

# Electronic Money Act

*Unofficial consolidated version*

(Official Gazette 64/2018, 114/2022 and 136/2024)

## TITLE I

### GENERAL PROVISIONS

#### *Subject matter*

##### Article 1

This Act governs:

- 1) electronic money and electronic money issuers;
- 2) the issuance and redemption of electronic money;
- 3) the conditions for the establishment, operation and dissolution of electronic money institutions established in the Republic of Croatia, including small electronic money institutions, and the prudential supervision of their operation; and
- 4) the conditions under which electronic money institutions established outside the Republic of Croatia may operate in the Republic of Croatia.

#### *Compliance with the legal acts of the European Union*

##### Article 2

(1) This Act transposes into the legislation of the Republic of Croatia the following acts of the European Union:

- 1) Directive 2009/110/EC of the European Parliament and of the Council of 16 September 2009 on the taking up, pursuit and prudential supervision of the business of electronic money institutions amending Directives 2005/60/EC and 2006/48/EC and repealing Directive 2000/46/EC (Text with EEA relevance), (OJ L 267, 10.10.2009), hereinafter referred to as 'Directive 2009/110/EC');
- 2) Directive (EU) 2015/2366 of the European Parliament and of the Council of 25 November 2015 on payment services in the internal market, amending Directives 2002/65/EC, 2009/110/EC and 2013/36/EU and Regulation (EU) No 1093/2010, and repealing Directive 2007/64/EC (Text with EEA relevance) (OJ L 337, 23.12.2015, hereinafter referred to as 'Directive (EU) 2015/2366');

3) Directive (EU) 2022/2556 of the European Parliament and of the Council of 14 December 2022 amending directives 2009/65/EC, 2009/138/EC, 2011/61/EU, 2013/36/EU, 2014/59/EU, 2014/65/EU, (EU) 2015/2366 and (EU) 2016/2341 as regards digital operational resilience for the financial sector (Text with EEA relevance) (OJ L 333, 27.12.2022) (hereinafter referred to as 'Directive (EU) 2022/2556').

(2) This Act ensures the implementation of Regulation (EU) 2024/886 of the European Parliament and of the Council of 13 March 2024 amending Regulations (EU) No 260/2012 and (EU) 2021/1230 and Directives 98/26/EC and (EU) 2015/2366 as regards instant credit transfers in euro (Text with EEA relevance) (OJ L, 2024/886, 19.3.2024).

## *Definitions*

### Article 3

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

1) '*distributor*' means a natural or legal person distributing and/or redeeming electronic money on behalf and for the account of an electronic money institution or a small electronic money institution;

2) '*Member State*' means a Member State of the European Union and a contracting party to the Agreement on the European Economic Area;

3) '*host Member State*' means the Member State other than the home Member State in which an electronic money issuer has a branch, an agent or a distributor or issues electronic money and provides payment services directly;

4) '*outsourcing*' means a contractual agreement by which the performance of operational or other activities of an electronic money institution or a small electronic money institution, which would otherwise be performed by them, is entrusted to third parties;

5) '*electronic communications network*' means an electronic communications network as defined in the law governing electronic communications;

6) '*electronic communications service*' means an electronic communications service as defined in the law governing electronic communications;

7) '*electronic money*' means electronically, including magnetically, stored monetary value as represented by a claim on the issuer, which is issued on receipt of funds for the purpose of making payment transactions in terms of the law governing payment operations, which is accepted by a natural or legal person other than the electronic money issuer;

8) '*initial capital*' means the capital comprised of one or more of the items referred to in Article 26, paragraph (1), items (a) to (e) of Regulation (EU) No 575/2013 of the European Parliament and of the Council of 26 June 2013 on prudential requirements for credit institutions and investment firms and amending Regulation (EU) No 648/2012 (OJ L 176, 27.6.2013, hereinafter referred to as 'Regulation (EU) No 575/2013');

9) '*electronic money institution*' means a legal person that has been granted authorisation to issue electronic money by the competent authority of the home Member State;

- 10) '*third-country electronic money institution*' means a legal person established in a third country that under the regulations of that third country is authorised to issue electronic money, i.e. provide payment services that are linked to the activity of issuing electronic money;
- 11) '*payment service user*' means a user as defined in the law governing payment operations;
- 12) '*qualifying holding*' means a holding within the meaning of Article 4, paragraph (1), item (36) of Regulation (EU) No 575/2013;
- 13) '*small electronic money institution*' means a legal person established in the Republic of Croatia that the Croatian National Bank has entered in the register referred to in Article 28 of this Act;
- 14) '*home Member State*' means the Member State in which the registered office of the electronic money issuer is situated, or if the electronic money issuer has no registered office under its national law, the Member State in which its head office is situated;
- 15) '*sensitive payment data*' means the data as defined in the law governing payment operations;
- 16) '*payment transaction*' means the transaction as defined in the law governing payment operations;
- 17) '*payment instrument*' means the instrument as defined in the law governing payment operations;
- 18) '*consumer*' means a natural person who, in electronic money issue contracts covered by this Act, is acting for purposes other than his or her trade, business or profession;
- 19) '*average outstanding electronic money*' means the average total amount of financial liabilities of the electronic money issuer related to electronic money in issue at the end of each calendar day over the preceding six calendar months, calculated in accordance with Article 34 of this Act;
- 20) '*payment account*' means an account as defined in the law governing payment operations;
- 21) '*business day*' means a day on which an electronic money issuer issues electronic money;
- 22) '*own funds*' means funds as defined in Article 4, paragraph (1), item (118) of Regulation (EU) No 575/2013 where at least 75% of the tier 1 capital is in the form of common equity tier 1 capital as referred to in Article 50 of that Regulation and tier 2 is equal to or less than one third of tier 1 capital;
- 23) '*associate of the acquirer of a qualifying holding*' means:
- any natural person that holds a management position in a legal entity in which the proposed acquirer of a qualifying holding in an electronic money institution holds a management position or is the beneficial owner of the legal entity;
  - any natural person who is the beneficial owner of the legal entity in which the proposed acquirer of a qualifying holding in an electronic money institution holds a management position;
  - any natural person who has joint beneficial ownership of a legal entity with the proposed acquirer of a qualifying holding in an electronic money institution;
- 24) '*associate of the applicant for prior approval to perform the function of a member of the electronic money institution's management board*' means:
- any natural person that holds a management position in a legal entity in which the candidate for a member of an electronic money institution's management board holds a management position or is the beneficial owner of the legal entity;

