficiencies; or
2) the applicant does not eliminate the deficiencies during the term determined by the Financial Supervision Authority.

(3) If, during the processing of an application for authorisation, changes are made to the information or documents specified in subsection 1 of § 12 of this Act, the applicant shall immediately submit to the Financial Supervision Authority the corresponding updated information and documents. If the change is significant, the Financial Supervision Authority may deem the beginning of the time limit of proceedings to be the moment of receipt of the significant change. In such an event the Financial Supervision Authority shall inform the applicant of the new time limit of proceedings.

(4) The Financial Supervision Authority may demand the submission of additional information and documents which are relevant to deciding on the granting of authorisation if it is not convinced on the basis of the information and documents specified in § 12 of this Act that the applicant for authorisation has adequate facilities for the intended activity or the provision of the services or that it complies with the requirements established for creditors or credit intermediaries by this Act or legislation issued on the basis thereof or if other circumstances related to the applicant need to be verified.

(5) In order to verify the information submitted by an applicant, the Financial Supervision Authority may, *inter alia*, consult databases, perform on-site inspections, order assessments or a special audit, ask for information from acquirers of a qualifying holding and shareholders, obtain verbal explanations from the applicant's

managers and auditors, their representatives and, where necessary, third parties concerning the content of the submitted documents and facts which are relevant in deciding on the granting of authorisation.

(6) The applicant shall submit the information and documents specified in subsections 4 and 5 of this section to the Financial Supervision Authority within a reasonable term determined by the latter, thereby taking into account the term for the review of the application for authorisation.

(7) Upon the processing of an application for authorisation, the Financial Supervision Authority shall cooperate with the financial supervision authority of the respective EEA country if:
1) the applicant is a parent undertaking or a subsidiary of a payment institution, e-money institution, management company, investment fund, investment firm, credit institution or insurance undertaking founded in the EEA country or another person subject to financial supervision;
2) the subsidiary of the parent undertaking of the applicant is a payment institution, e-money institution, management company, investment fund, investment firm, credit institution or insurance undertaking founded in the EEA country or another person subject to financial supervision;
3) the applicant and a payment institution, e-money institution, management company, investment fund, investment firm, credit institution or insurance undertaking founded in the EEA country or another person subject to financial supervision are companies controlled by one and the same person.

(8) In the course of the cooperation specified in subsection 7 of this section, the parties shall consult one another, evaluating the suitability of the shareholders and the reputation and experience of the applicant's managers and the managers of the other division of the consolidation group, and communicating to one another all information relevant to the granting of authorisation.

§ 15. Decision to grant authorisation and scope of authorisation

(1) Authorisation shall be granted if the information and documents submitted comply with the requirements and if it is possible to verify on the basis of the said information and documents that the applicant for authorisation has the knowledge and organisational capacity necessary for the granting of credit or the intermediation of credit or the provision of advisory services set out in the application and the protection of the interests of consumers is sufficiently ensured.

(2) The Financial Supervision Authority shall make a decision to grant or to refuse to grant authorisation within four months of receipt of all of the necessary conforming information and documents and after the requirements are complied with, but no later than within six months of receipt of the application for authorisation. An applicant may grant the Financial Supervision Authority irrevocable written consent to extend the term for the decision to grant or to refuse to grant authorisation.

(3) If there is a justified reason for the Financial Supervision Authority to believe that the applicant does not comply with all of the requirements provided for by this Act and legislation established on the basis thereof, it shall inform the applicant thereof. The applicant may also provide information to the Financial Supervision Authority on its own initiative.

(4) If, alongside the authorisation of a creditor or a credit intermediary, the right to provide advisory services was also applied for, the decision to grant authorisation shall set out the services that the legal or natural person has the right to provide in accordance with the authorisation.

(5) The Financial Supervision Authority shall immediately deliver a decision to grant or to refuse to grant authorisation to an applicant.

(6) A decision regarding authorisation shall as a minimum set out:
1) the name and registry code or personal identification code or, in the absence thereof, date and place of birth of the person with regard to whom the decision is made;
2) the type or types of services with regard to which the decision is made;
3) the date on which the decision is made and the date on which it enters into force.

§ 16. Basis for refusal to grant authorisation

(1) The Financial Supervision Authority may refuse to grant authorisation if:
1) the applicant does not comply with the requirements established for creditors or credit intermediaries in this Act or legislation issued on the basis thereof;
2) in the case of a legal person, the share capital of the company has not been paid up in full;
3) the applicant or the applicant's managers, auditor or shareholders do not comply with the requirements established in this Act or legislation issued on the basis thereof;
4) close links between the applicant and another person prevent the exercising of adequate supervision over the applicant, or this is prevented due to the requirements provided for by legislation or the implementation of legislation of the other state where the person with whom the applicant has close links has been founded;

5) the information submitted by the applicant reveals that the applicant mainly intends to operate in another EEA country;
6) the internal rules provided for in § 44 of this Act or other appropriate rules of procedure are not sufficient, proportional and unambiguous taking into account the nature, extent and level of complexity of the applicant's activities or are contrary to current law;
7) the applicant or its manager has been penalised for an economic offence, official misconduct, offence against property or offence against public trust or the financing or supporting of an act of terrorism or activities aimed at the committing thereof, and the corresponding information concerning the person's penalty has not been deleted from the criminal records database pursuant to the Criminal Records Database Act or an international sanction has been imposed on the applicant or its manager.

(2) When assessing that provided for in clause 3 of subsection 1 of this section, the following, *inter alia*, shall be considered:
1) in the case of an applicant that is a legal person, the level of the organisational and technical administration of its activities;
2) the educational background, experience, business connections, trustworthiness and business reputation of the persons related to the management of the applicant;
3) the adequacy and sufficiency of the applicant's business plan specified in § 13 of this Act;
4) the activities, financial situation, business reputation and experience of the applicant, its parent undertaking and other persons belonging to the same consolidation group as the applicant.

§ 17. Termination of authorisation

(1) Authorisation is terminated:
1) upon the revocation of the authorisation;
2) in the event of the merger of the creditor or the credit intermediary with another acquiring company other than a creditor or a credit intermediary, upon the entry of the merger in the commercial register or upon the entry of the new acquiring creditor or credit intermediary in the commercial register;
3) in the event of the division of the creditor or the credit intermediary, in accordance with the provisions of subsection 2 of § 63 of this Act;
4) in the event of voluntary dissolution of the creditor or the credit intermediary, upon receipt of permission for the dissolution of the creditor or the credit intermediary from the Financial Supervision Authority;
5) in the event of the death of a credit intermediary that is a natural person, on the day of their death;
6) upon the declaration of bankruptcy of the creditor or the credit intermediary or by a court ruling upon the termination of bankruptcy proceedings due to abatement.

(2) Upon the termination of authorisation, both a natural and legal person shall forfeit their right to provide the service for which they were granted authorisation.

§ 18. Revocation of authorisation

(1) Revocation of authorisation means the deprivation of a right granted by the authorisation.

(2) The Financial Supervision Authority may revoke authorisation if:
1) the creditor or the credit intermediary has not commenced its activities within six months of the granting of the authorisation or if the founders thereof have indicated by their activities that the creditor or the credit intermediary will be unable to commence activities within the specified term or the activities of the creditor or the credit intermediary have been suspended for more than six consecutive months;
[RT I, 03.06.2022, 5 – entry into force 13.06.2022]
2) the creditor or the credit intermediary submitted false information when applying for the authorisation which was of significant importance in the decision to grant the authorisation, and also in other events where false information is submitted to the Financial Supervision Authority by or for the creditor or the credit intermediary;
3) the activities of the creditor or the credit intermediary do not comply with the requirements in force with regard to the granting of authorisation;
4) the managers or auditor of the creditor and the credit intermediary do not comply with the requirements provided for in this Act or legislation issued on the basis thereof;
[RT I, 03.06.2022, 5 – entry into force 13.06.2022]
5) the creditor or the credit intermediary or its manager has been penalised for an economic offence, official misconduct, offence against property or offence against public trust or the financing or supporting of an act of terrorism or activities aimed at the committing thereof, and the corresponding information concerning the person's penalty has not been deleted from the criminal records database pursuant to the Criminal Records Database Act or an international sanction has been imposed on the creditor or the credit intermediary or its manager;
6) the creditor or the credit intermediary has published significantly incorrect or misleading information or advertising concerning its activities or manager;
7) the creditor or the credit intermediary has violated, repeatedly or to a material extent, the provisions of the legislation regulating the activities thereof;
8) the creditor or the credit intermediary has violated the requirements established for entry into and performance of a credit agreement or a consumer credit agreement, including the assessment of a consumer's creditworthiness, the annual percentage rate of charge of consumer credit agreements, the requirements established for the filing of collateral claims arising from a credit agreement, or the requirements established for commercial practices;

9) the internal rules of the creditor or the credit intermediary are not sufficient and proportional taking into account the nature, extent and level of complexity of the activities of the creditor or the credit intermediary or the creditor or the credit intermediary fails to implement the internal rules;
10) the creditor or the credit intermediary is unable to perform the obligations it has assumed or if its activities significantly damage the interests of consumers for any other reason;
11) the creditor or the credit intermediary belongs to a consolidation group whose structure prevents the receipt of information necessary for supervision, or if a company which belongs to the same consolidation group as the creditor operates on the basis of the legislation of a foreign state and the receipt of the necessary information is hindered;
12) close links between the creditor or the credit intermediary and other persons prevent the exercising of adequate supervision;
13) the exercising of supervision at a branch of the creditor or the credit intermediary or over services offered cross-border is impossible or hindered due to circumstances not depending on the supervision;
14) the creditor or the credit intermediary has repeatedly violated the procedure established pursuant to the Money Laundering and Terrorist Financing Prevention Act or the International Sanctions Act;
15) it becomes evident that the creditor or the credit intermediary has chosen Estonia as the place to apply for the authorisation and registration in order to evade compliance with stricter requirements established for creditors or credit intermediaries in another EEA country where the creditor or the credit intermediary mainly operates;
16) according to the information submitted to the Financial Supervision Authority by the financial supervision authority of an EEA country or a third country, the creditor or the credit intermediary has violated the requirements provided for in the legislation of the EEA country or the third country or set by the financial supervision authority of the country;
17) the creditor or the credit intermediary has not implemented a precept of the Financial Supervision Authority within the term or to the extent prescribed;
18) according to the information submitted to the Financial Supervision Authority by the financial supervision authority of an EEA country, the credit intermediary has violated the requirements provided for in the legislation of the EEA country or set by the financial supervision authority of the EEA country.

(3) The Financial Supervision Authority may revoke authorisation in full or in respect of specific services by specifying the rights that the holder of the authorisation shall forfeit upon revocation of the authorisation.

(4) Prior to deciding on the revocation of authorisation on the basis specified in subsection 2 of this section, the Financial Supervision Authority shall issue a precept to the creditor or the credit intermediary and set a term for the elimination of the deficiencies forming the reasons for the revocation, unless the issuing of a precept is not possible taking into account all of the circumstances.

(5) Authorisation shall be revoked on the basis of an application of a creditor or a credit intermediary if it no longer wishes to provide the services set out in the authorisation.

(6) The Financial Supervision Authority may refuse to revoke authorisation on the basis of the application specified in subsection 5 of this section if there is good reason to believe that revoking the authorisation may damage the legitimate interests of consumers.

(7) The Financial Supervision Authority shall review the application specified in subsection 5 of this section and make a decision to revoke or to refuse to revoke the authorisation within two months of receipt of the application.

(8) The decision to revoke the authorisation shall be immediately delivered to the creditor or the credit intermediary.

§ 19. Informing the public

(1) The Financial Supervision Authority shall publish a decision to grant or to revoke authorisation on its website no later than on the working day following the day the decision enters into force.

(2) In addition to the provisions of subsection 1 of this section, the Financial Supervision Authority shall publish a decision to revoke authorisation which is made on the basis provided for in subsection 2 of § 18 of this Act in at least one national daily newspaper no later than on the working day following the day the decision enters into force.

§ 20. Disclosure of information on creditors and credit intermediaries

(1) All creditors and credit intermediaries that obtain authorisation and the creditors and credit intermediaries that hold the right to operate pursuant to subsection 8 of § 2 of this Act shall be entered in the list of creditors and credit intermediaries on the website of the Financial Supervision Authority pursuant to subsection 4 of § 53 of the Financial Supervision Authority Act.
[RT I, 11.03.2016, 1 – entry into force 21.03.2016]

(1^1) A creditor or a credit intermediary that holds the right to operate pursuant to subsection 8 of § 2 of this Act shall inform the Financial Supervision Authority of its operating as a creditor or a credit intermediary five days before commencing its operations and immediately after the termination of its operations. The Financial Supervision Authority shall be supplied with information about the date of commencement of operations of the creditor or the credit intermediary and the business name, registry code and seat of the creditor or the credit intermediary.
[RT I, 11.03.2016, 1 – entry into force 21.03.2016]

(2) The list of information subject to disclosure about creditors and credit intermediaries shall be established by a regulation of the minister in charge of the policy sector.

(3) A creditor and a credit intermediary whose authorisation has been revoked or who has informed of the termination of its operation in accordance with subsection $1^1$of this section shall immediately be deleted from the list on the website of the Financial Supervision Authority.
[RT I, 11.03.2016, 1 – entry into force 21.03.2016]

Chapter 3
Requirements for Activities of Credit Agents

§ 21. Credit agent

(1) A credit agent means a credit intermediary that is tied to one creditor and acts solely on its behalf and under the creditor's full and unconditional liability (hereinafter in this Chapter *credit agent*).

(2) A credit agent may be a natural or a legal person.

(3) In the case provided for in this Act, provisions concerning credit intermediaries apply to credit agents.

§ 22. Requirements for credit agents

(1) The provisions of §§ 38 and 39 and subsections 1–3 of § 55 of this Act apply to credit agents, their managers and credit agents that are natural persons. The provisions of subsections 5–7 of § 55 of this Act apply to credit agents who act in the name of mortgage creditors.
[RT I, 11.03.2016, 1 – entry into force 21.03.2016]

(2) The provisions of §§ 40 and 43 of this Act apply to members of staff of credit agents and to credit agents that are natural persons.

(3) The requirements set for the activities of credit intermediaries provided for in §§ 46-53 of this Act and the requirements set for the intermediation and offering of and entry into credit agreements in §§ 396-421 of the Law of Obligations act apply to activities of credit agents.

§ 23. Scope of intermediation

A credit agent may intermediate entry into the credit agreements of only one creditor or person holding the right to grant credit in a foreign state pursuant to § 73 of this Act.

§ 24. Liability for activities of credit agents

(1) A creditor is fully and unconditionally responsible for the compliance of a credit agent operating on behalf of the creditor with the requirements of this Act and for an act or omission thereof to the extent regulated in this Act.

(2) A creditor is liable for the compliance of a credit agent and members of its staff or representatives, upon the existence thereof, with the requirements set for the knowledge, skills and experience of the members of staff in § 40 of this Act.

§ 25. List of credit agents

(1) In order to operate as a credit agent, no authorisation need be held. Only a credit intermediary entered in the list of credit agents (hereinafter *list*) may operate as a credit agent.

(2) A creditor may only use the services provided by a credit agent entered in the list.

(3) A credit agent is entered in and deleted from the list by the creditor whom the agent represents or, in the cases provided for in law, by the Financial Supervision Authority.

(4) A creditor shall make an entry in the list electronically pursuant to the contract entered into between the Financial Supervision Authority and the creditor.

(5) The list of credit agents shall be published on the website of the Financial Supervision Authority.

(6) In addition to the list of credit agents, the Financial Supervision Authority shall publish the contact details of the competent authorities of the EEA countries engaged in the entry in the list of credit agents and, if possible, links to the lists of credit agents in the EEA countries, which provide an opportunity to verify whether a credit agent of an EEA country has been entered in the list of credit agents in its country of location and in what states it holds the right to engage in intermediation.

§ 26. Entry in list

(1) A credit agent is entered in the list on the basis of an application it has submitted to a creditor.

(2) A creditor that receives an application shall make a decision to enter or refuse to enter a credit agent in the list within 14 days of receipt of the application. A creditor shall enter the applicant in the list as soon as the corresponding decision is made.

(3) A person that does not comply with the requirements set for credit agents in this Act shall not be entered in the list of credit agents.

