

Law of 15 July 2024 on the transfer of non-performing loans, and:

- 1° transposing Directive (EU) 2021/2167 of the European Parliament and of the Council of 24 November 2021 on credit servicers and credit purchasers, and amending Directives 2008/48/EC and 2014/17/EU;**
- 2° implementing Regulation (EU) 2022/2036 of the European Parliament and of the Council of 19 October 2022 amending Regulation (EU) No 575/2013 and Directive 2014/59/EU as regards the prudential treatment of global systemically important institutions with a multiple-point-of-entry resolution strategy and methods for the indirect subscription of instruments eligible for meeting the minimum requirement for own funds and eligible liabilities;**
- 3° amending:**
 - (a) the Consumer Code;**
 - (b) the Law of 5 April 1993 on the financial sector, as amended;**
 - (c) the Law of 23 December 1998 establishing a financial sector supervisory commission ("Commission de surveillance du secteur financier"), as amended;**
 - (d) the Law of 22 March 2004 on securitisation and amending**
 - the Law of 5 April 1993 on the financial sector, as amended;**
 - the Law of 23 December 1998 establishing a financial sector supervisory commission ("Commission de surveillance du secteur financier"), as amended;**
 - the Law of 27 July 2003 on trusts and fiduciary contracts;**
 - the Law of 4 December 1967 on income tax, as amended;**
 - the Law of 16 October 1934 on wealth tax, as amended;**
 - the Law of 12 February 1979 on value added tax, as amended;**
 - (e) the Law of 5 August 2005 on financial collateral arrangements, as amended;**
 - (f) the Law of 18 December 2015 on the failure of credit institutions and certain investment firms, as amended.**

(Mém. A 2024, No 292)

We Henri, Grand Duke of Luxembourg, Duke of Nassau,

Considering Directive (EU) 2021/2167 of the European Parliament and of the Council of 24 November 2021 on credit servicers and credit purchasers, and amending Directives 2008/48/EC and 2014/17/EU;

Considering Regulation (EU) 2022/2036 of the European Parliament and of the Council of 19 October 2022 amending Regulation (EU) No 575/2013 and Directive 2014/59/EU as regards the prudential treatment of global systemically important institutions with a multiple-point-of-entry resolution strategy and methods for the indirect subscription of instruments eligible for meeting the minimum requirement for own funds and eligible liabilities;

Having heard the State Council;

Having regard to the consent of the Chamber of Deputies;

Having regard to the decision of the Chamber of Deputies of 3 July 2024 and that of the State Council of 12 July 2024 that a second vote is not required;

Ordered and order:

Title I - Transfer of non-performing loans

Chapter 1 - Definitions and Scope

Article 1. Definitions

For the purposes of this Law, the following definitions shall apply:

- 1° "credit servicing agreement" means a written contract concluded between a credit purchaser and a credit servicer concerning the services to be provided by the credit servicer for a credit purchaser;
- 2° "credit purchaser" means any natural or legal person, other than a credit institution, that, in the course of its trade, business or profession, purchases a creditor's rights under a non-performing credit agreement, or the non-performing credit agreement itself;
- 3° "Luxembourg credit purchaser" means a credit purchaser that resides or has its registered office in Luxembourg, or, if it has no registered office, has its head office in Luxembourg;
- 4° "credit servicing activities" means one or more of the following activities:
 - (a) collecting or recovering from the borrower any payments due related to a creditor's rights under a non-performing credit agreement or to the non-performing credit agreement itself;
 - (b) renegotiating with the borrower any terms and conditions related to a creditor's rights under a non-performing credit agreement, or of the non-performing credit agreement itself, in line with the instructions given by the credit purchaser, where the credit servicer is not a credit intermediary as defined in Article 3, point (f), of Directive 2008/48/EC of the European Parliament and of the Council of 23 April 2008 on credit agreements for consumers and repealing Council Directive 87/102/EEC (hereinafter "Directive 2008/48/EC") or in Article 4, point (5), of Directive 2014/17/EU of the European Parliament and of the Council of 4 February 2014 on credit agreements for consumers relating to residential immovable property and amending Directives 2008/48/EC and 2013/36/EU and Regulation (EU) No 1093/2010 (hereinafter "Directive 2014/17/EU");
 - (c) administering any complaints relating to a creditor's rights under a non-performing credit agreement or to the non-performing credit agreement itself;
 - (d) informing the borrower of any changes in interest rates or charges or of any payments due related to a creditor's rights under a non-performing credit agreement or to the non-performing credit agreement itself;
- 5° "consumer" means, for credit agreements falling within this Law, any person referred to in Article L.010-1, point (1), of the Consumer Code;
- 6° "credit agreement" means an agreement as originally concluded, modified or replaced, whereby a credit institution established in a Member State grants a credit in the form of a deferred payment, a loan or other similar financial accommodation;
- 7° "non-performing credit agreement" means a credit agreement that is classified as non-performing exposure in accordance with Article 47a of Regulation (EU) No 575/2013 of the European Parliament and of the Council of 26 June 2013 on prudential requirements for credit institutions and amending Regulation (EU) No 648/2012, as amended (hereinafter "Regulation (EU) No 575/2013");
- 8° "creditor" means a credit institution that has granted a credit, or a credit purchaser;
- 9° "borrower" means a natural or legal person who has concluded a credit agreement with a credit institution, including its legal successor or assignee;

