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Prudential Regulation and Bank Supervision Area

LICENSING MANUAL

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Licensing Manual is a general guide that leads the user through the licensing procedure from the moment of submitting an application to the moment when decisions on authorisations and approvals are issued by the Croatian National Bank, in accordance with the Credit Institutions Act (Official Gazette 159/2013) and the Act on Housing Savings and State Incentives for Housing Savings (Official Gazette 109/1997, 117/1997, 76/1999, 10/2001, 92/2005, 21/2010, 15/2013 and 139/13).

The Manual consists of three parts:

1. General procedures,
2. Information to be provided with each specific type of application, and
3. Notifications.

I GENERAL PROCEDURES

General procedures provide a summary of general procedures applicable to most applications for authorisations or approvals submitted to the Croatian National Bank.

1 General instructions for submitting applications

1.1 Discussions and meetings before submitting applications

In some cases, the Croatian National Bank encourages applicants to contact the Croatian National Bank employees before submitting an application in order to discuss the subject of the application and documents submitted with the application. The communication before submitting the application may take the form of an informal communication (e.g. via e-mail or telephone) and a formal meeting before submitting the application. Whether a discussion takes place before submitting the application or not, and the extent to which a specific discussion will be formal, depends on the subject matter of the application.

Prior to submitting an application for an authorisation or approval, the applicant or the Croatian National Bank may request that a meeting be held in the Croatian National Bank to examine the proposed transaction and the documents and information to be provided with the application. A discussion of the application prior to its submitting can contribute greatly towards better and more comprehensive definition of the application and expedite the processing of the application.

1.2 Documentation to be enclosed with applications

The documents to be enclosed with the application are prescribed by the Credit Institutions Act and are listed in this Manual under section "Information to be provided with each specific type of application" and in the application forms. All the documents submitted with the application must be original documents or their certified copies. Internal bylaws of a credit institution must be submitted in the form of an original document or its certified copy, previously approved and signed by the competent bodies of the credit institution.

For documents drafted in a foreign language, a certified translation into the Croatian language will be provided.

The applicant must prepare the application to be submitted to the Croatian National Bank in an accurate and complete manner, making sure that the application and the enclosed material submitted to the Croatian National Bank do not contain material errors in the presentation of facts or any omissions.

In case it has been established that the applicant has misrepresented the facts or has failed to present them in the application or the supporting materials, the Croatian National Bank will, when deciding on the application, take into account these facts.

If material misstatements or omissions in the application and in the supporting materials are detected after a decision has been taken on an individual application, the Croatian National Bank may, in accordance with the provisions of Article 123 of the General Administrative Procedure Act (Official Gazette 47/2009) change the adopted decision.

The applicant should:

- provide all the information on the subject of application necessary to adopt a decision;
- provide complete and accurate answers to all the questions in the application form and respond to each request for information submitted by Croatian National Bank employees;
- establish compliance of the application and annexes with all the applicable laws and other regulations.

Prior to the adoption of a final decision, the applicant must notify the Croatian National Bank of any changes in the information and data submitted with the application which are important for deciding on the application.

2 Application submitting and processing procedure

2.1 Receiving the application

The application may be submitted by mail or by personal delivery to the registry office of the Croatian National Bank. If possible, the application and the supporting documents should be submitted in a scanning-suitable format (e.g. thermal binding is not suitable for scanning) or be enclosed and scanned on a CD-ROM.

Upon receipt of the application, a Croatian National Bank employee responsible for application processing will examine the received documentation and check it for completeness.

If it is established that the application does not contain all the prescribed documents or that it is necessary to supply other documents and information in order to adopt a decision, a conclusion to that effect is sent to the applicant, requesting the applicant to submit the missing documents and/or information or other documentation and information necessary to adopt a decision.

Requests for additional information

In case where smaller corrections have to be made to the submitted documentation, the employee of the Croatian National Bank responsible for application processing may notify the applicant thereof by telephone or e-mail.

Where the applicant fails to submit the requested information by the expiry of the set time limit and fails to provide adequate explanation, or if all procedural prerequisites needed for deciding on the application are not met, i.e. if the application contains deficiencies that cannot be eliminated, the Croatian National Bank will adopt a decision refusing the application.

2.2 Collecting information

To ensure high-quality processing of applications, the person responsible for application processing, in addition to information and documents submitted by the applicant, also uses information available from other sources (quantitative and qualitative information from other organisational units of the Croatian National Bank and other institutions, such as the Ministry of Finance, competent supervisory authorities from other countries, etc.).

2.3 Analysis of submitted applications

After receiving a complete application, the person responsible for its processing analyses all the available information to assess the risk that might arise for the credit institution in case the application is granted. Each application is assessed based on its specific characteristics.

On the basis of the analysis performed, a written material is prepared, which must contain a conclusion proposing a decision on the application.