(4) The person responsible for the accuracy of the entries made in the list is the creditor that made the entry.

(5) The list of information subject to disclosure about credit agents shall be established by a regulation of the minister in charge of the policy sector.

§ 27. Deletion from list

(1) A creditor shall immediately delete a credit agent from the list if:
1) the credit agent requests the deletion thereof from the list;
2) the credit agent is dissolved or a credit agent that is a natural person dies;
3) the authorisation relationship between the creditor and the credit agent is terminated;
4) the credit agent does not comply with the requirements established for credit agents in this Act or legislation issued on the basis thereof;
5) a member of the management board of the credit agent does not comply with the requirements provided for in §§ 39 and 40 of this Act;
6) the credit agent has violated the requirements for credit agents or the activities thereof provided for in this Act or the requirements for consumer credit agreements provided for in the Law of Obligations Act or the interests of the consumers of the creditor are not sufficiently protected.

(2) If the circumstances specified in subsection 1 of this section occur, the Financial Supervision Authority has the right to demand that the creditor delete the credit agent from the list or to itself delete the credit agent from the list.

Chapter 4
Qualifying Holding

§ 28. Qualifying holding

(1) For the purposes of this Act, a qualifying holding means any direct or indirect holding in the share capital of a creditor which forms at least 20 per cent of the share capital of the company, of all rights related thereto or of all of the votes in the company or holding which makes it possible to achieve a significant influence over the managing bodies of the company.

(2) A holding is direct if a person holds or exercises it personally.

(3) A holding is indirect if:
1) it is held or exercised by a person together with one or several controlled companies;
2) it is held or exercised by one or several companies controlled by a person;
3) it is held or exercised by a person or a company controlled by the person upon an agreement with a third party;
4) the voting right arising therefrom is deemed to belong to the person.

(4) The provisions of this Chapter concerning the share capital and shares of public limited companies also apply to the share capital and shares of private limited companies and to the contribution of members of savings and loan associations. The provisions of this Chapter concerning shareholders of public limited companies also apply to shareholders of private limited companies or to members of associations.

(5) Determination of the qualifying holding and the company controlled shall be based on Article 4(1)(35)-(38) of Regulation (EU) No 575/2013 of the European Parliament and of the Council on prudential requirements for credit institutions and investment firms and amending Regulation (EU) No 648/2012 (OJ L 176, 27.6.2013, p. 1-337).

§ 29. Requirements for persons having qualifying holding

(1) A qualifying holding in a creditor may be acquired, held and increased and control over a creditor may be gained, held and increased by any person:
1) that has an impeccable business reputation and whose activities in connection with the acquisition comply with the principles of sound and prudent management of the creditor;
2) that, after the acquisition or increase of the holding, elects, appoints or designates only such a person as a manager of the creditor as complies with the requirements provided for in § 39 of this Act;
3) [Repealed – RT I, 11.03.2016, 1 – entry into force 21.03.2016]
4) that is able to ensure that the creditor can observe the principles of responsible lending provided for in legislation;
5) that ensures that the creditor observes the prudential requirements provided for in this Act and that the creditor has a structure that allows the exercising of efficient supervision over it and the exchange of information and cooperation between the financial supervision authorities;
6) with regard to whom there is no justified reason to believe that the acquisition is related to money laundering or terrorist financing or an attempt thereof or that the acquisition of a qualifying holding will increase such risks.

(2) A qualifying holding in a credit intermediary may be acquired, held and increased and control over a credit intermediary may be gained, held and increased by any person:
1) whose activities in connection with the acquisition comply with the principles of sound and prudent management of the credit intermediary, which includes the knowledge and implementation of principles of responsible lending;
2) that, after the acquisition or increase of the holding, elects, appoints or designates only such a person as a manager of the credit intermediary as complies with the requirements provided for in § 39 of this Act;
3) [Repealed – RT I, 11.03.2016, 1 – entry into force 21.03.2016]

§ 30. Giving notification of acquisition of holding

(1) A person that intends to acquire a qualifying holding in a creditor or a credit intermediary directly or indirectly or to increase a holding so that it exceeds 20, 30 or 50 per cent of the share capital or the number of votes represented by shares in the creditor or the credit intermediary or to conduct a transaction as a result of which the creditor or the credit intermediary becomes a company controlled by the person (hereinafter *acquirer*) shall inform the Financial Supervision Authority of its intention in advance and submit the information and documents specified in subsection 1 of § 31 of this Act.

(2) The provisions of this Chapter also apply in cases where a person acquires, due to any other event or as a result of another transaction, a qualifying holding in a creditor or a credit intermediary or their holding increases to over 20, 30 or 50 per cent of the share capital or the number of votes represented by shares in the creditor or the credit intermediary or if, due to this event or transaction, the creditor or the credit intermediary becomes a company controlled by the person. In such an event, the person is required to inform the Financial Supervision Authority immediately after gaining control over the creditor or the credit intermediary or becoming aware of the acquisition of a qualifying holding or increase of the holding.

(3) The Financial Supervision Authority shall inform the acquirer in a format that can be reproduced in writing within five working days about the receipt of the notice specified in subsection 1 or 2 of this section and about the possible end-date of the time limit of proceedings provided for in subsection 1 of § 32 of this Act.

§ 31. Information submitted upon giving notification of acquisition of holding

(1) The Financial Supervision Authority shall be notified of the name of the company in which a qualifying holding is acquired or increased or which is turned into a company controlled by the acquirer, and the size of the holding to be acquired in this company, and the following information and documents shall be submitted:
1) a description of the company to be acquired which includes, *inter alia*, the list of shares and information on the class of shares and number of votes or the share to be acquired or owned by the acquirer, and other information if necessary;
2) in the case of an acquirer that is a natural person, a curriculum vitae which includes, *inter alia*, the name, residence, education, work and service experience and personal identification code of the acquirer or, in the absence thereof, date and place of birth;
3) in the case of an acquirer that is a legal person, a list of the shareholders or members and information on the number of the shares or the size of the shares and the number of the votes owned by each shareholder or member;
4) in the case of an acquirer that is a legal person, the name, seat, registry code, certified copy of a registry certificate and a copy of the articles of association or of a document with the same content;
5) in the case of an acquirer that is a legal person, information on the members of the management board and supervisory board which includes, for each person, the given name and surname, personal identification code or,

in the absence thereof, date and place of birth, education, work and service experience, and documents which certify the trustworthiness, experience, competence and impeccable business reputation of such persons;
6) information on the holdings of the acquirer and its managers in other legal persons or pools of assets and information on persons over which the acquirer has control;
7) confirmation that the person becoming a manager of the creditor or the credit intermediary as a result of acquiring a holding has not been penalised for an economic offence, official misconduct, offence against property or offence against public trust or the financing and supporting of an act of terrorism or activities aimed at the committing thereof, or that the corresponding information concerning the person's penalty has been deleted from the criminal records database pursuant to the Criminal Records Database Act or that no international sanction has been imposed on the person. In the case of a citizen of a foreign state, a certificate of the criminal records database or an equivalent document of a competent court or administrative authority of the country of origin of the person which has been issued less than three months earlier is accepted;
8) a description of the acquirer's engagement in enterprise and a description of the economic interests of persons connected with the acquisition;
9) confirmation that in the case of the person specified in clause 7 of this subsection no such circumstances have existed or exist which, in accordance with law, preclude the right of the person to be a manager of the creditor or the credit intermediary;
10) [Repealed – RT I, 11.03.2016, 1 – entry into force 21.03.2016]
11) in the case of an acquirer that belongs to a consolidation group, a description of the structure of the consolidation group together with data related to the sizes of the holdings of the companies belonging to the group, and the last three annual reports of the consolidation group together with the sworn auditor's reports;
12) [Repealed – RT I, 11.03.2016, 1 – entry into force 21.03.2016]
13) information and documents concerning the origin of the monetary and non-monetary resources for which it is intended to acquire or increase a qualifying holding or gain control;
14) the size of the qualifying holding that will be owned by the person after the acquisition of the holding and the circumstances related to the holding pursuant to §§ 9 and 10 of the Securities Market Act;
15) if the creditor or the credit intermediary becomes a controlled company, a business plan and other circumstances related to the exercising and gaining of control;
16) an overview of the operational strategy to be implemented in regard to the creditor or the credit intermediary if, as a result of the acquisition, the creditor or credit intermediary does not become a company controlled by the acquirer.

(2) The information and documents shall be submitted to the Financial Supervision Authority in Estonian.

(3) In order to specify and verify the information and documents specified in subsection 1 of this section, the Financial Supervision Authority may request, in writing, additional information and documents.

(4) The list of information and documents to be submitted to the Financial Supervision Authority upon giving notification of the acquisition of a holding in a creditor or a credit intermediary may be specified by a regulation of the minister in charge of the policy sector.

§ 32. Proceedings and time limits of proceedings

(1) The Financial Supervision Authority shall assess the compliance of the acquirer with the requirements set in § 29 of this Act and shall decide to refuse or to allow the acquisition of a holding within 60 working days (hereinafter *time limit of proceedings*) of the submission of the notice specified in subsection 3 of § 30 of this Act and certifying the receipt of the information and documents.

(2) The Financial Supervision Authority has the right to request additional information and documents within 50 working days of the beginning of the time limit of proceedings.

(3) The time limit of proceedings shall be suspended for the period between the submission of the first request by the Financial Supervision Authority for the additional information and documents specified in subsection 2 of this section and the receipt of the additional information and documents requested from the acquirer, but the suspension shall not last longer than 20 working days. The time limit of proceedings shall not be suspended the next time additional information and documents are requested.

(4) If no financial supervision is exercised over an acquirer or if supervision over an acquirer is exercised by a financial supervision authority of a third country, the Financial Supervision Authority may extend the suspension of the time limit of proceedings specified in subsection 3 of this section to up to 30 working days.

(5) Upon the assessment of the acquisition or increase of a qualifying holding or turning a creditor or a credit intermediary into a controlled company, the Financial Supervision Authority shall cooperate with the financial supervision authority of an EEA country if the acquirer is:
1) an insurance undertaking, credit institution, management company, investment fund, investment firm, payment institution, e-money institution or other person subject to financial supervision which has obtained authorisation in the EEA country;

2) a parent undertaking of an insurance undertaking, credit institution, management company, investment fund, investment firm, payment institution, e-money institution or other person subject to financial supervision which has obtained authorisation in the EEA country;
3) a person controlling a company which is an insurance undertaking, credit institution, management company, investment fund, investment firm, payment institution, e-money institution or other person subject to financial supervision which has obtained authorisation in the EEA country.

(6) The Financial Supervision Authority shall consult other financial supervision authorities within the framework of the cooperation specified in subsection 5 of this section. The Financial Supervision Authority and corresponding financial supervision authorities shall immediately communicate to one another all of the information that is relevant to the assessment of the acquisition or increase of a qualifying holding or turning a creditor or a credit intermediary into a controlled company.

(7) If several persons simultaneously wish to acquire a qualifying holding, the Financial Supervision Authority shall treat them equally in equal circumstances.

§ 33. Requirements for acquisition of holding

(1) The Financial Supervision Authority has the right to determine a term for the acquirer during which the acquirer has the right to acquire or increase a qualifying holding or turn a creditor or a credit intermediary into a controlled company. The Financial Supervision Authority may extend the term prescribed, but the term shall not exceed 12 months in total. The acquirer is required, within this term, to immediately inform the Financial Supervision Authority of a decision to conduct or not to conduct a transaction to acquire or increase a qualifying holding or to turn a creditor or a credit intermediary into a controlled company.

(2) A qualifying holding may be acquired or increased or a creditor or a credit intermediary may be turned into a controlled company if the Financial Supervision Authority does not issue a precept prohibiting the acquisition or increase of a qualifying holding or turning a creditor or a credit intermediary into a controlled company pursuant to the provisions of subsection 1 of § 32 and subsection 1 of § 34 of this Act.

§ 34. Basis for prohibition of acquisition of holding and decision on acquisition

(1) The Financial Supervision Authority may prohibit, with a precept, the acquisition or increase of a qualifying holding or turning a creditor or a credit intermediary into a controlled company if:
1) the acquirer does not comply with the requirements provided for in § 29 of this Act;
2) the acquirer has failed to submit to the Financial Supervision Authority, by the prescribed date, the information or documents provided for in this Act or requested pursuant to law;
3) the information or documents submitted to the Financial Supervision Authority do not comply with the requirements provided for by legislation or they are incorrect, misleading or incomplete or, based on the information and documents submitted, the Financial Supervision Authority cannot exclude reasonable doubt with respect to the unsuitability of the acquisition and with respect to the fact that the acquisition does not comply with the requirements provided for in this Act;
4) the creditor or the credit intermediary became a company controlled by a person residing or located in a third country and adequate supervision is not exercised over the person in the country of residence or location of the person or the financial supervision authority of the third country has no legal basis or possibility to cooperate with the Financial Supervision Authority.

(2) The Financial Supervision Authority shall send its decision allowing or its precept prohibiting the acquisition of a qualifying holding to the acquirer within two working days of the adoption of the decision or the issuing of the precept but prior to the expiry of the time limit of proceedings. If financial supervision over the acquirer is exercised by a financial supervision authority of another EEA country, the decision shall, *inter alia*, set out its assessment of the acquisition or increase of the qualifying holding or of turning a creditor or a credit intermediary into a controlled company.

(3) If the circumstances specified in subsection 1 of this section become evident after the acquisition or increase of a qualifying holding or turning a creditor or a credit intermediary into a controlled company, the Financial Supervision Authority may issue a precept pursuant to which the acquisition of the holding or turning a creditor or a credit intermediary into a controlled company is deemed to be contrary to this Act.

(4) If the acquirer or the person that owns a qualifying holding in a creditor or a credit intermediary or that controls a creditor or a credit intermediary is a credit institution, management company, investment fund, investment firm, insurance undertaking, payment institution or e-money institution registered in another EEA country, another person subject to financial supervision or a person belonging to the same consolidation group as an aforementioned person, the Financial Supervision Authority shall inform the competent financial supervision authority of that EEA country of the issuing of the precept specified in subsection 1 or 3 of this section.

(5) Compliance with the precepts of the Financial Supervision authority provided for in subsections 1 and 3 of this section is also mandatory for the creditor or the credit intermediary or other person that organises the exercising of voting rights.

§ 35. Consequences of unlawful acquisition of holding

(1) As a result of a transaction by which a qualifying holding is acquired or increased, the person shall not acquire the voting rights determined by the shares and the votes represented by the shares shall not be included in the quorum of the general meeting if:
1) the transaction is contrary to a precept issued by the Financial Supervision Authority;
2) the Financial Supervision Authority has issued a precept specified in subsection 3 of § 34 of this Act, pursuant to which the acquisition or becoming controlled is deemed to be contrary to law;
3) the Financial Supervision Authority has not been informed of the transaction pursuant to the procedure provided for in § 30 of this Act;
4) the transaction is conducted after the expiry of the term specified in subsection 1 of § 33 of this Act or before the expiry of the time limit specified in § 32 of this Act or before the acquisition of a qualifying holding is permitted pursuant to this Act.

(2) As a result of a transaction in the case of which any of the circumstances specified in subsection 1 of this section exist, no rights shall be created for a person that would turn a creditor or a credit intermediary into a company controlled by the person.

(3) If, as a result of a transaction in the case of which any of the circumstances specified in subsection 1 of this section existed, but the rights representing the acquired or increased qualifying holding were included in the quorum of the general meeting and they affected the adoption of a resolution of the general meeting, the resolution of the general meeting shall be void. A court may declare such a resolution of a general meeting void on the basis of a petition of the Financial Supervision Authority, a shareholder or a manager of the company if the petition is submitted within three months of the adoption of the resolution of the general meeting.

(4) In the case of the exercising of rights guaranteeing control which arise from a transaction whereby a creditor or a credit intermediary was to become a company controlled by the person and in respect of which any of the circumstances specified in subsection 1 of this section exist, a court may declare the exercising of such rights void on the basis of a petition of the Financial Supervision Authority, a shareholder or a manager of the company if the petition is submitted within three months of the exercising of the rights.

§ 36. Giving notification of changes in qualifying holding

(1) If a person intends to transfer shares to the extent that they lose a qualifying holding in a creditor or a credit intermediary or reduce their holding to below any of the limits specified in this Act or forego control over a creditor or a credit intermediary, the person is required to inform the Financial Supervision Authority immediately of their intention and to set out in the notice the number of shares the person owns, intends to transfer and will hold after the transaction.