- 10° "credit institution" means a credit institution as defined in point (1) of Article 4(1) of Regulation (EU) No 575/2013;
- 11° "Member State" means a Member State of the European Union. The States that are contracting parties to the European Economic Area Agreement other than the Member States of the European Union, within the limits set forth by this agreement and related acts shall be considered as equivalent to Member States of the European Union;
- 12° "host Member State" means the Member State, other than the home Member State, in which a credit servicer has established a branch or where it provides credit servicing activities, and in any event where the borrower resides, or its registered office is situated or, if it has no registered office, the Member State in which its head office is situated;
- 13° "home Member State" means, with respect to a credit servicer, the Member State in which its registered office is situated or, if it has no registered office, the Member State in which its head office is situated or, with respect to a credit purchaser, the Member State in which the credit purchaser or its representative resides, or its registered office is situated or, if it has no registered office, the Member State in which its head office is situated;
- 14° "credit servicer" means a legal person that, in the course of its business, manages and enforces the rights and obligations related to a creditor's rights under a non-performing credit agreement, or to the non-performing credit agreement itself, on behalf of a credit purchaser, and carries out at least one or more credit servicing activities. In Luxembourg, these are the persons referred to in Article 28-14 of the amended Law of 5 April 1993 on the financial sector;
- 15° "credit service provider" means a third party used by a credit servicer to perform any of the credit servicing activities delegated subject to the requirements referred to in Article 8;
- 16° "Luxembourg representative" means a representative designated in accordance with Article 19 of Directive (EU) 2021/2167 of the European Parliament and of the Council of 24 November 2021 on credit servicers and credit purchasers, and amending Directives 2008/48/EC and 2014/17/EU (hereinafter "Directive (EU) 2021/2167"), that resides or has its registered office in Luxembourg, or, if it has no registered office, its head office in Luxembourg.

Article 2. Scope

(1) This Law shall apply to:

- 1° credit servicers acting on behalf of a credit purchaser in respect of a creditor's rights under a non-performing credit agreement, or of the non-performing credit agreement itself, concluded by a credit institution established in a Member State;
- 2° credit purchasers of a creditor's rights under a non-performing credit agreement, or of the non-performing credit agreement itself, concluded by a credit institution established in a Member State;
- 3° credit service providers in the context of an outsourcing agreement of credit servicing activities carried out by a credit servicer;
- 4° the transfer of a creditor's rights under a non-performing credit agreement, or of the non-performing credit agreement itself, concluded by a credit institution established in a Member State, by a creditor, as defined in Article 1, point 8°, to a credit purchaser.

(2) With regard to credit agreements falling within its scope, this Law shall affect neither contract law principles or civil law principles with regard to the transfer of a creditor's rights under a credit agreement, or of the credit agreement itself, nor the protection granted to consumers or borrowers pursuant to the provisions applicable to consumer protection and borrowers' rights.

Notwithstanding the first subparagraph, Article 1699 of the Civil Code shall not be applicable in case of transfer of a creditor's rights under a non-performing credit agreement or of the non-performing credit agreement itself falling within the scope of this Law.

(3) This Law shall not affect requirements in national law regarding the servicing of a creditor's rights under a credit agreement, or of the credit agreement itself, when the credit purchaser is a securitisation special purpose entity as defined in Article 2, point (2), of Regulation (EU) 2017/2402 of the European Parliament and of the Council of 12 December 2017 laying down a general framework for securitisation and creating a specific framework for simple, transparent and standardised securitisation, and amending Directives 2009/65/EC, 2009/138/EC and 2011/61/EU and Regulations (EC) No 1060/2009 and (EU) No 648/2012, as long as such national law:

- 1° does not affect the level of consumer protection provided by Directive (EU) 2021/2167;
- 2° ensures that competent authorities receive the necessary information from credit servicers.

