

Chapter 7A

Additional MCD disclosure:
start of contract and after
sale



7A.1 Application and general

- 7A.1.1** **R** This chapter applies to a *firm* that is an *MCD mortgage lender* or an *MCD mortgage administrator*.
- 7A.1.2** **R** A *firm* must provide the information required by this chapter in a *durable medium*.



7A.2 Notification of interest-rate changes

7A.2.1

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When giving notice to a *consumer* of any changes that the *consumer* is required to make resulting from interest-rate changes for an *MCD regulated mortgage contract*, a *firm* must:

- (1) give notice of the amount of the payments to be made after the new interest-rate change takes effect; and
- (2) where the number or frequency of the payments will change, give particulars of these changes.

[**Note:** article 27(1) of the *MCD*]

7A.3 Early repayment disclosure

7A.3.1

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- (1) If a *consumer* notifies a *firm* that they wish to discharge their obligations under an *MCD regulated mortgage contract* prior to its expiry, the *firm* must provide the *consumer*, without delay, with the information necessary to allow them to consider that option.
- (2) The information under (1) must:
 - (a) quantify the implications for the *consumer* of discharging their obligations prior to the expiry of the *MCD regulated mortgage contract*; and
 - (b) clearly set out any assumptions that have been used.
- (3) The assumptions under (2)(b) must be reasonable and justifiable.

[**Note:** article 25(4) of the *MCD*]



7A.4 Foreign currency loans and significant exchange-rate movement disclosure

7A.4.1

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(1) A *firm* must warn any *consumer* with a *foreign currency loan*, on a regular basis, where the value of either:

(a) the *total amount payable* by the *consumer* which remains outstanding; or

(b) the regular instalments;

varies by more than 20% from what it would be if the exchange rate between the currency of the *MCD regulated mortgage contract* and the currency of the *EEA State*, applicable at the time of the conclusion of the *MCD regulated mortgage contract*, were applied.

(2) The warning in (1) must inform the *consumer* of a rise in the *total amount payable* by the *consumer*, setting out the right to convert to an alternative currency, where applicable, and the conditions for doing so. It must also explain any other applicable mechanisms for limiting the exchange-rate risk to which the *consumer* is exposed.

[Note: article 23(4) of the *MCD*]

7A.4.2

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A *firm* must disclose to the *consumer* its arrangements for complying with the obligations in ■ MCOB 7A.4.1 R in the *MCD regulated mortgage contract*.

[Note: article 23(6) of the *MCD*]

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7A.5 Notification of changes resulting from auctions on the capital market

7A.5.1

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In relation to an *MCD regulated mortgage contract*, where there is an auction on the capital markets which will, or might reasonably be expected to, result in an interest-rate change, the *firm* must give the *consumer*, in good time before the auction, notice in a *durable medium* of:

- (1) the upcoming procedure for the auction; and
- (2) an indication of how the interest rates could be affected.

[**Note:** article 27(4) of the *MCD*]