- any natural person who is the beneficial owner of the legal entity in which the candidate for a member of an electronic money institution's management board holds a management position;
- any natural person who has joint beneficial ownership of a legal entity with the candidate for a member of an electronic money institution's management board;

25) '*durable medium*' means any instrument which enables the electronic money holder to store information addressed personally to that electronic money holder in a way accessible for future reference for a period of time adequate to the purposes of the information and which allows the unchanged reproduction of the information stored;

26) '*third country*' means a country that is not a Member State;

27) '*close links*' means close links as defined in Article 4, paragraph (1), item (38) of Regulation (EU) No 575/2013;

28) '*agent*' means a natural or legal person who acts on behalf and for the account of an electronic money institution or a small electronic money institution in providing payment services;

(2) The term of a '*payment service*' in this Act shall have the same meaning as defined in the law governing payment operations, and shall cover the following services that electronic money issuers may provide as their own business activity in addition to the issuance of electronic money:

1) services enabling cash to be placed on a payment account as well as all the operations required for operating a payment account;

2) services enabling cash withdrawals from a payment account as well as all the operations required for operating a payment account;

3) execution of payment transactions, including transfers of funds on a payment account with the user's payment service provider or with another payment service provider, in particular:

a) execution of direct debits, including one-off direct debits;

b) execution of payment transactions through a payment card or a similar device; or

c) execution of credit transfers, including standing orders;

4) execution of payment transactions where the funds are covered by a credit line for a payment service user, in particular:

a) execution of direct debits, including one-off direct debits;

b) execution of payment transactions through a payment card or a similar device;

c) execution of credit transfers, including standing orders;

5) issuing of payment instruments and/or acquiring of payment transactions;

6) money remittance;

7) payment initiation services; and

8) account information services.

(3) The terms used in this Act that have a gender-specific connotation shall refer to both the male and female genders.

## *Monetary value not considered electronic money*

### Article 4

For the purposes of this Act, the following shall not be deemed to be electronic money:

1) monetary value stored on instruments that can be used only in a limited way, that meet one of the following conditions:

a) instruments allowing the holder to acquire goods or services only in the premises of the issuer or within a limited network of service providers under direct commercial agreement with a professional issuer;

b) instruments which can be used only to acquire a very limited range of goods or services;

c) instruments valid only in a single Member State provided at the request of a company or a public sector entity and regulated by a national or regional public authority for specific social or tax purposes to acquire specific goods or services from suppliers having a commercial agreement with the issuer;

2) monetary value used for the execution of payment transactions by a provider of electronic communications networks or services provided in addition to electronic communications services for a user of the network or service, where a user pre-funds its account with the provider:

a) for purchase of digital content and voice-based services, regardless of the device used for the purchase or consumption of the digital content and charged to the user together with electronic communications services; or

b) performed from or through an electronic device and charged within the framework of a charitable activity or for the purchase of tickets, which are charged to the user together with electronic communications services, provided that:

– the value of any single payment transaction referred to in sub-items (a) and (b) of this item does not exceed EUR 50.00, and

– the cumulative value of payment transactions for an individual user does not exceed EUR 300.00 per month.

## *Electronic money issuers*

### Article 5

(1) Electronic money issuers in the Republic of Croatia may be:

1) credit institutions, in particular:

a) credit institutions established in the Republic of Croatia;

b) credit institutions established in another Member State within the meaning of Article 4, paragraph (1), item (1) of Regulation (EU) No 575/2013, including their branches within the meaning of Article 4, paragraph (1), item (17) of that Regulation when those branches are established in the Republic of Croatia;

c) third-country credit institutions through their branches established in the Republic of Croatia;

2) electronic money institutions, in particular:

a) electronic money institutions established in the Republic of Croatia;

- b) electronic money institutions established in another Member State, including their branches established in the Republic of Croatia;
  - c) third-country electronic money institutions through their branches established in the Republic of Croatia;
  - 3) small electronic money institutions established in the Republic of Croatia;
  - 4) the Croatian National Bank, when not acting in its capacity as monetary or other public authority;
  - 5) the Republic of Croatia and units of local or regional self-government, when acting in the capacity as public authority;
  - 6) the European Central Bank and central banks of other Member States, when not acting in the capacity as monetary or other public authority.
- (2) Electronic money in the Republic of Croatia may only be issued by the issuers referred to in paragraph (1) of this Article.
- (3) The issuers referred to in paragraph (1), item (1), sub-items (a) and (c) of this Article may issue electronic money in accordance with the authorisation issued in accordance with the provisions of the law governing their operation.
- (4) The issuers referred to in paragraph (1), item (2), sub-items (a) and (c) and item (3) of this Article may issue electronic money and provide payment services within the limits of the decisions issued pursuant to the provisions of this Act.
- (5) The rights of the entities referred to in paragraph (1), items (4) to (6) of this Article to issue electronic money shall be governed by regulations governing these entities, their tasks and competences.
- (6) The issuers referred to in paragraph (1), item (1), sub-item (b) and item (2), sub-item (b) of this Article may issue electronic money within the limits of the authorisation issued by the competent authority of the home Member State and in the manner laid down in this Act and other laws governing their operation.

### *Reports on the issuance of electronic money*

#### Article 6

- (1) The Croatian National Bank shall determine the reporting entities, content, manner and time limits of statistical reporting on the issuance, distribution and redemption of electronic money and fraud in respect of the issuance, distribution and redemption of electronic money.
- (2) The reporting entities subject to reporting on the issuance, distribution and redemption of electronic money may be electronic money issuers referred to in Article 5, paragraph (1), items (1) to (3) of this Act and entities issuing monetary value not considered electronic money in terms of Article 4 of this Act.
- (3) The reporting entities subject to reporting on the issuance, distribution and redemption of electronic money shall report to the Croatian National Bank in accordance with the regulation referred to in paragraphs (8) and (9) of this Article.