2.4 Report for the Licensing Committee

The written material, containing the analysis of the application and clearly substantiating the proposal of the decision, is forwarded to the Licensing Committee for further procedure. The Licensing Committee adopts a decision proposing to the competent body of the Croatian National Bank how to decide on the application.

After the meeting of the Licensing Committee, the written materials with the proposed decision are submitted to the Governor or the Council of the Croatian National Bank who (in accordance with the prescribed authorities) adopts the final decision on the application for authorisation/approval.

Presented in the table below is the authority which, depending on the type of application for approval or authorisation, decides on the application, and the time limit within which the Croatian National Bank is obliged to adopt the final decision.

No.	Type of application for authorisation/approval from the Croatian National Bank	Final decision	Time limit
1.	Application for authorisation of a credit institution (Article 60, paragraphs (1) and (2) of the Credit Institutions Act and Article 5, paragraph (2) of the Act on Housing Savings and State Incentives for Housing Savings)	CNB Council	6 months from the date of submission of a complete application and maximum 12 months
2.	Application for authorisation to provide financial services (Article 60, paragraph (3) of the Credit Institutions Act)	CNB Council	60 days from the date of submission of a complete application ¹
3.	Application for authorisation to merge by acquisition/formation of a new credit institution with another credit institution or other legal person and authorisation to be merged by acquisition by another credit institution (Article 63, paragraphs (1), (2) and (4) of the Credit Institutions Act)	CNB Council	6 months from the date of submission of a complete application and maximum 12 months
4.	Application for authorisation for division/disposal/transfer of a portion of assets and the same proportion of liabilities to another credit institution (Article 63, paragraphs (5), (6), (7), (8) and (9) of the Credit Institutions Act)	CNB Council	6 months from the date of submission of a complete application and maximum 12 months
5.	Application for authorisation to establish a branch of a credit institution in another EU Member State (Article 75, paragraph (1) of the Credit Institutions Act)	CNB Council	60 days from the date of submission of a complete application
6.	Application for authorisation to establish a branch of a credit institution in a third country (Article 81, paragraph (2) of the Credit Institutions Act)	CNB Council	60 days from the date of submission of a complete application
7.	Application for authorisation to establish a branch of a third-country credit institution in the Republic of Croatia (Article 89, paragraph (2) of the Credit Institutions Act)	CNB Council	60 days from the date of submission of a complete application

¹ Where the application for authorisation to provide financial services is submitted together with the application for authorisation, the time limit for deciding on the application is 6 months from the date of submission of a complete application, or maximum 12 months from the date of submission of application.

8.	Application for authorisation to establish a representative office of a third-country credit institution in the Republic of Croatia (Article 94, paragraph (1) of the Credit Institutions Act)	CNB Council	60 days from the date of submission of a complete application
9.	Application for authorisation to a savings bank to operate as a bank (Article 317, paragraph (1)) of the Credit Institutions Act)	CNB Council	6 months from the date of submission of a complete application
10.	Application for authorisation of general operating conditions of a housing savings bank (Article 11, paragraph (2) of the Act on Housing Savings and State Incentives for Housing Savings)	CNB Governor	60 days from the date of submission of a complete application
11.	Application for approval to acquire a qualifying holding in a credit institution (Article 24, paragraphs (1), (2) and (13) of the Credit Institutions Act)	CNB Council	60 days ² from the date of submitting a complete application ³
12.	Application for a prior approval for the appointment of the chairperson and a member of the management board of a credit institution (Article 39, paragraph (1) and Article 40, paragraph (1) of the Credit Institutions Act)	CNB Council	60 days from the date of submission of a complete application ⁴
13.	Application for a prior approval for the appointment of a member of the supervisory board of a credit institution (Article 46, paragraph 1 of the Credit Institutions Act)	CNB Governor	60 days from the date of submission of a complete application ⁴
14.	Approval for (gradual or immediate) acquisition of a holding of 20 percent or more in another legal person, if the holding exceeds 10 percent of the credit institution's own funds and approval for the acquisition of a majority holding or	CNB Governor	60 days ³ from the date of submission of a complete application ⁴

² Where the application for the acquisition of a qualifying holding is submitted together with the application for authorisation, the time limit for deciding on the application is 6 months from the date of receipt of a complete application and maximum 12 months from the date of submitting the application.

³ In accordance with the provision of Article 26, paragraph (2) of the Credit Institutions Act, a valid application is considered to be:

- an application accompanied by the documentation referred to in Article 25, paragraph (1) of the Credit Institutions Act, or

- the documentation requested by the Croatian National Bank in the process of application processing.

⁴ If the application for approval for the appointment of a chairperson or a member of the management or supervisory board is submitted together with the application for authorisation, the time limit for deciding on the application is 6 months from the date of receipt of a complete application and maximum 12 months from the date of submitting the application.

	majority of the voting rights in another legal person (Article 149, paragraphs (1) and (2) of the Credit Institutions Act		
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2.5 *Notification of the decision on the application*

The decision on the application is submitted to the applicant or the applicant's authorised person in the form of a written decision signed by the person authorised for adopting decisions, within the deadlines prescribed by the Credit Institutions Act (with respect to the application for authorisation, for merger by acquisition/formation of a new credit institution or division of credit institutions) or by the General Administrative Procedure Act (with respect to all other applications).

