

ACT ON AMENDMENTS
TO THE ACT ON THE CROATIAN NATIONAL BANK

Article 1

In the Act on the Croatian National Bank (Official Gazette 75/2008 and 54/2013), in Article 1, paragraph (1), subparagraph (3), the word "and" at the end of the sentence is deleted.

After subparagraph (3), the new subparagraphs (4) and (5) are added, which read:

"– the tasks and competences of the Croatian National Bank within close cooperation with the European Central Bank;
– the tasks and competences of the Croatian National Bank in cooperation with the Single Resolution Board; and".

The former subparagraph (4) becomes subparagraph (6).

Article 2

The heading of Article 1a and Article 1a are amended to read:

"Implementation of EU regulations"

Article 1a

This Act ensures the implementation of the following regulations of the European Union:

– Council Regulation (EC) No 1338/2001 of 28 June 2001 laying down measures necessary for the protection of the euro against counterfeiting (OJ L 181, 4.7.2001), as last amended by Council Regulation (EC) No 44/2009 of 18 December 2008 amending Regulation (EC) No 1338/2001 laying down measures necessary for the protection of the euro against counterfeiting (OJ L 17, 22.1.2009), as corrected by Corrigendum to Council Regulation (EC) No 44/2009 of 18 December 2008 amending Regulation (EC) No 1338/2001 laying down measures necessary for the protection of the euro against counterfeiting (OJ L 17, 22.1.2009) (Official Journal, Special Edition Chapter 19 Volume 11 of 29 October 2013; hereinafter referred to as 'Council Regulation (EC) No 1338/2001');

– Council Regulation (EC) No 1339/2001 of 28 June 2001 extending the effects of Regulation (EC) No 1338/2001 laying down measures necessary for the protection of the euro against counterfeiting to those Member States which have not adopted the euro as their single currency (OJ L 181, 4.7.2001), as last amended by Council Regulation (EC) No 45/2009 of 18 December 2008 amending Regulation (EC) No 1339/2001 extending the effects of Regulation (EC) No 1338/2001 laying down measures necessary for the protection of the euro against counterfeiting to those Member States which have not adopted the euro as their single currency, (hereinafter referred to as 'Council Regulation (EC) No 1339/2001');

– Council Regulation (EU) No 1024/2013 of 15 October 2013 conferring specific tasks on the European Central Bank concerning policies relating to the prudential supervision of credit

institutions (OJ L 287, 29.10.2013; hereinafter referred to as 'Council Regulation (EU) No 1024/2013'); and

– Regulation (EU) No 806/2014 of the European Parliament and of the Council of 15 July 2014 establishing uniform rules and a uniform procedure for the resolution of credit institutions and certain investment firms in the framework of a Single Resolution Mechanism and a Single Resolution Fund and amending Regulation (EU) No 1093/2010 (OJ L 225, 30.7.2014; hereinafter referred to as 'Regulation (EU) No 806/2014')."

Article 3

In Article 2, the former paragraphs (10) and (11) are deleted.

After paragraph (9), paragraph (10) is added to read:

"(10) The location, structure and operations of the treasury of the Croatian National Bank are of material importance for the financial, economic and security interests of the Republic of Croatia and its defence."

Article 4

Article 4 is amended to read:

"(1) The Croatian National Bank shall be autonomous and independent within the Constitution and law in performing the entire operations within its competence, particularly:

- the definition and implementation of the monetary and foreign exchange policies;
- the holding and management of the foreign reserves of the Republic of Croatia;
- the issuance of banknotes and coins;
- the issuance and withdrawal or revocation of authorisations and approvals and the adoption of other decisions in accordance with the laws governing the operation of credit institutions and the operation of credit unions, payment service providers, electronic money issuers and payment systems, payment operations, the issuance of electronic money, foreign exchange operations and the operation of authorised foreign exchange offices;
- the exercise of supervision and oversight in accordance with the laws governing the operation of credit institutions and the operation of credit unions, payment service providers, electronic money issuers and payment systems, payment operations and the issuance of electronic money;
- the exercise of resolution powers in accordance with the laws governing the resolution of credit institutions;
- the keeping of credit institutions' accounts and execution of payment transactions across these accounts, granting of loans to credit institutions and accepting deposits from credit institutions;
- the regulation and improvement of payment operations and ensuring their smooth operation;
- the performance of operations on behalf of the Republic of Croatia, as provided by law;
- the adoption of subordinate legislation on the operations within its competence;
- the implementation of macroprudential policy for the purpose of contributing to maintaining the stability of the financial system as a whole; and
- the performance of other activities, as provided by law.

(2) The tasks referred to in paragraph (1), subparagraphs (4) and (5) of this Article, in the part related to credit institutions, shall be carried out by the Croatian National Bank within close

cooperation with the European Central Bank, in accordance with Article 7 of Council Regulation (EU) No 1024/2013 and Part IX of Regulation (EU) No 468/2014 of the European Central Bank of 16 April 2014 establishing the framework for cooperation within the Single Supervisory Mechanism between the European Central Bank and national competent authorities and with national designated authorities (SSM Framework Regulation) (OJ L 141/1, 14.5.2014; hereinafter referred to as 'Regulation (EU) No 468/2014').

