

Pursuant to Article 46, paragraph (5) of the Foreign Exchange Act (Official Gazette 96/2003, 140/2005, 132/2006, 150/2008, 92/2009, 133/2009 – Payment System Act 153/2009, 145/2010 and 76/2013) and Article 42, paragraph (3), item (12) of the Act on the Croatian National Bank (Official Gazette 75/2008 and 54/2013), the Council of the Croatian National Bank, at its session on 5 September 2019, adopted the following

**Decision on the conditions and the manner in which authorised currency exchange offices
conduct currency exchange transactions**

General provisions

Article 1

(1) This Decision governs:

1. the conditions for the conduct of currency exchange transactions, in particular:

- a) elements of the agreement for the conduct of currency exchange transactions,
- b) characteristics of the protected computer programme,
- c) use of a certified programme,

2. the manner of conducting currency exchange transactions,

3. the on-site examination and reporting obligation by the contractual bank, and

4. the reporting obligation regarding the turnover of the authorised currency exchange office by the authorised currency exchange office and the contractual bank.

(2) This Decision shall not apply to currency exchange transactions conducted by banks.

Definitions

Article 2

(1) For the purposes of this Decision, the following terms shall have the following meaning:

1. *Cash desk* means the part of a currency exchange outlet of the authorised currency exchange office where currency exchange transactions with clients are conducted, for the purpose of which a computer is used with a certified programme installed and a cash register for safekeeping of the kuna, foreign cash and checks denominated in foreign currency.

2. *Bank* means a credit institution under the law governing the operation of credit institutions which is authorised by the Croatian National Bank.

3. *Certified programme* means a protected programme which has been issued a certificate by the Croatian National Bank.

4. *Automated currency exchange machine (a machine for the purchase of foreign cash)* means an electronic device that enables the purchase of foreign cash and is considered a currency exchange outlet at which exchange transactions are conducted under special conditions, in the manner provided for in Article 11 of this Decision.

5. *Exchange commission* means an amount in kuna which is charged to the client referred to in Article 6, paragraph 1 of this Decision by the authorised currency exchange office in accordance with Article 10, paragraph (9) of this Decision. Exchange commission shall be calculated by multiplying the percentage of the exchange commission with the multiplication of the buying rate for the foreign currency and the nominal amount of foreign cash or the nominal amount of the check denominated in foreign currency and by dividing the amount thus obtained by a hundred.

6. *Currency exchange outlet* means a business premise and an organisational unit of the authorised currency exchange office where currency exchange transactions are conducted, consisting of one or more cash desks and forming an integral part of a business space where other business activities are also carried out.

7. *Authorised person* of the authorised currency exchange office is a person authorised to represent the legal person that is an authorised exchange office or craftsman who is the owner of an authorised exchange office or another person to whom the person authorised to represent or the craftsman entrusted with the conduct of exchange office transactions, including the person carrying out exchange office transactions at the currency exchange outlet.

8. *Authorised currency exchange outlet* means an exchange office as defined in Article 46, paragraph (2) of the Foreign Exchange Act.

9. *Applicant* means any resident legal person, sole trader, craftsmen, legal person in the process of establishment and natural person intending to engage in the currency exchange business as a sole trader or a craftsman, who applies to the Croatian National Bank for an authorisation to conduct currency exchange transactions.

10. *Certificate of authenticity for the negotiated protected programme* means a signed statement provided by the manufacturer of the protected programme attesting that the programme that is the subject of the purchase agreement concluded between the manufacturer and the applicant, or the authorised currency exchange office, has been certified by the Croatian National Bank.

11. *Certificate of authenticity for the installed protected programme* means a signed statement provided by the manufacturer of the protected programme attesting that the installed programme is identical to the programme originally negotiated under the relevant purchase agreement concluded with the authorised currency exchange office and carrying the manufacturer's certificate of authenticity for the negotiated protected programme.

12. *Preliminary agreement for the conduct of currency exchange transactions* means an agreement which binds both the applicant and the contractual bank to conclude an agreement for the conduct of

currency exchange transactions, and which shall contain all the essential elements of an agreement for the conduct of currency exchange transactions.

13. *Provisional cash desk* means a cash desk of the authorised currency exchange office where currency exchange transactions are carried out at the location and at the time of special events, fairs and similar events.

14. *Favourable buying rate* on the exchange rate list of the authorised currency exchange office means an amount that exceeds the amount of the basic buying rate.

15. *Favourable selling rate* means an amount that is lower than the amount of the basic selling rate.

16. *Work day* means each day on which the authorised currency exchange office conducts currency exchange transactions.

17. *Basic buying rate* on the exchange rate list of the authorised currency exchange office means the lowest kuna amount given by the authorised currency exchange office to the client referred to in Article 6, paragraph (1) of this Decision for a unit of purchased foreign currency.

18. *Basic selling rate* on the exchange rate list of the authorised currency exchange office means the lowest kuna amount received by the authorised currency exchange office from the client referred to in Article 6, paragraph (1) of this Decision for a unit of foreign currency sold.

19. *Protected programme purchase agreement* means an agreement concluded between the protected programme manufacturer and the applicant, or the authorised currency exchange office, specifying in detail the programme which is the subject of the agreement and entitling the applicant or the authorised currency exchange office, to use the protected programme and which may also be concluded under the condition that it enters into effect after the authorisation to conduct currency exchange transactions has been issued.

20. *Agreement for the conduct of currency exchange transactions* means an agreement concluded between the contractual bank and the applicant or the authorised currency exchange office, which, in accordance with Article 3 of this Decision, may be concluded subject to a condition that it enters into effect after authorisation to conduct currency exchange transactions has been issued.

