

# **SUPERINTENDENT ADRIENNE A. HARRIS ADOPTS UPDATED REGULATION FOR DISCLOSURE REQUIREMENTS FOR COMMERCIAL FINANCING**

***Regulation Ensures Small Businesses Have Adequate Information to Make  
Informed Decisions about Financing Offers***

***Rule Implements New York State's Commercial Finance Disclosure Law***

Superintendent of Financial Services Adrienne A. Harris announced today that the New York State Department of Financial Services has adopted a new regulation relating to disclosure requirements for commercial financing, pursuant to sections 801 to 811 of the New York Financial Services Law (the “Commercial Finance Disclosure Law” or “CFDL”).

To address the lack of standardized disclosures in small business lending, the New York State legislature passed a law, codified at Article 8 of the New York Financial Services Law (the “Commercial Finance Disclosure Law” or “CFDL”), mandating standardized disclosures for commercial financings below a certain principal amount.

The CFDL requires certain providers of commercial financing in amounts of up to \$2,500,000 to provide standardized disclosures to potential borrowers at the time financing offers are extended. These standardized disclosures will help businesses and individuals understand and compare the terms of different commercial financing offers. The regulation implements the CFDL and provides specific instructions to commercial financing providers on how to comply with the CFDL.

“Clear and easy-to-compare disclosures are paramount as entrepreneurs and small businesses evaluate financing,” **said Superintendent of Financial Services Adrienne A. Harris**. “The new regulation aims to improve fairness and transparency in the financing process, so that entrepreneurs and New York businesses can effectively evaluate and choose the best offer available to them.”

**Senator Kevin Thomas said**, “As the sponsor of this important legislation in the Senate, I am grateful for the work Superintendent Harris and the Department of Financial Services have done to ensure New Yorkers are protected with information that can lead to making the right decisions in growing their business. Our business owners are the fabric of this State’s economy, and we remain committed to doing all we can to enhance their opportunities. I believe that it begins with expanding the awareness and access to commercial financing.”

**Assemblyman Kenneth Zebrowski said**, “Small businesses are the lifeblood of our communities, and it is important that they have adequate information before taking out loans. These disclosure requirements will ensure business owners have that information from commercial lenders and are not taken advantage of. I thank Superintendent Harris for her leadership in promulgating these directives and look forward to continuing to work with the Department of Financial Services to protect our small businesses.”

The regulation provides specific instructions to commercial financing providers on how to comply with the CFDL. Among its provisions, the regulation:

- Provides detailed definitions for terms used in the CFDL, and in the regulation itself;
- Explains how providers should calculate the finance charge and annual percentage rate;
- Sets forth formatting requirements for disclosures required by the CFDL, both generally and specifically for the following types of financing:
  - Sales-based financing;
  - Closed-end financing;

- Open-end financing;
- Factoring transaction financing;
- Lease financing; and
- General asset-based financing;
- Describes how the CFDL's disclosure threshold of \$2,500,000 is calculated;
- Details certain duties of financiers and brokers involved in commercial financing; and
- Prescribes a process under which certain providers calculating estimated annual percentage rates will report data to the Superintendent relating to the actual retrospective annual percentage rates of completed transactions, in order to facilitate accurate estimates for future transactions.

The regulation appears as Part 600 of Title 23 of the Official Compilation of Codes, Rules and Regulations of the State of New York. A copy of the final regulation is available on the [DFS website](#).

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