(3) The Croatian National bank shall carry out the tasks referred to in paragraph (1), subparagraph (6) of this Article within the Single Resolution Mechanism established by Regulation (EU) No 806/2014."

Article 5

In Article 7, paragraph (1) is amended to read:

"(1) The Croatian National Bank may be a member of international institutions and organisations competent for monetary policy, foreign exchange policy, payment operations, the supervision and resolution of credit institutions and other areas within its competence, and may participate in their work, unless such membership is contrary to:

- close cooperation established with the European Central Bank in accordance with Article 7 of Council Regulation (EU) No 1024/2013; or
- participation in the Single Resolution Mechanism established by Regulation (EU) No 806/2014."

Article 6

In Article 8, paragraph (2), the words "supervision and oversight" are replaced by the words "supervision, oversight and resolution", and the word "gross" is replaced by the word "serious".

In paragraph (3), the word "gross" is replaced by the word "serious".

Article 7

In Article 13, before the words "The Croatian National Bank" a paragraph reference is added, which reads "(1)".

After paragraph (1), paragraph (2) is added to read:

"(2) The interest rate for the funds that the Croatian National Bank has received as deposit may be negative."

Article 8

In Article 18, paragraphs (2) and (3) are amended to read:

"(2) The foreign reserves of the Republic of Croatia shall comprise all types of foreign exchange assets and precious metals. The term foreign exchange assets shall include securities

and all other assets in the convertible currency of a non-resident debtor or in the unit of account, in whatever form held.

(3) In order to manage the foreign reserves of the Republic of Croatia, the Croatian National Bank may buy and sell spot and forward or otherwise acquire the types of assets referred to in paragraph (2) of this Article."

Article 9

In Article 42, paragraph (3) is amended to read:

"(3) Within the general competence referred to in paragraph (2) of this Article, the Council of the Croatian National Bank shall in particular:

- 1) define the monetary and foreign exchange policies;
- 2) adopt the financial plan of the Croatian National Bank;
- 3) adopt the reports referred to in Article 62 of this Act;
- 4) adopt the Statute of the Croatian National Bank;
- 5) define terms and conditions for granting loans to credit institutions;
- 6) establish interest rates of the Croatian National Bank and fees for the services rendered by the Croatian National Bank;
- 7) establish the calculation base and the rate of required reserves, as well as the method, conditions and time limits for the allocation and maintenance of required reserves, and conditions for the use of required reserves;
- 8) issue and revoke authorisations of credit institutions with head offices in the Republic of Croatia and branches of credit institutions with head offices outside the Republic of Croatia, authorisations for performing specific operations and authorisations for acquiring shares of credit institutions in accordance with the regulations governing the operation of credit institutions;
- 9) approve mergers by acquisition, mergers by formation and other changes in status of credit institutions in accordance with the law governing the operation of credit institutions;
- 10) approve and revoke the approval of appointments of chairpersons and members of credit institutions' management and supervisory boards, in accordance with the law governing the operation of credit institutions;
- 11) adopt subordinate legislation regulating the foreign exchange operations of legal and natural persons and the operation of authorised foreign exchange offices;
- 12) issue and revoke authorisations of payment systems and adopt subordinate legislation regulating their operation;
- 13) decide on the denominations and features of banknotes and coins and their putting into and withdrawal from circulation;
- 14) formulate strategy and policies for foreign reserves management;
- 15) decide on the Croatian National Bank's membership in international institutions and organisations;
- 16) decide on the establishing and closing of the branches and representative offices of the Croatian National Bank;
- 17) decide that the credit institution is failing or is likely to fail; and
- 18) decide on submitting proposals for the initiation of resolution proceedings over the credit institution or decide on submitting proposals for the initiation of bankruptcy proceedings

against the credit institution or decide on initiating compulsory winding-up proceedings of the credit institution."

After paragraph (3), the new paragraphs (4) and (5) are added, which read:

"(4) The Council of the Croatian National Bank shall exercise the competences referred to in paragraph (3), items (8), (9), (10) and (17) of this Article within close cooperation established with the European Central Bank in accordance with Article 7 of Council Regulation (EU) No 1024/2013 and Part IX of Regulation (EU) No 468/2014.

(5) The Council of the Croatian National Bank shall exercise the competences referred to in paragraph (3), item (18) of this Article within the Single Resolution Mechanism established by Regulation (EU) No 806/2014."

The former paragraphs (4) and (5) become paragraphs (6) and (7).

