

Pursuant to Article 89 of the Constitution of the Republic of Croatia, I hereby issue the

DECISION

PROMULGATING THE ACT ON AMENDMENTS TO THE ACT ON THE RESOLUTION OF CREDIT INSTITUTIONS AND INVESTMENT FIRMS

I hereby promulgate the Act on Amendments to the Act on the Resolution of Credit Institutions and Investment Firms passed by the Croatian Parliament at its session on 28 February 2024.

Class: 011-02/24-02/11

No: 71- 10-01/1-24- 2

Zagreb, 1 March 2024

The President of the Republic of Croatia
Zoran Milanović, m. p.

THE ACT ON AMENDMENTS TO THE ACT ON THE RESOLUTION OF CREDIT INSTITUTIONS AND INVESTMENT FIRMS

Article 1

In the Act on the Resolution of Credit Institutions and Investment Firms (Official Gazette 146/2020 and 21/2022), in Article 2, paragraph (1), the full stop at the end of item (4) is deleted and item (5) is added which reads:

“5) Directive (EU) 2022/2556 of the European Parliament and of the Council of 14 December 2022 amending Directives 2009/65/EC, 2009/138/EC, 2011/61/EU, 2013/36/EU, 2014/59/EU, 2014/65/EU, (EU) 2015/2366 and (EU) 2016/2341 as regards digital operational resilience for the financial sector (Text with EEA relevance) (OJ L 333, 27.12.2022).”.

In paragraph (2) after item (3) the word "and" is deleted.

In item (4) the full stop at the end of the sentence is deleted and item (5) is added which reads:

“5) Regulation (EU) 2022/2036 of the European Parliament and of the Council of 19 October 2022 amending Regulation (EU) No 575/2013 and Directive 2014/59/EU as regards the prudential treatment of global systemically important institutions with a multiple-point-of-entry resolution strategy and methods for the indirect subscription of instruments eligible for meeting the minimum requirement for own funds and eligible liabilities (Text with EEA relevance) (OJ L 275, 25.10.2022).”.

Article 2

In Article 4, paragraph (1) the full stop at the end of item (9) is deleted and items (10) and (11) are added which read:

“10) *Commission Implementing Regulation (EU) 2021/763* to refer to Commission Implementing Regulation (EU) 2021/763 of 23 April 2021 laying down implementing technical standards for the application of Regulation (EU) No 575/2013 of the European Parliament and of the Council and Directive 2014/59/EU of the European Parliament and of the Council with regard to the supervisory reporting and public disclosure of the minimum requirement for own funds and eligible liabilities (Text with EEA relevance) (OJ L 168, 12.5.2021);

“11) *Regulation (EU) 2022/2554* to refer to Regulation (EU) 2022/2554 of the European Parliament and of the Council of 14 December 2022 on digital operational resilience for the financial sector and amending Regulations (EC) No 1060/2009, (EU) No 648/2012, (EU) No 600/2014, (EU) No 909/2014 and (EU) 2016/1011 (Text with EEA relevance) (OJ L 333, 27.12.2022).”.

In paragraph (2), after item (20), items (20a) and (20b) are inserted which read:

“20a) *ICT-related incident*’ shall have the meaning as defined in Article 3, item (8) of Regulation (EU) No 2022/2554;

“20b) *ICT services*’ shall have the meaning as defined in Article 3, item (21) of Regulation (EU) No 2022/2554;”.

In item (21) the words “the Financial Stability Council” are replaced by the words “the Croatian National Bank”.

Item 34 is amended to read:

“34) *investment firm*’ which shall have the meaning as defined in Article 4, paragraph (1), item (2) of Regulation (EU) No 575/2013, that is, Article 4, paragraph (1), item (22) of Regulation (EU) No 2019/2033 and in the Republic of Croatia this is an investment firm subject to the minimum initial capital requirement of EUR 750,000.00 as prescribed by the regulation governing the capital market;”.

In item (60), after the words “capital instruments” the words “and eligible liabilities” are inserted.

After item (84) item (84a) is inserted which reads:

“84a) *consumer*’ means any natural person who concludes legal transactions or acts for purposes which are outside his or her trade, business, craft or profession;”.