21. *Contractual bank* means a credit institution under the law governing the operation of credit institutions and which is authorised by the Croatian National Bank, whose authorisation also contains the authorisation to conduct trading services, in its name and for its account or in its name and for the account of a client, in foreign means of payment, including currency exchange transactions, with which the applicant or the authorised currency exchange office has conducted an agreement or a preliminary agreement for the conduct of currency exchange transactions.

22. *Protected programme* means a computer programme which meets all the criteria referred to in Article 4 of this Decision.

(2) For the purpose of this Decision a computer is also a virtual computer or a computer programme that enables a part of a computer to work as a separate computer and which shares the same components with the computer.

Agreement for the conduct of currency exchange transactions

Article 3

(1) With each applicant, or an authorised currency exchange office, a contractual bank may conclude only one agreement for the conduct of currency exchange transactions.

(2) For each currency exchange outlet, the applicant, or the authorised currency exchange office, may conclude an agreement for the conduct of currency exchange transactions with only one bank. In cases where an authorised currency exchange office has more than one currency exchange outlet, it can conclude more than one agreement for the conduct of currency exchange transactions and that with different banks.

(3) The authorised currency exchange office shall conclude an agreement for the conduct of currency exchange transactions for each of its currency exchange outlets.

(4) The agreement for the conduct of currency exchange transactions shall contain a list of currency exchange outlets covered by the agreement between the contractual bank and the applicant or the currency exchange office for the conduct of currency exchange transactions.

(5) The contractual bank and the authorised currency exchange office shall agree whether the authorised currency exchange office shall use the exchange rate list applied by the contractual bank or own exchange rates set by the authorised currency exchange office when conducting currency exchange transactions. Where the authorised currency exchange office and the contractual bank agree that the authorised currency exchange office will apply the exchange rates from the exchange rate list of the contractual banks when conducting currency exchange transactions, while at the same time the authorised currency exchange buys and sells foreign currencies and cheques denominated in foreign currency for which the exchange rates are not present on the exchange rate list of the bank, in relation to these foreign currencies and cheques the contractual bank and the authorised currency exchange office shall agree to apply own exchange rates set by the authorised currency exchange office.

(6) Unless otherwise stipulated in the agreement for the conduct of currency exchange transactions, the authorised currency exchange office may, except to the contractual bank, sell foreign currency and cheques denominated in foreign currency which stem from conducting currency exchange transactions, to another bank.

(7) No authorised currency exchange office shall be allowed to transfer any rights and/or obligations under an agreement for the conduct of currency exchange transactions to a third party.

Protected programme

Article 4

(1) Protected programme is a computer programme which enables:

1. making purchase and sale receipts and their automatic printouts;

2. making reports including "Transactions cash book" and "End-of-day cash book balance report", "Report on foreign cash purchase and sale transactions and redemption of checks denominated in foreign currency" and "Daybook of purchases of foreign cash and checks denominated in foreign currency" and "Daybook of foreign currency sale", "Overview of working days during which the

authorised exchange office applied two exchange rate lists", "Overview of exchange rate lists in which the exchange rate of a currency diverged from the exchange rate of the same currency on the previous exchange rate list by more than 1%" and "Report on the number of printouts of the purchase/sale receipts" based on all data entered;

3. making and use of a maximum of two exchange rate lists during one working day;

4. that no transactions within one working day may be conducted without the exchange rate list created on that working day which is applied at the moment the transaction is conducted;

5. that the reporting and calculation of exchange commission may be conducted only if the authorised currency exchange office engages only in purchases of foreign cash and checks denominated in foreign currency, or if it engages in purchases and sale of foreign cash, only when purchasing foreign currency coins; and

6. chronological recording of entries in the "Transactions cash book".

(2) The protected programme shall enable detection of any deletions or amendments to the originally stored data.

(3) The protected programme shall not allow any amendments or subsequent recording of transactions after the "End-of-day cash book balance report" has been closed.

(4) The protected programme shall contain a database, developed by the Croatian National Bank, with supervisory procedures which enable detection of any data deletions or amendments.

(5) The protected programme shall enable that at any given moment data on all transactions conducted on any particular day during the current and previous calendar year can be shown and printed out and that reports referred to in paragraph (1) of this Article can also be shown and printed out for each day in the current and the previous calendar year.

(6) Purchase receipts shall contain the following information:

1. company name and identification number of the authorised currency exchange office;

2. name of the contractual bank;

3. name of receipt: "Purchase receipt";

4. serial number;

5. numerical and letter code of the purchased foreign currency, in accordance with the List of currencies and currency codes which is an integral part of the Decision on the manner of opening transaction accounts;

6. the amount of foreign cash purchased, or the amount of the redeemed check denominated in foreign currency;

7. the exchange rate used for the purchase of foreign cash or the check denominated in foreign currency;

8. the kuna equivalent of purchase foreign cash or the check denominated in foreign currency;
9. the amount of calculated exchange commission in kuna, if the authorised currency exchange office engages only in purchases purchase of foreign cash and checks denominated in foreign currency, or if it engages in purchases and sale of foreign cash, only on purchase and sale receipts issued when purchasing foreign currency coins;
10. date and time of transaction (hour, minutes);
11. signature of the responsible person of the authorised currency exchange office, or the person conducting currency exchange transactions in a currency exchange outlet (instead of signature, that person's code number may be printed); and
12. serial number of the printed purchase receipt form shall be given in case the authorised currency exchange office is not able, at the moment of purchase, for legitimate reasons, to use the certified programme.