(4) This Law shall not apply to:

- 1° the servicing of a creditor's rights under a credit agreement, or of the credit agreement itself, carried out by:
 - (a) a credit institution;
 - (b) an alternative investment fund manager (AIFM) authorised or registered in accordance with the amended Law of 12 July 2013 on alternative investment fund managers, a management company, or an investment company authorised in accordance with the amended Law of 17 December 2010 relating to undertakings for collective investment, provided that the investment company has not designated a management company under that Law, on behalf of the fund it manages;
 - (c) a lender within the meaning of Article L.224-2, point (a), of the Consumer Code which is not a credit institution or a lender other than a credit institution within the meaning of Article L.226-1, point 20, of that Code, subject to the supervision of a competent authority in accordance with Article L.224-21 or Article L.226-1 of that Code;
- 2° the servicing of a creditor's rights under a credit agreement, or of the credit agreement itself, that was not concluded by a credit institution established in a Member State, except where the creditor's rights under the credit agreement, or the credit agreement itself, is replaced by a credit agreement concluded by such credit institution;
- 3° the purchase of a creditor's rights under a non-performing credit agreement, or of the non-performing credit agreement itself, by a credit institution established in a Member State;
- 4° the transfer of a creditor's rights under a credit agreement, or of the credit agreement itself, transferred before 30 December 2023.

(5) This article shall be without prejudice to the specific obligations referred to in Article 4(4), Article 9(2) and (3) and Article 17.

(6) Notaries, bailiffs and lawyers that service creditors' rights under a credit agreement, or the credit agreement itself, shall be exempted where they carry out credit servicing activities in the context of their profession.

Chapter 2 - Provisions applicable to the transfer of non-performing loans

Article 3. Right to information of prospective purchasers regarding a creditor's rights under a non-performing credit agreement or the non-performing credit agreement itself

The credit institution shall provide a prospective credit purchaser with necessary information regarding a creditor's rights under a non-performing credit agreement, or the non-performing credit agreement itself, and, if applicable, regarding the underlying collateral, so as to enable the prospective credit purchaser to conduct its own assessment of the value of the creditor's rights under the non-performing credit agreement, or of the non-performing credit agreement itself, and the likelihood of recovery of the value of that agreement prior to entering into a contract for the transfer of that creditor's rights under the non-performing credit agreement, or of the non-performing credit agreement itself. The credit institution must provide that information only once during the process, but in any event prior to the conclusion of the contract of transfer. Where that information has been transmitted, the prospective credit purchaser is required to ensure the confidentiality of that information, as well as that of business data.

This article shall apply in accordance with Regulation (EU) 2016/679 of the European Parliament and of the Council of 27 April 2016 on the protection of natural persons with regard to the processing of personal data and on the free movement of such data, and repealing Directive 95/46/EC (General Data Protection Regulation), as amended (hereinafter "Regulation (EU) 2016/679").

Article 4. Obligations of credit purchasers

(1) A credit purchaser shall appoint an entity referred to in Article 2(5), point (a)(i) or (iii), of Directive (EU) 2021/2167, or a credit servicer, to perform credit servicing activities in respect of a creditor's rights under a non-performing credit agreement, or of the non-performing credit agreement itself, concluded with consumers, unless they have the required authorisation;

(2) Where a credit purchaser that does not reside in a Member State, or does not have its registered office or, if it has no registered office, its head office in a Member State, has designated a Luxembourg representative, this representative shall appoint an entity referred to in Article 2(5), point (a)(i) or (iii), of Directive (EU) 2021/2167, or a credit servicer, except in cases where the representative is itself an entity referred to in that article, or a credit servicer, to perform credit servicing activities in respect of a creditor's rights under a non-performing credit agreement, or of the non-performing credit agreement itself, concluded with:

- 1° natural persons, including consumers and independent workers;
- 2° micro, small and medium-sized enterprises within the meaning of Article 2 of the Annex to Commission Recommendation 2003/361/EC of 6 May 2003 concerning the definition of micro, small and medium-sized enterprises.

(3) Relevant national law concerning in particular the enforcement of contracts, consumer protection, borrowers' rights, credit origination, bank secrecy rules and criminal law continues to apply to the credit purchaser upon the transfer of the creditor's rights under the credit agreement, or of the credit agreement itself, to the credit purchaser.

Where a transfer of a creditor's rights under a non-performing credit agreement, or of the non-performing credit agreement itself, is concluded, the creditor transferring a creditor's rights under a non-performing credit agreement, or the non-performing credit agreement itself, shall ensure that the obligations under the first subparagraph are reflected in the contractual provisions. If that is not the case, the transferring creditor may not transfer the creditor's rights under a non-performing credit agreement, or the non-performing credit agreement itself, to the credit purchaser.

The level of protection provided to consumers and other borrowers, as well as insolvency rules, shall not be affected by the transfer of the creditor's rights under the credit agreement, or of the credit agreement itself, to the credit purchaser, without prejudice to the rules on promissory notes and bills of exchange.