Item (87) is amended to read:

“87) *cancellation right*’ means a right to cancel or terminate a contract, a right to accelerate, set-off or net an obligation or any similar provision that suspends, modifies or extinguishes an obligation of a party to the contract or a provision that prevents an obligation under the contract from arising that would otherwise arise;”.

In item 111, sub-item (a) is amended to read:

“a) close-out netting provisions which represent provisions of a financial collateral arrangement, or of an arrangement of which a financial collateral instrument forms part, or, in the absence of any such provision, any statutory rule by which, on the occurrence of an enforcement event whether through the operation of netting or set-off or otherwise the obligations of the parties are accelerated so as to become immediately due and expressed as an obligation to pay an amount representing their estimated current value, or are terminated and replaced by an obligation to pay such an amount; and”.

Article 3

In Article 10, paragraph (1), item (6) the words “the value equivalent to” are deleted.

Article 4

In Article 13, paragraph (2), items (3) and (7) the word “resolution” is replaced by the words: “resolution scheme”.

Article 5

In Article 14, paragraph (4) the words “parent institution” are replaced by the words “parent undertaking” and the Croatian word translated as “shall” is replaced by the same Croatian word in another form, with no relevance to the English translation.

Article 6

In Article 15, paragraph (4), item (4) is amended to read:

“4) the extent to which the institution has in place agreements entrusting the performance of processes, services or activities to a service provider, including ICT service agreements, the extent to which they are feasible, and the extent to which they are robust and enforceable in the event of the resolution of the institution;”.

After item (4) item (4a) is inserted which reads:

“4a) the extent to which the level of digital operational resilience of the network and information systems supporting critical functions and core business lines of the institutions, taking into account major ICT-related incident reports and the results of digital operational resilience testing under Regulation (EU) 2022/2554;”.

Article 7

In Article 19, paragraph (1), item (4) after the word “continuity” the words “and digital operational resilience” are inserted.

In item (18), after the words “institution’s operational processes” a comma is inserted and the words “including network and information systems referred to in Regulation (EU) 2022/2554;”.

Article 8

In Article 27, paragraph (10), in the introductory sentence the words “equivalent to” are deleted.

In paragraph (12) the words “equivalent of” are deleted.

Article 9

In Article 30, paragraph (6), item (3) after the words “requirement for subsidiary” the Croatian word translated as “subsidiary” is replaced by the same Croatian word in another form, with no relevance to the English translation.

After paragraph (21), paragraph (22) is added which reads:

“(22) An institution may not contract consumer deposits as eligible liabilities referred to in paragraph (1) of this Article.”.

Article 10

The title above Article 33 is amended to read: *“Sale of own funds instruments and eligible liabilities to retail investors”*

Article 33 is amended to read:

“(1) When selling to retail investors own funds instruments and eligible liabilities which meet the conditions referred to in Article 72a of Regulation (EU) No 575/2013, regardless of the fulfilment of conditions from Article 72b, paragraph (2), item (d) of that Regulation, the institution shall ensure that those are instruments and liabilities that are denominated in the minimum amount of EUR 200,000.00, taking into account the suitability assessment in accordance with the regulation governing the capital market and the restriction referred to in Article 30, paragraph (22) of this Act.

(2) The restriction referred to in paragraph (1) of this Article shall not apply to the sale of the institution’s shares.”.

Article 11

In Article 36, paragraph (11) is amended to read:

“(11) Where two or more G-SII entities that are part of the same G-SII are at the same time resolution entities or third country entities that would be resolution entities if they were established in the European Union, the Croatian National Bank or the Croatian Financial Services Supervisory Agency shall calculate the amount of additional requirement for own funds and eligible liabilities referred to in Article 29, paragraph (3) of this Act for each resolution entity with a registered office in the Republic of Croatia and, when it is the group-level resolution authority, for each third country entity that would be a resolution entity if was established in the European Union, and for an EU parent undertaking as if it was the only resolution entity of a G-SII and shall discuss with resolution authorities referred to in paragraph (4) of this Article and, where appropriate and consistent with the G-SII’s resolution strategy, agree on the application of Article 72e of Regulation (EU) No 575/2013 and any adjustment to minimise or eliminate the difference between the sum of the amount of additional requirement for own funds and eligible liabilities and the amount referred to in Article 12a, item (a) of Regulation (EU) No 575/2013 for individual resolution entities or third country entities and the sum of the amount of additional requirement for own funds and eligible liabilities and the amount referred to in Article 12a, item (b) of Regulation (EU) No 575/2013 for the EU parent undertaking.”.