Article 10

In Article 43, paragraph (2) is amended to read:

"(2) The Governor of the Croatian National Bank shall:

- 1) manage and govern the operation of the Croatian National Bank;
- 2) organise the functioning of the Croatian National Bank;
- 3) represent and act for the Croatian National Bank;
- 4) regulate detailed conditions for and methods of exercising the supervision and oversight, the types, time limits, order of and procedure for taking measures with respect to credit institutions;
- 5) adopt decisions in the process of supervision and oversight of credit institutions;
- 6) implement macroprudential policy and adopt subordinate legislation, recommendations and decisions in the field of macroprudential policy;
- 7) adopt internal bylaws on the functioning and development of the Croatian National Bank information system;
- 8) appoint and remove from office persons vested with special powers and responsibilities in the Croatian National Bank;
- 9) adopt internal bylaws on the internal organisation and job classification in the Croatian National Bank and internal bylaws on the rights, duties and responsibilities of the Croatian National Bank employees;
- 10) adopt subordinate legislation, decisions and internal bylaws on matters within the field of activity of the Croatian National Bank which, pursuant to law, are outside the competence of the Council of the Croatian National Bank;
- 11) decide on other issues falling within the competence of the Governor of the Croatian National Bank pursuant to this Act and other laws and regulations, as well as on other issues when authorised by the Council of the Croatian National Bank;
- 12) specify the conditions and manner of implementing supervision for the resolution planning purposes and the procedure for imposing measures to credit institutions in the supervision for the resolution planning purposes; and
- 13) adopt decisions in the process of supervision for the resolution planning purposes of credit institutions."

After paragraph (2), the new paragraphs (3) and (4) are added, which read:

"(3) The Governor of the Croatian National Bank shall exercise the competences referred to in paragraph (2), items (4) and (5) of this Article within close cooperation established with the European Central Bank in accordance with Article 7 of Council Regulation (EU) No 1024/2013 and Part IX of Regulation (EU) No 468/2014.

(4) The Governor of the Croatian National Bank shall exercise the competences referred to in paragraph (2), items (11) and (12) of this Article within the Single Resolution Mechanism established by Regulation (EU) No 806/2014."

The former paragraphs (3) to (6) become paragraphs (5) to (8).

Article 11

In Article 52, after paragraph (4), paragraph (5) is added to read:

"(5) The jobs with the Croatian National Bank that, due to their high degree of sensitivity, need to be subject to a basic security check of all applicants as a special prerequisite prior to employment shall be identified in a general bylaw of the Croatian National Bank. The basic security check of the applicants shall be carried out by the competent security and intelligence agency at the request of the Croatian National Bank, in accordance with a special law governing security checks."

Article 12

The heading of Article 55 and Article 55 are amended to read:

"General reserves of the Croatian National Bank

Article 55

(1) The Croatian National Bank shall establish general reserves to cover general business risks.

(2) The lower bound of general reserves shall be determined by the Council of the Croatian National Bank by a decision."

Article 13

After Article 55, Articles 55a and 55b and their headings are added to read:

"Revaluation accounts

Article 55a

(1) The Croatian National Bank shall establish revaluation accounts for the purpose of revaluation of assets and liabilities in accordance with Guideline (EU) 2016/2249 of the European Central Bank of 3 November 2016 on the legal framework for accounting and financial reporting in the European System of Central Banks (ECB/2016/34).

(2) The Croatian National Bank shall establish revaluation accounts whose establishment is not regulated by the Guideline referred to in paragraph (1) of this Article in accordance with applicable International Financial Reporting Standards established by the European Commission and published in the Official Journal of the European Union.

Provisions for financial risks

Article 55b

The Croatian National Bank may establish provisions for financial risks in accordance with a decision of the Council of the Croatian National Bank."

Article 14

The heading of Article 56 and Article 56 are amended to read:

"Profit (loss) of the Croatian National Bank

Article 56

The profit (loss) of the Croatian National Bank shall be calculated for each financial year as the difference between total income and total expenditures of the Croatian National Bank."

Article 15

The heading of Article 57 and Article 57 are amended to read:

"Allocation of profit and coverage of loss

Article 57

"(1) The profit of the Croatian National Bank reported in the financial year shall be allocated to general reserves and to the state budget in accordance with a decision of the Council of the Croatian National Bank.

(2) The profit of the Croatian National Bank shall be allocated in such a manner that 20% of the profit is allocated to general reserves and 80% of the profit constitutes revenue to the state budget.

(3) By way of derogation from paragraph (2) of this Article, if the amount of general reserves on the last day of the financial year is lower than the lower bound of general reserves established pursuant to Article 55, paragraph (2) of this Act, the Council of the Croatian National Bank shall adopt a decision stipulating that the required amount of profit is allocated to general reserves until their lower bound is reached, while the remaining profit shall be allocated in accordance with paragraph (2) of this Article.

(4) The loss of the Croatian National Bank shall firstly be covered from general reserves.

(5) If the loss of the Croatian National Bank is higher than the amount of general reserves, the loss amount exceeding the amount of general reserves shall be covered from the profit of the following years.

(6) The profit of the Croatian National Bank to be reported in the following years shall firstly be used for the coverage of loss from the previous years."

(7) If the total capital of the Croatian National Bank decreased by the loss from the previous years is over a longer period lower than the capital of the Croatian National Bank, the required amount up to the amount of the capital shall be covered from the state budget in the following medium-term period.

(8) Within the meaning of paragraph (7) of this Article, the total capital of the Croatian National Bank shall be constituted of the capital, general reserves, revaluation accounts and provisions for financial risks.

