

*(Unofficial translation)*

**ACT ON  
AMENDMENTS TO THE FOREIGN EXCHANGE ACT**  
(Official Gazette 132/2006)

Article 1

In Article 2, paragraph 1, item 5 of the Foreign Exchange Act (Official Gazette 96/03 and 140/05), after the comma, the following words are added: “except diplomatic and consular representatives of foreign countries and their family members,”.

Article 2

In Article 5, paragraphs 2 and 3 are hereby deleted.  
The former paragraph 4 becomes paragraph 2.

Article 3

In Article 7, paragraph 2, item 3 is amended to read:  
"3. Securities transactions,".  
Item 4 is hereby deleted.  
The former items 5 through 9 become items 4 through 8.

Article 4

In Article 11, paragraph 3, after the first sentence the following text is added:  
"Financial loans shall also comprise all forms of financing involving commercial transactions (trade in goods and services) in which residents are not a contractual party to the transaction.".

Article 5

The heading of Section II.3 is amended to read: "II.3 SECURITIES TRANSACTIONS".  
The heading above Article 22 is hereby deleted.  
Article 22 is amended to read:  
“Securities transactions shall be conducted in accordance with the regulations governing the securities market.”

Article 6

The heading above Article 23 and Article 23 are hereby deleted.

Article 7

The heading above Article 24 and Article 24 are hereby deleted.

#### Article 8

The section heading above Article 25 and Article 25 are hereby deleted.

#### Article 9

The heading above Article 26 and Article 26 are hereby deleted.

#### Article 10

The section heading above Article 27 is amended to read: "II.4 TRANSACTIONS INVOLVING STAKES IN INVESTMENT FUNDS".

Article 27 is amended to read:

"Transactions involving stakes in investment funds shall be conducted in accordance with the regulations governing investment funds operations."

#### Article 11

The section heading above Article 28 is amended to read: "II.5 CREDIT TRANSACTIONS".

#### Article 12

The section heading above Article 29 is amended to read: "II.6 DEPOSIT TRANSACTIONS".

#### Article 13

In Article 30, paragraph 5 is hereby deleted.

#### Article 14

The section heading above Article 31 is amended to read: "II.7 PAYMENTS ON THE BASIS OF INSURANCE AGREEMENTS".

#### Article 15

In Article 34, paragraph 2 is amended to read:

“(2) The Croatian National Bank shall prescribe the time limit within which residents shall deposit foreign cash and checks collected in transactions with non-residents to an account with a bank.”

#### Article 16

Article 35 is amended to read:

"(1) Payments and transfers in connection with capital transactions shall be unrestricted provided each such transaction is entered into in accordance with this Act

and all tax obligations arising from such a transaction have been settled in the Republic of Croatia.

(2) By way of derogation from the provisions of paragraph 1 of this Article, each transfer abroad of profits earned by non-residents through direct investments in the Republic of Croatia shall be subject to the application of Article 20, paragraph 1 of this Act.

(3) Payments and transfers referred to in paragraph 1 of this Article shall be unrestricted provided the transaction has been duly reported as provided by this Act."

#### Article 17

In Article 36, paragraph 2, after the words: "the Croatian National Bank shall prescribe", the words: "for residents" are added.

#### Article 18

In Article 37, paragraph 2, a correction is made to the Croatian text, with no bearing on the text of the English translation.

#### Article 19

Article 39 is amended to read:

"Article 14, paragraph 3, Article 28, paragraphs 4 and 6, Article 29, Article 36, paragraph 2, Article 38 and Article 42, paragraph 6 of this Act shall not apply to residents staying abroad on the basis of a valid work permit for a period of not less than 183 days or a permanent residence permit and residents referred to in Article 2, paragraph 1, item 5."

#### Article 20

The heading above Article 40 is amended to read: "Prevention of Money Laundering and Foreign Cash Counterfeiting"

In Article 40, new paragraph 3 is added which reads:

"(3) The Croatian National Bank shall prescribe the procedures for handling foreign cash suspected of being counterfeit."