In paragraph (12), after the words “Member States” the words “or third countries” are inserted.”.

Paragraph (13) is amended to read:

“(13) For the purpose of paragraph (11) of this Article, the sum of the amount of additional requirement for own funds and eligible liabilities and the amount referred to in Article 12a, item (a) of Regulation (EU) No 575/2013 for individual resolution entities or third country entities that would be resolution entities if they were established in the European Union may not be lower than the sum of the amount of additional requirement for own funds and eligible liabilities and the amount referred to in Article 12a of Regulation (EU) No 575/2013 for the EU parent undertaking.”.

Article 12

In Article 38, paragraph (5) the words “the equivalent of” are deleted.

After paragraph (6), paragraph (7) is added which reads:

“(7) When as a result of the exercise of a resolution tool or the exercise of the power to write down or convert in accordance with Article 52 of this Act, it comes to a change in the direct responsibility for the entity referred to in paragraph (1) of this Article, the decision referred to in paragraph (1) of this Article shall cease to have effect on the date of the ceasing of the direct responsibility of the Single Resolution Board.”.

Article 13

In Article 39, paragraph (1), item (1) is amended to read:

"1) the amount of own funds that, exceptionally in the case of an institution that is not a resolution entity itself, meets the conditions of Article 31, paragraph (3) of this Act, or Article 12g, paragraph (2), item (b) of Regulation (EU) No 806/2014 and the amount of eligible liabilities, and the calculation of those amounts in accordance with Article 26, paragraph (4) of this Act or Article 12a, paragraph (2) of Regulation (EU) No 806/2014 after any applicable deductions in accordance with Articles 72e to 72j of Regulation (EU) No 575/2013; and”.

Paragraph (4) is amended to read:

“(4) An institution shall report the information referred to in paragraphs (1) and (2) of this Article to the competent authority in accordance with the provisions of the Commission Implementing Regulation (EU) 2021/763.”.

In item (6) the introductory sentence is amended to read:

"(6) In accordance with the provisions of the Commission Implementing Regulation (EU) 2021/763, an institution shall make publicly available on its web site:”.

Item (1) is amended to read:

"1) the amount of own funds that, exceptionally in the case of an institution that is not a resolution entity itself, meets the conditions referred to in Article 31, paragraph (3) of this Act and the amount of eligible liabilities;”.

Article 14

In Article 44, paragraph (5) is deleted.

The former paragraph (6) becomes paragraph (5).

Article 15

In Article 46, paragraphs (5) to (9) are amended to read:

“(5) The Croatian National Bank or the Croatian Financial Services Supervisory Agency shall without delay notify the following of the decision referred to in paragraph (1) of this Article:

- 1) the institution or the entity referred to in Article 3, item (2), (3) or (4) of this Act concerned;
- 2) the Ministry of Finance;
- 3) the Croatian Deposit Insurance Agency;
- 4) the competent authorities for each branch of the institution;

- 5) the Croatian National Bank as the central bank and the designated national macroprudential authority, where a different authority;
- 6) group-level resolution authority, where applicable and where a different authority;
- 7) the consolidating supervisor, where applicable and where a different authority;
- 8) the European Systemic Risk Board;
- 9) the European Banking Authority;
- 10) the European Commission;
- 11) the European Central Bank;
- 12) the European Securities and Markets Authority;
- 13) the European Insurance and Occupational Pensions Authority; and
- 14) the operators of the systems in which it participates, where applicable.

(6) In addition to the notification referred to in paragraph (5) of this Article, the Croatian National Bank or the Croatian Financial Services Supervisory Agency shall submit to the institution or entity referred to in Article 3, item (2), (3) or (4) of this Act and to the authorities referred to in paragraph (5) of this Article a copy of all decisions in relation to the relevant institution or entity by which the resolution action is intended to be taken and shall in the notification specify the date as of which these decisions will have effect.

(7) On the date of adoption of the decision to open resolution proceedings against an institution all supervisory or oversight measures imposed on the institution shall cease to have effect.