(7) sale receipts shall contain the following information:

1. company name and identification number of the authorised currency exchange office;
2. name of the contractual bank;
3. name of receipt: "Sale receipt";
4. serial number;
5. numerical and letter code of foreign cash that is being sold, in accordance with the List of currencies and currency codes which is an integral part of the Decision on the manner of opening transaction accounts;
6. the amount of foreign cash sold;
7. the exchange rate used for the foreign cash sale transaction;
8. the kuna equivalent of foreign cash sold;
9. payment instrument code (cash – CAS);
10. date and time of transaction (hour, minutes);
11. signature of the responsible person of the authorised currency exchange office, or the person conducting currency exchange transactions in a currency exchange outlet (instead of signature, that person's code number may be printed); and
12. serial number of the printed sale receipt form shall be given in case the authorised currency exchange office is not able, at the moment of sale, for legitimate reasons, to use the certified programme.

(8) On the first working day in a new calendar year, the protected programme shall enable the opening of business books for the new year, carrying forward to the new calendar year the closing balances of

the previous year as opening balances. On the first working day in the new calendar year, the serial number of any type of transaction shall start with number 1.

(9) The protected programme shall also meet all other requirements specified in this Decision and comply with the Instruction for the design of the protected programme for the conduct of currency exchange transactions of authorised currency exchange offices.

Use of a certified programme

Article 5

(1) When conducting currency exchange transactions, the authorised currency exchange office shall use computers with the installed certified programme in all its currency exchange outlets.

(2) The authorised currency exchange office shall register all transactions connected with currency exchange transactions by means of the certified programme and shall not conduct transactions connected with currency exchange transactions if such transactions are not covered by the functionality of the certified programme.

(3) The authorised currency exchange office shall use the certified programme to prepare all reports at each of its currency exchange outlets.

(4) The "End-of-day cash book balance report" may be compiled as an interim or as a final report. An interim "End-of-day cash book balance report" may be compiled in the course of the working day. Prior to compiling the following exchange rate list the authorised currency exchange office shall compile the final "End-of-day cash book balance report". The closing balance of the "End-of-day cash book balance report" shall be the sum total of the opening balance and all the transactions made, for each currency separately, pursuant to one exchange rate list applied. The closing balance shall be compared with the amount of cash and checks in hand and any differences shall be entered separately in the business books.

(5) Where the authorised currency exchange office amends the exchange rate list within one working day, it shall prepare a final "End-of-day cash book balance report" prior to the amendments to the exchange rate list.

(6) Reports "Transactions cash book" and "End-of-day cash book balance report" shall be signed by the responsible person of the authorised currency exchange office or by a person conducting currency exchange transactions in a currency exchange outlet.

(7) Data given in "End-of-day cash book balance report" shall be entered in the business books.

(8) When, for legitimate reasons, the authorised currency exchange office cannot use the certified programme, it shall compile reports "Transactions cash book" and "End-of-day cash book balance report" manually, and after such reasons cease to exist, make electronic entry of the data on completed transactions for a specific day and prepare all the mandatory reports using the certified programme, in accordance with this Decision.

(9) The responsibility for the use of an uncertified computer programme shall lie with the authorised currency exchange office and the person installing such a programme or making subsequent amendments thereto.

(10) The authorised currency exchange office shall not use the certified programme to record transactions not arising from currency exchange operations, including borrowing and lending operations.

Manner of conducting currency exchange transactions

Article 6

(1) The authorised currency exchange office may conduct currency exchange transactions with the following parties only:

- residents referred to in Article 2, paragraph (1), items (4) and (5) of the Foreign Exchange Act and
- non-resident natural persons referred to in Article 2, paragraph (2) of the Foreign Exchange Act.

(2) At one currency exchange outlet the authorised currency exchange office may only:

1. purchase foreign cash and/or redeem checks denominated in foreign currency and sell foreign cash, or
2. purchase foreign cash and/or redeem checks denominated in foreign currency.

(3) The authorised currency exchange office may purchase foreign cash and redeem checks denominated in foreign currency only in exchange for kuna cash payments and may sell foreign cash against payments only in exchange for kuna cash.

(4) The authorised currency exchange office shall not sell foreign cash against payments in checks, by charging payment cards or via other payment instruments.

Article 7

(1) The authorised currency exchange office may conduct currency exchange transactions in one or more currency exchange outlets.

(2) No currency exchange outlet can be placed in the space designated for international arrivals at airports or in seaports or at road border crossings in the space between the customs and/or police control of the Republic of Croatia and the customs and/or police control of a neighbouring country.

(3) In addition to measures aimed at reducing risk and improving the protection of persons conducting currency exchange transactions in accordance with regulations governing the protection of monetary institutions, the authorised currency exchange office shall also have at each of its currency exchange outlets:

1. a copy of the authorisation from the Croatian National Bank for the conduct of currency exchange transactions;
2. a prominently placed sign "Currency Exchange Office"; where the authorised currency exchange office also conducts other businesses in the same business space as currency exchange transactions, the sign "Currency Exchange Office" shall also be placed prominently in that part of the business space where only currency exchange transactions are conducted;

3. a valid exchange rate list indicating rates for foreign currencies traded placed in a prominent position visible to clients;

4. a notice on whether it uses the exchange rate list applied by its contractual bank or own exchange rate list placed in a prominent position visible to clients;

5. by way of derogation from paragraph (4), where the authorised currency exchange office at a particular currency exchange outlet uses the exchange rates from the exchange rate list applied by the contractual bank and at that currency exchange outlet also trades in foreign currencies not traded by the contractual bank, it shall place in prominent position visible to clients information regarding the currencies for which it sets its own exchange rates;

6. a notice on the percentage of exchange commission charged (if any) placed in a prominent position visible to clients;

7. a notice indicating the contractual bank with which the authorised currency exchange office has concluded an agreement for the conduct of currency exchange transactions in that particular currency exchange outlet placed in a prominent position visible to clients;

8. a notice placed in a prominent position visible to clients, reading: "For each foreign cash purchase or sale or redemption of checks denominated in foreign currency, the exchange office is obligated to issue a receipt to the client".