(2) The provisions of subsection 1 of this section also apply if, due to any other event or as a result of any other transaction, a person loses control over a creditor or a credit intermediary or a qualifying holding in a creditor or a credit intermediary or the holding of the person is reduced so that it falls below any of the limits specified in subsection 1 of § 30 of this Act. In such an event, the person is required to inform the Financial Supervision Authority immediately after becoming aware of the loss of a qualifying holding or control or the reduction of the holding.

(3) Upon becoming aware of the transactions specified in subsections 1 and 2 of § 30 of this Act and subsections 1 and 2 of this section, a creditor or a credit intermediary is required to immediately inform the Financial Supervision Authority thereof.

(4) A creditor or a credit intermediary shall, together with its annual report, submit to the Financial Supervision Authority information on persons that, as of the end of the financial year, have a qualifying holding in the creditor or the credit intermediary and shall set out the size of the holding owned by the person and the circumstances related thereto pursuant to §§ 28 and 30 of this Act and §§ 9 and 10 of the Securities Market Act.

Chapter 5
Management and Organisational Structure

§ 37. Seat and head office of creditor and credit intermediary
[RT I, 20.04.2017, 1 - entry into force 15.01.2018]

(1) The registered seat and the head office of a creditor or a credit intermediary that has been entered in the commercial register in Estonia and has obtained authorisation from the Financial Supervision Authority shall be in Estonia.

(2) The partnership agreement or articles of association of a creditor or a credit intermediary shall determine that the registered seat and head office of the creditor or the credit intermediary are in Estonia.
[RT I, 20.04.2017, 1 - entry into force 15.01.2018]

§ 38. Activities of creditor or credit intermediary

(1) A creditor or a credit intermediary shall:
1) comply with the requirements provided for by legislation and show in its activities due professionalism, honesty, precision and care in order to ensure the protection of the interests and rights of consumers;
2) ensure the establishment and implementation of the internal rules specified in § 44 of this Act and necessary for its activities.

(2) The managers of a creditor or a credit intermediary shall ensure that the organisational structure of the creditor or the credit intermediary is transparent, the areas of responsibility are clearly delineated and internal rules have been established which are sufficient and proportional taking into account the nature, extent and level of complexity of the activities of the creditor or the credit intermediary and that the knowledge, skills, experience and activities of the managers and members of staff comply with the provisions of legislation.

(3) A creditor or a credit intermediary shall ensure that the members of staff or representatives of the creditor or the credit intermediary who participate in the process of the granting of credit, the intermediation of credit or the provision of advisory services have, at any given moment, the knowledge, skills and experience required for these activities.

(4) Making the choices provided for by this Act in organising the activities of a creditor or a credit intermediary must not lead to a situation where the creditor or the credit intermediary fails to perform an obligation provided for by legislation, fails to take into account material circumstances when assessing the consumer's creditworthiness or a consumer is not provided with information or a warning which may be of considerable weight in the development of a credit decision or entry into a credit agreement.

(5) If, in accordance with the provisions of subsection 2 of § 2 of this Act, a credit intermediary intermediates to a consumer credit that is granted either in part or in full by a person that does not operate in its economic or professional activities, the credit intermediary shall meet the requirements provided for in §§ 47–53 of this Act.

§ 39. Requirements for managers

(1) Only persons who have the knowledge, skills, experience, education and professional qualifications necessary to manage a creditor or a credit intermediary and who have an impeccable business reputation may be elected or appointed as the manager of the creditor or the credit intermediary.

(2) The business reputation of the person specified in subsection 1 of this section is not impeccable if, *inter alia*:
1) an act or omission of the person has resulted in the bankruptcy of a creditor, credit intermediary, credit institution, investment firm or other person subject to financial supervision or revocation of the authorisation thereof on the initiative of a financial supervision authority;
2) the person has committed a crime in the first degree;
3) a court has imposed on the person an occupational ban in accordance with § 49 or a prohibition on engaging in enterprise in accordance with § 49^1 of the Penal Code, also if a prohibition on business prescribed in law or a court decision or a prohibition on working in a particular profession or position has been imposed on the person or the person has been penalised for the violation of such a prohibition;
4) the person is not capable of organising the activities of a creditor or a credit intermediary in such a way that the interests of consumers are sufficiently protected;
5) the person has submitted to the Financial Supervision Authority false information or failed to submit important information;
6) the person has been penalised for an economic offence, official misconduct, offence against property or offence against public trust or the financing or supporting of an act of terrorism or activities aimed at the committing thereof, and the corresponding information concerning the person's penalty has not been deleted from the criminal records database pursuant to the Criminal Records Database Act or an international sanction has been imposed on the person.

(3) A person whose earlier activities have caused the bankruptcy or compulsory liquidation or revocation of the authorisation of a company, or to whom a prohibition on engaging in enterprise applies, or whose earlier activities as a manager of a company have shown that the person is not capable of organising the management of a company in such a way that the interests of the shareholders, members, obligees and consumers of the company are adequately protected, or whose earlier activities have shown that the person is not suitable to manage a company for other good reasons shall not be elected or appointed as the manager of a creditor or a credit intermediary or a member of the supervisory board or management board of its parent undertaking or a company belonging to the same consolidation group as the parent undertaking.

(4) A person to whom or a company related to whom a precept has been issued repeatedly or upon whom other penalties have been imposed for the violation of the requirements for responsible lending, exceeding the cap on the annual percentage rate of charge provided for in § 406^2 of the Law of Obligations Act or the violation of

the limit on compensation for collection costs claimed from a consumer in accordance with § $113^2$of the Law of Obligations Act shall not be appointed as the manager of a creditor or a credit intermediary.

(5) The managers of a creditor or a credit intermediary are required to regularly review the rules and other rules of procedure established on the basis of this Act, assess their efficiency and implement appropriate measures for the elimination of the deficiencies.

§ 40. Requirements for knowledge, skills and experience of members of staff and managers

(1) The managers and members of staff of a creditor or a credit intermediary shall act with the prudence and diligence expected of them and in accordance with the requirements set for their positions, giving priority to the economic interests of the creditor or the credit intermediary and consumers over their own personal economic interests.

(2) Taking into account the duties and liability related to the position or the place of employment, the managers and members of staff of a creditor or a credit intermediary shall have the knowledge, skills and experience necessary for the provision of the services and related to the following:
1) knowledge of the credit agreements offered and services provided;
2) the preparation of and entry into credit agreements, including assessment of the consumer's creditworthiness, and the terms and conditions of performance of a credit agreement as well as the terms and conditions applicable to the offering of consumer credit;
3) the terms and conditions of the intermediation of credit and the provision of advisory services;
4) if, in connection with the granting of credit or the intermediation of credit, other services, in particular the appraisal of immovable property, are provided to a consumer, the terms and conditions of provision of the services;
5) the requirements for the appraisal of immovable property and the terms and conditions of conducting transactions with immovable property if consumer credit relating to residential immovable property is granted or intermediated.
[RT I, 11.03.2016, 1 – entry into force 21.03.2016]

(3) A creditor or a credit intermediary shall determine in the internal rules specified in § 44 of this Act the level of the knowledge, skills and experience of managers and members of staff necessary for the performance of duties in the positions or places of employment in the organisation of the creditor or the credit intermediary. The level of knowledge and competence shall be determined taking into account the qualifications and professional experience necessary for the performance of the duties related to the position or the place of employment.

(4) For the purposes of this Act, a member of staff means a natural person who performs work for a creditor or a credit intermediary on the basis of an employment contract or another contract under the law of obligations and:
1) whose duties include activities related to the granting of credit or the intermediation of credit, including being responsible for the assessment of the consumer's creditworthiness as well as activities related to the provision of advisory services or other services related to the granting of credit or the intermediation of credit;
2) who, in the course of the granting of credit or the intermediation of credit, the provision of advisory services or other services related to the granting of credit or the intermediation of credit, represents, in communicating with a consumer, the creditor or the credit intermediary or the credit agent;
3) who manages or controls the persons specified in clause 1 or 2 of this section, but who is not a manager of the creditor or the credit intermediary.

(5) Requirements for the professional knowledge, skills and experience of managers and members of staff of creditors or credit intermediaries may be established by a regulation of the minister in charge of the policy sector.
[RT I, 19.03.2015, 4 – entry into force 21.03.2016]

§ 41. Giving notification of managers and auditor

(1) In order to elect or appoint a manager of a creditor or a credit intermediary, the written consent of the person shall be necessary. Along with the written consent, the person shall submit:
1) information about themselves, which includes their given name and surname, personal identification code or, in the absence thereof, date and place of birth, residence, educational background, a complete list of places of employment and positions and, in the case of members of the management board, a description of their area of responsibility as well as the documents certifying their trustworthiness and compliance with the requirements of this Act;
2) information on companies in which their holding exceeds 20 per cent. This information shall include the size of the share capital and a list of the areas of activity;
3) confirmation that no circumstances exist in respect of the person that, according to this Act, preclude their management of a creditor or a credit intermediary.

(2) A creditor or a credit intermediary shall submit the information and the confirmation specified in subsection 1 of this section to the Financial Supervision Authority.

(3) Upon the election or appointment of an auditor, a creditor or a credit intermediary shall submit to the Financial Supervision Authority the name of the auditor together with the auditor's confirmation that no circumstances exist with regard to the person which preclude their right to be an auditor of a creditor or a credit intermediary.

(4) A creditor or a credit intermediary is required to inform the Financial Supervision Authority of the intention to elect or appoint managers and an auditor, and of their resignation or the initiation of their removal before the expiry of their term of office, at least 10 days before making the corresponding decision or immediately after receipt of the corresponding petition.

§ 42. Removal of manager of creditor or credit intermediary

(1) The Financial Supervision Authority has the right to issue a precept to demand the removal of a manager of a creditor or a credit intermediary or that they not be elected or appointed if:
1) the person does not comply with the requirements established for managers in this Act;
2) the person has submitted misleading or inaccurate information or falsified documents in connection with their election or appointment;
3) the activities of the person in managing the creditor or the credit intermediary have shown that they are not capable of the sound and prudent management of the creditor or the credit intermediary or that they are not capable of organising the management of the creditor or the credit intermediary so that the interests of consumers and obligees are sufficiently protected.

(2) A court may, at the request of the Financial Supervision Authority, appoint a new member to replace the removed manager of the creditor or the credit intermediary. The authority of a court-appointed member of the supervisory board shall continue until the appointment or election of a new manager by the general meeting.

§ 43. Requirements for remuneration of members of staff

(1) The basis and principles of determining the remuneration and other office-related benefits of members of the management board and of the staff of a creditor or a credit intermediary, including severance payments, pension benefits and other benefits (hereinafter *principles of remuneration*), shall:
1) be clear and transparent and in compliance with prudent and efficient risk management principles and the long-term interests of the creditor or the credit intermediary and not encourage taking excessive risks;
2) take into consideration the business strategy and values of the creditor or the credit intermediary in view of its economic performance and the legitimate interests of consumers.

(2) The principles of remuneration and the implementation thereof shall be in proportion to the nature, extent and level of complexity of the activities of the creditor or the credit intermediary.

(3) The principles of remuneration shall cover measures to avoid conflicts of interest, including the remuneration of the member of the management board or the staff responsible for the creditworthiness assessment of a consumer of a creditor or a credit intermediary not being allowed to depend on the number or proportion of credit applications approved or credit agreements entered into.
[RT I, 03.06.2022, 5 – entry into force 13.06.2022]

(4) If a creditor or a credit intermediary provides advisory services, the principles of remuneration of members of its staff shall not restrict the possibility of a member of staff related to advisory services to operate in the interests of the consumer, and the remuneration of the member of staff shall not be based on the number of credit agreements to be entered into or the volume of the action plan for the provision of the services.
[RT I, 03.06.2022, 5 – entry into force 13.06.2022]

(5) In this Act, remuneration also means remuneration payable to a member of the management board of a creditor or a credit intermediary.

§ 44. Internal rules of creditor or credit intermediary

(1) A creditor or a credit intermediary shall establish and implement rules of procedure regulating the activities of the creditor or the credit intermediary and managers and members of staff thereof (hereinafter *internal rules*) which ensure compliance with the legislation regulating the activities of the creditor or the credit intermediary and with the resolutions of the managing bodies of the creditor or the credit intermediary. The internal rules of a creditor or a credit intermediary are approved by a resolution of the management board.

(2) The internal rules shall ensure that the provision of services by the creditor or the credit intermediary is legitimate and in compliance with the diligence requirement, including the principle of responsible lending, which is to be followed in economic or professional activities in the field of credit. A creditor or a credit intermediary shall regularly assess the implementation of its internal rules and update the internal rules so that the protection of the interests and rights of consumers is ensured.

(3) The internal rules shall determine, *inter alia*:

1) the procedure for the communication of internal information and movement of internal documents, including the requirements for the submission and communication of information;
2) the creditworthiness assessment methods specified in subsection 1 of § 49 of this Act and the procedure for the implementation thereof, including the procedure for the collection of information;
3) the procedure for the processing of personal data;
4) the procedure for the granting of credit to consumers as specified in subsection 2 of § 49 of this Act;
5) the procedure for the appraisal of the property securing credit agreements;
6) the procedure for the communication of pre-contractual information and warnings to consumers;
7) the basis of and procedure for the calculation of the annual percentage rate of charge, including a representative example;
8) in the case of a credit intermediary, a description of the process of intermediation of credit agreements and the procedure for entry thereinto;
9) in the event of providing advisory services, the procedure for the provision of the advisory services;
10) the duties or functions of members of staff, the requirements for the knowledge, skills and experience of members of staff, relationships of subordination, reporting chains, the procedure for the submission of reports and the delegation of rights, by providing the separation of functions upon the assessment of the consumer's creditworthiness and the making of credit decisions, the appraisal of the property securing credit agreements, the assessment of risks and the recording of activities and services for accounting and reporting purposes;
11) the procedure for maintaining databases and processing data;
12) the procedure for the settlement of consumer complaints;
13) the procedure for the functioning of the internal control system;
14) the procedure for the management and prevention of conflicts of interest;
15) the procedure for the outsourcing of the activities set out in § 46 of this Act;
16) the internal rules of procedure for the imposition of international sanctions established on the basis of the International Sanctions Act and for the implementation of the Money Laundering and Terrorist Financing Prevention Act, and the internal control rules for the monitoring of compliance therewith.

§ 45. Internal audit

(1) A creditor or a credit intermediary shall implement sufficient internal control measures which cover all levels of management and operations of the creditor or the credit intermediary.

(2) The supervisory board or, in the absence thereof, the general meeting of a creditor or a credit intermediary shall appoint an independent person (hereinafter *internal auditor*) who has the knowledge, skills, experience, education and professional qualifications necessary to perform the duties of an internal auditor and who has an impeccable business reputation. An internal auditor shall not perform other duties that lead or could lead to a conflict of interest.
[RT I, 11.03.2016, 1 – entry into force 21.03.2016]

(3) The duty of an internal auditor is to monitor whether the activities of a creditor or a credit intermediary and its managers and members of staff comply with legislation, the precepts of the Financial Supervision Authority, the resolutions of managing bodies, the internal rules, the contracts entered into with the creditor or the credit intermediary and good practice.

(4) A creditor or a credit intermediary shall ensure that the internal auditor has all of the working conditions and rights necessary to perform their duties, including the right to obtain explanations and information from the managers and members of staff of the creditor or the credit intermediary and the possibility to observe the elimination of any deficiencies detected and compliance with any proposals made.

(5) An internal auditor is required to also communicate to the Financial Supervision Authority, immediately and in writing, any information concerning a creditor or a credit intermediary that becomes known to them and indicates a violation of law or damage to the interests of consumers in addition to the managers of the creditor or the credit intermediary.