Article 16

The heading of Article 60 and Article 60 are amended to read:

"Financial statements

Article 60

(1) The Croatian National Bank shall prepare financial statements in accordance with Guideline (EU) 2016/2249 of the European Central Bank of 3 November 2016 on the legal framework for accounting and financial reporting in the European System of Central Banks (ECB/2016/34).

(2) The Croatian National Bank shall report on transactions that are not regulated by the Guideline referred to in paragraph (1) of this Article applying, under condition that there is no contrary decision of the Council of the Croatian National Bank, the valuation principles in accordance with International Financial Reporting Standards accepted by the European Union, which are significant for the operations and reports of the Croatian National Bank."

Article 17

After Article 60, Article 60a and its heading are added to read:

"Consolidation of financial statements

Article 60a

The financial statements of the Croatian National Bank shall not report the financial statements of companies in whose capital the Croatian National Bank has a majority holding if these companies, individually or aggregately, are not material for its financial statements."

Article 18

In Article 69, paragraph (2), the words "the revocation, cancellation, extraordinary cancellation and annulment of decisions pursuant to the right of supervision" are replaced by the words "the revocation, cancellation and annulment of decisions".

After paragraph (2), paragraph (3) is added to read:

"(3) By way of derogation from paragraph (1) of this Article, decisions taken by the Croatian National Bank regarding applications for access to information may be appealed by applicants in accordance with the provisions of a special law governing the right of access to information."

Article 19

In Article 70, after paragraph (2), paragraph (3) is added to read:

"(3) As part of the European System of Financial Supervision (ESFS), the Croatian National Bank shall participate in the work of the European Banking Authority (EBA) and the European Systemic Risk Board (ESRB)."

Article 20

In Article 71, paragraph (2), after the words "the independence of the Croatian National Bank", the words "the members of its decision-making bodies," are added.

After paragraph (3), paragraph (4) is added to read:

"(4) The provisions of paragraphs (1) and (2) of this Article shall be without prejudice to the powers of the ECB and the duties of the Croatian National Bank within close cooperation established with the ECB pursuant to Article 7 of Council Regulation (EU) No 1024/2013."

Article 21

After Article 71, Articles 71a and 71b and their headings are added to read:

"Position of the Croatian National Bank in the Single Resolution Mechanism"

Article 71a

(1) The Croatian National Bank shall be independent in the performance of the tasks within the Single Resolution Mechanism conferred on it pursuant to Regulation (EU) No 806/2014.

(2) The provision of paragraph (1) of this Article shall be without prejudice to the powers of the Single Resolution Board pursuant to Regulation (EU) No 806/2014 in relation to the Croatian National Bank.

Power to adopt implementing acts

Article 71b

In the areas of competence of the Single Resolution Board referred to in Regulation (EU) No 806/2014 regulated by the guidelines of the Single Resolution Board, the Croatian National Bank may adopt implementing acts providing for the application of the provisions of the guidelines of the of Single Resolution Board, subject to approval of the Single Resolution Board."

Article 22

The heading of Article 76 and Article 76 are amended to read:

"Protection against counterfeiting of kuna banknotes and kuna and lipa coins

Article 76

(1) The Croatian National Bank shall be competent for the technical analysis of suspect samples of kuna banknotes and kuna and lipa coins used as the monetary unit in the Republic of Croatia and for taking and implementing measures to combat the counterfeiting of these banknotes and coins. To this effect, it shall cooperate with the competent national authorities and institutions in the country and abroad.

(2) The Croatian National Bank shall regulate in subordinate legislation the handling of suspect samples of kuna banknotes and kuna and lipa coins used as the monetary unit in the Republic of Croatia."

Article 23

After Article 76, Articles 76a and 76b and their headings are added to read:

"Protection against counterfeiting of euro banknotes and coins

Article 76a

(1) The Croatian National Bank shall be the competent national authority for the protection of the euro against counterfeiting in terms of Council Regulation (EC) No 1338/2001 and Council Regulation (EC) No 1339/2001.

(2) While performing the activities related to the protection of euro banknotes and coins against counterfeiting and distribution, the Croatian National Bank shall entirely act in accordance with the rules of the European Union.

(3) The Croatian National Bank shall be competent for the technical analysis of suspect samples of euro banknotes and coins and for taking and implementing measures to combat the counterfeiting of these banknotes and coins. To this effect, it shall cooperate with the competent national authorities and institutions in the country and abroad.

(4) For the purpose of efficient performance of the activities related to the protection of euro banknotes and coins against counterfeiting and distribution, the Croatian National Bank may adopt implementing acts providing for the direct application of the rules referred to in this Article.

(5) The implementing acts of the Croatian National Bank referred to in paragraph (4) of this Article must be fully in line with the regulations of the European Union.

Protection against counterfeiting of foreign banknotes and coins not denominated in euro

Article 76b

(1) The Croatian National Bank shall be competent for the technical analysis of suspect samples of foreign banknotes and coins not denominated in euro and for taking and implementing measures to combat the counterfeiting of these banknotes and coins. To this effect, it shall cooperate with the competent national authorities and institutions in the country and abroad.