(4) The credit servicer or the above-mentioned entity shall fulfil, on behalf of the credit purchaser, the obligations imposed on credit purchasers referred to in paragraph 3 and in Articles 6 and 11. In cases where no such credit servicer or entity is appointed, the credit purchaser or its representative shall remain subject to those obligations.

Article 5. Representative of a third-country credit purchaser

(1) Where a transfer of a creditor's rights under a non-performing credit agreement, or of the non-performing credit agreement itself, agreed between a creditor that resides or has its registered office in Luxembourg or, if it has no registered office, its head office in Luxembourg and a credit purchaser that does not reside, or does not have its registered office in a Member State or, if it has no registered office, its head office in a Member State is concluded, this credit purchaser shall designate in writing a representative that resides or that does have its registered office in a Member State or, if it has no registered office, its head office in a Member State, the latter being fully responsible for compliance with the obligations applicable to the credit purchaser pursuant to Directive (EU) 2021/2167.

Where a transfer of a creditor's rights under a non-performing credit agreement, or of the non-performing credit agreement itself, is concluded, the transferor creditor shall ensure that the transferee credit purchaser has designated a representative in accordance with the first subparagraph. In the absence of a designation of such a representative, the transferor creditor may not transfer the creditor's rights under a non-performing credit agreement, or the non-performing credit agreement itself, to the credit purchaser.

(2) On all questions related to the ongoing compliance with this Law, the CSSF addresses, in addition to or instead of, the credit purchaser, the representative referred to in the paragraph 1, where it resides or has its registered office in Luxembourg or, if it has no registered office, its head office in Luxembourg.

Article 6. Use of credit servicers or other entities

(1) A Luxembourg credit purchaser or a Luxembourg representative that appoints an entity referred to in Article 2(5), point (a)(i) or (iii), of Directive (EU) 2021/2167, or a credit servicer, to perform credit servicing activities in respect of a creditor's rights under a non-performing credit agreement, or of the non-performing credit agreement itself, shall inform the CSSF of the identity and address of the above-mentioned entity or of the credit servicer at the latest on the date on which the credit servicing activities start.

(2) Where the Luxembourg credit purchaser or a Luxembourg representative appoints an entity other than the one notified under paragraph 1, it shall notify the CSSF thereof at the latest on the date of that change and shall indicate the identity and address of the new entity that it has appointed to perform credit servicing activities in relation to the transferred creditor's rights under a non-performing credit agreement or the non-performing credit agreement itself.

(3) The CSSF shall transmit, without undue delay, to the competent authorities of the host Member State, to the competent authorities of the Member State in which the credit was granted, and, where applicable, to the competent authorities of the home Member State of the new credit servicer, the information received in accordance with paragraphs 1 and 2.

Article 7. Contractual relationship between a credit servicer and a credit purchaser

(1) When a credit purchaser does not itself perform credit servicing activities, the appointed credit servicer shall provide its services in respect of the management and enforcement of a creditor's rights under a non-performing credit agreement, or of the non-performing credit agreement itself, on the basis of a credit servicing agreement with the credit purchaser.

(2) The credit servicing agreement referred to in paragraph 1 shall provide for the following:

- 1° a detailed description of credit servicing activities to be carried out by the credit servicer;
- 2° the level of remuneration of the credit servicer or how the remuneration is to be calculated;
- 3° the extent to which the credit servicer can represent the credit purchaser in relation to the borrower;
- 4° an undertaking by the parties to comply with the European Union and national law applicable to a creditor's rights under a credit agreement, or to the credit agreement itself, including in respect of consumer and data protection;
- 5° a clause requiring the fair and diligent treatment of the borrowers.

(3) The credit servicing agreement referred to in paragraph 1 shall contain a requirement pursuant to which the credit servicer notifies the credit purchaser prior to outsourcing any of its credit servicing activities.

(4) The credit servicer shall keep and maintain the following records for at least five years from the date on which the credit servicing agreement referred to in paragraph 1 is terminated, but in any event for a period of no longer than ten years:

- 1° relevant correspondence with both the credit purchaser and the borrower;
- 2° relevant instructions received from the credit purchaser in respect of a creditor's rights under each non-performing credit agreement, or the non-performing credit agreement itself, that it manages and enforces on behalf of that credit purchaser;
- 3° the credit servicing agreement.

(5) Credit servicers shall make the records referred to in paragraph 4 available to the CSSF upon request.

(6) When a credit servicer provides a credit purchaser with its services in respect of the management and enforcement of a creditor's rights under a non-performing credit agreement, or of the non-performing credit agreement itself, on the basis of a credit servicing agreement with the credit purchaser, the credit servicer may transfer the necessary information to this credit purchaser.