§ 46. Outsourcing of activities of creditor or credit intermediary

(1) For the better performance of its duties, a creditor or a credit intermediary has the right to outsource activities related to the granting of credit or the intermediation of credit to third parties (hereinafter *outsourcing of activities*) if:
1) the outsourcing of activities does not result in the delegation by managers of their liability or the outsourcing of activities does not damage the interests of consumers in any other manner;
2) the outsourcing of activities does not hinder the activities of the creditor or the credit intermediary and the performance of its obligations at the necessary level;
3) the person to whom the activities are outsourced has the necessary knowledge and skills and is able to perform the obligations;
4) the relationship of the creditor or the credit intermediary with consumers and the obligations to consumers do not change due to the outsourcing of activities;

5) the outsourcing of activities does not result in a situation where the creditor does not actually engage in the granting of credit or the credit intermediary does not actually engage in the intermediation of credit;
6) the outsourcing of activities does not remove or modify any other conditions based on which the authorisation was granted to the creditor or the credit intermediary;
7) other requirements provided for by this Act are met.

(2) The granting of credit or the intermediation of credit and the fulfilment of claims related thereto may only be outsourced to a person holding authorisation for the granting of credit specified in § 3 or for the intermediation of credit specified in § 4 of this Act. The granting of credit or the intermediation of credit may also be outsourced to a foreign creditor or credit intermediary with regard to whose activities requirements which are at least equivalent to those prescribed for creditors or credit intermediaries by this Act apply and that have, in accordance with their authorisation, the right to grant or intermediate credit.

(3) The activities of a creditor or a credit intermediary for which no requirements have been established in this Act or which are not related to the implementation of the principle of responsible lending provided for in the Law of Obligations Act, including the establishment and verification of identity of a client in accordance with the requirements provided for in the Money Laundering and Terrorist Financing Prevention Act, may be outsourced to a person not specified in subsection 2 of this section.

(4) Activities shall not be outsourced in a manner which may hinder the conducting of internal control by a creditor or a credit intermediary or the exercising of supervision over a creditor or a credit intermediary at the necessary level. A creditor or a credit intermediary shall thoroughly assess every aspect of the need for the outsourcing of activities.

(5) In the case of outsourcing of activities, a creditor or a credit intermediary shall remain fully responsible for the proper performance of the outsourced activities.

(6) Upon the outsourcing of activities, a creditor or a credit intermediary shall assess whether the person to whom the activities are outsourced is competent and appropriate for the outsourced activities.

(7) A creditor and a credit intermediary have the right to obtain from the person to whom they have outsourced their activities information on the outsourced activities and to provide the person with mandatory instructions.

(8) A creditor or a credit intermediary shall establish the procedure for the outsourcing of activities via the internal rules.

(9) A credit intermediary is required to inform a creditor of the activities outsourced to the credit intermediary and of the outsourcing of the activities of the credit intermediary.

(10) A creditor or a credit intermediary shall inform the Financial Supervision Authority immediately of the outsourcing of activities.

(11) If a creditor is a factor in accordance with subsection 9 of § 2 of this Act, the provisions of this section, with the exception of subsections 2 and 3, concerning the outsourcing of the activities of a creditor apply to the relationship of the creditor with a client in factoring and the entry into a factoring contract specified in § 256 of the Law of Obligations Act. If the granting of credit by a creditor is intermediated by an undertaking specified in subsection 9 of § 2 of this Act, the provisions of this section, with the exception of subsections 2 and 3, concerning the outsourcing of the activities of a creditor apply to the relationship between the creditor and the undertaking that intermediates the credit.

Chapter 6
Requirements for Activities

§ 47. Requirements for granting of credit and intermediation of credit and preservation of data

(1) In addition to the provisions of this Act, a creditor or a credit intermediary shall, upon the granting of credit or the intermediation of credit to a consumer, avoid, in every respect, the use of unfair commercial practices and comply with the requirements for the provision to a consumer of sufficient explanations and information provided for in the Law of Obligations Act, the requirements for the assessment of the consumer's creditworthiness and other requirements for responsible lending.

(2) Upon the granting of credit or the intermediation of credit, a creditor or a credit intermediary is required to establish the identity of a consumer as well as their representative and verify the information submitted.

(3) The relationships of a creditor or a credit intermediary with clients shall be regulated in agreements entered into in writing or in a format that can be reproduced in writing or in electronic form. A creditor or a credit intermediary is required to preserve data on the size of the financial obligations and the performance of the payment obligations of a consumer and to use the data to assess the consumer's creditworthiness.
[RT I, 11.03.2016, 1 – entry into force 21.03.2016]

(4) For the purposes of this Act, the assessment of the consumer's creditworthiness means the activities specified in clauses 1 and 2 of subsection 1 of § 403^4 of the Law of Obligations Act in the course of which a creditor or a credit intermediary assesses whether the consumer is able to perform their obligations under the agreed conditions.
[RT I, 11.03.2016, 1 – entry into force 21.03.2016]

(5) A creditor or a credit intermediary shall preserve all of the data and documents specified in this Act and related to the issuing of credit and the servicing of credit on the basis of which a consumer is granted credit or provided with a service, including the data and documents that belong to a credit file, in an unaltered format and make them available to the Financial Supervision Authority for the entire period of the legal relationship with the consumer and for three years after the expiry of an agreement with the consumer, unless otherwise provided for by legislation. The aforementioned term does not restrict the right of a creditor or a credit intermediary to preserve the data and documents over a longer period of time if the creditor or the credit intermediary has another legal basis for the processing thereof.
[RT I, 13.03.2019, 2 - entry into force 15.03.2019]

(6) The Financial Supervision Authority has the right to require that, following the termination of the authorisation granted to a creditor or a credit intermediary, the creditor or the credit intermediary preserve the data until the expiry of the period provided for in subsection 5 of this section.

§ 48. Keeping of credit file

(1) A creditor or a credit intermediary shall keep a credit file about the necessary data and documents collected for the purpose of assessing the consumer's creditworthiness. A separate credit file shall be kept for each consumer.

(2) For the purposes of this Act, a credit file means a set of agreements, certificates, decisions, analyses and other documents related to the granting and servicing of credit.

(3) A creditor or a credit intermediary shall ensure the existence of the data and documents necessary for the analysis of the consumer's creditworthiness throughout the credit period.

(4) A credit file shall provide sufficient information to the person or the structural unit responsible for the granting of credit and to the internal auditor and auditor and the Financial Supervision Authority for the assessment of the consumer's creditworthiness.

(5) A credit file shall include at least the following information and the following documents about the granting, monitoring and assessing of credit:
1) data on the consumer, including their name, personal identification code or, in the absence thereof, date and place of birth and residence;
2) credit applications;
3) decisions to grant credit or to refuse to grant credit;
4) documents related to the application for credit and the performance of a credit agreement during the credit period;
5) results of the analysis of the assessment of the consumer's creditworthiness;
6) credit and security agreements entered into with the consumer;
7) correspondence conducted with the consumer with regard to the granting of credit or the performance of a credit agreement;
8) documents on the verification of the data serving as a basis for the assessment of the consumer's creditworthiness;
9) in the case of a mortgage creditor or a mortgage credit intermediary, documents on the verification, insurance and appraisal of the immovable property standing as security, including the appraisal of the value of the security by the appraiser of immovable property.

(6) The content and scope of the certificates and documents included in a credit file may differ depending on the credit agreement, the consumer and the size of the credit.

(7) The information included in a credit file may be located in the information and document management system in a divided form, but the creditor or the credit intermediary shall ensure the availability thereof at any time.

§ 49. Procedure for assessment of consumer's creditworthiness

(1) A creditor or a credit intermediary shall, in order to comply with the requirement for responsible lending, establish in its internal rules methods for the assessment of a consumer's creditworthiness and for the verification of the data submitted, taking into account, when developing the respective methods, the following indicators related to the consumer as a minimum:
1) financial situation and size of regular income;

2) other proprietary obligations, including the size of regular financial obligations, and, if possible, the size of principal amounts and interest thereof, and other obligations;
3) earlier performance of payment obligations, including financial obligations;
4) other assessable regular household expenses as an aggregate or, in appropriate cases, as generally applicable rates;
5) the impact of the performance of earlier payment obligations and the possible increase in the financial obligations arising from the consumer credit agreement;
6) any other facts which are known to the creditor, which may be of significance in the assessment of the consumer's creditworthiness and which may affect the proper performance of the obligations of the consumer;
7) the terms and conditions of the consumer credit agreement to be entered into, including the size of the financial obligation to be assumed.

(2) The internal rules of a creditor shall provide the following about the granting of credit:
1) the ratio of the credit amount to the credit collateral and the ratio of the principal amount of the credit and the interest payment to the consumer's income;
2) the maximum credit term;
3) the methods on the basis of which the consumer's ability to perform the obligations arising from the credit agreement are to be analysed in the case of changes in interest.

(3) Upon assessment of the consumer's regular income specified in clause 1 of subsection 1 of this section, a creditor or a credit intermediary shall:
1) take into account the consumer's sources of income, including remuneration, pension, investment income, dividends, income from activities as a sole proprietor, income from business, rent, benefits, grants and maintenance support and the regularity of receipt of the consumer's income depending on the form of the consumer's employment contract or any other contract;
2) use, as a basis, a sufficient period of time, taking into account the consumer's sources of income, the regularity of receipt of the income and other aforementioned conditions;
3) make reasonable efforts to verify the accuracy of all appropriate documents and other certificates serving as the basis for and of significance in the calculation of the size of the consumer's regular income.

(4) A creditor may issue to a consumer credit if it is convinced, as a result of analysing as an aggregate the data serving as a basis for the creditworthiness assessment, that the obligations arising from a credit agreement will be performed under the terms and conditions agreed on in the agreement.

(5) If a credit intermediary has intermediated to a consumer a credit agreement offered by a creditor, the creditor may enter into the credit agreement on the basis of the creditworthiness assessment made by the credit intermediary if the credit intermediary submits to the creditor a proper assessment of the consumer's creditworthiness.

(6) A creditor or a credit intermediary is required to inform a consumer of possible risks upon taking credit.

(7) Upon the assessment of the consumer's creditworthiness, a mortgage creditor or a mortgage credit intermediary must not rely solely on the fact that the value of the immovable property standing as security exceeds the amount of the credit or on the assumption that the immovable property will increase in value, unless the purpose of the credit agreement is to construct or renovate immovable property.

(8) Minimum requirements for the ratio of the credit amount to the credit collateral and the ratio of the principal amount of the credit and the interest payment to the consumer's income may be established by a regulation of the minister in charge of the policy sector. For the purposes of this Act, collateral means the property securing a credit agreement.

§ 50. Information submitted by consumer and verification thereof

(1) Taking into account the provisions of clause 1 of subsection 1 of § $403^4$of the Law of Obligations Act and subsections 4 and 10 of the same section, a creditor or a credit intermediary obtains the information necessary for the assessment of the consumer's creditworthiness from the consumer, appropriate internal sources and databases. Internal sources mean sources at the disposal of a creditor or a credit intermediary for obtaining information.
[RT I, 11.03.2016, 1 – entry into force 21.03.2016]

(2) A credit intermediary is required to communicate to a creditor all of the information known about a consumer and collected in the course of pre-contractual negotiations and necessary for the assessment of the consumer's creditworthiness.

(3) A creditor or a credit intermediary shall make reasonable efforts to verify the information submitted by a consumer, taking into account the requirements provided for the collection of information in this Act and the Law of Obligations Act and relying, if possible, on the information independently available to it.

(4) A creditor or a credit intermediary shall verify the information submitted by a consumer about their income and obligations, relying, if possible, on the statement of a credit institution submitted by the consumer if other collected information is not sufficient for the assessment of the consumer's creditworthiness.

(5) A member of staff and a manager of a creditor or a credit intermediary who, in connection with their duties of employment or duties of service, processes personal data is required, for the purposes provided for in this Act, to do so under the terms and conditions provided for in the Personal Data Protection Act and in accordance with the internal rules of the creditor or the credit intermediary.

(6) A member of staff, a manager or a shareholder of a creditor or a credit intermediary who has access to the client's personal data is required to maintain the secrecy of personal data that becomes known to them without a term, unless otherwise provided for in the Personal Data Protection Act or in Regulation (EU) 2016/679 of the European Parliament and of the Council on the protection of individuals with regard to the processing of personal data and on the free movement of such data and repealing Directive 95/46/EC (General Data Protection Regulation) (OJ L 119, 4.5.2016, p. 1-88) or in other legislation.
[RT I, 13.03.2019, 2 - entry into force 15.03.2019]

Chapter 7
Requirements for Offering Consumer Credit Relating to Residential Immovable Property to Consumers

[RT I, 11.03.2016, 1 - entry into force 21.03.2016]

§ 51. Provision of advisory services

(1) A mortgage creditor or a mortgage credit intermediary shall inform a consumer, in connection with the granting or intermediation of consumer credit relating to residential immovable property, whether advisory services will or can be provided to the consumer.
[RT I, 11.03.2016, 1 – entry into force 21.03.2016]

(2) A creditor or a credit agent thereof shall, when providing advisory services, consider a sufficiently large number of credit agreements suitable to the consumer and offered by the creditor. A credit intermediary shall, when providing advisory services, consider credit agreements suitable to the consumer and available on the market. As a result of advisory services, the consumer is provided with personalised recommendations.

(3) In the case of the recommendations specified in subsection 2 of this section which are based on the credit agreements of one creditor, the creditor or a credit agent thereof shall consider all of the credit agreements offered by the creditor and recommend to the consumer a suitable credit agreement or several suitable credit agreements from among these, taking into account the consumer's needs and financial situation.

(4) In the case of the recommendations specified in subsection 2 of this section which are based on credit agreements offered by several creditors, the credit intermediary shall consider the credit agreements and recommend to the consumer a suitable credit agreement or several suitable credit agreements, taking into account the consumer's needs and financial situation.

(5) A credit intermediary shall not be remunerated for advisory services by any creditor, unless otherwise provided for in this section. A credit intermediary may receive remuneration for advisory services from a creditor if it considers the suitability of different credit agreements available on the market and submits to the consumer information on all of the credit agreements suitable to the consumer and offered by creditors operating on the market.

(6) A creditor or a credit intermediary shall provide the consumer, before the provision of advisory services or, where applicable, entry into a contract for the provision of advisory services, with the following pre-contractual information on a durable medium:
1) whether the personalised recommendations will be based on credit agreements offered by one or several creditors;
2) if advisory services involve a fee payable by the consumer for the advisory services, the size of the fee or, where the amount cannot be ascertained at the time of submission of the information, the method used for its calculation.

(7) Advisory services shall comply with the following requirements:
1) the knowledge, skills, experience and remuneration of the member of staff providing advisory services comply with the requirements provided for in §§ 40 and 43 of this Act;
2) a creditor or a credit intermediary shall collect data about the consumer's financial situation, their preferences and objectives so as to recommend to the consumer a suitable credit agreement, taking into account risks to the consumer's situation for the entire term of the credit agreement;
3) a creditor or a credit intermediary shall act, when providing personalised recommendations, in the interests of the consumer;
4) personalised recommendations shall be suitable to the consumer, comply with their financial situation and the purposes of using the credit and be based on circumstances related to the person;

5) a creditor or a credit intermediary gives the consumer a record on a durable medium of the recommendations provided.

(8) A creditor or a credit intermediary must not encourage or promote failure to submit information necessary in order to provide personalised recommendations.

(9) A creditor or a credit intermediary shall warn a consumer if, on the basis of the collected data, a credit agreement is not appropriate for the consumer.

(10) A creditor or a credit intermediary shall warn a consumer of the consumer's failure to submit information or of the submission of insufficient or false information as a result of which it is not possible for the creditor or the credit intermediary to determine whether the intended credit agreement is appropriate for the consumer.