(4) The Croatian National Bank shall be authorised to use data collected from the reports referred to in paragraph (3) of this Article for the purposes of prudential supervision of the business of electronic money institutions within its sphere of competence.

(5) The Croatian National Bank shall be authorised to determine as reporting entities for information and statistical purposes also the electronic money institutions from other Member States operating in the territory of the Republic of Croatia through branches or distributors.

(6) The reporting entities referred to in paragraph (5) of this Article shall report to the Croatian National Bank in accordance with regulatory technical standards governing the framework for cooperation and exchange of information between competent authorities of Member States, adopted as a delegated act by the European Commission under Article 29, paragraph (7) of Directive (EU) 2015/2366.

(7) The Croatian National Bank shall be authorised to use data provided in the reports referred to in paragraph (6) of this Article for the purpose of supervision of the application of the provisions of Title II and Title III of this Act by electronic money institutions operating in the territory of the Republic of Croatia through branches or distributors under the right of establishment.

(8) The Croatian National Bank shall adopt subordinate legislation to determine the reporting entities, content, the manner and the time limits of the statistical reporting referred to in paragraph (1) of this Article.

(9) The Croatian National Bank shall adopt subordinate legislation governing the reporting on fraud in respect of the issuance, distribution and redemption of electronic money for the purpose of alignment with the European Banking Authority Guidelines on reporting requirements for fraud data under Article 96, paragraph (6) of Directive (EU) 2015/2366.

## TITLE II

### ISSUANCE AND REDEEMABILITY OF ELECTRONIC MONEY

#### *Issuance and redeemability*

##### Article 7

(1) The electronic money issuer shall issue electronic money at par value on the receipt of funds.

(2) The electronic money issuer shall, at the request of the electronic money holder, redeem at any moment the monetary value of the electronic money (electronic money redemption) at par value.

(3) The contract between the electronic money issuer and the electronic money holder shall clearly state the conditions for redemption, including any fees relating thereto.

(4) The provisions of the law governing payment operations in the part relating to changes in and termination of contracts shall apply *mutatis mutandis* to changes in and the termination of the contract between the electronic money issuer and electronic money holder governing the issuance and redemption of electronic money.

(5) The electronic money issuer shall inform the electronic money holder of the conditions referred to in paragraph (3) of this Article before the electronic money holder is bound by any offer or contract for the issuance of electronic money.

(6) The electronic money issuer may charge a fee to the electronic money holder for the redemption of electronic money only if stated in the contract referred to in paragraph (3) of this Article and only in any of the following cases:

1) where the contract provides for a termination date and the electronic money holder terminates the contract before that date;

2) where the electronic money holder requests the redemption of electronic money before the termination of the contract for the issuance of electronic money, except in the case referred to in item (1) of this paragraph; or

3) where the electronic money holder requests the redemption of electronic money after the date of termination of the contract for the issuance of electronic money.

(7) Where the electronic money issuer is entitled to charge a fee for the redemption of electronic money, such fee shall be proportionate and commensurate with the actual costs incurred by the electronic money issuer.

(8) The electronic money holder may request redemption of electronic money in whole or in part, where the electronic money holder requests it before the termination of the contract for the issuance of electronic money.

(9) Where the electronic money holder requests redemption on or after the date of termination of the contract for the issuance of electronic money, the total monetary value of the electronic money shall be redeemed.

(10) Where the electronic money holder requests redemption on the date of termination of the contract for the issuance of electronic money, or within one year after the date of termination of the contract from an electronic money institution carrying out one or more of the business activities listed in Article 15, item (4) of this Act, and it is not known in advance what proportion of funds is to be used as electronic money, all funds requested by the electronic money holder shall be redeemed.

(11) The electronic money issuer and electronic money holder other than a consumer, who accepts electronic money may contractually regulate redemption rights in a way other than stipulated by paragraphs (6) to (10) of this Article.

### *Prohibition of the payment of interest to electronic money holders*

#### Article 8

An electronic money issuer shall not pay interest or any other benefit related to the length of time during which an electronic money holder holds the electronic money.



TITLE III  
OUT-OF-COURT COMPLAINT PROCEDURES AND ALTERNATIVE  
DISPUTE RESOLUTION

*Complaints to the electronic money issuer*

Article 9

(1) Where the electronic money holder deems that the electronic money issuer does not comply with the provisions of Title II of this Act, the electronic money holder may submit a complaint to the electronic money issuer.

(2) An electronic money issuer shall provide the electronic money holder with the final reply to all the points raised in the complaint referred to in paragraph (1) of this Article at the latest within ten days of the date of receipt of the complaint, on paper, or if so, agreed between the electronic money issuer and the electronic money holder, on another durable medium.

(3) Exceptionally, where an electronic money issuer is unable to provide an answer within the time limit referred to in paragraph (2) of this Article for reasons beyond the control of the electronic money issuer, it shall be required to send a holding reply to the electronic money holder, within the time limit referred to in paragraph (2), clearly indicating the reasons for a delay in answering to the complaint and specifying the time limit by which the electronic money holder will receive the final reply and which shall not exceed 35 days.

(4) In the final reply to the complaint, the electronic money issuer shall refer the electronic money holder to the possibility of submitting a complaint to the Croatian National Bank and where the electronic money holder is a consumer, also to the authorities competent for alternative dispute resolution and provide the electronic money holder with the information referred to in Article 11, paragraphs (1) and (2) of this Act.

(5) An electronic money issuer shall develop and apply appropriate and effective procedures for the resolution of complaints of electronic money holders in all Member States in which it issues electronic money and make them available to electronic money holders in the official language of each individual Member State in which it issues electronic money or in another language agreed with the electronic money holder.