Article 8. Outsourcing by a credit servicer

(1) Where a credit servicer uses a credit service provider to perform any of the credit servicing activities, the credit servicer shall remain fully responsible for complying with all the obligations under this Law and under Part I, Chapter 2, Section 2, Sub-section 2b, of the amended Law of 5 April 1993 on the financial sector. The outsourcing of those credit servicing activities shall be subject to the following conditions:

- 1° the conclusion of a written outsourcing agreement between the credit servicer and the credit service provider under which the credit service provider is required to comply with the provisions of this Law and with the provisions applicable to a creditor's rights under a credit agreement, or to the credit agreement itself;
- 2° the outsourcing to a credit service provider of all credit servicing activities at the same time is forbidden;

- 3° the contractual relationship between the credit servicer and the credit purchaser and the obligations of the credit servicer towards the credit purchaser or towards borrowers is not altered by the outsourcing agreement with the credit service provider;
- 4° the compliance of the credit servicer with the requirements of its authorisation is not affected by the outsourcing of some of its credit servicing activities;
- 5° the outsourcing to the credit service provider does not prevent the supervision by the CSSF of a credit servicer, including in the context of the provision of cross-border services;
- 6° the credit servicer has direct access to all relevant information concerning the credit servicing activities outsourced to the credit service provider;
- 7° in the event the outsourcing agreement is terminated, the credit servicer continues having the expertise and resources to be able to provide the outsourced credit servicing activities.

The outsourcing of credit servicing activities shall not be undertaken in such a way as to impair the quality of the credit servicer's internal control, or the soundness or continuity of its credit servicing activities.

The credit service provider to which credit servicing activities have been outsourced shall comply with the national provisions of this Law on an ongoing basis.

(2) The credit servicer shall inform the CSSF and, where applicable, the host Member State, prior to outsourcing its credit servicing activities in accordance with paragraph 1.

(3) The credit servicer shall keep and maintain records of relevant instructions provided to the credit service provider and of the outsourcing agreement referred to in paragraph 1 for a period of five years from the date on which the outsourcing agreement is terminated, but in any event up to a maximum period of ten years.

(4) The credit servicer and the credit service provider shall make the information referred to in paragraph 3 available to the CSSF upon request.

(5) Credit service providers are not permitted to receive and hold funds from borrowers.

(6) Where a credit servicer uses a credit service provider to perform credit servicing activities under this Law, the credit servicer may transfer the necessary information to this credit service provider.

Article 9. Relationship with the borrower, communication of the transfer and subsequent communications

(1) In their relationships with borrowers, credit purchasers and credit servicers, shall:

- 1° act in good faith, fairly and professionally;
- 2° provide information to borrowers that is not misleading, unclear or false;
- 3° respect and protect the personal information and privacy of borrowers;
- 4° communicate with borrowers in a way that does not constitute harassment, coercion or undue influence.

(2) After any transfer of a creditor's rights under a non-performing credit agreement, or of the non-performing credit agreement itself, to a credit purchaser, and always in advance of the first debt collection, but also whenever requested by the borrower, the credit purchaser or, when appointed to perform credit servicing activities, the entity referred to in Article 2(4), point 1°(a) or (c), or the credit servicer, sends to the borrower a communication, on paper or on another durable medium, that includes at least the following:

- 1° information on the transfer that took place, including the date of transfer;
- 2° the identification and contact details of the credit purchaser;

- 3° where relevant, the identification and contact details of the credit servicer or of the above-mentioned entity;
- 4° where relevant, evidence of the authorisation of the credit servicer;
- 5° where relevant, the identification and contact details of the credit service provider;
- 6° presented in a prominent way, a contact reference point at the credit purchaser or, when appointed to perform credit servicing activities, at the above-mentioned entity, or at the credit servicer and, where relevant, at the credit service provider, from which to receive information when needed;
- 7° information on the amounts due by the borrower at the time of the communication, detailing what is due as capital, interests, fees and other permitted charges;
- 8° a statement to the effect that "All relevant European Union and national law concerning in particular the enforcement of contracts, consumer protection, borrower's rights and criminal law continues to apply";
- 9° the contact details, notably the name and address, of the competent authorities of the Member State in which the borrower resides, or its registered office is situated or, if it has no registered office, the Member State in which its head office is situated, and to which the borrower can submit a complaint.

The communication provided for in the first subparagraph shall be written in language which is clear and understandable for the general public.