(11) A creditor or a credit intermediary shall not, in the course of providing advisory services, recommend to a consumer a credit agreement if, upon offering advisory services, the creditor or the credit intermediary does not obtain from the consumer the following data:
1) the size of the consumer's income;
2) the size of the consumer's financial obligations;
3) the objective or purpose of using the credit.
[RT I, 19.03.2015, 4 – entry into force 21.03.2016]

§ 52. Requirements for credit agreement with unfixed interest rate

Upon entry into a consumer credit agreement with an unfixed interest rate relating to residential immovable property, a creditor or a credit intermediary shall ensure that:
[RT I, 11.03.2016, 1 – entry into force 21.03.2016]
1) the indexes or interest rates used to calculate the interest are clear, applicable, objective and verifiable by the parties to the credit agreement and the Financial Supervision Authority;
2) the compiler of the index used for the calculation of interest or the creditor shall maintain data from previous periods on the indexes or interest rates in accordance with the requirements provided for in this Act.
[RT I, 19.03.2015, 4 – entry into force 21.03.2016]

§ 53. Appraisal of immovable property standing as security and preservation of information thereon

(1) Upon offering consumer credit relating to residential immovable property to a consumer, a creditor shall establish the requirements for immovable property suitable as security and the terms and conditions for the establishment of a mortgage.
[RT I, 11.03.2016, 1 – entry into force 21.03.2016]

(2) Appraisers of immovable property standing as security for a consumer credit agreement relating to residential immovable property shall have sufficient knowledge, experience and skills and be sufficiently independent from the process of deciding on the granting of credit so as to provide an objective and impartial assessment of the value of the immovable property. Immovable property may be appraised by a creditor or a credit intermediary or a third party.
[RT I, 11.03.2016, 1 – entry into force 21.03.2016]

(3) The appraisal of immovable property shall be documented on a durable medium. A creditor or a credit intermediary shall preserve the documents of appraisal of immovable property in an unaltered format and make them available to the Financial Supervision Authority for at least three years after the expiry of an agreement with the consumer, unless the Financial Supervision Authority establishes another term or a longer term is provided for in law.
[RT I, 19.03.2015, 4 – entry into force 21.03.2016]

(4) Requirements for the appraisal of immovable property standing as security for a consumer credit agreement relating to residential immovable property may be established by a regulation of the minister in charge of the policy sector.
[RT I, 11.03.2016, 1 – entry into force 21.03.2016]

§ 53[1]. General information about consumer credit agreement relating to residential immovable property

(1) A creditor and a credit agent shall make clear and comprehensible general information about a consumer credit agreement relating to residential immovable property available to the consumer at all times on a durable medium or in electronic form.

(2) Such general information shall include at least the following:
1) name and address of the creditor or the credit intermediary;
2) the purposes for which the credit may be used;
3) the forms of security, including, where applicable, the possibility for it to be provided in a different Member State;
4) the possible duration of the credit agreement;
5) types of available interest rates, indicating whether fixed or unfixed (or both), and a short description of the characteristics of a fixed and unfixed rate, including related implications for the consumer;

5[1]) the name of the benchmark and of its administrator and the potential implication on the consumer if the credit agreement refers to a benchmark for the purposes of point (3) of Article 3(1) of Regulation (EU) 2016/1011 of the European Parliament and of the Council 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 (OJ L 171, 29.6.2016, p. 1-65);
[RT I, 04.12.2019, 1 – entry into force 14.12.2019, applies to a credit agreement entered into on 1 February 2020 or later.]
6) information about the currency or currencies of a foreign country, including an explanation of the possible implications of entry into a credit agreement in the currency of a foreign country for the consumer if the creditor offers entry into an agreement in the currency of a foreign country;
7) a representative example of the credit amount to be drawn down or the credit ceiling, the total cost of the credit to the consumer, the total amount of all payments to be made by the consumer to repay the credit and bear the total cost of the credit and the annual percentage rate of charge;
8) further costs not included in the total cost of the credit to the consumer to be paid in connection with a consumer credit agreement;
9) the range of options available for reimbursing the credit to the creditor, including the amount, number and frequency of regular repayment instalments;
10) where applicable, a clear and concise statement that compliance with the terms and conditions of the consumer credit agreement does not guarantee repayment of the credit drawn down under the consumer credit agreement;
11) a description of the conditions directly relating to early repayment;
12) information about whether an appraisal of the immovable is necessary and, where applicable, who is responsible for ensuring that the appraisal is carried out, and whether any related costs arise for the consumer;
13) information about the obligation to enter into an ancillary agreement if, in order to obtain the credit or obtain it on the terms and conditions offered, it is necessary to enter into an ancillary agreement and, where applicable, a clarification that the ancillary agreement may also be entered into with a person other than the creditor;
14) a general warning concerning the possible consequences of non-compliance with the commitments linked to the consumer credit agreement.
[RT I, 11.03.2016, 1 – entry into force 21.03.2016]

Chapter 8
Requirements for Capital and Safekeeping of Assets of Creditor or Credit Intermediary

§ 54. Share capital of creditor or credit intermediary

(1) The share capital of a creditor or a credit intermediary that is a company must have been paid up in full.

(2) The share capital of a creditor shall be at least 50,000 euros.

§ 55. Safekeeping of assets and indemnity insurance of credit intermediary

(1) A credit intermediary that also disburses credit or to whose account the repayments of consumers are credited is required to deposit the amounts paid by the creditor and the consumer in separate bank accounts.

(2) A credit intermediary shall not use the resources in the bank accounts specified in subsection 1 of this section in its economic activities, they are not included in its bankruptcy estate and the claims of obligees cannot be satisfied on the account of such resources.

(3) The payments made to a credit intermediary by a consumer shall be deemed paid to a creditor regardless of whether the intermediary has transferred these to the creditor or not. If a creditor disburses credit via a credit intermediary, the credit shall be deemed issued when the consumer has received the money.

(4) In order to ensure compensation for damage caused by professional negligence, a mortgage credit intermediary shall enter into a compulsory indemnity insurance contract under the following terms and conditions:
1) the insured event involves causing direct proprietary damage to a consumer under a credit agreement to be intermediated by professional negligence by the mortgage credit intermediary or their representative;
2) the minimum monetary amount of the sum insured is in compliance with the provisions of Commission Delegated Regulation (EU) No 1125/2014 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 (OJ L 305, 24.10.2014, p. 1-2);
3) the insurance cover is valid within the European Economic Area;

4) the insurance cover applies to damage which is caused by an event or act which took place during the period of insurance or the claim for which is filed during the period of insurance if an insurance contract covers the proprietary liability of the mortgage credit intermediary until the expiry of the limitation period of a claim arising from the contract.
[RT I, 11.03.2016, 1 – entry into force 21.03.2016]

(5) An indemnity insurance contract entered into on the basis of this Act need not cover damage that:
1) occurs due to intentional violation of obligations of a mortgage credit intermediary;
2) is usually precluded pursuant to the policy conditions of insurance undertakings entering into indemnity insurance contracts of a mortgage credit intermediary based on international insurance and reinsurance practice.
[RT I, 11.03.2016, 1 – entry into force 21.03.2016]

(6) In order to ensure compensation for damage caused by professional negligence, a mortgage credit intermediary may, instead of an indemnity insurance contract, enter into a guarantee contract with an insurance undertaking or a credit or financial institution and the guarantee contract shall be equivalent to the provisions of subsection 4 of this section.
[RT I, 11.03.2016, 1 – entry into force 21.03.2016]

(7) A credit agent in respect of whom a mortgage creditor has provided confirmation that it is responsible for the intermediation activities of the credit agent shall not have the obligation to enter into an indemnity insurance contract.
[RT I, 11.03.2016, 1 – entry into force 21.03.2016]

Chapter 9
Accounting and Reporting

§ 56. Organisation of accounting

(1) Accounting and reporting shall be organised in accordance with the provisions of this Act, the Accounting Act, the articles of association and accounting policies and procedures of the creditor or the credit intermediary and other legislation.

(2) Accounting shall provide truthful information relating to the financial situation and economic activities of the creditor or the credit intermediary.

(3) A creditor or a credit intermediary that is a company shall submit to the Financial Supervision Authority the annual report, a copy of the sworn auditor's report, the proposal for and the resolution on the distribution of profits or the covering of losses and an extract from the minutes of the general meeting concerning the approval of or refusal to approve the annual report within two weeks of the general meeting of shareholders.

(4) A credit intermediary or an Estonian branch of a foreign credit intermediary undertakes to recognise in the annual accounts the total amount of the consumption credit intermediated to consumers.
[RT I, 11.03.2016, 1 – entry into force 21.03.2016]

§ 57. Reports and their submission

(1) A creditor or a credit intermediary shall prepare reports and submit them to the Financial Supervision Authority pursuant to the procedure provided for in this Act and legislation issued on the basis thereof.

(2) The period for regular reports to be submitted to the Financial Supervision Authority for supervision purposes is one quarter and the reports shall be submitted to the Financial Supervision Authority within one month of the end of the reporting period. If the last date of submission of the report falls on a day off, the regular report shall be submitted no later than on the first working day following the day off.

(3) Based on the reports submitted to the Financial Supervision Authority for supervision purposes, a creditor or a credit intermediary may submit information to the Ministry of Finance for the performance of duties provided for by the Government of the Republic Act, and to *Eesti Pank*for the performance of duties provided by law.

(4) In addition to the provisions of this section, the Financial Supervision Authority has the right to request specific or regular reports and the information necessary for the exercising of supervision to the extent provided for by this Act.

(5) The formats, methods of preparation and procedure for submission of the reports of a creditor or a credit intermediary, a branch of a foreign creditor or credit intermediary and a creditor or a credit intermediary providing services cross-border in Estonia to be submitted to the Financial Supervision Authority shall be established by a regulation of the minister in charge of the policy sector.

§ 58. Verification of reports submitted for supervision purposes and elimination of deficiencies

(1) The Financial Supervision Authority shall verify the compliance with requirements of the reports submitted for supervision purposes as soon as possible after receipt of the reports.

(2) If the Financial Supervision Authority discovers deficiencies in a report submitted for supervision purposes, it shall inform the person who submitted the report thereof.

(3) In the case provided for in subsection 2 of this section, the person who submitted the report for supervision purposes is required to eliminate the deficiencies and submit to the Financial Supervision Authority an adjusted report. The adjusted report shall also be submitted to the Financial Supervision Authority if the person who submitted the report discovers an error in information submitted earlier.

(4) The person who submitted the report for supervision purposes is required to preserve the documents forming the source of the initial information used in the preparation of the report for five years. The aforementioned term does not restrict the right of a creditor or a credit intermediary to preserve the data and documents over a longer period of time if the creditor or the credit intermediary has another legal basis for the processing thereof.
[RT I, 13.03.2019, 2 - entry into force 15.03.2019]

§ 59. Audit

Annual accounts of creditors shall be audited.

§ 60. Notification obligation of auditor

(1) An auditor is required to inform the Financial Supervision Authority immediately in writing of any circumstances that have become known to them in the course of conducting an audit of a creditor or a credit intermediary and which result or may result in:
1) material violation of the requirements of the legislation regulating the activities of the creditor or the credit intermediary;
2) the risk of interruption to further activities of the creditor or the credit intermediary;
3) an adverse opinion or qualified sworn auditor's report concerning the annual accounts;
4) a situation, or the risk of a situation arising, due to which the creditor or the credit intermediary is unable to perform its obligations;
5) significant proprietary damage to the creditor or the credit intermediary or to a consumer arising from an act by a manager or a member of staff of the creditor or the credit intermediary.

(2) Communication of information to the Financial Supervision Authority in accordance with subsection 1 of this section shall not violate the confidentiality requirement which is imposed on the auditor by legislation or a contract.

Chapter 10
Transformation, Merger and Division

§ 61. Transformation

The transformation of a creditor or a credit intermediary is only permitted from a private limited company into a public limited company.
[RT I, 26.06.2017, 1 - entry into force 06.07.2017]

§ 62. Merger

(1) The merger of a creditor or a credit intermediary shall be performed pursuant to the procedure provided for in the Commercial Code, unless otherwise provided for by this Act.

(2) If a creditor or a credit intermediary is an acquiring company and it continues its activities as a creditor or a credit intermediary, it shall, immediately following the entry of its merger in the commercial register, inform the Financial Supervision Authority and submit information about the changed information in accordance with the provisions of § 94 of this Act.

(3) Upon the merger of a creditor or a credit intermediary, in accordance with subsection 1 of § 391 of the Commercial Code, with another company or, in accordance with subsection 2 of the same section, by founding a new company, the authorisation of the creditor or the credit intermediary shall not be transferred.

(4) If a creditor or a credit intermediary merges by founding a new company or with another acquiring company that has no authorisation to operate as a creditor or a credit intermediary, the creditor or the credit intermediary to be founded as a result of the merger or the acquiring company shall, in order to operate as a creditor or a credit intermediary, apply for authorisation in accordance with the provisions of §§ 10-12 of this Act before the entry of the merger in the commercial register.

§ 63. Division

(1) The division of a creditor or a credit intermediary shall be performed pursuant to the procedure provided for in the Commercial Code, unless otherwise provided for by this Act.

(2) In the case of a division of a creditor or a credit intermediary by separation in accordance with subsection 4 of § 434 of the Commercial Code, no authorisation shall be transferred to the separating company. If, upon division by separation, the creditor or the credit intermediary being divided continues its activities as a creditor or a credit intermediary, it shall, immediately following the entry of its division in the commercial register, inform the Financial Supervision Authority and submit information about the changed information in accordance with the provisions of § 94 of this Act.

(3) In the case of the dividing of a creditor or a credit intermediary by division in accordance with subsection 2 of § 434 of the Commercial Code, no authorisation of the creditor or the credit intermediary shall be transferred and the authorisation of the creditor or the credit intermediary shall terminate.

(4) Upon the transfer of the assets of a creditor or a credit intermediary to a recipient company other than a creditor or a credit intermediary in the case of division, the recipient company shall, in order to operate as a creditor or a credit intermediary, apply for authorisation in accordance with the provisions of §§ 10-12 of this Act before the entry of the division in the commercial register.

Chapter 11
Dissolution of Creditor or Credit Intermediary

§ 64. Dissolution

(1) The dissolution of a creditor or a credit intermediary shall be performed pursuant to the procedure provided for in the Commercial Code, unless otherwise provided for by this Act.

(2) The dissolution of a creditor or a credit intermediary may only be performed with the permission of the Financial Supervision Authority.

(3) In order to obtain permission for the dissolution of a creditor or a credit intermediary, the creditor or the credit intermediary shall submit to the Financial Supervision Authority a petition to which the following information and documents are appended:
1) the resolution of the general meeting of the creditor or the credit intermediary concerning the dissolution and the application for permission therefor;
2) the assessment of the creditor or the credit intermediary concerning the effect of the dissolution thereof on the interests of its clients;
3) a regular report of the creditor or the credit intermediary about the period from the submission of the most recent regular report to the making of the resolution specified in clause 1 of this subsection.

(4) The provisions of § 14 of this Act apply to the processing of an application for permission for the dissolution of a creditor or a credit intermediary, verification of the submitted information and verification of whether the dissolution of the creditor or the credit intermediary is in the interests of its clients.

(5) The decision to grant or to refuse to grant permission for the dissolution of a creditor or a credit intermediary shall be made by the Financial Supervision Authority within one month of the submission of all of the necessary documents and information, but no later than within two months of receipt of a respective petition.

(6) The Financial Supervision Authority may refuse to grant permission for the dissolution of a creditor or a credit intermediary if the dissolution of the creditor or the credit intermediary is contrary to the interests of its clients.

(7) The Financial Supervision Authority shall immediately inform a creditor or a credit intermediary of a decision to grant or to refuse to grant permission for the dissolution of the creditor or the credit intermediary.

§ 65. Bankruptcy

(1) A bankruptcy petition against a creditor or a credit intermediary may be submitted by the Financial Supervision Authority.

(2) An operating creditor or credit intermediary as a debtor shall immediately inform the Financial Supervision Authority of the submission of a bankruptcy petition against itself or by an obligee against the creditor or the credit intermediary.

Chapter 12
Activities of Creditor or Credit Intermediary in Foreign State and Activities of Foreign Creditor or Credit Intermediary in Estonia

§ 66. Activities of creditor or credit intermediary in foreign state

(1) A creditor or a credit intermediary founded and holding authorisation in Estonia may provide the service specified in § 3 or 4 of this Act in a foreign state by founding branches for this purpose or providing the service cross-border.

(2) The provisions of §§ 71 and 72 of this Act apply to the intermediation of credit and the provision of advisory services by mortgage credit intermediaries in another EEA country. A mortgage credit intermediary may provide other services in an EEA country in accordance with the provisions of the legislation of the EEA country.

(3) The provisions of §§ 67–70 of this Act apply to the provision of services by Estonian creditors or credit intermediaries, other than mortgage credit intermediaries, in an EEA country and by Estonian creditors or credit intermediaries in a foreign state not specified in subsection 2 of this section (hereinafter *third country*, and a third country and an EEA country together *foreign state*). Upon the provision of services in a foreign state, a creditor and a credit intermediary shall comply with the requirements provided for in this Act, legislation issued on the basis thereof and the legislation of the foreign state.