#### Article 21

After Article 40, a new Article 40.a and the heading above it is added which read:

"Medals and Tokens Similar to Foreign Coins"

#### Article 40.a

(1) Any production, sale, importation and distribution, for the purpose of sale or for other commercial purposes, of medals and tokens similar to foreign cash, shall be prohibited.

(2) The Croatian National Bank shall prescribe the characteristics based on which it can be determined whether a medal or a token is similar to foreign coins."

## Article 22

In Article 42, paragraph 3, the first sentence is amended to read: "Any purchase or sale of foreign means of payment in the Republic of Croatia by residents and non-residents shall be conducted in banks."

After paragraph 5, paragraph 6 is added which reads:

"(6) Residents, except banks, shall be prohibited from purchasing or selling foreign currency abroad."

## Article 23

In Article 46, paragraph 1, after the word: "denominated", the words: "and payable" are hereby deleted.

Paragraph 2 is amended to read:

"(2) Authorised exchange offices shall be resident craftsmen, sole traders and legal persons with an authorisation from the Croatian National Bank to conduct exchange transactions."

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

"The authorised exchange office referred to in paragraph 2 of this Article may conduct exchange transactions provided it meets the following conditions:

1. it uses protected software certified by the Croatian National Bank,
2. it has entered into an agreement with a bank on the conduct of exchange transactions,
3. has its exchange activity enrolled in the court register or register of trades and crafts, and
4. authorised exchange office that is a craftsmen, a sole trader, a member of the management board of the authorised exchange office that is a legal person, and qualified owners referred to in Article 46.a, paragraph 1, item 2 and paragraph 2 item 2 of this Act, shall be persons with no history of criminal offence against the values protected by international law, payment transactions and operations security, document authenticity or of criminal offences as defined in this Act, or if they have a history of criminal offence, they shall be allowed to conduct exchange transactions only after a five-year period has elapsed since the verdict's finality, where the time spent serving the term shall not be included in the calculation of this five-year period."

(4) Qualified owner, within the meaning of this Act, shall be a natural or a legal person directly holding a minimum 25% stake or 25% of shares or other rights on the basis of which it partakes in the management of a legal person."

The former paragraph 3 becomes paragraph 5.

## Article 24

In Article 46.a, paragraph 1, item 1, after the word: "copy", the following words are added: "not older than 30 days from the date of application,".

Item 2 is amended to read:

"2. a list of qualified owners for the applicant – a legal person, stating their full names and places of residence and the number and the place of issue of their personal identification documents or company name and address of the registered office as well as their individual, percentage shares in the equity capital of the applicant,".

In item 3, after the comma, the word: "and" is added.

In item 4, at the end of the text, the comma is replaced by a full stop and the word "and" is deleted.

Item 5 is hereby deleted.

Paragraph 2 is amended to read:

“(2) Where the qualified owner of the applicant is a legal person, the applicant shall supply, in addition to the documentation referred to in paragraph 1 of this Article, the following documentation for each such qualified owner:

1. the original or a certified copy of an excerpt from the court register, not older than 30 days from the date of application,
2. a list of its qualified owners who are natural persons, stating their full names and places of residence and the number and the place of issue of their personal identification documents, as well as their individual, percentage shares in the equity capital.“

After paragraph 2, paragraph 3 is added which reads:

“(3) The Croatian National Bank shall obtain data on no-criminal history status referred to in Article 46, paragraph 3, item 4 of this Act, upon a justified request, from the criminal history records.”

## Article 25

In Article 46.b, paragraph 1 is hereby deleted.