2.6 *Conditional authorisation/approval*

The Croatian National Bank may, if necessary, adopt a decision on authorisation/approval, setting a time limit, a condition, an order or reservation of the right to repeal. The conditions are imposed when it is established, after analysing the application and examining all the relevant information, that they are necessary or appropriate to ensure compliance of authorisation/approval with the regulations and reduce risks for the credit institution associated with the authorisation/approval.

The authorisation/approval that is subject to conditions becomes valid, i.e. enters into force after it is established that the conditions have been met.

2.7 *Refusal of application*

The reasons for refusing applications for some authorisations/approvals are prescribed by the Credit Institutions Act. In addition to reasons for refusing applications provided by law, the Croatian National Bank may refuse an application in the following cases:

- if the application for authorisation/approval is not complete or contains deficiencies that can be eliminated and the applicant fails to complete the application or eliminate deficiencies within the set time limit in accordance with the request from the Croatian National Bank, and the failure to implement these changes renders it impossible to adopt a decision on authorisation or approval;
- if all procedural prerequisites necessary for deciding on the application are not met or if the application has deficiencies that cannot be eliminated;
- if it is established that a high degree of risk is involved, i.e. that significant negative effects arise for the credit institution in connection with the authorisation/approval requested by the application;
- if it is established that the exercise of supervision of the credit institution may be rendered impossible or more difficult;

- if it is established that the granting of application might give rise to infringement of regulations.

2.8 *Changes to the application*

Pending adoption of the decision on the application, the applicant may change the application or submit a new one, provided that in their essential assumptions, these applications are based on the same facts. If it is determined that the conditions for changes to the submitted application or for submitting a new application do not exist, the Croatian National Bank will adopt a decision refusing such an application.

2.9 *Withdrawal of application*

During the procedure, the applicant may waive and withdraw the application by a written request. In such a case, the Croatian National Bank will issue a decision on the suspension of the procedure.

The decision on the suspension of the procedure can also be issued ex officio in the case where it can be concluded, based on the client's behaviour or other circumstances of the procedure, that the client has waived the procedure.

II INFORMATION TO BE PROVIDED WITH EACH SPECIFIC TYPE OF APPLICATION FOR AUTHORISATION AND APPROVAL

This section lists all types of authorisations/approvals that are the subject of decision-taking by the Croatian National Bank in accordance with the Credit Institutions Act and the Act on Housing Savings and State Incentives for Housing Savings. While for some authorisations/approvals, the documents and information that are to be enclosed with the application are prescribed by the Credit Institutions Act, for others for which the Credit Institutions Act does not prescribe them, the information and documents needed for decision-taking are listed in the application forms and instructions for completing these forms.

II.1 AUTHORISATIONS

II.1.1 *Authorisation to operate as a bank, a savings bank or a housing savings bank (it includes the authorisation to provide banking services - Article 60, paragraphs (1) and (2) of the Credit Institutions Act)*

Documentation to be enclosed with the application (Article 65, paragraph (1) of the Credit Institutions Act)

1. Articles of Association in the form of a certified copy of a notarial deed;

2. A business plan for the first three years of business, including balance sheets, profit and loss accounts, the types of business activities planned, appropriate organisational, technical and personnel structure of the credit institution, accounting policies and organisation of the internal audit function;
3. An application to acquire a qualifying holding and documentation referred to in Article 25 of the Credit Institutions Act (documentation enclosed with the application for approval to acquire a qualifying holding specified in Chapter II.2.1 of this Manual);
4. Where no shareholder acquires a qualifying holding in a credit institution, a list of the 20 biggest shareholders;
5. An application for granting prior approval for the appointment of a chairperson and members of the management board and documentation referred to in Article 39, paragraph (4) of the Credit Institutions Act (specified in Chapter II.2.2 of this Manual);
6. An application for a prior approval for the appointment of the members of the supervisory board and documentation referred to in Article 46, paragraph (4) of the Credit Institutions Act (specified in Chapter II.2.2 of this Manual);
7. Evidence on earmarked allocated funds for the initial capital of the credit institution that is being established;
8. An opinion or approval of the competent authority of a Member State or the competent authority of a third-country credit institution regarding a Member State or third-country credit institution intending to establish a credit institution in the Republic of Croatia; and
9. A relevant legal act of the competent authority authorising the provision of specific financial services where so required by the regulations governing the provision of specific financial services set out in the credit institution's business plan;

and other financial services.