(8) On the date of the opening of resolution proceedings all powers of the general assembly or the entity referred to in Article 3, item (2), (3) or (4) of this Act shall cease.

(9) For the purpose of paragraph (8) of this Article, the powers of the general assembly or the entity referred to in Article 3, item (2), (3) or (4) of this Act under resolution shall be exercised by the Croatian National Bank or the Croatian Financial Services Supervisory Agency.”.

Article 16

In Article 47, paragraph (8) the words “paragraph (8)” are replaced by the words “paragraph (6)”.

Article 17

In Article 48, paragraph (1) the words “or small and medium-sized enterprises” are deleted.

In paragraph (6), after the words “under resolution” the words “and all subsequent decisions implementing the decision to open resolution proceedings” are inserted.

Article 18

In the title above Article 49 the words “resolution decision” are replaced by the words: “decision on the resolution scheme”.

In Article 49, paragraphs (1) and (3) the words “resolution decision” are replaced by the words: “decision on the resolution scheme”.

Paragraph (5) is deleted.

In the former paragraph (6), which becomes paragraph (5) the words “the opening of resolution proceedings” are replaced by the words “the resolution scheme”.

Article 19

In Article 52, paragraph (5) the words “Article (52)” are replaced by the words “Article 53”.

Article 20

In Article 54, paragraph (7) after the words “capital instruments” the words “and the holder of eligible liabilities” are inserted.

In paragraph (14), after the words “capital instruments” the words “and eligible liabilities” are inserted.

Article 21

In Article 55, paragraph (10) after the words “capital instruments” the words “and eligible liabilities” are inserted.

Article 22

In Article 56, paragraph (8) is deleted.

Article 23

In Article 59, paragraph (4) after the words “members of the management board” the words “and of the supervisory board” are inserted.

Article 24

In Article 60, paragraph (1), item (3) before the words “the duration of the term of office” the words “the date of appointment and” are inserted.

Article 25

In Article 61, paragraphs (1) to (3) are amended to read:

“(1) The legal effects of the appointment of a resolution administration shall enter into force on the date of the appointment of a resolution administration.

(2) On the date of the appointment of a resolution administration all powers of the former members of the management board and of the supervisory board or executive directors and the board of directors of the institution or entity referred to in Article 3, item (2), (3) or (4) of this Act shall cease.

(3) On the date of appointment of a resolution administration all contracts pursuant to which former management board members were employed with the institution or entity referred to in Article 3, item (2), (3) or (4) of this Act shall cease.”.

Article 26

In Article 63, paragraph (1) after the words “of the management board” the words “and of the supervisory board” are inserted.

Article 27

In Article 64, paragraphs (1) and (2) are amended to read:

“(1) The rights and responsibilities of the members of the resolution administration shall begin on the date of the appointment of a resolution administration regardless of the entry in the register of companies.

“(2) The members and assistants of the resolution administration shall have the right to receive remuneration for their work to be paid by the Croatian National Bank or the Croatian Financial Services Supervisory Agency which shall determine the amount of remuneration taking into account the following:

1) the systemic importance of the institution or entity referred to in Article 3, item (2), (3) or (4) of this Act, and

2) the remuneration received by the former chairperson and other members of the management board of the institution or entity referred to in Article 3, item (2), (3) or (4) of this Act.”.

Article 28

In Article 70, paragraphs (15) and (16) are amended to read:

“(15) After the grounds for opening resolution proceedings have ceased to exist or after all necessary resolution action has been taken, the Council of the Croatian National Bank or the Board of the Croatian Financial Services Supervisory Agency shall adopt a decision on the completion of the resolution proceedings.

(16) The decision on the completion of the resolution proceedings shall be delivered and made public in accordance with the provisions of Article 46, paragraph (5) and Article 48, paragraphs (1) and (2) of this Act.”.

Article 29

In Article 74, paragraph (1) is amended to read:

“(1) The bridge institution shall be established as a joint stock company or a limited liability company whose shares or other instruments of ownership shall be wholly or partially subscribed by the resolution fund.”.