(2) The Croatian National Bank shall be authorised to regulate in subordinate legislation the handling of suspect samples of foreign banknotes and coins not denominated in euro."

Article 24

Article 77 is amended to read:

"(1) The Croatian National Bank shall, in accordance with the regulations of the European Union and pursuant to the provisions of a special law, issue and revoke authorisations of credit institutions, exercise supervision and oversight of credit institutions' operations, perform other activities within its legal competence, and adopt subordinate legislation regulating banking operations and establishing standards for sound and safe operation of credit institutions.

(2) The Croatian National Bank shall exercise the powers referred to in paragraph (1) of this Article within close cooperation established with the ECB in accordance with Article 7 of Council Regulation (EU) No 1024/2013 and Part IX of Regulation (EU) No 468/2014.

(3) The Croatian National Bank shall, in accordance with the regulations of the European Union and pursuant to the conditions of the Single Resolution Mechanism established under Regulation (EU) No 806/2014 and the provisions of a special law, exercise resolution powers over credit institutions and adopt subordinate legislation."

Article 25

After Article 77, Article 77a and its heading are added to read:

"Implementation of macroprudential policy

Article 77.a

The Croatian National Bank shall define and implement the macroprudential policy of the Republic of Croatia, acting in accordance with the relevant legal acts of the European Union, its institutions and bodies."

Article 26

After Article 87, Articles 87a, 87b and 87c and their headings are added to read:

"Administrative sanctions of the ECB

Article 87a

When the European Central Bank exercises its powers referred to in Article 18 of Regulation (EU) No 1024/2013, and in conjunction with Article 7 of Regulation (EU) No 1024/2013, the Croatian National Bank shall cooperate with the ECB in the procedure of imposing administrative sanctions. In this case, the Croatian National Bank shall act on the instruction of the ECB.

Penalties of the Single Resolution Board

Article 87b

When the Single Resolution Board exercises its powers referred to in Regulation (EU) No 806/2014, the Croatian National Bank shall cooperate with the Single Resolution Board in the procedure of imposing penalties.

Conducting the procedure to establish violations and impose sanctions

Article 87c

The Croatian National Bank shall be authorised to conduct the procedure of imposing administrative sanctions and impose administrative sanctions in the manner and within the scope regulated by the act prescribing the procedure for imposing and the imposing of administrative sanctions."

Article 27

Article 89 is amended to read:

"Without prejudice either to its tasks referred to in Article 88 of this Act or to its independence, the Croatian National Bank, acting in accordance with the relevant legal acts of the European Union, its institutions and bodies, shall carry out the following tasks:

- 1) manage the assets referred to in Article 100, paragraph (1) of this Act;
- 2) issue and withdraw or revoke authorisations and approvals and adopt other decisions in accordance with the laws governing the operation of credit institutions and the operation of

credit unions, payment service providers, electronic money issuers and payment systems, payment operations, the issuance of electronic money as well as foreign exchange operations and the operation of authorised foreign exchange offices;

3) exercise supervision and oversight in accordance with the laws governing the operation of credit institutions and credit unions, payment service providers, electronic money issuers and payment systems, payment operations and the issuance of electronic money;

4) open accounts for and accept deposits from credit institutions, execute payment transactions across these accounts and grant loans to credit institutions;

5) collect and process statistical data;

6) regulate and improve the payment system and ensure its smooth operation;

7) act as fiscal agent for the Republic of Croatia and perform other operations on behalf of the Republic of Croatia, as provided by law;

8) adopt subordinate legislation on the operations within its competence;

9) implement macroprudential policy for the purpose of contributing to maintaining the stability of the financial system as a whole; and

10) perform other operations as provided by other regulations."

Article 28

Article 104 is amended to read:

"(1) The Council of the Croatian National Bank shall in particular be competent to:

1) adopt the financial plan of the Croatian National Bank;

2) adopt the reports referred to in Article 62 of this Act;

3) adopt the Statute of the Croatian National Bank;

4) issue and revoke authorisations for the establishment of branches of credit institutions with head offices outside Member States, in accordance with the regulations governing the operation of credit institutions;

5) grant and revoke approvals for the appointments of the chairpersons and members of credit institutions' management and supervisory boards, in accordance with the regulations governing the operation of credit institutions;

6) issue and revoke authorisations of payment systems and adopt subordinate legislation regulating their operation;

7) adopt subordinate legislation regulating the issuance of coins if authorised pursuant to this Act, the Statute of the ESCB and of the ECB and the relevant regulations of the European Union;

8) formulate the strategy and policy for asset management referred to in Article 100 of this Act;

9) decide on the membership of the Croatian National Bank in international institutions and organisations, without prejudice to the powers of the ECB referred to in Article 6, paragraph (1) of the Statute of the ESCB and of the ECB;

10) decide on the membership of the Croatian National Bank in international monetary institutions, subject to approval of the ECB;

11) decide on the establishing and closing of the branches and representative offices of the Croatian National Bank;

12) determine that a credit institution is failing or is likely to fail; and

13) decide on submitting proposals for the initiation of resolution proceedings over the credit institution or decide on submitting proposals for the initiation of bankruptcy proceedings

against the credit institution or decide on initiating compulsory winding-up proceedings of the credit institution.