II.1.2 Authorisation to provide financial services (Article 60, paragraph (3) of the Credit Institutions Act)

Documentation to be enclosed with the application (Article 65, paragraph (3) of the Credit Institutions Act)

- 1) A business plan for the first three years of business, including balance sheets, profit and loss account, the types of business activity planned, appropriate organisational, technical and personnel structure of the credit institution, accounting policies and the organisation of the internal audit function;
- 2) A relevant legal act of the competent authority authorising the provision of specific financial services where so required by the regulations governing the provision of specific financial services set out in the credit institution's business plan, and
- 3) Explanation of the effect of new services on the credit institution's balance sheet and profit and loss account, organisational and personnel structure, and accounting and other policies.

II.1.3 Authorisation to merge by acquisition/formation of a new credit institution with another credit institution or other legal person and authorisation to be merged by acquisition by another credit institution

II.1.3.1 Authorisation to merge by acquisition with another credit institution or other legal person (Article 63, paragraph (1) of the Credit Institutions Act)

II.1.3.2 Authorisation to be merged by acquisition by another credit institution (Article 63, paragraph (2) of the Credit Institutions Act)

II.1.3.3 Authorisation to merge by formation of a new credit institution (with credit institutions or with other legal persons) Article 63, paragraph (4) of the Credit Institutions Act)

II.1.4 Authorisation for division/disposal/transfer of a portion of assets and the same proportion of liabilities to another credit institution

4.1 Authorisation for division by formation of new credit institutions (Article 63, paragraph (5) of the Credit Institutions Act)

4.2 Authorisation for division by acquisition (Article 63, paragraph (6) of the Credit Institutions Act)

4.3 Authorisation for disposal by formation of new credit institutions (Article 63, paragraph (7) of the Credit Institutions Act)

4.4 Authorisation for disposal by acquisition (Article 63, paragraph (8) of the Credit Institutions Act)

4.5 Authorisation for transfer of a portion of assets and the same proportion of liabilities to another credit institution (Article 63, paragraph (9) of the Credit Institutions Act).

II.1.5 Authorisation to establish a branch in another EU Member State (Article 75, paragraph (1) of the Credit Institutions Act)

Documentation to be enclosed with the application (Article 75, paragraph (1) of the Credit Institutions Act)

- 1) A business plan for the first three years of business, specifying the type and the scope of services the credit institution intends to provide through the branch and the organisational structure of the branch;
- 2) The address in the host Member State from which the Croatian National Bank may obtain documentation on the branch; and
- 3) The list of names and addresses of persons who will be responsible for directing the business of the branch.

II.1.6 Authorisation to establish a branch of a credit institution in a third country (Article 81, paragraph (2) of the Credit Institutions Act)

Documentation to be enclosed with the application (Article 81, paragraph (3) of the Credit Institutions Act)

- 1) A business plan for the first three years of business, specifying the type and the scope of services the credit institution intends to provide through the branch and the organisational structure of the branch;
- 2) The address in the host country from which the Croatian National Bank may obtain documentation on the branch; and
- 3) The list of names and addresses of persons who will be responsible for directing the business of the branch.

II.1.7 Authorisation to establish a branch of a third-country credit institution in the Republic of Croatia (Article 89, paragraph (2) of the Credit Institutions Act)

Documentation to be enclosed with the application (Article 90, paragraph (1) of the Credit Institutions Act)

- 1) A certificate from the register of companies or other relevant register in the country where the third-country credit institution (founder) has its registered office, not older than three months, indicating its legal form, date of the entry in the register, persons authorised to represent it and the scope of their powers or, if the credit institution is established in a country that does not keep such a register, legally valid documents on establishment certified in accordance with the regulations of the country where the credit institution has its registered office, indicating its legal form, date of establishment, persons authorised to represent it and the scope of their powers;
- 2) The decision of the third-country credit institution (founder) to establish a branch;
- 3) A copy of the deed of establishment, memorandum or Articles of Association of the third-country credit institution (founder), certified in accordance with the regulations of the country where the credit institution has its registered office;
- 4) Data on the members of management and supervisory bodies of the third-country credit institution (founder);
- 5) An application for prior approval for persons who will be responsible for directing the business of the branch of the third-country credit institution;
- 6) Audit reports of the third-country credit institution (founder) for the three preceding years of business;
- 7) A credible document indicating the owners of the institution and their managing rights in the third-country credit institution (founder);

8) A certificate from the register of companies or other relevant register in the country where legal persons who are holders of qualifying holdings in the third-country credit institution (founder) have their registered office, including a list of natural persons who are the ultimate shareholders of these legal persons;

9) Authorisation to provide banking and financial services granted to the third-country credit institution (founder) by the competent authority;

10) A list of banking and financial services the branch of the third-country credit institution intends to provide in the Republic of Croatia and a business plan for the first three years of business;

11) A relevant legal act of the competent authority in the Republic of Croatia where so required by the regulations governing the provision of financial services envisaged in the business plan referred to in item (10) of this paragraph;

12) A list of persons connected with the third-country credit institution (founder) in the manner referred to in Article 16 of the Credit Institutions Act;

13) Authorisation by the competent authority of the third-country credit institution (founder) to establish the branch or a statement by the authority in question that such authorisation is not required under the regulations of the country where the credit institution has its registered office, not older than six months;

14) A statement by the third-country credit institution (founder) that the branch will keep all documentation relating to its business in the Croatian language and store it at the headquarters of the branch and prepare financial statements in accordance with the Credit Institutions Act and regulations of the European Union governing the operation of credit institutions; and

15) Information on the deposit insurance scheme of which the third-country credit institution (founder) is a member.

