



FINANCIAL REGULATOR
Rialtóir Airgeadais

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9 March 2009

Re: Code of Conduct for Business Lending to Small and Medium Enterprises

Dear Sir/Madam

I wish to advise that the Financial Regulator is introducing a Code of Conduct for Business Lending to Small and Medium Enterprises (the Code). This new Code will come into effect on 13 March 2009 and applies to all business lending by regulated entities, excluding credit unions, to small and medium enterprises (SMEs).

The Code is being imposed under Section 117 of the Central Bank Act, 1989. Contraventions of the Code may be subject to the imposition of administrative sanctions.

This Code reflects the commitment given by banks to support business lending as part of the Government's recapitalisation scheme. In the interests of the promotion of business lending across the SME sector it was decided to extend the application of the Code to all regulated entities that provide business lending to SMEs.

We expect firms to take immediate steps towards implementing the necessary changes to systems, procedures and documents and providing relevant staff training. We recognise that this is a significant undertaking and in monitoring compliance with the Code, we will take account of the time needed to make these changes. However, we expect firms to complete the necessary changes to documentation, procedures and training within three months of the effective date. Changes to systems must be completed within six months of the effective date.

A copy of the Code is attached and it is also be available on the Financial Regulator's website at www.financialregulator.ie.



Any queries should be submitted by e-mail to code@financialregulator.ie.

Yours sincerely

A handwritten signature in black ink, appearing to read 'Mary O'Dea', is positioned below the closing 'Yours sincerely'.

Mary O'Dea
Acting Chief Executive