Paragraph (4) is amended to read:

“(4) The competent authority shall at the request of the Croatian National Bank or the Croatian Financial Services Supervisory Agency issue a provisional authorisation at least for the provision of services transferred to the bridge institution and in it specify the time limit in which the bridge institution is not obliged to comply with the statutory requirements for authorisation.”.

Paragraph (6) is amended to read:

(6) The powers of the supervisory board of the bridge institution shall be exercised by the resolution administration of the institution under resolution and the powers of the general assembly of the bridge institution shall be exercised by the Croatian National Bank or the Croatian Financial Services Supervisory Agency.”.

Article 30

In Article 82, paragraph (6), item (3) the words “equivalent to” are deleted.

Article 31

In Article 97, paragraph (1), item (9) is amended to read:

“(9) require the institution under resolution or its parent undertaking to issue new instruments of ownership or other capital instruments, including preference shares and convertible bonds;”.

Article 32

In Article 98, paragraph (1) the words "for which the Single Resolution Board is not directly responsible" are deleted.

In paragraph (2), after the words “paragraph (1) of this Article” the words "for the institution for which the Single Resolution Board is not directly responsible" are inserted.

Article 33

In Article 105, paragraph (3) after the words “each case” the words “and shall take into account the obligations the payment or delivery of which is necessary for the purpose of ensuring the implementation of the decision on suspension.”.

In paragraph (11) the word translated as “Depository” is replaced by the same Croatian word in another form, with no relevance to the English translation.

In paragraph (12) the word translated as “Depository” is replaced by the same Croatian word in another form, with no relevance to the English translation.

In paragraph (16), after the words “the institution” the words “or entity referred to in Article 3, item (2), (3) or (4) of this Act”.

Article 34

After Article 105 Article 105a and the title above it are inserted which read:

“Pre-resolution trustee

Article 105a

(1) The Croatian National Bank or the Croatian Financial Services Supervisory Agency shall appoint a pre-resolution trustee in the decision on suspension of any payment or delivery obligations referred to in Article 105 paragraph (1) of this Act for the purpose of ensuring the effective implementation of that decision.

(2) Members of the management board and other employees of the institution or entity referred to in Article 3, item (2), (3) or (4) of this Act shall be required to ensure the pre-resolution trustee access to the necessary documentation and provide all the necessary explanations.

(3) The institution or entity referred to in Article 3, item (2), (3) or (4) of this Act shall notify the pre-resolution trustee prior to the performance of payment or delivery obligations to which the decision referred to in Article 105, paragraph (1) of this Act does not apply, and the pre-resolution trustee may oppose it where the pre-resolution trustee assesses that such payment or delivery is not necessary for the purpose of ensuring the effective implementation of the decision on suspension.

(4) For the duration of the suspension referred to in Article 105, paragraph (1) of this Act the institution or entity referred to in Article 3, item (2), (3) or (4) of this Act may perform payment or delivery obligations if the pre-resolution trustee does not oppose the performance of the payment or delivery obligations.

(5) The pre-resolution trustee shall without delay notify the Croatian National Bank or the Croatian Financial Services Supervisory Agency of the circumstances that might have a negative effect on the effectiveness of the implementation of the decision on suspension of any payment or delivery obligations.

(6) The powers of the pre-resolution trustee shall cease upon the expiry of the suspension period of any payment or delivery obligations in accordance with the decision referred to in Article 105, paragraph (1) of this Act.”.

Article 35

In Article 106, paragraph (1) after the words “to which an institution” the words “or entity referred to in Article 3, item (2), (3) or (4) of this Act”.

In paragraph (6), after the words “obligations of the institution” the words “or entity referred to in Article 3, item (2), (3) or (4) of this Act”.

In paragraph (9), after the words “each case” the words “and shall take into account the obligations the payment or delivery of which is necessary for the purpose of ensuring the implementation of the decision on suspension.”.

Article 36

The title above Article 107 is amended to read: “Power to suspend the enforcement of execution and to propose a suspension of court proceedings”.

In Article 107, paragraph (6) the words “Article (128)” are replaced by the words “Article 129”.

After paragraph (7), paragraphs (8) and (9) are added which read:

“(8) Irrespective of the suspension referred to in paragraph (1) of this Article, the Croatian National Bank or the Croatian Financial Services Supervisory Agency may, for the purpose of efficient application of a resolution tool or exercise of a resolution power, submit a proposal to the court for a suspension of any proceedings to which the institution under resolution is a party for a reasonable time period.