II.1.8 Authorisation to establish a representative office of a third-country credit institution in the Republic of Croatia (Article 94, paragraph (1) of the Credit Institutions Act)

Documentation to be enclosed with the application (Article 94, paragraph (2) of the Credit Institutions Act)

1) A certificate from the register of companies or other relevant register where the credit institution is entered, not older than three months, indicating its legal form, date of the entry in the register, persons authorised to represent it and the scope of their powers or, if the credit institution is established in a country that does not keep such a register, legally valid documents on establishment certified in accordance with the regulations of the country where the credit institution has its registered office, indicating its legal form, date of establishment, persons authorised to represent it and the scope of their powers;

- 2) A copy of the deed of establishment, memorandum or Articles of Association of the third-country credit institution, certified in accordance with the regulations of the country where the credit institution has its registered office;
- 3) Audit report, including audited financial statements, of the third-country credit institution for the three preceding years of business;
- 4) The decision of the third-country credit institution to establish a representative office;
- 5) Data on the headquarters (address) of the representative office and its business premises;
- 6) Authorisation by the competent authority of the third-country credit institution to establish a representative office in the Republic of Croatia or a statement by the authority in question that such authorisation is not required;
- 7) A certified statement by the third-country credit institution that it will settle all liabilities arising in the Republic of Croatia as a result of the activities of the representative office;
- 8) Evidence of payment of all administrative fees; and
- 9) A list of persons responsible for directing the business of the representative office.

II.1.9 Authorisations to a savings bank to operate as a bank (Article 317, paragraph (1) of the Credit Institutions Act)

The provisions of the Credit Institutions Act governing the authorisation procedure (Article 60 and Article 65 of the Credit Institutions Act) apply as appropriate to the authorisation procedure for a savings bank intending to operate as a bank.

II.1.10 Authorisation for the establishment and operation of housing savings banks (Article 5, paragraph (2) of the Act on Housing Savings and State Incentives to Housing Savings)

The provisions of Article 60, paragraphs (1) and (2) and Article 65, paragraph (1) of the Credit Institutions Act apply to the procedure for authorisation for the establishment and operation of housing savings banks, subject to a previous approval from the Ministry of Finance.

II.1.11 Application for authorisation of general operating conditions of a housing savings bank (Article 11, paragraph (2) of the Act on Housing Savings and State Incentives to Housing Savings)

II.2 APPROVALS

II.2.1 Approval to acquire a qualifying holding in a credit institution (Article 24, paragraphs (1), (2) and (13) of the Credit Institutions Act)

Documentation to be enclosed with the application (Article 25 of the Credit Institutions Act)

1) For an acquirer of a qualifying holding that is a legal person:

- a) a certificate from the register of companies or other relevant register, in the form of an original or a certified copy not older than three months, in case of a legal person having a registered office outside the Republic of Croatia;
- b) a certificate from the register of shareholders (book of shares) or book of holdings, in the form of an original or a certified copy;
- c) a list of natural persons who are the ultimate shareholders of the acquirer or holders of holdings in the acquirer, listing the following data: name and surname, address or domicile, other identification data, the total nominal value of the shares and the percentage share in the initial capital of the acquirer, curriculum vitae of the acquirer, listing all companies, and their addresses, with whom he/she is or was employed, of which he/she is or was a member of the management or supervisory board, or in which he/she is or was a holder of a qualifying holding, as well as evidence that the acquirer has not been convicted of a minor offence or a crime, and evidence on whether criminal proceedings are pending against the acquirer;
- d) a list of persons connected in the manner referred to in Article 16 of the Credit Institutions Act with the acquirer of the qualifying holding, specifying the type of connection;
- e) audited financial statements of the acquirer for the two preceding years;
- f) evidence on the availability of funds for the acquisition of a qualifying holding and a description of the method or source of financing;
- g) a description of the requested prior approval, including the total nominal value of the shares and percentage of the initial capital of the credit institution in which a qualifying holding is being acquired, explanation of the objectives to be achieved by the acquisition of the holding and the strategic direction of the acquirer in relation to holdings in credit and financial institutions;
- h) a description of the acquirer's activities in relation to the acquisition preceding the application;
- i) evidence that the acquirer has not been convicted of a minor offence, evidence on whether criminal or minor offence proceedings are pending against the acquirer, and evidence that the acquirer has not been convicted by a judgement with final force and effect of any of the following crimes:
 - (a) a crime against life and limb (Title X), a crime against values protected by international law (Title XIII), a crime against sexual freedom and sexual morality (Title XIV), a crime against property (Title XVII), with the exception of violations of copyrights or of the rights of performing artists (Article 229), illicit use of an author's work or an artistic performance (Article 230), violations of the rights of producers of audio or video recordings and the rights related to radio broadcasting (Article 231), and violations of patent rights (Article 232), a crime against the payment system and the security of its operations (Title XXI), a crime relating to the authenticity of documents (Title XXIII), a crime relating to breaches of official duties (Title XXV), with the exception of failures to execute orders (Article 340) and violations of a duty to guard the state border (Article 341), under the Criminal Code (Official Gazette 110/1997, 27/1998, 50/2000, 129/2000, 51/2001, 111/2003, 190/2003, 105/2004, 84/2005, 71/2006, 110/2007, 152/2008 and 57/2011);