(4) The sign referred to in paragraph (3), item (2), the information referred to in items (4) and (5) and the notices referred to in items (6) to (8) of this Article shall be written in Croatian and in English.

(5) Where the authorised currency exchange office carries other activities in the same business space as currency exchange transactions and keeps foreign cash and checks in the vault, the cash and the checks arising from currency exchange transactions shall be kept separately from the cash and the checks arising from other activities.

(6) The authorised currency exchange office may not keep any foreign cash or checks within its currency exchange outlet which have not been registered by the certified programme or which cannot be supported by adequate documentation.

(7) For the purposes of examination by supervisory bodies referred to in Article 58, paragraph (2) of the Foreign Exchange Act, and on-site examination of the contractual bank, each currency exchange outlet shall keep the following documentation:

1. a photocopy of an agreement for the conduct of currency exchange transactions for that currency exchange outlet;

2. a photocopy of the decision on the enrolment of the business of currency exchange transactions in the court register or the register of crafts;

3. a certificate of authenticity of the negotiated protected programme;

4. exchange lists of the authorised currency exchange office, purchase/sale receipts and the following reports "Transactions cash book", "End-of-day cash book balance", "Daybook of purchases of foreign cash and checks denominated in foreign currency", "Daybook of foreign currency sale", "Report on foreign cash purchase and sale transactions and redemption of checks denominated in foreign

currency", "Overview of working days during which the authorised currency exchange office applied two exchange rate lists", "Overview of exchange rate lists on which the exchange rate of a currency diverged from the exchange rate of the same currency on the previous exchange rate list by more than 1%" and "Report on the number of printed purchase/sale receipt" on a medium for automated data processing, for the current and the previous calendar year, and on an electromagnetic/digital external storage media, for the current and the previous two calendar years;

5. currency exchange rate lists of the contractual bank for the current and the previous calendar year;

6. signed bank purchase receipt and signed "Report on foreign cash purchase and sale transactions and redemption of checks denominated in foreign currency" for the current and the previous calendar year;

7. signed reports "Transactions cash book" and "End-of-day cash book balance report", for the current calendar year separately from the documentation pertaining to other operations, if conducted in the same business space;

8. documents on the basis of which the authorised currency exchange office made purchase and sale transactions in domestic and foreign cash and checks denominated in foreign currency for the current year and the previous calendar year;

9. documentation in accordance with the regulation governing the prevention of money laundering and terrorist financing, including: internal bylaws, controls and procedures for minimizing and effectively managing the risk of money laundering and terrorist financing and the manner of risk assessment for each occasional transaction in the amount equal to or higher from the amount prescribed by the regulation governing the prevention of money laundering and terrorist financing; and

10. transactions made at more favourable exchange rate, for the current and the previous year, indicating serial numbers of such receipts and obligatory customer identity data: name, surname, address, number of identification document or passport.

(8) The responsible persons of the authorised currency office and the persons conducting currency exchange transactions in currency exchange outlets shall enable on-site examination by the Financial Inspectorate of the Ministry of Finance and on-site examination by the contractual bank.

(9) The responsible persons of the authorised currency exchange office and the persons conducting currency exchange transactions in currency exchange outlets shall have the skills necessary to use the certified programme installed on the computer they use to conduct currency exchange transactions, in accordance with Article 5, paragraph (1) of this Decision.

(10) The responsible persons of the authorised currency exchange office and the persons conducting currency exchange transactions shall be allowed to keep own cash in a currency exchange outlet only in kuna and up to the amount of HRK 1,000.00.

(11) The authorised currency exchange office may set up provisional cash desks. The authorised currency exchange office shall sign an annex to the agreement for the conduct of currency exchange transactions for that cash desk, not later than within eight days before opening such a provisional cash desk. The contractual bank shall submit a copy of any such agreement for the conduct of currency exchange transactions to the Financial Inspectorate of the Ministry of Finance within three working days of its signing.

(12) The provisions of this Decision shall apply *mutatis mutandis* to provisional cash desks. If the circumstances at the provisional cash desk do not allow the use of the certified programme, the authorised currency exchange office shall conduct currency exchange transactions manually, using the pre-printed purchase/sale receipt forms, with an obligation to enter purchase or sale receipt data into the certified programme located at the currency exchange outlet at the latest on the next working day of that currency exchange outlet.

(13) The exchange office shall submit to its contractual bank once a month, not later than on the seventh calendar day of the current month for each cash desk subject to the agreement for the conduct of currency exchange transactions, a "Report on foreign cash purchase and sale transactions and redemption of checks denominated in foreign currency" for all purchase and sale transactions of foreign cash and redemptions of checks denominated in foreign currency in the previous calendar month. If the seventh calendar day in a month falls on a Saturday, Sunday or a holiday, the time limit for submitting the "Report on foreign cash purchase and sale transactions and redemption of checks denominated in foreign currency" shall be extended to the first following working day.