(2) The competences of the Council of the Croatian National Bank referred to in paragraph (1) of this Article shall be exercised within the scope, in the manner and under the conditions regulated by the Statute of the ESCB and of the ECB or the legal acts of the European Union, its institutions and bodies.

(3) The competences of the Council of the Croatian National Bank referred to in paragraph (1), item (13) of this Article shall be exercised within the Single Resolution Mechanism established by Regulation (EU) No 806/2014."

Article 29

In Article 107, paragraph (1) is deleted.

In paragraph (2), before the word "The", the paragraph reference (2) is deleted.

Article 30

In Article 109, before the words "In the areas", a paragraph reference is added, which reads "(1)".

After paragraph (1), paragraph (2) is added to read:

"(2) In the areas of competence of the Single Resolution Board referred to in Regulation (EU) No 806/2014 regulated by the guidelines of the Single Resolution Board, the Croatian National Bank may adopt implementing acts providing for the application of the provisions of the guidelines of the of Single Resolution Board, subject to approval of the Single Resolution Board."

Article 31

Article 111 is amended to read:

"(1) A credit institution shall be fined between HRK 50,000.00 and HRK 500,000.00 for a misdemeanour:

- 1) if it allocates or maintains required reserves in the settlement account and in the vault, or in a separate account with the Croatian National Bank contrary to the subordinate legislation of the Croatian National Bank adopted pursuant to Article 14, paragraph (1) of this Act;
- 2) if it fails to comply with the measures and instruments laid down by the subordinate legislation of the Croatian National Bank adopted pursuant to Article 16, paragraph (2) of this Act for the purpose of implementation of the established monetary and foreign exchange policies;
- 3) if, contrary to Article 16, paragraph (3) of this Act, it fails to pay on time and/or in full the compensation to the Croatian National Bank determined by the subordinate legislation of the Croatian National Bank adopted pursuant to Article 16, paragraph (2) of this Act;

- 4) if, contrary to Article 24 of this Act, it reproduces kuna banknotes or kuna and lipa coins in circulation without a prior approval of the Croatian National Bank, or in any other way violates the copyrights of the Croatian National Bank on kuna banknotes and kuna and lipa coins in circulation;
- 5) if it fails to submit to the Croatian National Bank data and reports or other information necessary for performing the functions of the Croatian National Bank in accordance with the subordinate legislation of the Croatian National Bank adopted pursuant to Article 30, paragraph (1) of this Act; or
- 6) if it fails to open an account with the Croatian National Bank in accordance with Article 34 of this Act.

(2) A legal person shall be fined between HRK 50,000.00 and HRK 500,000.00 for a misdemeanour if, contrary to Article 24 of this Act, it reproduces kuna banknotes or kuna and lipa coins in circulation without a prior approval of the Croatian National Bank, or in any other way violates the copyrights of the Croatian National Bank on kuna banknotes and kuna and lipa coins in circulation.

(3) A responsible person of a credit institution's management board, or a responsible person of the management of a credit institution's branch, shall be fined between HRK 5,000.00 and HRK 50,000.00 for the misdemeanours referred to in paragraph (1) of this Article.

(4) A responsible person of a legal person shall be fined between HRK 5,000.00 and HRK 50,000.00 for the misdemeanour referred to in paragraph (2) of this Article.

(5) A natural person shall be fined between HRK 5,000.00 and HRK 50,000.00 for a misdemeanour if, contrary to Article 24 of this Act, he/she reproduces kuna banknotes or kuna and lipa coins in circulation without a prior approval of the Croatian National Bank, or in any other way violates the copyrights of the Croatian National Bank on kuna banknotes and kuna and lipa coins in circulation."

Article 32

Article 112 is amended to read:

"(1) A credit institution shall be fined between HRK 50,000.00 and HRK 500,000.00 for a misdemeanour:

- 1) if, in performing the activities related to the protection of euro banknotes and coins against counterfeiting and distribution, in accordance with Article 6, paragraphs (1) and (1a) of Council Regulation (EC) No 1338/2001, and on the basis of Article 1 of Council Regulation (EC) No 1339/2001, it fails to ensure proper authentication of euro banknotes and coins or withdrawal from circulation of received banknotes and coins which it knows, or has sufficient reason to believe, to be counterfeit;
- 2) if it performs any operations related to the issuance, printing and minting, as well as the handling, processing, supply and replacement of banknotes and coins contrary to the provisions of the subordinate legislation adopted pursuant to Article 27 of this Act;