(3) In all subsequent communications with the borrower, the credit purchaser, the entity referred to in Article 2(4), point 1°(a) or (c), or the credit servicer, shall include the information set out in paragraph 2, first subparagraph, point 6°, in the communication. Where it is the first communication after the appointment of a new credit servicer, in which case the information set out in paragraph 2, first subparagraph, points 3° and 4°, of this Article, shall also be included.

(4) Paragraphs 2 and 3 shall be without prejudice to any additional requirements regarding communications provided for by law.

Article 10. Information of the competent authorities pertaining to the transfer of a creditor's rights under a non-performing credit agreement, or of the non-performing credit agreement itself by a credit institution

(1) On a biannual basis, credit institutions that transfer to a credit purchaser a creditor's rights under a non-performing credit agreement, or the non-performing credit agreement itself, shall inform their competent authority as well as the competent authorities of the host Member State designated in accordance with Article 21(3) of Directive (EU) 2021/2167, of at least the following:

- 1° the legal entity identifier (LEI) of the credit purchaser or, where applicable, of its representative designated in accordance with Article 5, or where such identifier does not exist, of:
 - (a) the identity of the credit purchaser or of the members of the credit purchaser's management or administrative body and the persons who hold qualifying holdings in the credit purchaser within the meaning of Article 4(1), point (36), of Regulation (EU) No 575/2013;
 - (b) the address of the credit purchaser or, where applicable, its representative designated in accordance with Article 5;
- 2° the aggregate outstanding balance of the creditor's rights under the non-performing credit agreements or of the non-performing credit agreements transferred;
- 3° the number and size of the transferred creditor's rights under the non-performing credit agreements or of the transferred non-performing credit agreements;

4° if the transfer includes the creditor's rights under the non-performing credit agreements, or the non-performing credit agreements themselves, concluded with consumers and the types of assets securing the non-performing credit agreements, when applicable.

(2) Credit institutions shall communicate the information referred to in paragraph 1 to the competent authorities referred to in paragraph 1 on a quarterly basis whenever they deem necessary, including in order to better monitor a high number of transfers that might occur during a crisis period.

(3) Where the CSSF is the competent authority of the host Member State, it shall communicate without delay the information referred to in Article 15(2) and (3) of Directive (EU) 2021/2167, and any other information it might consider to be necessary for carrying out its functions and duties in accordance with this Law, to the competent authorities of the home Member State of the credit purchaser.

(4) Paragraphs 1 to 3 shall be applied in accordance with Regulation (EU) 2016/679.

Article 11. Information of the competent authorities pertaining to the transfer of a creditor's rights under a non-performing credit agreement, or of the non-performing credit agreement itself by a credit purchaser

(1) Where a Luxembourg credit purchaser transfers a creditor's rights under a non-performing credit agreement, or the non-performing credit agreement itself, it shall communicate to the CSSF on a biannual basis the legal entity identifier (LEI) of the new credit purchaser and, where applicable, of its representative designated in accordance with Article 5 or, where such identifier does not exist, of:

- 1° the identity of the new credit purchaser or, where applicable, its representative designated in accordance with Article 5, or of the members of the new credit purchaser's or its representative's management or administrative body and the persons who hold qualifying holdings in the new credit purchaser or its representative within the meaning of Article 4(1), point (36), of Regulation (EU) No 575/2013;
- 2° the address of the new credit purchaser or, where applicable, its representative designated in accordance with Article 5.

In addition, the Luxembourg credit purchaser shall inform the CSSF at least of the following:

- 1° the aggregate outstanding balance of the transferred creditor's rights under the non-performing credit agreements or of the transferred non-performing credit agreements;
- 2° the number and size of the creditor's rights under the non-performing credit agreements or of the non-performing credit agreements transferred;
- 3° if the transfer includes the creditor's rights under the non-performing credit agreements, or the non-performing credit agreements themselves, concluded with consumers and the types of assets securing the non-performing credit agreements, when applicable.

Where a credit purchaser that does not reside, or does not have its registered office in a Member State or, if it has no registered office, its head office in a Member State, transfers a creditor's rights under a non-performing credit agreement, or the non-performing credit agreement itself, and has designated a Luxembourg representative, this Luxembourg representative shall communicate to the CSSF the information referred to in subparagraphs 1 and 2.

(2) Luxembourg credit purchasers or the Luxembourg representatives shall communicate the information referred to in paragraph 1 on a quarterly basis to the CSSF whenever it deems necessary, including in order to better monitor a high number of transfers that might occur during a crisis period.

(3) The CSSF shall transmit, without undue delay, to the competent authorities of the host Member State and to the competent authorities of the home Member State of the new credit purchaser, the information received in accordance with paragraphs 1 and 2.

Chapter 3 - Supervision

Article 12. Supervision

(1) The CSSF shall be the competent authority to ensure that the provisions of this Law are applied. It shall be in charge of supervising the activities of credit servicers and of credit service providers.