(14) Where the authorised currency exchange office has concluded an agreement for the conduct of currency exchange transactions with more than one bank, such authorised currency exchange office shall submit to each contractual bank the "Report on foreign cash purchase and sale transactions and redemption of checks denominated in foreign currency" for all currency exchange outlets which are the subject of the agreement for the conduct of currency exchange transactions.

(15) The authorised currency exchange office shall submit the following data to the bank it intends to conclude the agreement for the conduct of currency exchange transactions with:

- address of the currency exchange outlet/addresses of the currency exchange outlet that are the subject of a preliminary agreement for the conduct of currency exchange transactions or an agreement for the conduct of currency exchange transactions with a detailed description of the location of the currency exchange outlet if there are several currency exchange outlets of the same authorised currency exchange office operating at the same address;

- name, surname and telephone number of the responsible person;

- period of the calendar year during which it intends to conduct currency exchange transactions in each currency exchange outlet which is the subject of the preliminary agreement for the conduct of currency exchange transactions or of the agreement for the conduct of currency exchange transactions;

- days of the week during which it intends to conduct currency exchange transactions and daily working hours during which it intends to conduct currency exchange transactions in each currency exchange outlet which is the subject of the preliminary agreement for the conduct of currency exchange transactions or of the agreement for the conduct of currency exchange transactions; and

- address(es) of currency exchange outlets referred to in Article 11, paragraph (5) or (6) or (7) of this Decision if it intends to conduct currency exchange transactions via an automated currency exchange machine.

(16) The authorised currency exchange office shall notify the contractual bank of the change in the data referred to in paragraph (15) of this Article within five calendar days of the day the change was effected via mail or e-mail.

(17) The authorised currency exchange office shall comply with the regulation governing the prevention of money laundering and terrorist financing.

Article 8

(1) The authorised currency exchange office that has several currency exchange outlets shall for the purpose of on-site examination provide for remote network connection of the computers in all currency exchange outlets.

(2) Data for access to computers at other currency exchange outlets shall be stored in each currency exchange outlet of the authorised currency exchange office referred to in paragraph (1) of this Article.

(3) The authorised currency exchange office referred to in paragraph (1) of this Article shall enable each currency exchange outlet to print out all reports specified in the Instruction referred to in Article 4, paragraph (9) of this Decision in a Portable Document Format so that the reports from other currency exchange outlets can be printed out at the currency exchange outlet where the examination is carried out.

Article 9

(1) The authorised currency exchange office shall issue a purchase/sale receipt to each client upon each purchase of foreign cash or checks denominated in foreign currency or sale of foreign currency to such client.

(2) In case of cancellation of purchase or sale receipts, a record must be kept of the reason for the cancellation.

(3) When, for legitimate reasons, the authorised currency exchange office cannot use the certified programme, such authorised currency exchange office shall use pre-printed purchase or sale receipt forms which shall bear pre-printed serial numbers. The authorised currency exchange office shall keep records of all the pre-printed purchase or sale receipts forms used. The pre-printed purchase and sale receipt forms shall be made in copies. The authorised currency exchange office shall issue the original of the pre-printed purchase or sale receipt form to the client and retain a copy. The authorised currency exchange office shall keep copies of all pre-printed purchase or sale receipt forms used in the current and the previous calendar year, in a currency exchange outlet where the relevant purchase or sale transaction was conducted.

(5) After legitimate reasons due to which the authorised currency exchange office could not use the certified programme are removed, the authorised currency exchange office shall, using the certified programme, enter the data from the manually entered pre-printed purchase/sale receipt forms, including the their serial numbers.

Article 10

(1) During the course of one working day, the authorised currency exchange office may use a maximum of two exchange rate lists at a single currency exchange outlet.

(2) Where the authorised currency exchange office conducts purchase transactions involving foreign cash and checks denominated in foreign currency and sale transactions involving foreign cash, such currency exchange office shall indicate both buying and selling rates on its exchange rate list for all the traded currencies.

(3) The authorised currency exchange office may indicate more favourable buying and selling rates on its exchange rate list in which case the minimum amounts to which such more favourable rates apply shall be indicated.

(4) The authorised currency exchange office shall make customer identification with each foreign cash purchase or sale transaction made at more favourable rates and keep separate records of such transactions.

(5) The most favourable daily selling rate of the authorised currency exchange office for a currency may not equal or be lower than its most favourable daily buying rate for the same currency. The authorised currency exchange office may use the selling rate for foreign currency that is lower than its least favourable buying rate for that same currency only in case of sale of foreign cash and checks denominated in foreign currency to the bank.

(6) The most favourable daily selling rate of the authorised currency exchange office for a currency may not be lower than the buying rate of the contractual bank for cash and checks denominated in a foreign currency.

(7) Currency exchange commission may be charged to clients referred to in Article 6, paragraph (1) of this Decision by the authorised currency exchange office only redeeming foreign cash and checks denominated in a foreign currency and the authorised currency exchange office buying and selling foreign cash only when purchasing foreign currency coins.

(8) The authorised currency exchange office referred to in paragraph (7) of this Article shall specify the percentage of the exchange commission on its exchange rate list.

(9) Where the authorised currency exchange office referred to in paragraph (7) of this Article engages in purchase and sale of foreign cash at the same currency exchange outlet, it shall have a notice placed in prominent position visible to clients that the exchange commission is charged exclusively for the purchase of foreign currency coins.

Conducting exchange transactions via an automated currency exchange machine

Article 11

(1) The authorised currency exchange office may use the automated currency exchange machine only for the purchase of foreign cash.

(2) The authorised currency exchange office shall have the currency exchange machine connected via a network to the computer referred to in Article 2, paragraph (2) of this Decision.