(4) The provision of services cross-border means the provision of a service of a creditor or a credit intermediary in a state in which the creditor or the credit intermediary or its branch is not registered.

(5) If a creditor wishes to use a foreign credit agent, the use of the credit agent is deemed equal to the provision of a service cross-border and the provisions of this Chapter regulating the provision of a service cross-border apply to it.
[RT I, 19.03.2015, 4 – entry into force 21.03.2016]

§ 67. Branch of creditor or credit intermediary in foreign state

(1) A creditor or a credit intermediary that wishes to found a branch in a foreign state shall apply to the Financial Supervision Authority for a respective permit (hereinafter in this Chapter *permit for the foundation of a branch*).

(2) In order to apply for a permit for the foundation of a branch, a creditor or a credit intermediary shall submit to the Financial Supervision Authority a written application and the following information and documents (hereinafter in this Chapter the application, information and documents together *application*):
1) the name of the foreign state in which the branch is to be founded;
2) the address of the seat of the branch in the foreign state;
3) a business plan for the activities of the branch in the foreign state which complies with the requirements provided for in § 13 of this Act;
4) the information specified in clause 3 of subsection 1 of § 12 of this Act concerning the managers of the branch.

(3) The application shall be submitted in Estonian. At the request of the Financial Supervision Authority, the information and documents shall be submitted with a translation made by a sworn translator or notarially certified in the official language or one of the official languages of the foreign state in which the creditor or the credit intermediary wishes to found a branch.
[RT I, 19.03.2015, 4 – entry into force 21.03.2016]

§ 68. Processing of application for permit for foundation of branch and decision to grant permit

(1) The provisions of § 14 of this Act apply to the processing of applications for a permit for the foundation of a branch and verification of the submitted information, the financial situation, organisational structure and technical systems of the applicant and the existence of sufficient resources for the foundation of a branch.

(2) The Financial Supervision Authority shall make a decision to grant or to refuse to grant a permit for the foundation of a branch within two months of receipt of all of the necessary information and documents, but no later than within three months of receipt of the respective application.

(3) The Financial Supervision Authority shall immediately inform a creditor or a credit intermediary of a decision to grant or to refuse to grant a permit for the foundation of a branch.
[RT I, 19.03.2015, 4 – entry into force 21.03.2016]

§ 69. Basis for refusal to grant permit for foundation of branch

The Financial Supervision Authority may refuse to grant a permit for the foundation of a branch if:
1) the managers of the branch do not meet the requirements established for managers of creditors or credit intermediaries in this Act;
2) the information or documents submitted upon applying for a permit for the foundation of a branch do not meet the requirements provided for in this Act or legislation established on the basis thereof, or are incorrect, misleading or incomplete;
3) the organisational structure of the creditor or the credit intermediary and the resources of the creditor or the credit intermediary are insufficient for the provision of the services specified in the business plan in a foreign state;
4) the foundation of the branch in a foreign state or the implementation of the business plan submitted by the creditor or the credit intermediary may adversely affect the reliability of the activities of the creditor or the credit intermediary in Estonia or in a foreign state;
5) the financial supervision authority of a foreign state has no legal basis or possibilities for cooperation with the Financial Supervision Authority due to which the Financial Supervision Authority cannot exercise adequate supervision over the branch founded in the foreign state.
[RT I, 19.03.2015, 4 – entry into force 21.03.2016]

§ 70. Revocation of permit for foundation of branch

(1) The Financial Supervision Authority may revoke a permit for the foundation of a branch in a foreign state if:
1) the creditor or the credit intermediary has submitted false information upon applying for the permit for the foundation of a branch which was of significant importance in the decision to grant the permit, and also in other cases where false information is submitted to the Financial Supervision Authority by or for the creditor or the credit intermediary;
2) the creditor or the credit intermediary has significantly violated the requirements of legislation of the relevant foreign state;
3) the creditor or the credit intermediary or its branch does not comply with the requirements in force with regard to obtaining a permit for the foundation of a branch;
4) the creditor or the credit intermediary fails to submit to the Financial Supervision Authority reports on its branch as required;
5) the manager of the creditor or the credit intermediary or its branch has been penalised for an economic offence, official misconduct, offence against property or offence against public trust or the financing or supporting of an act of terrorism or activities aimed at the committing thereof, and the corresponding information concerning the person's penalty has not been deleted from the criminal records database pursuant to the Criminal Records Database Act or an international sanction has been imposed on the manager of the creditor or the credit intermediary or its branch;
6) the creditor or the credit intermediary has failed to implement a precept of the Financial Supervision Authority within the term or to the extent prescribed;
7) the authorisation of the creditor or the credit intermediary has been revoked;
8) the circumstances provided for in § 69 of this Act become evident.

(2) The Financial Supervision Authority shall immediately inform the creditor or the credit intermediary and the financial supervision authority of a foreign state of a decision to revoke a permit for the foundation of a branch.

(3) After becoming aware of the revocation of a permit for the foundation of a branch, the creditor or the credit intermediary shall terminate the provision of its services through the branch founded in the foreign state by the due date determined by the Financial Supervision Authority.
[RT I, 19.03.2015, 4 – entry into force 21.03.2016]

§ 71. Branch of mortgage credit intermediary in EEA country

(1) A mortgage credit intermediary that wishes to found a branch in another EEA country shall inform the Financial Supervision Authority of its intention and submit to the Financial Supervision Authority the following information and documents:
1) the name of the EEA country in which the branch is to be founded;
2) the address of the seat of the branch in the EEA country;
3) the names of the managers of the branch;
4) a description of the services intended to be provided at the branch;
5) information on the creditor to whom the mortgage credit intermediary is tied and on whether the creditor is fully and unconditionally responsible for the activities of the mortgage credit intermediary in the EEA country.

(2) The information and documents specified in subsection 1 of this section shall be submitted in Estonian. At the request of the Financial Supervision Authority, the information and documents shall be submitted with a translation made by a sworn translator or notarially certified in the official language or one of the official languages of the EEA country in which the mortgage credit intermediary wishes to found a branch.

(3) On the basis provided for in subsection 5 of this section, the Financial Supervision Authority shall make a decision to forward or to refuse to forward the information and documents specified in subsection 1 of this section to the financial supervision authority of the EEA country within one month of receipt of all of the required information and documents. The Financial Supervision Authority shall immediately inform the mortgage credit intermediary of a decision to forward or to refuse to forward the information and documents.

(4) The Financial Supervision Authority may refuse to review the information and documents specified in subsection 1 of this section if:
1) the information or documents submitted for forwarding do not meet the requirements provided for in this Act or are incomplete;
2) the information or documents required by the Financial Supervision Authority are not submitted within the prescribed term.

(5) The Financial Supervision Authority may make a decision to refuse to forward the information and documents specified in subsection 1 of this section if:
1) the financial situation, organisational structure or other possibilities of the mortgage credit intermediary are insufficient for the provision of the intended services specified in the application in an EEA country;
2) the foundation of the branch or the provision of the intended services specified in the application may damage the interests of consumers or the financial situation of the mortgage credit intermediary or adversely affect the reliability of its activities;
3) the information or documents submitted for forwarding are incorrect, misleading or incomplete.

(6) A mortgage credit intermediary may found a branch in an EEA country in accordance with the provisions of the legislation of the EEA country.

(7) A mortgage credit intermediary shall inform the Financial Supervision Authority of changes to the information or documents specified in subsection 1 of this section, where possible, at least one month before the entry into force of the changes or immediately after the entry into force of the changes. The Financial Supervision Authority shall also inform the financial supervision authority of the corresponding EEA country of the changes.

(8) The Financial Supervision Authority may prohibit, with a precept, the operating of a mortgage credit intermediary through a branch founded in another EEA country if:
1) the basis provided for in subsection 5 of this section for refusal to forward information and documents exists;
2) the financial supervision authority of the EEA country has informed the Financial Supervision Authority that the mortgage credit intermediary has committed a violation of the requirements provided for in the legislation of the EEA country or set by the financial supervision authority of the EEA country.

(9) The Financial Supervision Authority shall immediately deliver the precept specified in subsection 8 of this section to the mortgage credit intermediary. The mortgage credit intermediary is required to terminate the provision of its services in the EEA country by the due date determined by the Financial Supervision Authority. [RT I, 19.03.2015, 4 – entry into force 21.03.2016]

§ 72. Provision of services cross-border

(1) A creditor or a credit intermediary that intends to provide services cross-border in a foreign state shall inform the Financial Supervision Authority thereof and submit to the Financial Supervision Authority the following information and documents:
1) the name of the state in which it intends to provide services cross-border;
2) a description of the services intended to be provided cross-border;
3) information on the creditors to whom the credit intermediary is tied and on whether the creditor is fully and unconditionally responsible for the activities of the credit intermediary in the foreign state.

(2) The information and documents specified in subsection 1 of this section shall be submitted in Estonian.

(3) If a mortgage credit intermediary intends to provide services cross-border in an EEA country, it shall submit, at the request of the Financial Supervision Authority, the information and documents together with a translation made by a sworn translator or notarially certified in the official language or one of the official languages of the EEA country in which the mortgage credit intermediary wishes to provide services cross-border.

(4) On the basis provided for in subsection 6 of this section, the Financial Supervision Authority shall make a decision to forward or to refuse to forward the information and documents of a mortgage credit intermediary as specified in subsection 1 of this section to the financial supervision authority of the EEA country within one month of receipt of all of the required information and documents. The Financial Supervision Authority shall immediately inform the mortgage credit intermediary of a decision to forward or to refuse to forward the information and documents.

(5) The Financial Supervision Authority may refuse to review the information and documents specified in subsection 1 of this section if:
1) they do not meet the requirements provided for in this Act or are incomplete;
2) the information or documents required by the Financial Supervision Authority are not submitted within the prescribed term.

(6) The Financial Supervision Authority may make a decision to refuse to forward the information and documents specified in subsection 1 of this section to a financial supervision authority of an EEA country if:
1) the information or documents submitted do not meet the requirements provided for in this Act or they are incorrect, misleading or incomplete;
2) the financial situation, organisational structure or other possibilities of the mortgage credit intermediary are insufficient for the provision of services cross-border in the EEA country;
3) the provision of services cross-border may damage the interests of consumers or its financial situation or adversely affect the reliability of its activities.

(7) A creditor or a credit intermediary may commence the provision of services cross-border pursuant to the provisions of the legislation of the foreign state. A mortgage credit intermediary may commence the provision of services cross-border in an EEA country within one month of receipt of the notice specified in subsection 4 of this section from the Financial Supervision Authority.

(8) A creditor or a credit intermediary shall inform the Financial Supervision Authority of changes to the information or documents specified in subsection 1 of this section, where possible, at least one month before the entry into force of the changes or immediately after the entry into force of the changes. If a mortgage credit intermediary provides services cross-border in an EEA country, the Financial Supervision Authority shall inform the financial supervision authority of the EEA country of the changes.

(9) The Financial Supervision Authority may prohibit, with a precept, the provision of services cross-border by a creditor or a credit intermediary if:
1) the information or documents submitted do not meet the requirements provided for in this Act or they are incorrect, misleading or incomplete;
2) the financial situation, organisational structure or other possibilities of the creditor or the credit intermediary are insufficient for the provision of services cross-border in the EEA country;
3) the provision of services cross-border may damage the interests of consumers or the financial situation of the creditor or the credit intermediary or adversely affect the reliability of its activities;
4) the financial supervision authority of a foreign state has informed the Financial Supervision Authority that the creditor or the credit intermediary has committed a violation of the requirements provided for in the legislation of the foreign state or set by the financial supervision authority of the foreign state.

(10) The Financial Supervision Authority shall immediately deliver the precept specified in subsection 9 of this section to the creditor or the credit intermediary. The creditor or the credit intermediary is required to terminate the provision of services cross-border by the due date determined by the Financial Supervision Authority.
[RT I, 19.03.2015, 4 – entry into force 21.03.2016]

§ 73. Activities of foreign creditor or credit intermediary in Estonia

(1) A person that, in accordance with the legislation of the home state, may grant credit or intermediate credit or provide advisory services, may provide the same services in Estonia on the basis of authorisation issued in the home state by a competent supervision authority by founding for this purpose branches or providing services cross-border in Estonia, unless otherwise provided for in this Act. For the purposes of this Act, home state means the state in which the person is founded.

(2) A person specified in subsection 1 of this section that is founded in another EEA country and complies with the requirements established for mortgage credit intermediaries by Directive 2014/17/EU of the European Parliament and of the Council 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 (OJ L 60, 28.2.2014, p. 34-85) and that, in accordance with the legislation of the EEA country, may intermediate consumer credit relating to residential immovable property or provide advisory services (hereinafter *mortgage credit intermediary of an EEA country*) may provide the same services in Estonia on the basis of authorisation issued in the home state by founding for this purpose branches or providing services cross-border in Estonia. The provisions of §§ 77 and 78 of this Act apply to the provision of such services.
[RT I, 11.03.2016, 1 – entry into force 21.03.2016]

(3) If a foreign creditor wishes to use a credit agent operating in Estonia, the use of the credit agent is deemed equal to the provision of services cross-border and the provisions of this Chapter regulating the provision of services cross-border apply to it.

(4) Upon the provision of services in Estonia, a foreign creditor or credit intermediary shall comply with the requirements established for its activities by and on the basis of this Act and other requirements for operating in Estonia as provided for by the legislation of Estonia.

(5) The provisions of subsection 2 of this section do not apply to:

1) mortgage credit intermediaries of an EEA country that intermediate credit agreements offered by creditors other than credit institutions for the purposes of Directive 2013/36/EU of the European Parliament and of the Council on access to the activity of credit institutions and the prudential supervision of credit institutions and investment firms, amending Directive 2002/87/EC and repealing Directives 2006/48/EC and 2006/49/EC (OJ L 176, 27.6.2013, p. 338-436) and that do not have a permit for the foundation of a branch or the provision of services cross-border in Estonia;
2) credit intermediaries tied to only one mortgage credit intermediary of an EEA country.
[RT I, 19.03.2015, 4 – entry into force 21.03.2016]

§ 74. Branch of foreign creditor or credit intermediary in Estonia and provision of services cross-border in Estonia

(1) In order to found a branch or provide services cross-border in Estonia, a foreign creditor or credit intermediary is required to apply to the Financial Supervision Authority for a permit (hereinafter in this section and in §§ 75 and 76 *permit*).

(2) Upon applying for a permit, a written application and the following information and documents shall be submitted to the Financial Supervision Authority:
1) the name and address of the creditor or the credit intermediary;
2) the information provided for in clause 3 of subsection 1 of § 12 of this Act on the managers of the creditor or the credit intermediary and on the managers of the branch;
3) the information and documents provided for in § 31 of this Act relating to shareholders who have qualifying holdings in the creditor or the credit intermediary;
4) the scope of the authorisation issued to the creditor or the credit intermediary and information concerning the agency that issued the authorisation;
5) in the case of the foundation of a branch, the business name and address thereof;
6) in the case of the foundation of a branch, the information and documents specified in clauses 1, 3, 4 and 5 of subsection 2 of § 386 of the Commercial Code;
7) the last two annual reports if they exist;
8) a business plan which meets the requirements provided for in § 13 of this Act and sets out all of the services to be provided by the creditor or the credit intermediary in Estonia;
9) the name, registry or personal identification code or, in the absence thereof, date and place of birth, and address of the credit agent if the agent exists.

(3) In addition to the information specified in subsection 2 of this section, a foreign creditor or credit intermediary shall submit to the Financial Supervision Authority the following:
1) the consent of the financial supervision authority of the home state to the founding of a branch in Estonia or to the provision of services cross-border in Estonia;
2) the confirmation of the financial supervision authority of the home state to the effect that the creditor or the credit intermediary holds valid authorisation in its home state and that it pursues its activities in the correct manner and in accordance with good practice;
3) the information of the financial supervision authority of the home state on the financial situation of the creditor or the credit intermediary, including a description of the consumer protection scheme applied with regard to the clients of the creditor or the credit intermediary in the home state.