In the former paragraph 2, which becomes paragraph 1, items 1, 2, 3 and 4 are amended to read:

- “1. if it establishes that the applicant has not concluded an agreement or a preliminary agreement for the purchase of protected computer programme for the conduct of exchange transactions certified by the Croatian National Bank and for which the Croatian National Bank has issued a certificate of authenticity for the protected software which is the subject of the agreement or a preliminary agreement, or
2. if it establishes that the applicant has not concluded an agreement or a preliminary agreement with a contractual bank,
3. if it establishes that the applicant craftsmen or sole trader or member of the management board of a legal person that is the applicant or any of the qualified owners referred to in Article 46.a, paragraph 1, item 2 and paragraph 2, item 2 of this Act is a person convicted of a criminal offence against the values protected by international law, payment transactions and operations security and document authenticity or of a criminal offence as defined in this Act, or that such person has conducted exchange transactions without fulfilling the requirement of a five-year period of elapse since the verdict's finality, with the time spent serving the term not being included in the calculation of this five-year period.”
4. if it follows from other available data that business activities or operations or conduct of the person referred to in item 3 of this paragraph might threaten the legitimate business operations of the authorised exchange office.”.

The former paragraphs 3 and 4 now become paragraphs 2 and 3.

## Article 26

In Article 46.c, paragraph 1, item 2 is hereby deleted.

The former item 3 becomes item 2.

The former item 4 which becomes item 3 is amended to read:

"3. if, after being granted authorisation, the authorised exchange office conducts exchange transactions without fulfilling the conditions referred to in Article 46, paragraph 3, items 1, 2 and 4,".

After the former item 4, which becomes item 3, a new item 4 is added which reads:

"4. if the authorised exchange office has been convicted on the basis of a final judgement for any of the major offences referred to in Article 63, paragraph 1, item 16 of this Act, in case of an offence committed in relapse or if the value of foreign cash or kuna cash that was the subject of the offence exceeds HRK 200,000.00,".

After paragraph 1, paragraphs 2, 3 and 4 are added which read:

"(2) No appeal can be made against a decision withdrawing authorisation for the conduct of exchange transactions, but an administrative dispute may be initiated.

(3) Each authorised exchange office whose authorisation for the conduct of exchange transactions has been withdrawn by the Croatian National Bank shall be removed from the court register or the register of trades and crafts on the basis of a decision issued by the Croatian National Bank.

(4) The authorised exchange office that has had its authorisation for the conduct of exchange transactions withdrawn by the Croatian National Bank shall not be allowed to apply for a new authorisation for the conduct of the same activity, before expiry of a one-year period from the date when the decision on the withdrawal of authorisation has been served."

#### Article 27

After Article 46.c, new Articles 46.d and 46.e and the headings above them are added which read:

"Cessation of Validity of the Authorisation to Conduct Exchange Transactions"

#### Article 46.d

Authorisation to conduct exchange transactions shall cease to be valid:

1. on the date when the decision on withdrawal of authorisation to conduct exchange transactions is served;
2. on the date when a bankruptcy proceeding is initiated against the authorised exchange office,
3. upon removal of the authorised exchange office from the court register or the register of trades and crafts."

#### Notification of Changes

#### Article 46.e

(1) Each authorised exchange office shall notify the Croatian National Bank about all changes in the court register or the register of trades and crafts within 8 days from the date of change being entered into the register as well as about changes in qualified owners referred to in Article 46.a, paragraph 1, item 2 and paragraph 2, item 2 of this Act within 8 days from the date of change.

(2) In addition to the notification referred to in paragraph 1 of this Article, the authorised exchange office shall supply an excerpt from the court register or the register of trades and crafts for the applicant and a list of new qualified owners as well

as other documentation pertaining to the new qualified owners pursuant to Article 46.a, paragraph 1, item 2 and paragraph 2 of this Act."

#### Article 28

In Article 49, paragraph 1 is amended to read:

"(1) Residents shall, in accordance with the provisions of this Act and subordinate legislation, inform the Croatian National Bank about all cross-border transactions they have entered into. Banks, authorised companies, the Central Depository Agency, public notaries and bodies of customs administration shall also inform the Croatian National Bank about any cross-border third-person transactions of which they learn in the course of conduct of their business, pursuant to the provisions of this Act and subordinate legislation."

#### Article 29

In Article 62, paragraph 1, item 1, the word: "protected" is replaced by the word: "certified".

#### Article 30

In Article 63, paragraph 1, items 4, 5, 6 and 7 are hereby deleted.