(3) The authorised currency exchange office shall keep the computer referred to in paragraph (2) of this Article at the currency exchange outlet and use it only to record data relating to transactions connected with the conduct of exchange transactions via the automated currency exchange machine.

(4) Where the authorised currency exchange office conducts exchange transactions via several automated currency exchange machines, each automated currency exchange machine shall be connected to a separate computer.

(5) The authorised currency exchange office shall keep the computer referred to in paragraph (3) of this Article at the currency exchange outlet closest to the location of the automated currency exchange machine to which this computer is connected with via a network.

(6) In addition to the currency exchange outlet referred to in paragraph (5) of this Article, the authorised currency exchange office may keep the computer referred to in paragraph (3) of this Article in the same currency exchange outlet from which it effects the supply of the automated currency exchange machine with kuna cash.

(7) By way of derogation from paragraph (5) of this Article, where the authorised currency exchange office has several currency exchange outlets and several automated currency exchange machines in the same city or municipality, it may keep the computer referred to in paragraph (3) of this Article in the same currency exchange outlet in that city or municipality.

(8) By way of derogation from paragraph (5) of this Article, where the authorised currency exchange office conducts currency exchange transactions via an automated currency exchange machine in the same business space where it carries out other activities and where it has no currency exchange outlet or cash desk within the meaning of Article 2, paragraph (1), item (5) and Article (2), paragraph (1), item (1) of this Decision, it may keep the computer referred to in paragraph (3) of this Article in the business space where the automated currency exchange machine is located and where it carries out other activities.

(9) The authorised currency exchange office shall install a certified programme to the computer referred to in paragraph (3) of this Article.

(10) The authorised currency exchange office shall via a network connection transfer data on the foreign cash purchase transactions conducted via the automated currency exchange machine to the computer referred to in paragraph (3) of this Article and ensure

their real time transfer to the certified programme. In case of the interruption of communication between the computer referred to in paragraph (3) of this Article and the automated currency exchange machine, immediately after its re-establishment.

(11) The authorised currency exchange office shall compile an exchange list to be applied when conducting exchange transactions via the automated currency exchange machine on the computer referred to in paragraph (3) of this Article using the certified programme, while the data from the exchange rate list shall be transferred via a network connection to the automated currency exchange machine prior to conducting the first transaction of the working day.

(12) The authorised currency exchange office shall transfer via a network connection the data on the transaction that tracks the input of kuna cash in the automated currency exchange machine and the withdrawal of kuna cash from the automated currency exchange machine and on the transaction that tracks the withdrawal of purchased foreign cash from the automated currency exchange machine, from the automated currency exchange machine to the computer referred to in paragraph (3) of this Article at the moment the automated currency exchange machine is loaded or emptied.

(13) When conducting currency exchange transactions via an automated currency exchange machine the authorised currency exchange office shall not apply favourable exchange rates.

(14) The authorised currency exchange office shall ensure that when foreign cash purchase transactions are conducted via an automated currency exchange machine, purchase receipts are issued containing the following data:

1. company name and identification number of the authorised currency exchange office;
2. name of the contractual bank;
3. name of receipt: "Purchase receipt";
4. serial number of the receipt issued by the automated currency exchange machine;
5. numerical and letter code of the purchased foreign cash, in accordance with the List of currencies and currency codes which is an integral part of the Decision on the manner of opening transaction accounts;
6. the amount of foreign cash purchased;
7. the exchange rate used for the foreign cash purchase;
8. the percentage and amount of exchange commission, if any;
9. the amount of kuna cash paid out;
10. date and time of transaction (hour, minutes); and
11. the telephone number of the authorised currency exchange office for information and complaints.

(15) The authorised currency exchange office shall keep the documentation referred to in Article 7, paragraph (7) of this Decision relating to the conduct of currency exchange transactions via an automated currency exchange machine, at the currency exchange outlet referred to in paragraph (5) or (6), or (7) of this Article or in the business space it carries out other activities in accordance with paragraph (8) of this Article.

(16) The responsible persons of the authorised currency exchange office and the persons conducting the currency exchange transactions in the currency exchange outlets referred to in paragraph (5) or (6), or (7) of this Article and persons carrying out other activities in the business space referred to in paragraph (8) of this Article shall enable on-site examination by the Financial Inspectorate of the Ministry of Finance of the computer referred to in paragraph (3) of this Article, of the documentation referred to in paragraph (13) of this Article and the automated currency exchange machine.

(17) The amount of foreign cash purchased within one purchase transaction via the automated currency exchange machine shall not exceed the kuna equivalent of 2,500.00 (two thousand five hundred kuna).

(18) The authorised currency exchange office shall inform the contractual bank on the purchase of foreign cash via an automated currency exchange machine in the manner provided for in Article 7, paragraph (13) of this Decision.

(19) The authorised currency exchange office that conducts exchange transactions via an automated currency exchange machine shall comply with the regulations of the Croatian National Bank on the

conditions for the recycling of kuna and lipa banknotes and coins when paying out kuna and lipa banknotes and coins.

(20) In case a suspect or counterfeit foreign currency banknote is withheld the authorised currency exchange office shall proceed in accordance with the applicable regulations.

Article 12

(1) An authorised currency exchange office shall have at each currency exchange outlet a cash register for safekeeping of kuna and foreign cash and checks denominated in foreign currency. The authorised currency exchange office may keep in the cash register intended for safekeeping of kuna and foreign cash and checks only the cash and checks stemming from the conduct of currency exchange transactions and cash intended for the conduct of currency exchange transactions.

