



YEARS OF  
THE CROATIAN  
NATIONAL  
BANK

## Licensing

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Licensing is a part of supervision of credit institutions which consists of issuing the prescribed authorisations and approvals. This chapter describes individual authorisations and approvals, the documentation to be enclosed with the applications for authorisations and approvals and the decision-making procedure relating to applications for authorisations and approvals.

Licensing is a part of supervision of credit institutions which consists of issuing authorisations and approvals necessary for the credit institutions to start operating, appoint the management and supervisory boards or carry out individual business activities and for the persons wishing to buy 10% or more shares of a credit institution. The immediate objective of licensing is to identify and prevent activities and business practices that might negatively affect stability and safety of operations of credit institutions. In addition to issuing authorisations and approvals to credit institutions, in accordance with the Credit Institutions Act and the Act on Housing Savings and State Incentives for Housing Savings, the Croatian National Bank also issues authorisations to credit unions, in accordance with the Credit Unions Act.

### **Submitting applications for authorisations or approvals**

The applications for authorisations/approvals are to be submitted on the application form, together with the enclosed documentation, electronically and in a paper form. The application should contain all the documents and information stated in the application form.

If it is established that the application does not contain all the prescribed documents or that other documents and information should be provided in order to make a decision, the applicant is notified thereof with the request to provide the missing documents and/or information or other documentation and information necessary for decision-making. If in the course of a decision-making procedure the need arises for additional information or documents in order to make a decision, the applicant will be requested to provide such information or documents. If the applicant fails to deliver the requested additional information or documents by the set date or fails to provide adequate explanation for failure to do so or unless all procedural requirements necessary for making a decision have been met, or if the application has deficiencies which cannot be eliminated, the Croatian National Bank will issue a decision refusing the application.

The date of application is considered the date of delivery of the last document necessary for decision-making. The application and all the documents and information to be enclosed with the application are to be submitted in the Croatian language or in a certified Croatian translation. The applicant should prepare a full and accurate application and deliver it to the Croatian National Bank, making sure that the application and the enclosed materials delivered to the Croatian National Bank do not contain any material errors in the presentation of facts or other errors. If it is established that the applicant has misrepresented the facts or has failed to report them in the application or additional documentation, the Croatian National Bank will take into account this fact when making a decision on the application.

The applicant will be expected to:

- provide all the information on the subject of the application necessary for decision-making;
- to provide a complete and accurate response to all the questions in the application form and to each

request for information made by Croatian National Bank employees; and

- to check compliance of the applications and the enclosed materials with all applicable laws and regulations.

Before final decision on the application is made, the applicant is obligated to inform the Croatian National Bank of all changes in the information and data provided with the application and which are important for decision-making.

### **Decision-making procedure relating to authorisations or approvals**

In addition to the information and documentation provided by the applicant, in the course of processing the application other available information from other sources are also collected and used (information at disposal of the Croatian National Bank, information obtained from other institutions, such as for instance the Ministry of Finance, HANFA, the competent supervisory authorities of other countries, etc.).

Once the application is complete, all the available information are analysed so as to assess whether the legal requirements for issuing authorisations or approvals have been met and to assess the risk that may arise for the credit institution if the application is granted. Each application is assessed on the basis of its specific characteristics. Based on the analysis made, a written report is made containing the analysis of the application and clearly argued reasons explaining the draft decision, which is forwarded to the Licensing Committee for further procedure.

The Licensing Committee makes a decision proposing to the competent body of the Croatian National Bank how to decide on the application. Following the Licensing Committee session, written materials with a draft decision are submitted to the Governor or the Council of the Croatian National Bank who (in accordance with the prescribed authorities) make a final decision on the application for authorisation/approval. The decision on the application is submitted to the applicant or the applicant's proxy in the form of a written decision, within the time limits prescribed by the Credit Institutions Act (for application for authorisation, merger by acquisition, merger by formation or division of credit institutions), the Credit Unions Act (for application for authorisation of a credit union) and the General Administrative Procedure Act (for all other applications). Where it deems it necessary, the Croatian National Bank may adopt a decision on authorisation/approval with a condition, a decision with an order or a decision with reservation of the right to repeal. The conditions are defined when it is determined, after the application has been analysed and all the relevant information taken into consideration, that they are necessary or appropriate to ensure compliance of the authorisation/approval with the regulations, or to mitigate risks for the credit institution associated with the issuing of authorisation/approval. The authorisation/approval issued contingent upon a condition will have final force and effect and will enter into force after it has been established that the conditions have been met. Pending the adoption of a decision on the application, the applicant may amend the application or submit another application, if such an application is in material terms based on the same facts. If it is established that the conditions for the amendment of the submitted application or for submitting another application are not met, the Croatian National Bank will issue a decision rejecting such an application. The applicant may decide to relinquish the application during the procedure and withdraw its application by means of a written request. In such a case, the Croatian National Bank will issue a decision on the suspension of the procedure. The decision on the suspension of the procedure will also be issued ex-officio in the case where it can be concluded, based on the applicant party actions or other circumstances of the procedure, that the applicant party has relinquished its application. All decisions on applications for authorisations or approvals will have final force and effect on the date of their adoption and may be appealed against before the competent administrative court within 30 days of the date of receipt by the applicant of the written decision.