The CSSF shall also be in charge of supervising compliance with the obligations set out in Articles 4 to 6 and in Article 9 and 11 in respect of the credit purchaser or, where applicable, the representative.

(2) The CSSF may request to obtain from credit purchasers, representatives, credit servicers, credit service providers to whom a credit servicer outsources credit servicing activities under Article 8, borrowers and any other persons or public authority, the information necessary to carry out the following:

- 1° assess ongoing compliance with the provisions of this Law and with Part I, Chapter 2, Section 2, Sub-section 2b, of the Law of 5 April 1993 on the financial sector;
- 2° investigate possible infringements of those requirements;
- 3° impose administrative penalties and administrative measure in case of infringements of those requirements.

Article 13. Powers of the CSSF

The CSSF is given the supervisory and investigatory powers necessary for the exercise of its functions and duties laid down in this Law, including the following:

- 1° have access to any document or any data in any form whatsoever, and to receive or take a copy of it;
- 2° demand or require the provision of information from any person and, where necessary, to summon and question any such person in order to obtain information;
- 3° carry out on-site inspections and investigations;
- 4° prohibit any of the credit servicing activities;
- 5° require the cessation of any practice that is contrary to the provisions of this Law and implement measures to prevent repetition of that practice;
- 6° request the freezing or sequestration of assets with the *Tribunal d'arrondissement de et à Luxembourg* (Luxembourg District Court), deciding upon request;
- 7° require the réviseurs d'entreprises agréés (approved statutory auditors) of credit institutions and credit servicers to provide the information obtained in the performance of their duties;
- 8° refer information to the State Prosecutor for criminal prosecution;
- 9° require réviseurs d'entreprises agréés or experts to carry out on-site verifications or investigations of the credit servicers, credit purchasers and their representatives. These verifications and investigations shall be carried out at the expense of the person concerned;
- 10° issue public notices;
- 11° review outsourcing agreements concluded between credit servicers and credit service providers in accordance with Article 8;

- 12° require credit servicers to modify or update their governance arrangements and internal control mechanisms in order to effectively ensure respect for borrowers' rights in accordance with the provisions applicable to the creditor's rights under a credit agreement or the credit agreement itself;
- 13° require credit servicers to modify or update their policies adopted to ensure the fair and diligent treatment of borrowers, and the recording and handling of complaints from borrowers;
- 14° request further information pertaining to the transfer of a creditor's rights under the non-performing credit agreement, or of the non-performing credit agreement itself.
- 15° require a credit servicer, a credit service provider, a credit purchaser or a representative that does not comply with the requirements imposed by this Law, to take, at an early stage, all necessary actions or steps in order to comply with those provisions.

Article 14. Administrative penalties and other administrative measures

(1) The CSSF may impose the penalties and take the administrative measures provided for in paragraph 2 in the following situations:

- 1° a credit servicer does not comply with the provisions of Article 7;
- 2° a credit servicer concludes an outsourcing agreement that infringes the provisions of Article 8(1), subparagraphs 1 and 2, and paragraphs 2 to 4;
- 3° a credit service provider to which the credit servicing activities have been outsourced infringes the provisions of Article 8(1), subparagraph 1, and paragraphs 4 and 5;
- 4° in case of infringement of the obligation to communicate the information provided for in Articles 6(1) and (2), and Article 11(1) and (2);
- 5° in case of infringement of the requirements imposed by Article 4;
- 6° in case of infringement of the requirements imposed by Article 5(1);
- 7° in case of infringement of the obligations provided for in Article 3(1) and Article 10(1) and (2);
- 8° in case of infringement of the requirements imposed by Article 9(1) to (3);

(2) In the case of infringements referred to in paragraph 1, the CSSF may impose the following administrative penalties and measures on the persons under its supervision, on the members of their management or administrative body and on any other person responsible for an infringement:

- 1° the withdrawal of an authorisation allowing to perform credit servicing activities in accordance with Article 28-17 of the amended Law of 5 April 1993 on the financial sector;
- 2° an order requiring the credit servicer or credit purchaser or, where applicable, the representative to remedy the infringement, and to cease the conduct and to desist from a repetition of that conduct;
- 3° a temporary or, for repeated serious infringements a permanent ban against any member of the credit servicer's management or administrative body or any other natural person, who is held responsible for the infringement, to exercise credit servicer functions;
- 4° in the case of a legal person, an administrative fine of up to EUR 5,000,000, or up to 10% of the total annual turnover of that legal person according to the last available accounts approved by the management or administrative body. Where the legal person is a parent undertaking or a subsidiary of the parent undertaking which has to prepare consolidated financial accounts in accordance with Directive 2013/34/EU, the relevant total annual turnover shall be the total annual turnover or the corresponding type of income in accordance with the relevant accounting legislative acts according to the last available consolidated accounts approved by the management or administrative body of the ultimate parent undertaking;
- 5° in the case of a natural person, an administrative fine of up to EUR 5,000,000;

6° maximum administrative fines of twice the amount of the benefit derived from the infringement where that benefit can be determined, even if that exceeds the maximum amounts in points 4° and 5°.

