

THE CROATIAN PARLIAMENT

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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 8 February 2019.

Class: 011-01/19-01/27

No: 71-06-01/1-19-2

Zagreb, 13 February 2019

The President of the Republic of Croatia
Kolinda Grabar-Kitarović, 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 19/2015) Article 2 is amended to read:

“This Act transposes into the Croatian legislation the following regulations of the European Union:

1) Directive 2014/59/EU of the European Parliament and of the Council of 15 May 2014 establishing a framework for the recovery and resolution of credit institutions and investment firms and amending Council Directive 82/891/EEC, and Directives 2001/24/EC, 2002/47/EC, 2004/25/EC, 2005/56/EC, 2007/36/EC, 2011/35/EU, 2012/30/EU and 2013/36/EU, and Regulations (EU) No 1093/2010 and (EU) No 648/2012 of the European Parliament and of the Council (Text with EEA relevance) (OJ L EU 173, 12.6.2014, hereinafter referred to as 'Directive 2014/59/EU') and

2) Directive (EU) 2017/2399 of the European Parliament and of the Council of 12 December 2017 amending Directive 2014/59/EU as regards the ranking of unsecured debt instruments in insolvency hierarchy (OJ L 345, 27.12.2017).”.

Article 2

In Article 4, paragraph (2), item (3) is amended to read:

“3) *investment firm* shall have the meaning as defined in Article 4, paragraph (1), item (2) of Regulation (EU) No 575/2013 and shall be subject to the initial capital requirement of EUR 730,000.00 and in the Republic of Croatia it means an investment firm subject to the minimum initial capital requirement of HRK 6,000,000.00 as defined in the law governing the capital market”.

Item 21 is amended to read:

“21) *competent authority* shall have the meaning as defined in Article 4, paragraph (1), item (40) of Regulation (EU) No 575/2013, including the European Central Bank with regard to specific tasks conferred on it by Council Regulation (EU) No 1024/2013, and in the Republic of Croatia the competent authority for credit institutions is the Croatian National Bank in accordance with the provisions of the law governing the operation of credit institutions (hereinafter referred to as '*the Croatian National Bank as the competent authority*'), while the competent authority for investment firms is the Croatian Financial Services Supervisory Agency in accordance with the law governing the capital market (hereinafter referred to as '*the Croatian Financial Services Supervisory Agency as the competent authority*');”.

Item 32 is amended to read:

“32) *significant branch* means a branch that has been identified as significant in a special procedure, and in the Republic of Croatia as defined in the law governing the operation of credit institutions or the law governing the capital market;”.

Item 105 is amended to read:

“105) *regulated market* means a regulated market as defined in the law governing the capital market;”.

In item 112 the full stop at the end of the sentence is deleted and item 113 is added which reads:

“113) *non-preferred unsecured debt instruments* mean bonds and other forms of transferable debt and instruments creating or acknowledging a debt, which meet the requirements referred to in Article 24a, paragraph (2) of this Act;”.

Article 3

After Article 24 Article 24a and the title above it are added which read:

“Non-preferred unsecured debt instruments

Article 24.a

(1) Non-preferred unsecured debt instruments issued by the institution for the purpose of meeting the minimum requirement must meet the conditions referred to in this Article and Article 24 of this Act.

(2) Non-preferred unsecured debt instruments are debt instruments that meet the following conditions:

- a) the original maturity of the debt instrument is at least one year,
- b) the debt instrument does not contain an embedded derivative and is not a derivative and
- c) in accordance with the contract or prospectus, the claim of the holder of the debt instrument shall be the claim for which it has been agreed between the creditor and the institution that the creditor in bankruptcy proceedings will receive settlement before holders of the instruments of the common equity tier 1, additional tier 1 and tier 2 capital, and after all other creditors with higher and lower priority claims.

(3) Within the meaning of paragraph (2), item (b) of this Article, a debt instrument with variable interest derived from a broadly used reference rate and debt instrument which is not

denominated in the domestic currency of the issuer, provided that principal, repayment and interest are denominated in the same currency, should not be considered to be debt instruments containing embedded derivatives solely because of these features.”.

FINAL PROVISIONS

Entering into force

Article 4

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

Class: 022-01/18-01/183

Zagreb, 8 February 2019

CROATIAN PARLIAMENT

The President of the Croatian Parliament

Gordan Jandroković, m. p.