- (b) a crime under the Securities Market Act (Official Gazette 84/2002 and 138/2006);
- (c) a crime under the Act on Criminal Offences Against the Capital Market (Official Gazette 152/2008);
- (d) a crime against humanity and human dignity (Title IX), a crime against life and limb (Title X), a crime relating to labour relations and social security (Title XII), a crime against sexual freedom (Title XVI), a crime against property (Title XXIII), a crime against the economy (Title XXIV), a crime relating to computer forgery (Article 270) and computer fraud (Article 271), a crime relating to forgery (Title XXVI), or a crime relating to breaches of official duties (Title XXVIII) under the Criminal Code;
- (e) a crime under the Companies Act;
- (f) a crime under the Investment Funds Act; or
- (g) a crime under the Accounting Act;
- j) evidence that no bankruptcy proceedings have been initiated or opened against the property of the acquirer;
- k) an opinion or approval of the competent authority of a credit institution of a Member State or a third country in relation to the proposed acquisition; and
- l) for an acquirer of a qualifying holding that is a financial holding company or a mixed financial holding company, evidence that the members of the management board of the acquirer meet the criteria referred to in Article 38 of the Credit Institutions Act (criteria prescribed for members of the management board of a credit institution).

2) for an acquirer of a qualifying holding who is a natural person:

- a) name and surname, address or domicile, and other data for identification of the acquirer;
- b) curriculum vitae of the acquirer, listing all companies, and their addresses, with whom he/she is or was employed, of which he/she is or was a member of the management or supervisory board, or in which he/she is or was a holder of a qualifying holding;
- c) evidence that the acquirer has not been convicted of a minor offence, information on whether criminal or minor offence proceedings are pending against the acquirer, and evidence that the acquirer has not been convicted by a judgement with final force and effect of any of the following crimes:
 - (a) a crime against life and limb (Title X), a crime against values protected by international law (Title XIII), a crime against sexual freedom and sexual morality (Title XIV), a crime against property (Title XVII), with the exception of violations of copyrights or of the rights of performing artists (Article 229), illicit use of an author's work or an artistic performance (Article 230), violations of the rights of producers of audio or video recordings and the rights related to radio broadcasting (Article 231), and violations of patent rights (Article 232), a crime against the payment system and the security of its operations (Title XXI), a crime relating to the authenticity of documents (Title XXIII), a crime relating to breaches of official duties (Title XXV), with the exception of failures to execute orders (Article 340) and violations of a duty to guard the state border (Article 341), under the Criminal Code (Official Gazette 110/1997, 27/1998, 50/2000, 129/2000, 51/2001, 111/2003, 190/2003, 105/2004, 84/2005, 71/2006, 110/2007, 152/2008 and 57/2011);

- (b) a crime under the Securities Market Act (Official Gazette 84/2002 and 138/2006);
- (c) a crime under the Act on Criminal Offences Against the Capital Market (Official Gazette 152/2008);
- (d) a crime against humanity and human dignity (Title IX), a crime against life and limb (Title X), a crime relating to labour relations and social security (Title XII), a crime against sexual freedom (Title XVI), a crime against property (Title XXIII), a crime against the economy (Title XXIV), a crime relating to computer forgery (Article 270) and computer fraud (Article 271), a crime relating to forgery (Title XXVI), or a crime relating to breaches of official duties (Title XXVIII) under the Criminal Code;
- (e) a crime under the Companies Act;
- (f) a crime under the Investment Funds Act; or
- (g) a crime under the Accounting Act;
- d) a list of persons connected in the manner referred to in Article 16 of the Credit Institutions Act with the acquirer of the qualifying holding, specifying the type of connection;
- e) evidence on the availability of funds for the acquisition of a qualifying holding and a description of the method or source of financing;
- f) a description of the requested prior approval, including the total nominal value of the shares and percentage of the initial capital of the credit institution in which a qualifying holding is being acquired, explanation of the objectives to be achieved by the acquisition of the qualifying holding and the strategic direction of the acquirer in relation to holdings in credit and financial institutions; and
- g) a description of the acquirer's activities in relation to the acquisition preceding the application.

