



An Bille um Ráthaíocht Chreidmheasa (Leasú), 2015
Credit Guarantee (Amendment) Bill 2015

Meabhrán Mínitheach
Explanatory Memorandum



**AN BILLE UM RÁTHAÍOCHT CHREIDMHEASA (LEASÚ), 2015
CREDIT GUARANTEE (AMENDMENT) BILL 2015**

EXPLANATORY MEMORANDUM

Introduction

This Bill provides for amendments to the Credit Guarantee Act 2012 aimed at making the Credit Guarantee Scheme more attractive and more aligned with the SME finance market, thus increasing take up and impact of the Scheme.

Main Provision

Section 1 defines the “Principal Act” as the Credit Guarantee Act 2012.

Section 2 provides a number of amendments to *Section 1* of the Principal Act and includes definitions for asset credit facility agreement, cash price, credit amount, credit facility agreement, finance agreement, finance provider, financial product, participating enterprise, participating finance provider, qualifying finance agreement, and for substitutions and deletions of terms contained in the Principal Act.

Section 3 provides for amendments to *Section 2* of the Principal Act and provides further details as to what constitutes a finance provider and a participating finance provider, along with details of the approval and withdrawal of approval of a finance provider.

Section 4 substitutes *Section 4* of the Principal Act and permits the Minister to give guarantees up to an amount not exceeding 80 per cent of the credit amount that either stands liable to be paid by the participating enterprise to the participating finance provider and which stands unpaid, and limits the aggregate credit amounts payable to any one participating finance provider, and limits the annual amount that will apply to such guarantees to €150 million and provides for possible notification by the Minister to a participating finance provider that an agreement entered into between those parties shall not apply to certain classes of finance agreements.

Section 5 provides for the substitution of some terms in *Section 5* of the Principal Act for other terms including substituting participating finance provider for participating lender, participating finance providers for participating lenders, finance providers for lenders, finance agreement for loan agreement. It also specifies the specific conditions which a finance provider shall comply with and, provides details of the policies and practices of the finance provider and the class or classes of entities to which such a scheme shall apply to.

Section 6 amends *Section 8* of the Principal Act and provides for the timelines involved whereby a participating enterprise shall pay the Minister an annual premium on a qualifying finance agreement.

Section 7 substitutes *Section 9* of the Principal Act and provides details of the conditions that will attach to the withdrawal of guarantee by the Minister for Jobs, Enterprise and Innovation and instances where a guarantee shall be null and void.

Section 8 provides for the applicability of the Act.

Section 9 provides for the short title, the Credit Guarantee (Amendment) Act 2015, and commencement, and that this Act and the Principal Act can be cited together as the Credit Guarantee Acts 2012 and 2015.

Department of Jobs, Enterprise and Innovation
9th September, 2015.