Item 8 is amended to read:

"8. enters into a loan agreement with a non-resident in the name and for the account of another person, contrary to the provisions of this Act,"

After item 8, item 8.a is added which reads:

"8.a fails to transfer the funds obtained through a foreign financial loan to an account opened with a bank with a registered office in the Republic of Croatia or to an account opened abroad in accordance with Article 29 of this Act, fails to use foreign financial loan in accordance with the loan agreement, when payment for the goods and services is agreed to be made directly to the supplier or service provider, or fails to use the financial loan to pay off a previously agreed foreign loan.

After item 19, the full stop is deleted, a comma inserted and new items 20, 21, and 22 are added which read:

"20. fails to supply to the Croatian National Bank within the prescribed time limits the notification and the documentation referred to in Article 46.e of this Act,

21. engages in the production, sale, importation or distribution for the purpose of sale or for other commercial purposes of medals and tokens similar to foreign cash,

22. fails to act in accordance with the procedures prescribed by the Croatian National Bank when handling foreign cash suspected of being counterfeit."

#### Article 31

In Article 64, paragraph 1, items 1 and 5 are hereby deleted.

## Article 32

Article 65 is hereby deleted.

## Article 33

Article 66 is hereby deleted.

## Article 34

Article 67 is hereby deleted.

## Article 35

In Article 78, paragraph 1 is amended to read:

"(1) As of 1 January 2008, Article 35, paragraph 3 of this Act shall cease to be valid, and as of 1 January 2009, Article 14, paragraph 3, Article 18, paragraphs 2 and 3, Article 28, paragraphs 4 and 6, Article 29, Article 34, paragraph 1, Article 36, Article 37, Article 38, Article 42, paragraph 6, Article 63, paragraph 1, items 8.a, 9, 10, 11 and 15 and Article 68 of this Act, shall cease to be valid."

## TRANSITIONAL AND FINAL PROVISIONS

### Time Limits for the Adjustment of the Authorised Exchange Offices

## Article 36

(1) Authorised exchange offices which have been issued authorisations for the conduct of exchange transactions prior to the entry into force of this Act, shall supply the documentation to the Croatian National Bank in accordance with Article 24 of this Act within 90 days from the date of entry into force of this Act.

(2) The Croatian National Bank shall withdraw its authorisation for the conduct of exchange transactions from each authorised exchange office which fails to act in accordance with the time limits and the procedures determined in paragraph 1 of this Article.

(3) The Croatian National Bank shall withdraw its authorisation for the conduct of exchange transactions from the authorised exchange office referred to in paragraph 1 of this Article, if it establishes on the basis of criminal records data and other sources that the conditions referred to in Article 25 of this Act have been met.

(4) Proceedings initiated prior to the entry into force of this Act shall be completed in accordance with the provisions of this Act.

(5) In proceedings referred to in paragraph 4 of this Act, the Croatian National Bank shall decide on each application within 180 days from the date of entry into force of this Act.

(6) Authorised exchange offices referred to in Article 46, paragraph 2 of the Foreign Exchange Act (Official Gazette 96/03) registered, as on the date of entry into force of the Act on Amendments to the Foreign Exchange Act (Official Gazette 140/05) for the conduct of exchange transactions and conducting exchange transactions on the basis of an agreement with a bank, which have not applied for an authorisation to

conduct exchange transactions until the date of entry into force of this Act, shall apply for an authorisation to conduct exchange transactions pursuant to the provisions of Article 46.a of the Foreign Exchange Act (Official Gazette 140/05) and amendments referred to in Article 24 of this Act within 30 days from the date of entry into effect of this Act.

(7) Where the authorised exchange office referred to in paragraph 6 of this Act fails to apply for an authorisation to conduct exchange transactions within the time limits and in accordance with the procedure laid out in paragraph 6 of this Article, the business of the conduct of exchange transactions shall be deleted from the court register or the register of trades and crafts, based on a decision by the Croatian National Bank.

#### Entry into Force of this Act

#### Article 37

This Act shall enter into force on the eighth day after the day of its publication in the Official Gazette.