Where the acquisition of a qualifying holding may result in dominant influence over or control of the credit institution's operation, in addition to the previously indicated documents, the acquirer is obliged to enclose the following with the application:

- a) a business strategy of the credit institution in which a qualifying holding is being acquired;
- b) a business plan for the next three years of business, including balance sheets and profit and loss accounts;
- c) planned changes in the organisational, management and personnel structure of the credit institution;
- d) a plan of activities regarding the creation of new internal bylaws, or amendments to the existing internal bylaws of the credit institution; and
- e) a plan of activities regarding the changes to the existing information technology or implementation of new information technology of the credit institution.

II.2.2 Approval for the appointment of the chairperson, a member of the management board and supervisory board of a credit institution (Article 39, Article 40 and Article 46 of the Credit Institutions Act)

Documentation to be enclosed with the application is prescribed by the Decision on the assessment of the suitability of the chairperson of the management board, members of the management board, members of the supervisory board and key function holders in a credit institution (Official Gazette 14/2014, hereinafter: the Decision)

The application for granting prior approval for the appointment of a chairperson, a member of the management board and a member of the supervisory board of a credit institution should be submitted using the form given in Annex 1 to the Decision, enclosing:

- a) a decision on the appointment of the candidate for a chairperson or a member of the management board or a member of the supervisory board;
- b) results of the appraisal of the suitability conducted by the credit institution with an explanation;
- c) a certified copy of the personal identification card (for foreign nationals, a certified copy of the passport);
- d) a certified copy of the diploma (i.e. a Croatian translation of a foreign university diploma certified by a sworn and certified court interpreter);
- e) for candidates who at the moment of submitting the application do not carry out the function of a chairperson, a member of the management board or a member of the supervisory board in a credit institution in the Republic of Croatia, a certificate issued by a legal person in which the candidate has acquired experience referred to in Article 6, paragraphs (4) and (5) and Article 8, paragraph (2) of the Decision, stating the scope of their competence, decision-making powers and responsibilities, and where possible, the number of subordinate employees;
- f) a completed Questionnaire;
- g) where available, recommendations from immediate supervisors in the employer for the past three years as a minimum;
- h) a statement on whether the candidate for a chairperson or a member of the management or supervisory board of a credit institution has committed a crime or a minor offence or whether criminal or minor offence proceedings have been initiated against him/her;
- i) where available, an excerpt from criminal and minor offence records:
 - a. for citizens of the Republic of Croatia, a certificate, not older than three months, issued by the municipal court showing whether a criminal proceeding is pending against the candidate; and
 - b. for foreign nationals evidence that the candidate has not been convicted of a minor offence, information on whether criminal or minor offence proceedings are pending against the candidate, and evidence, not older than three months, that the candidate has not been convicted of a crime by a judgement with final force and effect; and
- j) for a candidate that is being appointed for a chairperson or a member of the management board, the work programme referred to in Article 12 of the Decision.

The work programme proposed for the chairperson of the management board should contain:

- 1) a brief description of the condition, including the risk exposure, of the credit institution wherein he/she is proposed to be appointed as chairperson of the management board;
- 2) a description of the business environment of a credit institution and its position in relation to peer credit institutions and in relation to the competition, stating the advantages and disadvantages in relation to peer groups;
- 3) a description of the macroeconomic and other assumptions used in planning;

- 4) a detailed description of the activities planned for the period of the term of office, including the implementation dynamics, with an emphasis on major changes compared to the present condition;
- 5) balance sheet and profit and loss account projections for the period of the term of office, using the forms used for submitting supervisory reports to the Croatian National Bank;
- 6) planned activities and infrastructural adjustments related to the information technology system, internal policies and procedures, internal control system and other functions supporting core activities;
- 7) depending on the activities planned, an assessment of possible organisational adjustments required and a detailed breakdown of the new organisational scheme indicating new appointments to key function holders in the credit institution;
- 8) the allocation of powers among the management board members, including the chairperson of the management board, with an explanation and stating the changes to the present condition and the changes, if any, to the management board.

The work programme of the candidate for a member of the management board of a credit institution should elaborate in detail that part of the mandatory framework of the work programme of a candidate for a chairperson of the management board which is relevant for the realisation and effects of the activities planned within the scope of his/her future work and responsibilities.

II.2.3 Approval for direct acquisition (gradual or immediate, including establishment) of a holding of 20 percent or more in another legal person, if the holding exceeds 10 percent of the credit institution's eligible capital and approval for the direct acquisition of a majority holding or majority of the voting rights in another legal person

II.2.3.1 Approval for direct acquisition (gradual or immediate) of a holding of 20 percent or more in another legal person, if the holding exceeds 10 percent of the credit institution's own funds (Article 149, paragraph (1) of the Credit Institutions Act)

II.2.3.2 Approval for the direct acquisition of a majority holding or majority of the voting rights in another legal person (Article 149, paragraph (2) of the Credit Institutions Act)

Documentation to be enclosed with the application (Article 149, paragraph (5) of the Credit Institutions Act)

- 1) A detailed description of the legal arrangement to which the application refers;
- 2) A description of actions already taken by the applicant in relation to the legal arrangement to which the application refers;
- 3) A description of the effect of acquiring a majority holding or a majority of the voting rights on the existing operations of the applicant; and
- 4) A business plan with projected financial statements for the following three years.