(6) Where an electronic money issuer from another Member State issues electronic money in the territory of the Republic of Croatia through a branch, the complaint referred to in paragraph (1) of this Article shall be submitted to the branch, and the obligations referred to in paragraphs (2) to (5) of this Article shall apply to the branch, respectively.

*Complaints to the competent authority*

Article 10

(1) Electronic money holders and other persons with a legitimate interest, including consumer associations, may submit complaints to the Croatian National Bank against the electronic money

issuer referred to in Article 5, paragraph (1), items (1) to (3) of this Act, if they deem that the electronic money issuer has acted contrary to the provisions of this Title and Title II of this Act.

(2) Upon receipt of the complaint referred to in paragraph (1) of this Article, the Croatian National Bank shall invite the respondent electronic money issuer to submit its statement and the relevant evidence it invokes, unless it follows from the complaint and the information available to the Croatian National Bank that the complaint is not grounded.

(3) The electronic money issuer shall, within the time limit set by the Croatian National Bank, but no longer than ten days after the day of receiving the invitation, submit its statement and the relevant evidence it invokes.

(4) Where, with reference to the complaint, the Croatian National Bank establishes that there are reasonable grounds to suspect that the electronic money issuer has acted contrary to any of the provisions of this Title and Title II of this Act and has thus committed a misdemeanour, it shall initiate misdemeanour proceedings before the Ministry of Finance – the Financial Inspectorate.

(5) The Croatian National Bank shall notify the complainant of its findings and of the measures taken.

(6) Where the complainant is a consumer, the Croatian National Bank shall inform the complainant in its notification referred to in paragraph (5) of this Article of the possibility to initiate an alternative dispute resolution for consumer disputes pursuant to Article 11 of this Act.

(7) The provisions of this Article shall also apply to complaints against electronic money issuers established in another Member State issuing electronic money in the Republic of Croatia.

(8) By way of derogation from the provisions of this Article, where the Croatian National Bank receives a complaint against an electronic money issuer established in another Member State issuing electronic money in the Republic of Croatia directly exercising the freedom to provide services, it shall forward such a complaint to the competent authority of the home Member State.

### *Alternative dispute resolution for consumer disputes*

#### Article 11

(1) The electronic money issuer shall provide the electronic money holder that is a consumer information on at least one authority competent for alternative dispute resolution for consumer disputes relating to the application of this Title and Title II of this Act.

(2) The information referred to in paragraph (1) of this Article shall comprise the postal address and website address of the authority competent for alternative dispute resolution for consumer disputes and information on the obligation of the electronic money issuer referred to in paragraph (5) of this Article.

(3) The electronic money issuer shall provide the information referred to in paragraphs (1) and (2) of this Article in a clear, comprehensible and easily accessible manner in its branch offices and on its website and provide them to the electronic money holders in the context of prior information the electronic money issuer is obligated to provide in accordance with the provisions of Article 7, paragraph (5) of this Act and in the final reply to the complaint referred to in Article 9, paragraph (4) of this Act.

(4) In all disputes with an electronic money issuer related to the application of the provisions of this Title and Title II of this Act, the electronic money holder that is a consumer shall have the right to initiate a procedure before any authority for alternative dispute resolution for consumer disputes.

(5) An electronic money issuer shall participate in the alternative dispute resolution procedure initiated by the consumer.

(6) The right of the electronic money holder referred to in paragraph (4) of this Article shall not affect its right to initiate court proceedings.

## TITLE IV

### ELECTRONIC MONEY INSTITUTION, SMALL ELECTRONIC MONEY INSTITUTION AND A BRANCH OF A THIRD-COUNTRY ELECTRONIC MONEY INSTITUTION ESTABLISHED IN THE REPUBLIC OF CROATIA

#### CHAPTER I

#### GENERAL PROVISIONS

#### *Electronic money institutions and small electronic money institutions established in the Republic of Croatia*

##### Article 12

(1) The Croatian National Bank shall be competent for:

1) issuing authorisations to issue electronic money to a legal person established in the Republic of Croatia;

2) adopting decisions on the entry of a small electronic money institution in the register referred to in Article 28 of this Act.

(2) An electronic money institution, which has obtained the authorisation referred to in paragraph (1), item (1) of this Article, and a small electronic money institution for which the Croatian National Bank has adopted a decision on the entry in the register referred to in paragraph (1), item (2) of this Article, may provide payment services that are linked to the issuance of electronic money.

(3) The authorisation to issue electronic money may also contain an authorisation to provide one or more payment services that are not linked to the issuance of electronic money.

(4) The decision on the entry in the register referred to in paragraph (1), item (2) of this Article may also refer to payment services that are not linked to the issuance of electronic money referred to in Article 3, paragraph (2), items (3) to (6) of this Act.

(5) The business activity of the issuance of electronic money and the provision of payment services that are linked to the issuance of electronic money may be entered in the register of companies only after the Croatian National Bank has adopted a decision authorising the issuance of electronic money or a decision on the entry of a small electronic money institution in the register referred to in Article 28 of this Act.

(6) An electronic money institution and a small electronic money institution may commence issuing electronic money and providing payment services linked to the issuance of electronic money only after these services have been entered as business activities in the register of companies.

(7) An electronic money institution and a small electronic money institution may enter the business activity of payment service provision that are not linked to the issuance of electronic money in the register of companies only after having obtained authorisation from the Croatian National Bank or after the Croatian National Bank has adopted the decision for such payment services referred to in paragraph (4) of this Article and may commence providing such payment services after having entered the business activity of the provision of such services in the register of companies.

*Application of the provisions of the law governing the operation of companies*

Article 13

Unless otherwise provided for in this Act, the provisions of the law governing the operation of companies or another special law governing the manner of establishment of legal persons shall apply to electronic money institutions and small electronic money institutions.

## CHAPTER II

### ELECTRONIC MONEY INSTITUTIONS

#### Section 1

#### Capital and business activity of electronic money institutions

*Initial capital of an electronic money institution*

Article 14

(1) The initial capital of an electronic money institution shall not be less than EUR 350,000.00.