(4) Information and documents specified in this section which are in a foreign language shall be submitted with a translation in Estonian made by a sworn translator or notarially certified. With the consent of the Financial Supervision Authority, the aforementioned information and documents may also be submitted in another language.
[RT I, 19.03.2015, 4 – entry into force 21.03.2016]

§ 75. Processing of application for permit and revocation of permit

(1) The provisions of §§ 14–16, 18 and 19 of this Act apply to the processing of applications for a permit and verification of information and to the granting and revocation of permits, unless otherwise provided for in this section.

(2) In addition to the basis provided for in § 16 of this Act, the Financial Supervision Authority may refuse to grant a permit if:
1) the legislation of the home state of the creditor or the credit intermediary does not require the exercising of adequate supervision or the Financial Supervision Authority has reason to believe that the financial supervision authority of the foreign state does not ensure adequate supervision over the applicant;
2) the financial supervision authority of the foreign state has no legal basis, possibilities or readiness for sufficient and efficient cooperation with the Financial Supervision Authority;
3) the Financial Supervision Authority has reason to believe that it is not possible to verify or ensure compliance by the applicant to the extent necessary with the requirements provided for by this Act or other legislation;

4) the organisational structure of the foreign creditor or credit intermediary does not comply with the content of the intended activities or, in the opinion of the Financial Supervision Authority, its financial situation is not sufficiently strong; or
5) requirements which are at least as strict as the requirements prescribed for creditors or credit intermediaries by this Act do not apply to the activities of the applicant in its home state.

(3) The Financial Supervision Authority may revoke a permit if the circumstances provided for in § 16 of this Act or in subsection 2 of this section become evident.
[RT I, 19.03.2015, 4 – entry into force 21.03.2016]

§ 76. Amendment of permit

(1) A foreign creditor or credit intermediary that wishes to provide services in Estonia which are not specified in the business plan submitted upon applying for a permit shall apply to the Financial Supervision Authority for the amendment of the permit.

(2) In order to amend a permit, a foreign creditor or credit intermediary shall submit to the Financial Supervision Authority the information and documents specified in clauses 1–5 and 8 of subsection 2 of § 74 of this Act.

(3) The provisions of §§ 14-16 of this Act apply to the processing of applications for the amendment of a permit for the foundation of a branch, verification of information and deciding on the amendment of the permit.
[RT I, 19.03.2015, 4 – entry into force 21.03.2016]

§ 77. Branch of mortgage credit intermediary of EEA country and provision of services cross-border in Estonia

(1) A mortgage credit intermediary of an EEA country that wishes to found a branch or provide services cross-border in Estonia shall inform the Financial Supervision Authority thereof via the financial supervision authority of the EEA country. The following information and documents shall be submitted to the Financial Supervision Authority:
1) a description of the intended services of the branch or services to be provided cross-border;
2) information on the creditors to whom the mortgage credit intermediary is tied and on whether the creditor is fully and unconditionally responsible for the activities of the mortgage credit intermediary.

(2) Information and documents specified in subsection 1 of this section which are in a foreign language shall be submitted with a translation in Estonian made by a sworn translator or notarially certified. With the consent of the Financial Supervision Authority, the aforementioned information and documents may be submitted in another language.

(3) The Financial Supervision Authority shall immediately inform the financial supervision authority of the EEA country of receipt of the information and documents specified in subsection 1 of this section. A mortgage credit intermediary of an EEA country may found a branch or commence the provision of services cross-border in Estonia within one month of the date on which the Financial Supervision Authority receives the information and documents specified in subsection 1 of this section.

(4) Following the receipt of the information and documents specified in subsection 1 of this section before the foundation of a branch of a mortgage credit intermediary or within two months of receipt of the information and documents, the Financial Supervision Authority shall inform the mortgage credit intermediary of the requirements for operating as a credit intermediary in Estonia that are not regulated by Directive 2014/17/EU of the European Parliament and of the Council.

(5) The Financial Supervision Authority shall be informed of changes to the information or documents specified in subsection 1 of this section at least one month in advance, where possible.

(6) Confirmation from the Financial Supervision Authority concerning the receipt of the information specified in subsection 1 of this section shall be submitted upon the entry of a branch in the commercial register.

(7) The Financial Supervision Authority shall publish information on the mortgage credit intermediaries of an EEA country on its website in accordance with the provisions of § 20 of this Act.
[RT I, 19.03.2015, 4 – entry into force 21.03.2016]

§ 78. Requirements for members of staff of mortgage credit intermediaries of EEA countries

(1) The knowledge, skills and experience of the members of staff of mortgage credit intermediaries of EEA countries that have founded a branch in Estonia or provide services cross-border in Estonia shall comply with the requirements provided for in § 40 of this Act.

(2) The Financial Supervision Authority shall cooperate with financial supervision authorities of EEA countries in order to verify the knowledge, skills and experience of the members of staff and to exchange information on the requirements established for the knowledge, skills and experience of the members of staff.
[RT I, 19.03.2015, 4 – entry into force 21.03.2016]

Chapter 13
Supervision

§ 79. Basis and exercising of supervision

The Financial Supervision Authority exercises supervision over the activities of creditors or credit intermediaries in accordance with this Act, the Financial Supervision Authority Act and other legislation regulating the activities of creditors or credit intermediaries and pursuant to the procedure provided for in the legislation issued on the basis thereof.

§ 80. Purpose of supervision

The purpose of supervision is to ensure that the foundation and activities of creditors or credit intermediaries, including the granting of credit, the intermediation of credit and the provision of advisory services, and the knowledge, skills and experience of managers and members of staff of creditors and credit intermediaries comply with law and other legislation, with particular attention being paid to the protection of the interests and rights of consumers.

§ 81. Scope of supervision

The supervision activities of the Financial Supervision Authority shall cover:
1) all creditors and credit intermediaries whose registered seat is in Estonia, including the creditors and credit intermediaries specified in subsection 8 of § 2 of this Act;
2) subsidiary creditors and credit intermediaries as well as branches of Estonian creditors and credit intermediaries founded in foreign states, unless supervision over them is exercised by a financial supervision authority of a foreign state or if a corresponding agreement has been entered into with a financial supervision authority of the state;
3) subsidiary creditors and credit intermediaries as well as branches of foreign creditors and credit intermediaries founded in Estonia, unless otherwise agreed on with the financial supervision authority of the corresponding foreign state;
4) companies belonging to the same consolidation group as a creditor or a credit intermediary.

§ 82. Supervision over creditors or credit intermediaries that have founded branches in foreign states and over creditors or credit intermediaries providing services cross-border

(1) If a creditor or a credit intermediary that has founded a branch in a foreign state or provides services cross-border in a foreign state violates the requirements of legislation established in the foreign state, the Financial Supervision Authority shall immediately implement measures for the termination of the violation on the proposal of a foreign supervision authority of the foreign state. The Financial Supervision Authority shall inform the financial supervision authority of the foreign state of the measures implemented.

(2) The Financial Supervision Authority shall immediately inform the financial supervision authority of the foreign state in which the creditor or the credit intermediary provides services cross-border or where the branch of the creditor or the credit intermediary is founded of the revocation of authorisation and of the permit for the foundation of a branch in the foreign state.

(3) A branch of a creditor or a credit intermediary, or a creditor or a credit intermediary that provides services cross-border shall, at the request of a financial supervision authority of a foreign state, submit information that is necessary for the exercising of supervision over the activities of the branch, the creditor or the credit intermediary in the state.

§ 83. Supervision over branches of foreign creditors or credit intermediaries founded in Estonia

(1) The Financial Supervision Authority may demand that a foreign creditor or credit intermediary that provides services in Estonia submit reports, additional information and documents necessary for the exercising of supervision over it to the extent provided for in this Act, and also data necessary for the collection of statistical information.

(2) A foreign creditor or credit intermediary that provides services in Estonia and whose authorisation has been suspended or revoked by a financial supervision authority of a foreign state shall not continue to operate or provide services in Estonia.

(3) If a foreign creditor or credit intermediary that provides services in Estonia violates the requirements provided for in this Act or other legislation, the Financial Supervision Authority may, in order to terminate the violation, implement the measures and impose the sanctions provided for in this Act or revoke the permit for the foundation of a branch.

§ 84. Supervision over activities of mortgage credit intermediaries of EEA countries that have founded branches in Estonia or provide services cross-border in Estonia

(1) The Financial Supervision Authority shall exercise supervision over the activities of mortgage credit intermediaries of EEA countries that have founded branches in Estonia or provide services cross-border in Estonia in order to observe compliance with the requirements provided for in §§ 38, 40, 47, 49-51, 77 and 78 of this Act, § 29 of the Advertising Act and Subchapter 2 of Chapter 3 of the Consumer Protection Act.

(2) The Financial Supervision Authority may demand that a mortgage credit intermediary of an EEA country that has founded a branch in Estonia or provides services cross-border in Estonia terminate the violation of the requirements provided for in §§ 38, 40, 47, 49-51, 77 and 78 of this Act, § 29 of the Advertising Act and Subchapter 2 of Chapter 3 of the Consumer Protection Act or demand that a mortgage credit intermediary of an EEA country that has founded a branch in Estonia cooperate for the settlement of consumer disputes.

(3) If the relevant mortgage credit intermediary of an EEA country does not terminate a violation, the Financial Supervision Authority may, for the purpose of the protection of consumers, obligees and the public interest, implement the measures provided for with regard to the mortgage credit intermediary of the EEA country in law, by informing the financial supervision authority of the EEA country of the measures taken.

(4) If a mortgage credit intermediary of an EEA country continues to violate the requirements provided for in law or legislation issued on the basis thereof regardless of the measures implemented by the Financial Supervision Authority, the Financial Supervision Authority may, after informing the financial supervision authority of the EEA country, apply the measures provided for in this Act in order to prevent any further violation or penalise for this and, as necessary, hinder any further transactions of the relevant mortgage credit intermediary in Estonia. The Financial Supervision Authority may, in order to terminate the violation, prohibit, with a precept, a mortgage credit intermediary of an EEA country from operating in Estonia or from providing services cross-border.

(5) The Financial Supervision Authority shall immediately inform the European Commission of measures implemented in accordance with subsections 3 and 4 of this section.

(6) If a financial supervision authority of an EEA country disagrees about the measures implemented by the Financial Supervision Authority, it may address the European Banking Authority and request assistance in accordance with subsection 5 of § $46^2$of the Financial Supervision Authority Act.

(7) If the Financial Supervision Authority has clear and demonstrable grounds for concluding that a mortgage credit intermediary of an EEA county that has founded a branch in Estonia or provides services cross-border in Estonia is not performing the obligations provided for by legislation, other than those specified in subsection 1 of this section, it shall refer those findings to the financial supervision authority of the EEA country, that shall take the measures provided for by the legislation of the EEA country.

(8) If the financial supervision authority of the EEA country fails to take measures within one month of becoming aware of the violation for the suspension thereof or if the measures implemented are insufficient and the mortgage credit intermediary of the EEA country continues to violate the requirements provided for in legislation and this clearly damages the interests of consumers or orderly functioning of the markets, the Financial Supervision Authority shall, after informing the financial supervision authority of the EEA country, take the measures needed to protect consumers and ensure the proper functioning of the markets, including by preventing the offending mortgage credit intermediary from initiating any further transactions in Estonia and informing the European Commission and the European Banking Authority of the measures implemented.

(9) In the case specified in subsection 8 of this section, the Financial Supervision Authority may address the European Banking Authority and request assistance in accordance with subsection 5 of § $46^2$of the Financial Supervision Authority Act.

§ 85. Rights and obligations of parties to proceedings in supervision proceedings

(1) If necessary, the Financial Supervision Authority shall explain the rights and obligations of a party to proceedings in supervision proceedings to the party to proceedings.

(2) Parties to proceedings have the right to access information concerning them which is collected by the Financial Supervision Authority and to make copies and extracts of such information. The Financial Supervision Authority has the right to refuse to issue such information to parties to proceedings if this damages or may damage the legitimate interests of third parties, or if examining the information hinders the achievement of the objectives of the supervision or ascertaining of the truth in criminal proceedings.

(3) In supervision proceedings, a party to proceedings has the right to submit questions to witnesses via the Financial Supervision Authority. The Financial Supervision Authority has the right to refuse to forward questions to witnesses with good reason if the questions are irrelevant or in order to prevent the violation of the rights or interests of witnesses.

(4) If, in the course of administrative proceedings, a party to proceedings fails to appear upon a summons by the Financial Supervision Authority without a legal impediment, the Financial Supervision Authority may impose a non-compliance levy on the party to proceedings.

§ 86. Rights of Financial Supervision Authority upon receipt of information

(1) In order to exercise supervision, the Financial Supervision Authority has the right to demand, without charge, information, documents and verbal or written explanations concerning facts which are relevant to the exercising of supervision from the following persons:
1) managers and members of staff of creditors or credit intermediaries, including managers and members of staff of foreign creditors or credit intermediaries;
2) managers and members of staff of companies belonging to the same consolidation group as creditors or credit intermediaries;
3) shareholders of creditors or credit intermediaries;
4) third parties, only in the case of justified need;
5) liquidators or trustees in bankruptcy of creditors or credit intermediaries;
6) representatives of state and local government agencies, general national registers, national registers, and controllers and processors of state databases.

(2) For the purposes of supervision activities, the Financial Supervision Authority has the right to:
1) carry out on-site inspections of companies belonging to the same consolidation group as a creditor or a credit intermediary in order to verify information communicated to the Financial Supervision Authority, and demand the submission of information and documents necessary for the exercising of supervision;
2) demand any information from a creditor or a credit intermediary necessary for the verification of compliance with the requirements for the safekeeping of assets;
3) receive information from internal auditors and auditors of creditors or credit intermediaries and cooperate with them.

(3) If necessary, the Financial Supervision Authority may require that a person appear at the official premises of the Financial Supervision Authority at a time designated by the Financial Supervision Authority in order to provide explanations.

(4) For the purpose of exercising supervision, the Financial Supervision Authority has the right to obtain information concerning a creditor or a credit intermediary from third parties without informing the creditor or the credit intermediary of the communication of the information. The third party shall not inform the creditor or the credit intermediary of the communication of the information.

(5) If necessary, the Financial Supervision Authority may issue an order whereby it designates a term for the provision of the information specified in subsection 1 or for the performance of the acts provided for in subsections 2 and 3 of this section.

(6) In order to exercise supervision, the Financial Supervision Authority has the right to receive from credit institutions information containing banking secrets concerning a creditor or a credit intermediary and the consumers thereof, and a third party to which the duties of a creditor or a credit intermediary have been outsourced.

§ 87. On-site inspection

(1) In order to exercise supervision, the Financial Supervision Authority has the right to carry out an on-site inspection within the scope of the supervision provided for in this Act.

(2) An on-site inspection shall be carried out if:
1) there is a need to verify the information submitted;
2) the Financial Supervision Authority suspects that the provisions provided for by or on the basis of this Act or other legislation specified in subsection 1 of § 2 of the Financial Supervision Authority Act have been violated;
3) it is necessary based on a request by a financial supervision authority of an EEA country;
4) it is necessary in order to perform other supervisory duties.

(3) In order to carry out an on-site inspection, the Financial Supervision Authority shall issue an order which sets out the purpose, extent, duration and time of the inspection. The order shall be delivered to the person being inspected no later than three working days prior to the on-site inspection commencing, unless giving such notice damages the achievement of the objectives of the inspection. An on-site inspection shall be carried out by an employee authorised by the Financial Supervision Authority (hereinafter in this Chapter *inspector*), unless otherwise prescribed in this Act.

(4) In the course of an on-site inspection, inspectors have the right to:

1) enter all premises and take possession of data, in compliance with the security requirements in force with regard to the person being inspected;
2) request that necessary working conditions be ensured and to use a separate room for their work;
3) study documents and media necessary for exercising supervision, make extracts, transcripts and copies thereof and monitor work processes without restrictions;
4) obtain verbal and written explanations from the managers and members of staff of the person being inspected, which shall be recorded in minutes, where necessary, or at the request of the person providing the explanations.

(5) The management board of a person being inspected is required to appoint a competent representative in whose presence the inspection is carried out and who shall provide the inspector with the documents and other information necessary for the performance of their duties, including the auditor's reports concerning the reports of the person being inspected and other appropriate reports of the auditor, and provide the necessary explanations with regard to such documents and information.

(6) In the case specified in clause 3 of subsection 2 of this section, the Financial Supervision Authority may authorise a financial supervision authority of another EEA country or an auditor or an expert appointed by it to perform on-site inspections.