(3) The administrative penalties and measures shall be effective, proportionate and dissuasive.

The decisions taken by the CSSF in the exercise of its powers to impose penalties shall be substantiated.

When determining the type of administrative penalties or other administrative measures referred to in paragraph 2 and the level of administrative fines, the CSSF shall take into account all relevant circumstances and notably those set out in Article 63-4(1) of the amended Law of 5 April 1993 on the financial sector.

(4) An action for judicial review of the decisions taken by the CSSF in accordance with this article may be lodged before the *Tribunal administratif* (Administrative Tribunal) within one month from the date of notification of the decision.

Article 15. Complaints

The CSSF shall establish a procedure for the handling of complaints from borrowers concerning credit purchasers, credit servicers and credit service providers. It shall publish this procedure on its website.

The complaints shall be treated promptly when received.

Article 16. Cooperation between competent authorities

(1) The CSSF and the competent authorities of the other Member States referred to in Articles 8, 13, 14, 15, 18, 20 and 22 of Directive (EU) 2021/2167 shall cooperate with each other whenever necessary for the purpose of carrying out their functions and duties or of exercising their powers under Directive (EU) 2021/2167.

The CSSF and the competent authorities referred to in the first subparagraph shall also coordinate their actions in order to avoid possible duplication and overlap when applying supervisory powers and administrative penalties and measures to cross-border cases.

(2) The CSSF and the competent authorities of the other Member States shall, on request and without undue delay, provide each other with the information required for the purpose of carrying out their functions and duties under the provisions of Directive (EU) 2021/2167.

(3) Where the CSSF receives confidential information in the exercise of its functions and duties under this Law, it shall use that information only in the course of its functions and duties.

The exchange of information between competent authorities under Article 26 of Directive (EU) 2021/2167 shall be subject to the obligation of professional secrecy referred to in Article 76 of Directive 2014/65/EU of the European Parliament and of the Council of 15 May 2014 on markets in financial instruments and amending Directive 2002/92/EC and Directive 2011/61/EU.

(4) All the persons who work or have worked for the CSSF, as well as *réviseurs d'entreprises agréés* or experts instructed by the CSSF, are bound by the obligation of professional secrecy referred to in Article 16 of the amended Law of 23 December 1998 establishing a financial sector supervisory commission ("Commission de surveillance du secteur financier").

Chapter 4 - Various provisions

Article 17. Implementing technical standards for data templates

(1) The data templates referred to in Article 16 of Directive (EU) 2021/2167 shall be used for transactions relating to credits granted on or after 1 July 2018 that become non-performing after 28 December 2021. For credits that originate between 1 July 2018 and the date of entry into force of the implementing technical standards referred to in Article 16(6) of Directive (EU) 2021/2167, credit institutions shall complete the data template with the information already available to them.

(2) Credit institutions shall also apply the implementing technical standards referred to in Article 16(6) of Directive (EU) 2021/2167 to the transfer of a creditor's rights under a non-performing credit agreement, or of the non-performing credit agreement itself, to other credit institutions. The data templates shall be used by credit institutions for the provision of information between credit institutions in cases where there is only a transfer of a creditor's rights under a non-performing credit agreement, or of the non-performing credit agreement itself.

Article 18. Personal data protection

The processing of personal data for the purposes of this Law shall be carried out in accordance with Regulation (EU) 2016/679.

Title II - Amending provisions¹

Title III - Final provisions

Article 56.

Reference to this Law shall be made as follows: "Law of 15 July 2024 on the transfer of non-performing loans".

Article 57.

Entities already carrying out credit servicing activities, in accordance with Article 28-3 of the amended Law of 5 April 1993 on the financial sector on 30 December 2023 shall be allowed to continue carrying out those credit servicing activities in Luxembourg until 29 June 2024 or until the date on which they obtain an authorisation in accordance with Article 28-14 of the amended Law of 5 April 1993 on the financial sector, whichever is the earlier.

We instruct and order that this Law be inserted in the Journal officiel du Grand-Duché de Luxembourg in order to be implemented and complied with by all the persons concerned.

Parl. doc. 8185 ; Dir. (EU) 2021/2167 ; sess. ord. 2022-2023 et legislatur

¹ This translation does not include the amending provisions.