(9) In case of the proposal referred to in paragraph (8) of this Article, the court may suspend the proceedings for a proposed reasonable time period with a view to the objective to be achieved.”.

Article 37

In Article 108, paragraph (8) and paragraph (9), items (1) and (2) the words “may cancel a contract” are replaced by the words “has the right to cancel a contract”.

Article 38

In Article 141, paragraph (2) is amended to read:

“(2) For persons to whom the decision to open resolution proceedings referred to in Article 46 of this Act and all subsequent decisions implementing the decision to open resolution proceedings are delivered via public disclosure the time limit referred to in paragraph (1) of this Article shall start to

run at the end of the eight-day period of the date of the public disclosure referred to in Article 48, paragraph (1) of this Act.”.

Paragraph (6) is amended to read:

“(6) Where it is necessary to protect the interests of third parties acting in good faith who have acquired shares, other instruments of ownership, assets, rights or liabilities of an institution under resolution pursuant to the decision of the Croatian National Bank or the Croatian Financial Services Supervisory Agency by virtue of which they use resolution tools or exercise resolution powers, the annulment of the resolution decision or declaration of a resolution decision null and void in whole or in part or any other decision concerned based on the resolution decision shall be without effect on such transfers that are based on the annulled decision or the decision declared null and void.”.

Article 39

In Article 143, paragraph (1), in the introductory sentence the words “HRK 100,000.00” are replaced by the words “EUR 13,270.00”.

After item (90) items (90a) and (90b) are inserted which read:

“90a) where the institution contrary to Article 30, paragraph (22) of this Act contracts consumer deposits as eligible liabilities;

90b) where the institution contrary to Article 33, paragraph (1) of this Act at the moment of sale fails to ensure that the minimum denominated amount of own funds instruments or eligible liabilities is EUR 200,000.00.”.

After item (114) item (114a) is inserted which reads:

“(114a) where the institution or entity referred to in Article 3, item (2), (3) or (4) of this Act during the suspension period referred to in Article 105, paragraph (1) of this Act performs a payment or delivery obligation opposed by the pre-resolution trustee, and thereby acts contrary to Article 105a, paragraph (4) of this Act.”.

In paragraph (2) the words “between HRK 10,000.00 and up to HRK 100,000.00” are replaced by the words “between EUR 1320.00 and up to EUR 13,270.00.”.

Article 40

In Article 144, paragraph (1), in the introductory sentence the words “between HRK 10,000.00 and up to HRK 50,000.00” are replaced by the words “between EUR 1,320.00 and up to EUR 6,630.00.”.

In paragraph (2), in the introductory sentence the words “between HRK 10,000.00 and up to HRK 50,000.00” are replaced by the words “between EUR 1,320.00 and up to EUR 6,630.00.”.

In paragraph (3) the words “between HRK 5,000.00 and up to HRK 25,000.00” are replaced by the words “between EUR 660.00 and up to EUR 3,310.00.”.

In paragraph (4), in the introductory sentence the words “between HRK 10,000.00 and up to HRK 50,000.00” are replaced by the words “between EUR 1,320.00 and up to EUR 6,630.00.”.

In paragraph (5) the words “between HRK 1,000.00 and up to HRK 10,000.00” are replaced by the words “between EUR 130.00 and up to EUR 1,320.00.”.

In paragraph (6) the words “between HRK 10,000.00 and up to HRK 50,000.00” are replaced by the words “between EUR 1,320.00 and up to EUR 6,630.00.”.

Article 41

In Article 145, paragraph (1) the words “Articles (124) and (125)” are replaced by the words “Articles (143) and (144)”.

In paragraph (2) the words “Article (124)” are replaced by the words “Article 143”.

FINAL PROVISION

Entry into force

Article 42

This Act shall enter into force on the eight day after the day of its publication in the Official Gazette, with the exception of Articles (6) and (7) of this Act, which shall enter into force on 17 January 2025.

Class: 022-02/23-01/106

Zagreb, 28 February 2024

THE CROATIAN PARLIAMENT

The President of the Croatian Parliament

Gordan Jandroković, m. p.