(7) The host EEA country may carry out an on-site inspection of the activities of a creditor of an EEA country that offers consumer credit or consumer credit secured by a mortgage and of the activities of a branch of a credit intermediary founded in Estonia by informing the Financial Supervision Authority thereof in advance.

§ 88. Report concerning on-site inspection

(1) An inspector is required to prepare a report concerning the results of an on-site inspection within two months of the completion of the inspection and the Financial Supervision Authority shall immediately deliver the report to the person being inspected.

(2) A person being inspected has the right to provide written explanations within one month of the delivery of the report.

(3) After reviewing the written explanations of the person being inspected, but no later than within four months of the completion of the on-site inspection, the Financial Supervision Authority shall prepare a final report which is delivered to the person being inspected.

(4) The person being inspected has the right to append a dissenting opinion to the report in writing.

(5) If, after the on-site inspection or the provision of written explanations by the person being inspected, additional circumstances emerge or the Financial Supervision Authority obtains additional information, the Financial Supervision Authority may extend the term for the preparation of the report or the final report specified in subsection 3 of this section by up to two months, by immediately communicating the new term for the preparation of the report or the final report to the person being inspected and indicating the reason for the extension of the initial term.

§ 89. Assessment and special audit in supervisory proceedings

(1) The Financial Supervision Authority may involve experts in supervision proceedings in cases where expertise is required to ascertain facts which are relevant to the matter.

(2) The Financial Supervision Authority has the right to demand a special audit if:
1) there is justified reason to believe that the reports or information submitted to the Financial Supervision Authority or the public are misleading or inaccurate;
2) transactions have been conducted which may result or have resulted in significant damage to a creditor or a credit intermediary, a company belonging to the consolidation group of the creditor or the credit intermediary or clients;
3) other important issues related to the financial situation of a creditor or a credit intermediary or a company belonging to the consolidation group of the creditor or the credit intermediary need additional clarification in the supervision proceedings.

(3) The Financial Supervision Authority shall involve an expert or, for a special audit, an auditor on its own initiative or at the request of a party to proceedings. The name of the expert or the auditor and the reasons for the involvement thereof shall be communicated to a party to proceedings before the involvement of the expert or the auditor, unless proceedings regarding the matter need to be conducted quickly or communication of the information may impede the achievement of the objectives of the assessment or the special audit.

(4) If an expert or an auditor who performs a special audit ascertains facts relevant to the supervision proceedings and the Financial Supervision Authority did not directly assign the duty of ascertaining these facts to the expert or the auditor, the expert or the auditor shall also provide their opinion or assessment with regard to these facts.

(5) An expert or an auditor who performs a special audit only has the right to exercise the rights provided for in subsection 4 of § 87 of this Act for the purpose of performance of the duties assigned to them and to make proposals to the Financial Supervision Authority and parties to proceedings for the submission of additional information and documents. The expert or the auditor who performs the special audit may only exercise the right provided for in subsection 4 of § 87 of this Act with the permission or in the presence of the person being inspected. An expert is required to maintain the secrecy of any information not subject to disclosure which becomes known to them in connection with the performance of the duties specified in this section.

(6) The costs of an assessment or a special audit shall be covered by the Financial Supervision Authority. If an expert or auditor is involved at the request of a party to proceedings, the costs of the assessment or special audit shall be covered by the party to proceedings.

§ 90. Precepts

(1) The Financial Supervision Authority has the right to issue a precept if:
1) violations of the requirements of this Act, the Acts specified in § 2 of the Financial Supervision Authority Act or other legislation regulating the activities of creditors or credit intermediaries or the legislation established on the basis thereof are discovered as a result of supervision;
2) there is a need to prevent the violation of law specified in clause 1 of this subsection;
3) the risks assumed by a creditor or a credit intermediary have increased significantly or if other circumstances occur which endanger or may endanger the activities of the creditor or the credit intermediary, clients or the interests or soundness of the financial sector as a whole;
4) it is necessary in order to protect the interests of clients or ensure the transparency of the financial sector.

(2) The addressee of a precept shall, immediately after the communication thereof, commence compliance with the precept.

(3) The filing of an appeal against a precept and proceedings regarding the appeal do not suspend the requirement to comply with the precept, unless otherwise prescribed by the Financial Supervision Authority.

§ 91. Rights upon issue of precepts

(1) The Financial Supervision Authority has the right, with a precept, to:
1) prohibit the conducting of transactions or the performance of acts or restrict the volumes thereof;
2) demand the suspension of the economic activities of a creditor or a credit intermediary upon a significant violation of the requirements of this Act or the Acts specified in § 2 of the Financial Supervision Authority Act and legislation established on the basis thereof;
3) prohibit, in part or in full, the making of disbursements from the profit of a creditor or a credit intermediary;
4) demand restrictions on the operating expenses of a creditor or a credit intermediary;
5) demand the amendment of the internal rules of a creditor or a credit intermediary;
6) demand the removal of the manager of a creditor or a credit intermediary;
7) make a proposal to the general meeting of a creditor or a credit intermediary to change the auditor of the creditor or the credit intermediary;
8) demand the suspension of a member of staff of a creditor or a credit intermediary;
9) make a proposal to change or supplement the organisational structure of a creditor or a credit intermediary;
10) demand that the right to provide services granted to a credit intermediary by a creditor be withdrawn;
11) demand that the credit intermediary operating in a foreign state terminate the violation of the requirements of the legislation applicable in the foreign state;
12) prohibit a creditor or a credit intermediary of an EEA country from operating in Estonia or an Estonian creditor or credit intermediary from operating in an EEA country or from providing services cross-border;
13) demand that the services provided by a branch of a credit intermediary be brought into compliance with the requirements provided for in this Act;
14) demand that a creditor or a credit intermediary immediately terminate an act or omission or refrain from an act which damages the collective interests of consumers;
15) make other demands for compliance with this Act or the Acts specified in § 2 of the Financial Supervision Authority Act and legislation established on the basis thereof.

(2) In addition to the provisions of § 95 of this Act, if the addressee of the precept fails to comply with the precept of the Financial Supervision Authority, the Financial Supervision Authority may apply other measures prescribed by this Act, including:
1) revoke the authorisation of a creditor or a credit intermediary;
2) revoke the permit for the foundation of a branch;
3) demand the removal of the manager of a creditor or a credit intermediary by a court;
4) file an action with a court in the name of the Republic of Estonia and demand that a creditor or a credit intermediary terminate the use of standard conditions that unreasonably damage the collective interests of consumers, unfair commercial practices or any other activities violating the rights of consumers.

(3) The Financial Supervision Authority shall immediately inform the European Commission and the financial supervision authority of the EEA country of a mortgage credit intermediary of the implementation of the measures or the issuing of the precept specified in clauses 1 and 2 of subsection 1 of this section and §§ 95–103 of this Act in respect of the mortgage credit intermediary.

(4) The Financial Supervision Authority shall immediately inform the European Banking Authority of the issuing of the precept provided for in clause 1 of subsection 1 of this section in respect of a mortgage credit intermediary.

§ 92. Right to convene managing bodies and participate in meetings

(1) The management board of a creditor or a credit intermediary shall inform the Financial Supervision Authority of a general meeting and a meeting of the supervisory board at least two weeks in advance. Notice of an extraordinary general meeting shall be given at least one week in advance, where possible.

(2) The Financial Supervision Authority has the right to issue a precept:
1) to convene the management board, the supervisory board or a general meeting of a creditor or a credit intermediary;
2) to include an issue on the agenda of the management board or the supervisory board or the general meeting if this is necessary in the opinion of the Financial Supervision Authority.

(3) The Financial Supervision Authority has the right to send to a meeting its representatives who have the right to present positions and make proposals and demand the recording thereof in the minutes of the meeting.

§ 93. Declaration of resolution of managing body invalid on request of Financial Supervision Authority

On the basis of a petition of the Financial Supervision Authority, a court of the seat of a creditor or a credit intermediary may declare invalid a resolution of the general meeting or of the supervisory board or the management board which is in conflict with law, legislation issued on the basis thereof or the articles of association of the creditor or the credit intermediary if the petition is submitted within three months of the adoption of the resolution.

§ 94. Obligation to inform Financial Supervision Authority

(1) A creditor or a credit intermediary is required to immediately inform the Financial Supervision Authority of changes to any information and circumstances that constituted a basis for deciding on the granting of authorisation of the creditor or the credit intermediary and to submit the following information and documents:
1) the business name, the address of the seat and the contact details in the case of changes to the business name, address or contact details of the creditor or the credit intermediary;
2) upon the amendment of the articles of association, the amendments to and the amended text of the articles of association;
3) upon the amendment of the procedure or rules determined by the internal rules, the amended internal rules;
4) upon a change in managers, the information specified in subsection 1 of § 41 of this Act;
5) upon a change in the auditor, the information specified in subsection 3 of § 41 of this Act;
6) circumstances which affect or may significantly affect the financial situation of the creditor or the credit intermediary;
7) other information if prescribed by this Act.

(2) A creditor or a credit intermediary shall immediately inform the Financial Supervision Authority of changes to the business name or the address of the seat and the contact details of the creditor or the credit intermediary as specified in subsection 1 of this section in a format that can be reproduced in writing.

(3) At the request of the Financial Supervision Authority, a creditor or a credit intermediary shall immediately disclose the information and documents specified in subsection 1 of this section, except those specified in clauses 3 and 6 thereof.

§ 95. Non-compliance levy

(1) In the event of failure to comply with a precept of the Financial Supervision Authority issued pursuant to this Act or another administrative act, the Financial Supervision Authority may impose a non-compliance levy pursuant to the procedure provided for in the Substitutional Performance and Non-Compliance Levies Act.

(2) In the event of failure to comply or inappropriate compliance with an administrative act, the upper limit for a non-compliance levy is:
1) in the case of a legal person, up to 3,200 euros on the first occasion and in total up to 52,000 euros to enforce the performance of the same obligation;
2) in the case of a natural person, up to 1,200 euros on the first occasion and in total up to 6,000 euros to enforce the performance of the same obligation.

Chapter 14

Liability

§ 96. Failure to submit information

(1) Refusal or failure to submit on time reports, documents, explanations and other information necessary for supervision or the submission of incorrect or insufficient information or the violation of the obligation to disclose information or the submission of information in a manner that does not permit the exercising of supervision
is punishable by a fine of up to 300 fine units.

(2) The same act, if committed by a legal person,
is punishable by a fine of up to 32,000 euros.

§ 97. Violation of procedure for acquisition of qualifying holding

(1) The acquisition or transfer of a holding in a creditor or a credit intermediary or turning a creditor or a credit intermediary into a controlled company without giving any advance notice to the Financial Supervision Authority according to this Act or in violation of the precept specified in § 34 of this Act, and exercising of the right to vote or other rights enabling control in the creditor or the credit intermediary in violation of the precept of the Financial Supervision Authority
is punishable by a fine of up to 300 fine units.

(2) The same act, if committed by a legal person,
is punishable by a fine of up to 32,000 euros.

§ 98. Violation of requirements established for internal control or internal rules

(1) The violation by a creditor or a credit intermediary of the requirements established for internal control or internal rules in this Act
is punishable by a fine of up to 300 fine units.

(2) The same act, if committed by a legal person,
is punishable by a fine of up to 32,000 euros.

§ 99. Violation of obligation to assess consumer's creditworthiness

(1) The violation by a creditor or a credit intermediary of the obligation related to the assessment of the consumer's creditworthiness provided for in § 49 or § 50 of this Act
is punishable by a fine of up to 300 fine units.

(2) The same act, if committed by a legal person,
is punishable by a fine of up to 32,000 euros.

§ 100. Violation of requirements for outsourcing of activities of creditor or credit intermediary

(1) The violation of the requirements provided for the outsourcing of activities of a creditor or a credit intermediary in § 46 of this Act
is punishable by a fine of up to 300 fine units.

(2) The same act, if committed by a legal person,
is punishable by a fine of up to 32,000 euros.

§ 101. Violation of obligation to maintain secrecy of consumer data

(1) The unlawful disclosure of consumer data by a shareholder, a manager or a member of staff of a creditor or a credit intermediary or any other person acting in the interests of a creditor or a credit intermediary
is punishable by a fine of up to 300 fine units.

(2) The same act, if committed by a legal person,
is punishable by a fine of up to 32,000 euros.

§ 102. Violation of requirement for safekeeping of assets

(1) The violation of the requirement for the safekeeping of assets of a consumer as provided for in § 55 of this Act
is punishable by a fine of up to 300 fine units.

(2) The same act, if committed by a legal person,
is punishable by a fine of up to 32,000 euros.

§ 103. Violation of requirements for activities of foreign creditors or credit intermediaries

(1) The violation of the requirements established for the activities of foreign creditors or credit intermediaries in §§ 74, 77 or 78 of this Act, including the granting of credit or the intermediation of credit in Estonia without informing the Financial Supervision Authority thereof,
is punishable by a fine of up to 300 fine units.

(2) The same act, if committed by a legal person,
is punishable by a fine of up to 32,000 euros.

§ 104. Proceedings

Extra-judicial proceedings concerning the misdemeanours provided for in this Chapter shall be conducted by the Financial Supervision Authority.

Chapter 15
Implementing Provisions

Subchapter 1
Transitional Provisions

§ 105. Bringing activities into compliance with requirements of this Act

(1) Creditors or credit intermediaries founded and operating before the entry into force of this Act shall apply to the Financial Supervision Authority for authorisation and bring their activities and documents into conformity with the provisions of this Act by 21 March 2016.

(2) The Financial Supervision Authority shall make a decision to grant or to refuse to grant authorisation to such creditors or credit intermediaries within six months of receipt of all of the necessary conforming information and documents and after the requirements are complied with, but no later than within eight months of receipt of the application for authorisation.

(3) If a creditor or a credit intermediary has submitted an application for authorisation in accordance with this Act before 1 January 2016 and the Financial Supervision Authority has not decided whether to grant or to refuse to grant authorisation by the due date specified in subsection 1 of this section, the activities of the creditor or the credit intermediary shall not be deemed activities without authorisation within the meaning of the Penal Code. In such a case it is not permitted for the creditor or the credit intermediary to enter into or intermediate new credit agreements from 21 March 2016 until deciding on the granting of authorisation or the refusal thereof.

(4) The requirements provided for the granting of credit or the intermediation of credit by a creditor or a credit intermediary in this Act do not apply to credit agreements entered into before the granting of authorisation to the creditor or the credit intermediary. If a creditor or a credit intermediary grants or intermediates credit, including grants credit to the disposal of a credit recipient, on the basis of an agreement entered into before the granting of authorisation to the creditor or the credit intermediary, the provisions of this Act shall apply to the granting of credit or the intermediation of credit and acts or circumstances related thereto from the granting of authorisation to the creditor or the credit intermediary or from no later than 21 March 2016.

(5) Creditors or credit intermediaries founded and operating before the entry into force of this Act who do not grant or intermediate credit as of 21 March 2016 need not apply to the Financial Supervision Authority for authorisation. The provisions of this Act do not apply to a credit agreement that the creditor or the credit intermediary specified in the first sentence of this subsection entered into before 21 March 2016.
[RT I, 11.03.2016, 1 – entry into force 21.03.2016]

(6) Clause 5^1 of subsection 2 of § 53^1 of this Act applies to a credit agreement entered into on 1 February 2020 or later.
[RT I, 04.12.2019, 1 – entry into force 14.12.2019]

§ 105^1. Informing Financial Supervision Authority of operation of creditor or credit intermediary

A creditor or a credit intermediary that holds the right to operate pursuant to subsection 8 of § 2 of this Act and operates on 21 March 2016 shall inform the Financial Supervision Authority of its operating as a creditor or a credit intermediary immediately and submit the information specified in the second sentence of subsection 1^1 of § 20 of this Act.
[RT I, 11.03.2016, 1 – entry into force 21.03.2016]

Subchapter 2
Amendment of Acts

§ 106.–§ 113. The provisions amending other Acts are omitted from this translation

Subchapter 3
Entry into Force of Act

§ 114. Entry into force of Act

Subsection 5 of § 40 and §§ 51–53 and 66–78 of this Act enter into force on 21 March 2016.

[1]Directive 2014/17/EU of the European Parliament and of the Council 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 (OJ L 60, 28.2.2014, p. 34-85).