(2) The authorised currency exchange office may transfer foreign cash from the cash register of one currency exchange outlet to the cash register of another currency exchange outlet.

(3) The authorised currency exchange office may transfer kuna cash between its cash register intended to conduct exchange transactions and its cash register intended to carry out other activities, provided the debit or credit of kuna cash for the purpose of transfer between cash registers earmarked for different purposes is recorded via the certified programme and provided that kuna transfer between cash registers earmarked for different purposes is conducted only if such transfer is not contrary to the provisions of the regulation governing the procedure of fiscalisation of cash transactions especially in the part relating to cashier maximum.

(4) The kuna equivalent of foreign cash at the currency exchange outlet which receives foreign cash from another currency exchange outlet shall be recorded in the certified programme by means of a transaction specified in the Instruction referred to in Article 4, paragraph (9) of this Decision, using the basic buying rate applicable at the currency exchange outlet which sends the foreign cash, on the day when foreign cash disbursement is registered at the currency exchange outlet which sends the foreign cash.

(5) In case of transfer of foreign cash from paragraph (5) of this Article, the currency exchange outlet which receives such cash shall have a printed document, produced by means of the certified programme, relating to the disbursement of cash from the currency exchange outlet from which cash is transferred.

The printed document shall be signed by the person conducting currency exchange transactions at a currency exchange outlet from which such foreign currency is being transferred.

(6) In cases where the authorised exchange office sells foreign cash to another bank, it shall, in accordance with Article 3, paragraph (6) of this Decision deliver to the bank a document printed-out from the certified programme with the acronym IZDFC05 which is related to the foreign cash it sells.

Depositing and withdrawing foreign cash from the contractual bank

Article 13

(1) The authorised currency exchange office may deposit foreign cash to a foreign exchange account and withdraw foreign cash from the foreign exchange account if such cash is intended for the conduct of currency exchange transactions.

(2) The account referred to in paragraph (1) of this Article may be opened only by the contractual bank.

(3) It is not allowed to transfer foreign currency assets deposited with the account opened for the conduct of currency exchange account to another account of the authorised currency exchange office and vice versa, nor make foreign currency payments from or receive foreign currency deposits to this account arising from other transactions.

(4) When depositing foreign cash to the account referred to in paragraph (1) of this Article, the authorised currency exchange office shall deliver to the bank, accompanied by the appropriate payment order, a print-out from the certified programme with the acronym IZDFC03.

Obligations of the contractual bank

Article 14

(1) The contractual bank shall carry out on-site examination of each currency exchange outlet specified in the agreement for the conduct of currency exchange transactions concluded with an authorised currency exchange office.

(2) By way of derogation from the provisions of paragraph (1) of this Article, the contractual bank shall carry out on-site examination of the automated currency exchange machine only at the currency exchange outlet referred to in Article 11, paragraph (5) or (6), or (7) of this Decision.

(3) The on-site examination referred to in paragraphs (1) and (2) of this Article shall include the examination of compliance by the authorised currency exchange office with its obligations under the agreement for the conduct of currency exchange transactions and its conduct of currency exchange transactions in accordance with this Decision.

(4) The contractual bank shall carry out on-site examinations of the operations of an currency exchange outlet of an authorised currency exchange office at least once a year.

(5) Where the authorised currency exchange office, pursuant to the agreement for the conduct of currency exchange transactions conducts currency exchange transactions throughout the calendar year, the minimum interval between individual on-site examinations carried out by the contractual bank in the previous calendar year and those it intends to carry out in the current calendar year may not be shorter than three months and longer than 15 months.

(6) By way of derogation from the provision of paragraph (5) of this Article, where the contractual bank carries out more than two examinations of a currency exchange outlet of the authorised currency exchange office within one calendar year, the minimum interval between the last on-site examination in the previous calendar year and the first on-site examination in the current calendar year may be shorter than three months.

(7) The contractual banks shall make a report on each examination carried out, which has to be signed by the examiner and the responsible person of the authorised currency exchange office.

(8) Should the contractual bank establish that the authorised currency exchange office does not comply with the provisions of the agreement for the conduct of currency exchange transactions or of this Decision, a note to that effect shall be made in the report and a time limit shall be set for removal of established irregularities, which may not exceed 30 working days from the date of signing the

report. One copy of such report shall be submitted by the contractual bank to the Financial Inspectorate of the Ministry of Finance within five working days from the date of completion of on-site examination.

(9) Without prejudice to the obligation of the contractual bank referred to in paragraph (4) of this Article, in the case referred to in paragraph (8) of this Article the contractual bank shall, within 30 days from the date of expiry of the time limit for removal of irregularities, carry out a new on-site examination.

(10) Should the contractual bank, in the course of the new on-site examination referred to in paragraph (10) of this Article establish that the irregularities have not been removed, it shall immediately terminate the agreement for the conduct of currency exchange transactions and submit one copy of the report and the notification of the termination of the agreement for the conduct of currency exchange transactions to the Financial Inspectorate of the Ministry of finance within three working days from the date of the new on-site examination of the authorised currency exchange office.

(11) The contractual bank shall keep records of all concluded, amended and terminated agreements and preliminary agreements with authorised currency exchange offices.

(12) The contractual bank shall notify the Financial Inspectorate of the Ministry of Finance the following data from the agreements for the conduct of currency exchange transactions concluded: the company name of the contractual bank and of the authorised currency exchange office, address of the registered office of the authorised currency exchange office, address of the currency exchange outlet/addresses of the currency exchange outlets that are the subject of the agreement for the conduct of currency exchange transaction with a detailed description of the location of the currency exchange outlet if there are several outlets of the same authorised currency exchange office at the same address and the name and the surname of the responsible person, as well as the temporary phone number or the authorised currency exchange office.