- 3) if it fails to comply with the implementing acts of the Croatian National Bank for the application of the provisions of the guidelines of the Single Resolution Board adopted pursuant to Article 71b of this Act;
- 4) if it handles suspect samples of kuna banknotes and kuna and lipa coins used as the monetary unit in the Republic of Croatia contrary to the subordinate legislation of the Croatian National Bank adopted pursuant to Article 76, paragraph (2) of this Act;
- 5) if it acts contrary to the implementing act of the Croatian National Bank adopted pursuant to Article 76a, paragraph (4) of this Act regulating the efficient performance of the activities related to the protection of euro banknotes and coins against counterfeiting and distribution;
- 6) if it handles suspect samples of foreign banknotes and coins not denominated in euro contrary to the subordinate legislation of the Croatian National Bank adopted pursuant to Article 76b, paragraph (2) of this Act;
- 7) if it fails to comply with the subordinate legislation and decisions of the Croatian National Bank adopted pursuant to Article 77, paragraph (1) of this Act regulating banking operations and establishing standards for the sound and safe operation of credit institutions;
- 8) if it fails to comply with the subordinate legislation of the Croatian National Bank in the area of resolution adopted pursuant to Article 77, paragraph (3) of this Act;
- 9) if, being subject to the subordinate legislation adopted pursuant to Article 86, paragraph (3) of this Act, it fails to submit to the Croatian National Bank the statistical data for processing in accordance with that subordinate legislation of the Croatian National Bank, adopted pursuant to Article 86, paragraph (3) of this Act;
- 10) if it fails to implement measures to prevent an uncontrollable increase in liquidity in the market, which might occur after the introduction of the euro as the official currency of the Republic of Croatia, laid down by the subordinate legislation of the Croatian National Bank adopted pursuant to Article 87, paragraph (1) of this Act;
- 11) if, in the areas of competence of the ECB regulated by the ECB guidelines, it acts contrary to the implementing act of the Croatian National Bank adopted with regard to the application of the provisions of the ECB guidelines pursuant to Article 109, paragraph (1) of this Act; and
- 12) if, in the areas of competence of the Single Resolution Board referred to in Regulation (EU) No 806/2014 regulated by the guidelines of the Single Resolution Board, it acts contrary to the implementing acts of the Croatian National Bank adopted with regard to the application of the provisions of the guidelines of the of Single Resolution Board pursuant to Article 109, paragraph (2) of this Act.

(2) A legal person shall be fined between HRK 50,000.00 and HRK 500,000.00 for a misdemeanour:

- 1) if, in performing the activities related to the protection of euro banknotes and coins against counterfeiting and distribution, in accordance with Article 6, paragraphs (1) and (1a) of Council Regulation (EC) No 1338/2001, and on the basis of Article 1 of Council Regulation (EC) No 1339/2001, it fails to ensure proper authentication of euro banknotes and coins or withdrawal from circulation of received banknotes and coins which it knows, or has sufficient reason to believe, to be counterfeit;
- 2) if it performs any operations related to the issuance, printing and minting, as well as the handling, processing, supply and replacement of banknotes and coins contrary to the provisions of the subordinate legislation adopted pursuant to Article 27 of this Act;

- 3) if it handles suspect samples of kuna banknotes and kuna and lipa coins used as the monetary unit in the Republic of Croatia contrary to the subordinate legislation of the Croatian National Bank adopted pursuant to Article 76, paragraph (2) of this Act;
- 4) if it acts contrary to the implementing act of the Croatian National Bank adopted pursuant to Article 76a, paragraph (4) of this Act regulating the efficient performance of the activities related to the protection of euro banknotes and coins against counterfeiting and distribution;
- 5) if it handles suspect samples of foreign banknotes and coins not denominated in euro contrary to the subordinate legislation of the Croatian National Bank adopted pursuant to Article 76b, paragraph (2) of this Act; and
- 6) if, being subject to the subordinate legislation adopted pursuant to Article 86, paragraph (3) of this Act, it fails to submit to the Croatian National Bank the statistical data for processing in accordance with that subordinate legislation of the Croatian National Bank, adopted pursuant to Article 86, paragraph (3) of this Act;

(3) A responsible person of a credit institution's management board, or a responsible person of the management of a credit institution's branch, shall be fined between HRK 5,000.00 and HRK 50,000.00 for any of the misdemeanours referred to in paragraph (1) of this Article.

(4) A responsible person in a legal person shall be fined between HRK 5,000.00 and HRK 50,000.00 for the misdemeanour referred to in paragraph (2) of this Article;

(5) A natural person shall be fined between HRK 5,000.00 and HRK 50,000.00 for a misdemeanour:

- 1) if he/she performs any operations related to the issuance, printing and minting, as well as the handling, processing, supply and replacement of banknotes and coins contrary to the provisions of the subordinate legislation of the Croatian National Bank adopted pursuant to Article 27 of this Act;
- 2) if he/she handles suspect samples of kuna banknotes and kuna and lipa coins used as the monetary unit in the Republic of Croatia contrary to the subordinate legislation of the Croatian National Bank adopted pursuant to Article 76, paragraph (2) of this Act;
- 3) if he/she acts contrary to the implementing act of the Croatian National Bank adopted pursuant to Article 76a, paragraph (4) of this Act regulating the efficient performance of the activities related to the protection of euro banknotes and coins against counterfeiting and distribution;
- 4) if he/she handles suspect samples of foreign banknotes and coins not denominated in euro contrary to the subordinate legislation of the Croatian National Bank adopted pursuant to Article 76b, paragraph (2) of this Act; and
- 5) if, being subject to the subordinate legislation adopted pursuant to Article 86, paragraph (3) of this Act, he/she fails to submit to the Croatian National Bank the statistical data for processing in accordance with that subordinate legislation of the Croatian National Bank, adopted pursuant to Article 86, paragraph (3) of this Act.