(2) For a company in the process of being incorporated for which an application for authorisation to issue electronic money has been submitted, the share of the shareholders' capital in the amount of the initial capital referred to in this Article shall be paid in cash.

## *Other business activities of electronic money institutions*

### Article 15

In addition to the services referred to in Article 12, paragraph (1), item (1), and paragraphs (2) and (3) of this Act, an electronic money institution may also engage in:

- 1) the provision of operational and ancillary services closely linked to the issuance of electronic money or the provision of payment services for which it has been authorised;
- 2) the granting of credits related to the provision of the payment services referred to in Article 3, paragraph (2), items (4) and (5) of this Act, where it has obtained authorisation with respect to these payment services, referred to in Article 12, paragraph (3) of this Act, and where the conditions laid down in Article 40 of this Act are met;
- 3) the operation of a payment system as defined in the law governing payment operations; or
- 4) all other business activities other than those listed in items (1) to (3) of this Article.

### Section 2

#### Provision of electronic money issuance and payment services

### *Conditions for authorisation to issue electronic money*

### Article 16

(1) A legal person established in the Republic of Croatia intending to issue electronic money as an electronic money institution shall meet all of the following conditions:

- 1) in view of the need to ensure the sound and prudent management of the electronic money institution, the holder of a qualifying holding is suitable, especially with respect to the good repute and the financial strength;
- 2) members of the management board of the electronic money institution or executive directors of the electronic money institution that has a board of directors, where it does not also perform the business activities referred to in Article 15, item (4) of this Act, are of a good repute and possess the knowledge and experience required for the issuance of electronic money and the provision of payment services;
- 3) where the electronic money institution, in addition to issuing electronic money, also engages in the business activities referred to in Article 15, item (4) of this Act, the person responsible for managing activities related to the issuance of electronic money and the provision of payment services is of good repute and possesses the knowledge and experience required for the issuance of electronic money and the provision of payment services and the management board members or executive directors of an electronic money institution having a board of directors are of good repute;
- 4) taking into account the need to ensure the sound and prudent management of the electronic money institution, that institution has in place effective and sound governance arrangements

comprising a clear organisational structure with well-defined, transparent and consistent lines of powers and responsibilities, effective procedures for establishing, managing, monitoring and reporting on all the risks to which the electronic money institution is or might be exposed, and adequate internal control mechanisms, which comprise, at a minimum, the functions of risk control, internal audit and compliance with regulations and standards, including appropriate administrative and accounting procedures and that the said governance arrangements, internal control mechanism and administrative and accounting procedures are appropriate, proportionate, sound and adequate in relation to the nature, scale and complexity of electronic money issuance and payment service provision which the electronic money institution intends to provide;

5) the activities of the electronic money institution are carried out from the territory of the Republic of Croatia and the electronic money institution intends to provide at least part of the electronic money issuance and payment services in the Republic of Croatia;

6) it is capable of ensuring sound business operations with appropriate organisational, technical and personnel structure;

7) it meets the initial capital requirement in accordance with Article 14 of this Act;

8) it meets the requirement of safeguarding of the funds of electronic money holders in accordance with Article 35 of this Act;

9) when intending to provide payment services that are not linked to the issuance of electronic money, it meets the requirement for safeguarding payment service user's funds in terms of Article 35, paragraph (9) of this Act;

10) when intending to provide the services referred to in Article 3, paragraph (2), items (7) and/or (8) of this Act, it has a liability coverage in accordance with Article 36 of this Act;

11) it meets all other conditions referred to in Article 17, paragraph (3), items (10) to (16) of this Act.

(2) When assessing the suitability of a holder of a qualifying holding, the Croatian National Bank shall take into account the following criteria:

1) the repute of the holder of a qualifying holding;

2) the financial soundness of the holder of a qualifying holding, in particular with respect to the type of activities pursued by the electronic money institution in which a holder has a qualifying holding;

3) the possibility that the holder of a qualifying holding affects the legitimacy of the operation of the electronic money institution.

(3) In assessing the good repute, the Croatian National Bank shall particularly take into account the following circumstances:

1) whether the person has achieved successful results in its professional work so far;

2) whether the person has been convicted by a judgement with final force and effect or an investigation has been initiated against the person or criminal proceedings are being conducted against the person for any of the following criminal offences:

– criminal offences against life and limb (Title X), criminal offences against values protected under international law (Title XIII), criminal offences against sexual freedom and sexual morality (Title XIV), criminal offences against property (Title XVII), with the exception of violations of

copyrights or of the rights of performing artists (Article 229), illicit use of an author's work or an artistic performance (Article 230), violations of the rights of producers of audio or video recordings and the rights related to radio broadcasting (Article 231), and violations of patent rights (Article 232), criminal offences against the payment system and the security of its operations (Title XXI), criminal offences against the authenticity of documents (Title XXIII), criminal offences against official duty (Title XXV), with the exception of failures to execute orders (Article 340) and violations of a duty to guard the state border (Article 341), under the Criminal Code (Official Gazette 110/1997, 27/1998, 50/2000, 129/2000, 51/2001, 111/2003, 190/2003, 105/2004, 84/2005, 71/2006, 110/2007, 152/2008 and 57/2011);

– a criminal offence under the Securities Markets Act (Official Gazette 84/2002 and 138/2006);

– a criminal offence under the Act on Criminal Offences Against the Capital Market (Official Gazette 152/2008);

– crimes against humanity and human dignity (Title IX), criminal offences against life and limb (Title X), criminal offences against labour relations and social insurance (Title XII), criminal offences against sexual freedom (Title XVI), criminal offences against property (Title XXIII), criminal offences against the economy (Title XXIV), a criminal offence of computer-related forgery (Article 270) and a criminal offence of computer-related fraud (Article 271), criminal offences of forgery (Title XXVI) and criminal offences against official duty (Title XXVIII) under the Criminal Code (Official Gazette 125/2011, 144/2012, 56/2015, 61/2015 and 101/2017);

– criminal offences under the law governing the operation of companies;

– criminal offences under the law governing the operation of investment funds; or

– criminal offences under the Accounting Act (Official Gazette 109/2007, 54/2013 and 121/2014);

3) whether the person is an associate of the person convicted of a criminal offence prosecuted in the line of duty; and

4) whether the person has been convicted by a judgement with final force and effect of misdemeanours envisaged by the laws governing financial business activity, if that could threaten the legitimacy, safety and stability of the issuance of electronic money and the provision of payment services.