III NOTIFICATIONS

In this part of the Manual, different types of notifications are listed, which should be submitted to the Croatian National Bank in relation to the indirect provision of banking and financial services or in relation to the provision of information on the changes in information/data that

were applicable at the time of granting an individual authorisation. Also listed is the requirement for the provision of more detailed information within the framework of compulsory delivery of individual notifications to the Croatian National Bank.

III.1 Notification of a credit institution that its subsidiary which is a financial institution intends to provide mutually recognised financial services within the territory of another Member State through a branch (Article 76, paragraph (1) of the Credit Institutions Act)

Documentation to be enclosed with the notification (Article 76, paragraph (2) of the Credit Institutions Act)

- 1) A business plan for the first three years of business, setting out the types and the scale of services it intends to provide through the branch and the organisational structure of the branch;
- 2) The address in the host country from which the Croatian National Bank may obtain documentation on the branch;
- 3) The names and addresses of natural persons who will be responsible for directing the business of the branch;
- 4) Documentation verifying compliance with the conditions referred to in Article 84, paragraph (1) of the Credit Institutions Act;
- 5) Data on the amount and composition of own funds or other prescribed form of capital of the financial institution and the total amount of risk exposure, calculated in accordance with Article 92, paragraphs (3) and (4) of Regulation (EU) No 575/2013 of the credit institution that is its parent company; and
- 6) Authorisation by the supervisory authority, where required, to establish a branch of the financial institution in another Member State.

III.2 Notification of a credit institution (that has been authorised by the Croatian National Bank to establish a branch in another Member State) that it intends to establish further branches in the same Member State (Article 77, paragraph (2) of the Credit Institutions Act)

III.3 Notification of a credit institution (that has been authorised by the Croatian National Bank to establish a branch in another Member State) of a change of data that were applicable at the time of granting the authorisation or notification of a parent credit institution of the financial institution which provides mutually recognised financial services in the territory of another Member State of any change of data that were applicable at the time of granting the authorisation (Article 78 of the Credit Institutions Act)

III.4 Notification of a credit institution that it intends to directly provide mutually recognised services within the territory of another Member State (Article 80, paragraph (1) of the Credit Institutions Act)

Documentation to be enclosed with the notification (Article 80, paragraphs (1) and (3) of the Credit Institutions Act)

- 1) The name of the Member State in which it intends to provide services directly;
- 2) A list of services it intends to provide in the Member State; and
- 3) A business plan for the first three years of business.

III.5 Notification of a credit institution having its registered office in the Republic of Croatia which is a parent undertaking of a financial institution that the latter intends to directly provide mutually recognised services within the territory of another Member State (Article 80, paragraph (2) of the Credit Institutions Act)

Documentation to be enclosed with the notification (Article 80, paragraphs (2) and (3) of the Credit Institutions Act)

- 1) The name of the Member State in which the financial institution intends to provide services directly;
- 2) A list of services it intends to provide in the Member State; and
- 3) A business plan for the first three years of business.

III.6 Notification of a credit institution (that has been authorised by the Croatian National Bank to establish a branch in a third country) that it intends to establish any further branches in the same country (Article 81, paragraph (7) of the Credit Institutions Act)

III.7 Notification of a credit institution (that has been authorised by the Croatian National Bank to establish a branch in a third country) of a change of data that were applicable at the time of granting the authorisation (Article 81, paragraph (8) of the Credit Institutions Act)

III. 8 Notification of a credit institution that it intends to establish a representative office outside the Republic of Croatia (Article 82 of the Credit Institutions Act)

The notification should specify the country in which the credit institution intends to establish a representative office.

III.9 Notification of a credit institution or a financial institution from another Member State of any change of data on the operation of its branch in the Republic of Croatia (Article 85, paragraph (2) of the Credit Institutions Act)

III.10 Notification from the competent authority of the home Member State of a direct provision of mutually recognised services of a credit institution or a financial institution (having a registered office in the home Member State) (Article 87, paragraph (1) of the Credit Institutions Act)

The notification should include, among other things, a list of services that the credit institution or the financial institution intends to provide within the territory of the Republic of Croatia.

III.11 Notification of a credit institution or a financial institution from another Member State of any intended change relating to the data from the notification referred to under item 11 (Article 87, paragraph (2) of the Credit Institutions Act)

III.12 Notification of a credit institution of all changes in the activity of legal persons in which it has a majority holding in the capital or a majority of the voting rights prior to the entry of such activity in the register of companies and notification in case a legal person in which a credit institution has a majority holding in the capital or a majority of the voting rights adopts a decision to establish another legal person, and on the activities of that legal person (Article 149, paragraph (4) of the Credit Institutions Act)