

**CO-OPERATION AGREEMENT BETWEEN  
THE BANKING COMMISSION  
AND THE CROATIAN NATIONAL BANK  
IN THE FIELD OF BANKING SUPERVISION**

**Introductory provisions**

1. The Banking Commission (hereinafter the "BC") and the Croatian National Bank (hereinafter the "CNB"), hereinafter both jointly referred to as "Authorities", express their willingness to cooperate on the basis of reciprocity and mutual trust and understanding and agree to base their co-operation in the field of banking supervision on the principles and procedures outlined in this Co-operation Agreement, in order to facilitate the performance of the Authorities' respective duties and to promote the adequate functioning of Supervised Institutions in the France (hereinafter "France") and/or in the Republic of Croatia, (hereinafter "Croatia") according to their national legislation.
2. The Basel Committee on Banking Supervision has issued Core Principles for Effective Banking Supervision.<sup>1</sup>
3. The overall aim of the present Agreement is to strengthen the financial systems in the Authorities' jurisdictions in accordance with the above mentioned Core Principles, thereby helping to maintain financial stability and confidence in the domestic and international financial systems and reducing the risk of loss to depositors and creditors.

**Legislation and competent Authorities**

4. The relevant French law for the purposes of this Agreement is the Monetary and Financial Code (*Code monétaire et financier*), in particular articles L.632-7 and L.632-13. The provisions relating to disclosure of professional secrets are determined in Article L.613-20 of the Monetary and Financial Code.
5. The relevant Croatian laws for the purposes of this Agreement are the 2002 Banking Act (*Zakon o bankama*) and the 2008 Act on the Croatian National Bank (*Zakon o Hrvatskoj narodnoj banci*). The provisions relating to disclosure

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<sup>1</sup> <http://www.bis.org/publ/bcbs129fre.pdf>

of professional secrets are stated in articles 58 and 98-100 of the 2002 Banking Act and in article 31 and 53 of the 2008 Act on the Croatian National Bank.

6. The BC has the task of supervising credit institutions, investment firms (except portfolio management firms), members of regulated markets, participants in clearing houses and some other financial undertakings established within the jurisdiction of France, including French Overseas Territories.
7. The CNB is the central bank in Croatia. As provided by the 2008 Act on Croatian National Bank and the 2002 Banking Act, the CNB is responsible for the supervision of banks and foreign bank branches on an individual basis and banking groups on the basis of consolidated financial statements and prudential reports.

## **Definitions**

8. The following definitions apply to this present Agreement :

“Authority” - the Banking Commission or the Croatian National Bank,

“Branch” - an organisational unit of a Supervised Institution’s head office located in one of the two countries that has received an authorisation to perform cross-border activities,

“Subsidiary” - a separate legal entity incorporated in one country which is controlled by a Supervised Institution incorporated in the other country,

“Cross-Border Establishment(s)” - a branch or a subsidiary of a Supervised Institution established within the jurisdiction of one of the Authorities and operating in the jurisdiction of the other Authority,

“Supervised Institution(s)” - means the institution subject to the supervision or control of the BC or the CNB,

“Home Authority” - the Authority located in France or in Croatia, respectively, responsible for the supervision on a consolidated basis of a Supervised Institution,

“Host Authority” - the Authority located in a country, in which the Supervised Institution established in another country has a branch or a subsidiary,

“Qualifying Holding” – a direct or indirect holding in an institution which represents 10 % or more of the capital or of the voting rights or which makes it possible to exercise a significant influence over the management of that institution.

## **Sharing of information for the prudential supervision**

9. The Authorities intend to co-operate in the supervision of Cross-Border Establishments of Supervised Institutions. The scope of co-operation encompasses the authorisation process as well as current activities and ongoing consolidated supervision of Cross-Border Establishments. The Authorities intend to share information, upon specific request. Requests for information pursuant to this paragraph shall be made in writing (mail, e-mail, fax).

The request shall specify the following:

- the information sought by the requesting Authority,
- a detailed description of the subject of the request and the purpose for which the information is sought,
- and the desired time period for reply and, where appropriate, the urgency thereof.

The Authority receiving a request shall immediately acknowledge receipt (by mail, e-mail, fax) and, as far as possible, specify the considered time period to provide a written response.

The Authority providing the information referred to in this paragraph may attach conditions to any such disclosure of information prohibiting any further disclosure of such information without the providing Authority's consent.