### *Application for authorisation to issue electronic money*

#### Article 17

(1) A legal person established in the Republic of Croatia intending to issue electronic money as an electronic money institution shall submit an application to the Croatian National Bank for an authorisation to issue electronic money.

(2) In the application referred to in paragraph (1) of this Article, the applicant shall specify the payment services it intends to provide, indicating which of these services are not linked to the issuance of electronic money.

(3) The application shall be accompanied by the following:

- 1) the identity and contact information of the applicant, including the head office of the applicant;
- 2) the Articles of Association, a deed of establishment or memorandum of the applicant;
- 3) a programme of operations relating to the issuance of electronic money, setting out the types of payment services for which authorisation is sought, in accordance with Article 3, paragraph (2) of this Act, showing that the applicant shall carry out its activities from the territory of the Republic of Croatia and provide at least part of its electronic money issuance and payment services in the Republic of Croatia;
- 4) where applicable, financial statements for the three preceding years of business;
- 5) a business plan, including a calculation of financial statements projections for the next three years of business which demonstrates that the applicant is able to employ the appropriate organisational, technical and personnel structure to operate soundly, and containing, where applicable, a projection of outstanding electronic money for the purpose of own funds calculation pursuant to Article 34, paragraph (7) of this Act;
- 6) where applicable, the method of estimating the portion of funds allocated for the issuance of electronic money for the purpose of own funds calculation pursuant to Article 34, paragraph (6) of this Act;
- 7) evidence that it meets the initial capital requirement in accordance with Article 14 of this Act;
- 8) a description of measures taken or intended to be taken to safeguard electronic money holders or payment service users' funds in accordance with Article 35 of this Act, including, where applicable, an assessment method for the representative portion of funds earmarked for the issuance of electronic money;
- 9) a description of the applicant's governance arrangements and internal control mechanisms, including administrative, accounting procedures and risk management procedures, as well as rules for the use of the services of information and communication technology (hereinafter referred to as 'ICT') in accordance with Regulation (EU) 2022/2554 of the European Parliament and of the Council of 14 December 2022 on digital operational resilience for the financial sector and amending Regulations (EC) No 1060/2009, (EU) No 648/2012, (EU) No 600/2014, (EU) No 909/2014 and (EU) 2016/1011 (Text with EEA relevance) (OJ L 333, 27.12.2022) (hereinafter referred to as 'Regulation (EU) 2022/2554'), which demonstrate that those governance arrangements and internal control mechanisms are proportionate, appropriate, sound and adequate;
- 10) a description of the procedures in place to monitor, handle and follow up a security incident and security related customer complaints, including an incident reporting mechanism which takes account of the notification obligations laid down in Chapter III of Regulation (EU) No 2022/2554;
- 11) a description of the process in place to file, monitor, track and restrict access to sensitive payment data;
- 12) a description of business continuity arrangements, including a clear identification of the critical operations, effective ICT business continuity policy and plans, ICT response and recovery plans and a procedure to regularly test and review the adequacy and efficiency of such plans in accordance with Regulation (EU) 2022/2554;



13) a description of the principles and definitions applied for the collection of statistical data on performance, transactions and fraud;

14) a security policy document, including a detailed risk assessment in relation to electronic money issuance and payment services, a description of security control and risk mitigation measures taken to adequately protect electronic money holders and payment service users against the risks identified, including fraud and illegal use of sensitive and personal data; the security control and risk mitigation measures shall describe how they ensure a high level of digital operational resilience in accordance with Chapter II of Regulation (EU) 2022/2554, in particular in relation to technical security and data protection, including for the software and ICT systems used by the applicant or the persons to which it outsources the whole or part of its activities; security controls and risk mitigation measures shall also take into account security measures laid down in the law governing payment operations;

15) a description of the internal control mechanisms set up by the electronic money institution in order to comply with the obligations arising from regulations governing the prevention of money laundering and terrorist financing;

16) a description of the applicant's organisational structure, including, where applicable, a description of the intended operation through the use of branches, agents and distributors and a description of the intended off-site and on-site checks that the applicant undertakes to perform on branches and agents at least annually, indicating their frequency, as well as a description of a contractual relationship between the applicant and the persons to which certain activities are outsourced, and a description of the applicant's participation in a national or international payment system;

17) the identity of persons holding in the applicant, directly or indirectly, qualifying holdings, the size of their holdings and evidence of their suitability, taking into account the need to ensure the sound and prudent management of an electronic money institution;

18) the identity of each management board member of the applicant or each executive director of the applicant where the applicant has a board of directors as well as evidence that they are of good repute and possess appropriate knowledge and experience to issue electronic money and provide payment services;

19) if the applicant also carries out the business activities referred to in Article 15, item (4) of this Act, the identity of the persons responsible for managing the activities related to the electronic money issuance and the provision of payment services and evidence that they are of good repute and possess appropriate knowledge and experience to issue electronic money and provide payment services and the identity of each member of the management board of the applicant or each executive director of the applicant where the applicant has a board of directors and evidence that they are of good repute;

20) information on whether the persons referred to in items (17) to (19) of this paragraph have been convicted by a judgement with final force and effect of any of the criminal offences or misdemeanours referred to in Article 16, paragraph (3), items (2) and (4) of this Act, and if they have, state the criminal offences or any of the misdemeanours committed, and the date on which

the judgement came into final force and effect and a certificate showing that no investigation or criminal proceedings have been initiated or are being conducted against these persons for any of the criminal offences referred to in Article 16, paragraph (3), item (2);

21) information on whether the person referred to in items (17) to (19) of this paragraph is an associate of the person convicted of a criminal offence prosecuted in the line of duty;

22) where applicable, the identity of certified auditors and audit companies;

23) a list of persons with close links with the applicant within the meaning of Article 4, paragraph (1), item (38) of Regulation (EU) No 575/2013 and a description of the ways in which they are linked.