(13) In addition to the data referred to in paragraph (12) of this Article the contractual bank shall notify the Financial Inspectorate of the Ministry of Finance of the data regarding the calendar period of the calendar year and working hours by day in each week of that calendar period during which the authorised currency exchange office carries out its operations in each currency exchange outlet. Where the authorised currency exchange office conducts currency exchange transactions via automated currency exchange machine(s), the notification referred to in paragraph (12) of this Article shall contain the data on the address(es) of the currency exchange outlet(s) referred to in Article 11, paragraph (5) or (6), or (7), or (8) of this Decision.

(14) The contractual bank shall notify the Financial Inspectorate of the Ministry of Finance of the data referred to in paragraphs (12) and (13) of this Article where the data is amended or altered in relation to the data from the agreement for the conduct of currency exchange transactions, based on the notification of the authorised currency exchange office in compliance with the requirement for authorised currency exchange offices pursuant to Article 7, paragraph (16) of this Decision.

(15) The contractual bank shall notify the Financial Inspectorate of the Ministry of Finance of the data referred to in paragraphs (12) and (13) of this Article, from the agreement for the conduct of currency exchange transactions concluded during the previous calendar month and the information on amended or altered data pursuant to the notification from the authorised currency exchange office referred to in Article 7, paragraph (16) of this Decision, received during the previous calendar month, as well as information on the agreements for the conduct of currency exchange transactions terminated in the previous calendar month until the 15th day of the current month.

(16) The contractual bank shall notify the Croatian National Bank of the authorised currency exchange office with which it has concluded an agreement for the conduct of currency exchange transactions that has not started to conduct currency exchange transactions within 180 days from the date when it was issued the authorisation to conduct currency exchange transactions.

(17) The contractual bank shall submit the notification referred to in paragraph (16) of this Article to the Croatian National Bank immediately after it becomes aware of the expiry of the time limit within which the authorised currency exchange office should have started conducting currency exchange transactions. The notification by the contractual bank shall contain information and evidence of actions undertaken to establish that the authorised currency exchange office failed to start conducting currency exchange transactions within 180 days from the date when the authorisation was issued.

(18) The obligation of the contractual bank referred to in paragraph (15) of this Article shall exist even where it terminates the agreement for the conduct of currency exchange transactions during the period or after the expiry of the period of 180 days during which the authorised currency exchange office failed to start conducting currency exchange transactions.

(19) Based on "Report on foreign cash purchase and sale transactions and redemption of checks denominated in foreign currency" submitted by authorised currency exchange offices, the contractual bank shall, not later than (including) the fifteenth day of the calendar day of the current month, submit to the Croatian National Bank a report entitled "Turnover of authorised currency exchange offices - summary report on foreign cash purchase and sale transactions and redemption of checks denominated in foreign currency" in XML format, in accordance with the XSD scheme set out in the Instruction referred to in Article 4, paragraph (9) of this Decision, for all authorised currency exchange offices with which it has concluded agreements for the conduct of currency exchange transactions for the previous calendar month.

(20) If the authorised currency exchange office fails to submit to the contractual bank, for two consecutive months during which it conducted currency exchange transactions in accordance with an agreement with the bank, its "Report on foreign cash purchase and sale transactions and redemption of checks denominated in foreign currency", or if reports for two consecutive months during which it conducted currency exchange transactions in accordance with the agreement for the conduct of currency transactions show zero turnover, the contractual bank shall inform thereof the Financial Inspectorate of the Ministry of Finance within ten working days from the expiry of the second consecutive month.

(21) Where the contractual bank and the authorised currency exchange office conclude an agreement for the conduct of currency exchange transactions via an automated currency exchange machine, the contractual bank shall notify the Croatian National Bank of the authorised currency exchange office and the currency exchange outlet within eight working days of the conclusion of the agreement.

(22) The contractual bank shall notify the authorised currency exchange office of putting into circulation, of security features and of withdrawal from circulation of foreign cash and of the identification and features of forged foreign cash.

(23) By way of derogation from Article 2, paragraph (16) of this Decision, for the purposes of this Article, a working day shall be any day except Saturdays, Sundays and national holidays.

Transitional and final provisions

Article 15

(1) On the date of entry into force of this Decision, the Decision on the conditions and the manner in which authorised currency exchange offices conduct currency exchange transactions (Official Gazette 22/2016 and 22/2017) shall cease to have effect.

(2) The Governor of the Croatian National Bank shall adopt the Instruction referred to in Article 4, paragraph (9) of this Decision within 30 days of the date of the entry into force of this Decision. The Instruction for the design of the protected programme for the conduct of currency exchange transactions of authorised currency exchange offices (Official Gazette 27/2016 and 67/2016) shall apply until the entry into force of the new Instruction.

(3) The validity of the certificate for protected programmes issued by the Croatian National Bank until the entry into force of this Decision shall not cease with the entry into force of this Decision.

(4) By way of derogation from the provisions of Article 4, paragraph (9) of this Decision, the protected programmes for which the Croatian National Bank issued a certificate until 19 March 2016 need not provide for the compilation of the reports "Overview of working days during which the authorised exchange office applied two exchange rate lists" and "Overview of exchange rate lists in which the exchange rate of a currency diverged from the exchange rate of the same currency on the previous exchange rate list by more than 1%".

Article 16

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

No: 2365/2019

Zagreb, 5 September 2019

Croatian National Bank
Council Chairman
Governor
Boris Vujčić, m.p.