## Sharing of information during the process of authorisation of a Cross-Border Establishment

10. During the process of authorization of a Cross-Border Establishment, and without prejudice to the competences in France of the Credit Institutions and Investment Firms Committee, the Authorities agree to proceed in the following way:

- the Host Authority will inform the Home Authority of all receipt of request for granting of authorisation and will require its prior opinion before granting such authorisation,
- the Home Authority will specify to the Host Authority whether the Supervised Institution, that originated the request, must also obtain its approval in order to perform its activity,
- in response to the request of the Host Authority, the Home Authority will supply it with any information on the Supervised Institution regarding its

compliance with the applicable national laws and any information relating to the fitness and properness, reputation and experience of prospective senior managers of a Cross-Border Establishment.

#### Sharing of information during the process of acquisition of Qualifying Holding

11. On the Host Authority's request, the Home Authority supplies any appropriate information on the natural person or legal entity that require the authorization to acquire a Qualifying Holding in a Supervised Institution established in the host country, if the information is available.

#### Sharing of information for the purpose of consolidated supervision

12. Upon request and in order to meet the requirements of effective consolidated supervision of supervised Cross-Border Establishments, the Authorities intend to:
  - share any relevant information,
  - inform each other of administrative penalties or any other formal enforcement action taken on a Cross-Border Establishment or its employees by the Host Authority, or a Supervised Institution by the Home Authority, if the latter Authority judges the information as possibly important to the other Authority,
  - respond to request for information on any aspect of their respective national banking and control systems, and inform each other about any major changes on the subject,
  - endeavour to inform the Host Authority, in a timely manner and to the extent reasonable, about any event which has the potential to endanger the stability of Cross-Border Establishments established in Croatia and/or in France.
13. Upon receipt of request of the Home Authority, the Host Authority will endeavour to provide the information regarding the Cross-Border Establishments of Supervised Institutions established in Croatia or in France.

#### Prevention of money laundering and struggle against terrorism financing

14. Each Authority will do its best, in compliance with its legislation, to co-operate in the framework of the prevention of money laundering and struggle against terrorism financing, as well as in case of suspicion of illegal banking activity.

## **Crisis situations**

15. Each Authority recognises the unique importance of full and open co-operation in the event of a serious supervisory concern that might lead to a crisis situation. The BC and the CNB intend to inform each other without delay if they learn of an incipient crisis relating to any Supervised Institution supervised by either of them which has Cross-Border Establishments in the respective other jurisdiction.

## **On-site inspections**

16. The Authorities agree that co-operation is particularly useful in assisting each other in carrying out on-site inspections of Cross-Border Establishments. The Authorities will provide full support to each other in such inspections.
17. The BC (CNB) in its capacity as Host Authority shall allow the CNB (BC) to carry out any on site inspections of Cross-Border Establishments of Supervised Institutions in France (Croatia), subject to the fulfillment of the following formalities:
  - notification is provided to the relevant contact person at least two months before the envisaged date of the visit, specifically regarding the purpose of inspection, its expected duration, the institution(s) to be inspected and details of the persons performing the inspection,
  - the inspection is carried out under the conditions set out in paragraph General Provisions.
18. Provided the request for an on-site inspection complies with the provisions above, the Home Authority may carry out the inspection in France (Croatia). The Host Authority may appoint a representative to conduct inspection together with the Home Authority's representatives.
19. In the course of such an inspection, persons taking part in the supervisory process or management of Supervised Institution, or employed by such an institution should comply with the request of the Home Authority's representatives and should not assert a duty of confidentiality or professional secrecy as grounds for nondisclosure.
20. The Host Authority shall endeavour to exercise its statutory powers to ensure compliance with the requests for information issued by the Home Authority in the carrying out of inspections pursuant to this Agreement.
21. The Authorities shall keep each other informed of the results of the on-site inspections to the extent reasonable and in timely manner. This shall be without prejudice to the right of the Host Authority to take action against a Cross-Border

Establishment located on its territory, on the basis of the report of inspection, for an alleged infringement of French (Croatian) laws.