(4) For the purposes of paragraph (3), items (8), (9), (10) and (16) of this Article the applicant shall provide a description of its internal bylaws or other internal procedures related to internal audit arrangements and the organisational arrangements it has set up with a view to protecting the interests of the users of its services and to ensure continuity and reliability in the issuance of electronic money and the provision of payment services and for the purposes of paragraph (3), items (17), (18) and (19) of this Article, the applicant shall provide evidence demonstrating the good repute and possession of appropriate knowledge and experience to issue electronic money and provide payment services in accordance with the Guidelines of the European Banking Authority Guidelines on the information to be provided for the authorisation of payment institutions and e-money institutions and for the registration of account information service providers under Article 5, paragraph (5) of Directive (EU) 2015/2366 (EBA/GL/2017/09).

(5) The Croatian National Bank shall obtain data on judgements with final force and effect for criminal offences and misdemeanours committed in the Republic of Croatia from the criminal history records and misdemeanour records, based on a reasoned explanation, for the persons referred to in paragraph (3), items (17) to (20) of this Article for whom evidence of good repute is sought, and as regards criminal offences and misdemeanours committed in the territory of the European Union, it shall obtain data from the European Criminal Records Information System in accordance with the law governing legal consequences of convictions, criminal records and rehabilitation.

(6) The Croatian National Bank shall be competent to obtain data on judgements with final force and effect regarding the associate of the persons referred to in paragraph (3), items (17) to (19) of this Article for criminal offences committed in the Republic of Croatia from the ministry responsible for the judiciary, and for criminal offences committed in the territory of the European Union from the European Criminal Records Information System in accordance with the law governing legal consequences of convictions, criminal records and rehabilitation.

(7) The information referred to in paragraph (3), item (20) of this Article for the persons referred to in paragraph (3), items (17) to (19) of this Article and their associates relating to judgements with final force and effect for criminal offences and misdemeanours in other countries which in their substance correspond to those referred to in Article 16, paragraph (3), items (2) and (4) of this Article shall be deemed to be the information obtained from criminal or misdemeanour records, respectively, of the competent authority of the relevant country or, if under the laws of

that country such information cannot be obtained, a statement provided by a natural person to whom the information relates, not older than 90 days.

(8) In addition to the information and documentation referred to in paragraph (3) of this Article, the applicant shall also submit the information and documentation in accordance with the European Banking Authority Guidelines on the information to be provided for the authorisation of payment institutions and e-money institutions and for the registration of account information service providers under Article 5, paragraph (5) of Directive (EU) 2015/2366 (EBA/GL/2017/09), and the information required by the Croatian National Bank during the application processing procedure and for the purpose of clarification it assesses necessary to decide on the issuing of an authorisation, including the information on the applicant prescribed by the law governing the prevention of money laundering and terrorist financing collected by the persons subject to that law.

(9) During the application processing procedure, the applicant shall notify the Croatian National Bank without delay of any changes relating to the information and documentation submitted pursuant to paragraphs (3), (4) and (8) of this Article, at the latest within seven days of the date on which such changes took place.

(10) If, in addition to the authorisation to issue electronic money, the applicant also applies for authorisation to provide the payment services referred to in Article 3, paragraph (2), items (7) or (8) of this Act, in accordance with Article 36 of this Act, the applicant shall submit evidence of a concluded professional indemnity insurance contract or a comparable guarantee, covering the liability related to unauthorised and incorrectly executed payment transactions in accordance with the provisions of the law governing payment operations in the countries in which it provides or intends to provide payment services.

(11) The applicant applying for an authorisation to issue electronic money shall pay an application processing fee to the Croatian National Bank.

(12) All the provisions of this Article shall apply *mutatis mutandis* to the application for an authorisation to issue electronic money submitted for the company in the process of being incorporated.

(13) The Croatian National Bank shall prescribe the amount of the fee referred to in paragraph (11) of this Article by subordinate legislation.

### *Authorisation to issue electronic money*

#### Article 18

(1) The Croatian National Bank shall adopt a decision authorising the applicant to issue electronic money and shall enter it in the register referred to in Article 28 of this Act as an electronic money institution if it has come to an assessment, based on the application and the submitted information and documentation referred to in Article 17 of this Act and the information it possesses, that all the conditions referred to in Article 16 of this Act have been met.

(2) Before adopting a decision on the application for authorisation to issue electronic money the Croatian National Bank may request an opinion from other competent authorities on the circumstances important for deciding on the submitted application.

## *Additional application to provide payment services*

### Article 19

(1) An electronic money institution intending to provide payment services that are not linked to the issuance of electronic money and not covered by the decision shall, after receipt of the decision referred to in Article 18 of this Act, submit an additional application and specify such payment services, enclosing with the application the documentation referred to in Article 17, paragraph (3), items (3) and (5) of this Act and, where applicable, the method referred to in Article 17, paragraph (3), item (6) of this Act along with the related information and documentation in accordance with the European Banking Authority Guidelines on the information to be provided for the authorisation of payment institutions and e-money institutions and for the registration of account information service providers under Article 5, paragraph (5) of Directive (EU) 2015/2366 (EBA/GL/2017/09), as well as the explanation of the impact of new services on financial stability, organisational structure, internal control mechanism, system for safeguarding payment service user's funds, where applicable, and on security requirements referred to in Article 17, paragraph (3), items (10), (11), (12) and (14) of this Act.

(2) The electronic money institution referred to in paragraph (1) of this Act also intending to provide the service referred to in Article (3), paragraph (2), item (7) of this Act or the service referred to in Article 3, paragraph (2), item (8) of this Act, or the services referred to in Article 3, paragraph (2), items (7) and (8) of this Act, shall provide in its application, in addition to the documentation referred to in paragraph (1) of this Article, the evidence referred to in Article 17, paragraph (10) of this Act in accordance with Article 36 of this Act.