(6) A natural person-craftsman shall be fined between HRK 50,000.00 and HRK 500,000.00 for a misdemeanour if in performing the activities related to the protection of euro banknotes and coins against counterfeiting and distribution, in accordance with Article 6, paragraphs (1) and (1a) of Council Regulation (EC) No 1338/2001, and on the basis of Article 1 of Council

Regulation (EC) No 1339/2001, he/she fails to ensure proper authentication of euro banknotes and coins or withdrawal from circulation of received banknotes and coins which he/she knows, or has sufficient reason to believe, to be counterfeit."

Article 33

Article 113 and its heading are deleted.

Article 34

Article 118 is amended to read:

"On the date of introduction of the euro as the official currency of the Republic of Croatia, the following provisions of this Act shall cease to have effect:

- Article 1, paragraph (1), subparagraph (4);
- Article 4;
- Article 6, paragraph (2);
- Article 7;
- Articles 9 to 27;
- Articles 33 to 35;
- Articles 38 and 39;
- Article 42, paragraphs (3), (4) and (5);
- Article 43, paragraph (3);
- Article 54, paragraph (1);
- Article 61;
- Article 64;
- Article 71, paragraph (4);
- Article 71b;
- Article 74;
- Article 76;
- Article 77, paragraph (2);
- Article 87;
- Article 87a;
- Article 111, paragraph (1), items (1), (2), (3), (4) and (6);
- Article 111, paragraphs (2), (4) and (5);
- Article 112, paragraph (1), items (2) and (4);
- Article 112, paragraph (2), items (2) and (3); and
- Article 112, paragraph (5), items (1) and (2)."

TRANSITIONAL AND FINAL PROVISIONS

Article 35

(1) From the part of general reserves as at 1 January 2021 related to unrealised gains on the revaluation of assets and liabilities in the previous years, revaluation accounts shall be

established in accordance with Article 13 of this Act, in the part adding Article 55a to the Act on the Croatian National Bank (Official Gazette 75/2008 and 54/2013), in the amount to be determined by the Council of the Croatian National Bank.

(2) From the part of general reserves as at 1 January 2021 the provisions for risks shall be established in accordance with Article 13 of this Act, in the part adding Article 55b to the Act on the Croatian National Bank (Official Gazette 75/2008 and 54/2013), in the amount to be determined by the Council of the Croatian National Bank.

(3) The preparation of financial statements, the calculation of profit (loss) and the allocation of profit or the coverage of loss of the Croatian National Bank for the financial year 2020 shall be performed pursuant to the provisions of the Act on the Croatian National Bank (Official Gazette 75/2008 and 54/2013). As of the financial year 2021, the preparation of financial statements, the calculation of profit (loss) and the allocation of profit or the coverage of loss of the Croatian National Bank shall be performed pursuant to the provisions of this Act.

Article 36

If, after the establishment of close cooperation with the ECB this cooperation is terminated in accordance with Article 7, paragraphs (5) or (6) of Council Regulation (EU) No 1024/2013, on the date of the application of the decision of the ECB on the termination of close cooperation, which will be published in the Official Journal of the European Union, Article 1 of this Act, Article 2 of this Act in the part related to Article 1a, subparagraphs (3) and (4), Article 4 of this Act in the part related to Article 4, paragraphs (2) and (3), Article 5 of this Act, Article 9 of this Act in the part related to Article 42, paragraphs (4) and (5), Article 10 of this Act in the part related to Article 43, paragraphs (3) and (4), Article 20 of this Act in the part related to Article 71, paragraph (4), Article 21 of this Act, Article 24 of this Act in the part related to Article 77, paragraphs (2) and (3), and Article 26 of this Act in the part related to Articles 87a and 87b, shall cease to have effect.

Article 37

This Act shall enter into force on the eighth day after the date of its publication in the Official Gazette, with the exception of Articles 12 to 16 of this Act, which shall enter into force on 1 January 2021, and Article 1 of this Act, Article 2 of this Act in the part related to Article 1a, subparagraphs (3) and (4), Article 4 of this Act in the part related to Article 4, paragraphs (2) and (3), Article 5 of this Act, Article 9 of this Act in the part related to Article 42, paragraphs (4) and (5), Article 10 of this Act in the part related to Article 43, paragraphs (3) and (4), Article 20 of this Act in the part related to Article 71, paragraph (4), Article 21 of this Act, Article 24 of this Act in the part related to Article 77, paragraphs (2) and (3), Article 26 of this Act in the part related to Articles 87a and 87b, which shall enter into force on the on the date of application of close cooperation of the European Central Bank with the Croatian National Bank in accordance with the decision of the ECB on establishing close cooperation referred to in Article 7, paragraph (2) of Council Regulation (EU) No 1024/2013, which will be published in the Official Journal of the European Union, and Articles 27, 28 and 30 of this Act, which shall enter into force on the date of the introduction of the euro as the official currency of the Republic of Croatia.