**Confidentiality of the information shared between the Authorities /  
Professional secrecy**

22. The confidential information obtained by an Authority in the framework of this Agreement shall be used solely for the purpose of overseeing, in compliance with the request of information and with the laws.
23. The Authorities consider that any information obtained in accordance with the provisions of this Agreement should remain confidential, except for the purposes determined in the paragraph below. In this regard it is recognised that members and employees of the Authorities, as the other persons commissioned by the Authorities to carry out supervision, are bound by an obligation to hold confidential the information obtained in the course of their duties. No provision of this Agreement shall give rise to the right on the part of any person, entity or governmental authority other than the Authorities, directly or indirectly, to obtain any information or to challenge the execution of a request for information under this Agreement.
24. When an Authority is in a position to be forced to disclose a professional secret as defined in the laws mentioned in paragraphs 4 and 5 of the this Agreement or, when it is legally obliged to disclose confidential information received in the framework of this Agreement, it shall fully co-operate with the other Authority in order to keep the information confidential, to the extent permitted by the laws of the Authority to which the request has been addressed. It shall consult with the Authority having provided this information before transmitting it to the requesting entity. If the Authority that originated the information did not consent to share the information, the Authority forced to disclose confidential information shall advise the requesting entity that a forced disclosure could adversely affect the future transmission of confidential information by foreign supervisory authorities and shall request that the information be kept confidential by the requesting body.
25. In the event of a breach of the conditions set out hereinabove, the other Authority may suspend the execution of co-operation under this Agreement with immediate effect. Such suspension will not affect the obligation of confidentiality.
26. Each Authority will keep confidential requests made within the framework of this Agreement, the content of such requests, and any other matters arising during the operation of this Agreement, including consultations between the Authorities.

## **General provisions**

27. Nothing in this Agreement will affect the competence of the Authorities under their respective national laws, or if the case arises, the European laws and supervisory practices or supersede, alter or create any arrangements between any one of the Authorities and other entities.

## **Mutual information of laws and regulations**

28. The Authorities have and will exchange documents intended to inform each other of the laws, including, where applicable, regulations and procedures governing the Supervised Institutions in their respective jurisdictions.

29. The Authorities represent that they have informed each other of all the laws, regulations and procedures governing the confidentiality of information to be shared pursuant to this Agreement.

30. The Authorities acknowledge that this Agreement has been executed in accordance with the applicable laws and regulations in France and in Croatia and is based on the representations made and supporting materials exchanged by the Authorities.

## **Restrictions providing information and assistance**

31. The information has to be shared at a reasonable level and subject to all the applying legal provisions, including the provisions restricting the disclosure of the information. The Authorities understand that the provision of information or assistance to an Authority will be refused by the other Authority when complying with the request is likely to result in a prejudice to sovereignty, security, essential economic interests or public policy, or when criminal proceedings have been instituted on the same facts against the same persons, or when a final decision to impose a sanction has been given against the same persons for the same facts. Nothing in this Agreement will affect this obligation.

## **Implementation of the Agreement**

32. This Agreement shall enter into force on the day of its signing by the Authorities.

33. The provisions of this Agreement may be amended by written common consent.

34. The Secretary General of the BC and the Executive Director of Prudential Regulation and Bank Supervision Area of the CNB may issue practical arrangements regarding the method of co-operation between the Authorities.

35. The Authorities will consult each other in the event of any changes in their respective laws or in the event of any other difficulty which might make it necessary to amend or interpret this Agreement. In the event of difficulty of enforcement of the relevant Agreement, the parties will seek a common interpretation.
36. The Agreement will remain in effect for an indefinite period from the date come into force. Should an Authority consider that it can no longer continue to cooperate under the provisions of this Agreement, it will give notification to that effect to the other Authority as soon as possible. In any case, the duty of confidentiality referred to under the heading entitled Confidentiality of the information shared between the Authorities / Professional secrecy of this Agreement shall not terminate with respect to any information disclosed.
37. The relevant Agreement has been written in French, Croatian and English every having an authentic value, in two original copies each version of which each Authority will obtain one. In case of doubt regarding the interpretation of the relevant Agreement due to the differences between the versions, the CNB and the BC will deal with the question efficiently in order to comply with the basic principles of the relevant Agreement.

Done at Paris, 8 December 2008

Done at Zagreb, 2 December 2008

**For the Banking Commission**

**For the Croatian National Bank**

**Christian NOYER**  
Governor of the Banque de France  
President of the Banking Commission

**Željko ROHATINSKI**  
Governor  
of the Croatian National Bank