(3) The Croatian National Bank may, during the application processing procedure referred to in paragraph (1) of this Article, also require other information it deems necessary to decide on the issuing of an authorisation.

(4) Based on the application referred to in paragraph (1) of this Article, the Croatian National Bank shall adopt a decision authorising an electronic money institution to provide additional payment services and shall enter this change in the register referred to in Article 28 of this Act, if based on the information submitted pursuant to the provisions of this Article and the information it possesses assesses that the electronic money institution meets all the conditions referred to in Article 16 of this Act in relation to the existing and additional payment services.

## *Refusal of an application for authorisation to issue electronic money*

### Article 20

(1) The Croatian National Bank shall adopt a decision refusing the application for authorisation to issue electronic money if, based on the submitted documentation and information it assesses that:

- 1) any of the conditions referred to in Article 16 of this Act are not met;
- 2) where the exercise of supervision of the electronic money institution's operation may be made difficult or prevented due to close links between the applicant and other legal or natural persons;

3) the laws or other regulations of third countries governing the operation of one or more natural or legal persons having close links with the applicant or difficulties in the implementation of such laws and regulations prevent effective exercise of supervision of the operation of the electronic money institution; or

4) it is necessary to establish a separate entity for the activities of the issuance of electronic money and the provision of payment services referred to in Article 3, paragraph (2), items (1) to (7) of this Act, because the business activities referred to in Article 15, item (4) of this Act, which the electronic money institution provides or intends to provide impair or might impair the financial stability of the applicant, or make difficult or might make difficult the exercise of supervision by the Croatian National Bank.

(2) The provisions of paragraph (1) of this Article shall apply *mutatis mutandis* to the refusal of the application referred to in Article 19 of this Act.

### *Grounds for a revocation of the decision authorising the issuance of electronic money*

#### Article 21

(1) The Croatian National Bank shall revoke the decision authorising the issuance of electronic money as a whole, in the case:

1) where an electronic money institution fails to commence issuing electronic money in accordance with the decision issued within 12 months of the date of delivery of the decision;

2) where an electronic money institution submits a written notification to the Croatian National Bank stating that it no longer intends to issue electronic money;

3) where an electronic money institution ceases issuing electronic money for more than six months in a row;

4) where, in the case of a renewed procedure, it determines that the decision has been adopted based on false or inaccurate data or statements material for the adoption of that decision;

5) where an electronic money institution no longer meets the conditions under which the decision was adopted;

6) where, at the request of the electronic money institution, a decision is adopted under which the same legal person is authorised to provide payment services as a payment institution; or

7) where, at the request of the electronic money institution, it adopts a decision on its entry in the register referred to in Article 28 of this Act as a small electronic money institution, or a decision on the entry in the register maintained by the Croatian National Bank as a registered account information service provider, in accordance with the law governing payment operations.

(2) The Croatian National Bank shall revoke, in part, with regard to a payment service that is not linked to the issuance of electronic money, the decision authorising the issuance of electronic money in the case:

1) where an electronic money institution submits a written notification to the Croatian National Bank stating that it no longer intends to provide that payment service;

2) where an electronic money institution no longer meets the conditions under which the decision was adopted relative to that payment service; or

3) where, in the case of a renewed procedure, it determines that the decision with regard to that payment service has been adopted based on false or inaccurate data or statements material for the adoption of that decision.

(3) The Croatian National Bank may revoke, as a whole, the decision authorising the issuance of electronic money in the case:

1) where any of the reasons referred to in Article 20, paragraph (1), items (2) to (4) of this Act arises;

2) where an electronic money institution threatens the stability of or confidence in a payment system by continuing to issue electronic money or to provide payment services;

3) where an electronic money institution, in any manner whatsoever, prevents the exercise of supervision of its operation;

4) where an electronic money institution fails to implement supervisory measures imposed by the Croatian National Bank; or

5) where an electronic money institution fails to notify the Croatian National Bank of the significant changes in the conditions under which the decision was adopted.

(4) The Croatian National Bank may revoke, in part, with regard to a payment service that is not linked to the issuance of electronic money, the decision authorising the issuance of electronic money in the case:

1) where an electronic money institution threatens the stability of or confidence in the payment system by continuing to provide that payment service;

2) where an electronic money institution, in any manner whatsoever, prevents the exercise of supervision of the provision of that payment service;

3) where an electronic money institution fails to implement supervisory measures imposed by the Croatian National Bank with regard to that payment service; or

4) where an electronic money institution fails to notify the Croatian National Bank of the significant changes in the conditions under which the decision with regard to that payment service was adopted.

### *Decision on the revocation of the decision authorising the issuance of electronic money*

#### Article 22

(1) The Croatian National Bank shall deliver the decision on the revocation of the decision authorising the issuance of electronic money to the electronic money institution without delay.

(2) The Croatian National Bank shall submit its enforceable decision on the revocation of the decision authorising the issuance of electronic money to the competent commercial court without delay and shall publish a notice thereof on its website and in at least one daily newspaper published in the Republic of Croatia.

## *Prohibition of the issuance of electronic money and the provision of payment services*

### Article 23

(1) An electronic money institution shall cease to issue electronic money and provide payment services:

- 1) on the date of entry into force of the decision on the winding-up of an electronic money institution;
- 2) on the date of adoption of a decision on the opening of bankruptcy proceedings against an electronic money institution;
- 3) on the date of the removal of an electronic money institution from the register of companies or its dissolution in the case of merger by acquisition, merger by formation of a new company and division of a company; or
- 4) on the date when the decision on the revocation of the decision authorising the issuance of electronic money to an electronic money institution becomes enforceable or on the date defined in the decision on the revocation of the decision authorising the issuance of electronic money.

(2) In the case referred to in paragraph (1) of this Article, the Croatian National Bank shall remove the payment institution from the register referred to in Article 28 of this Act without delay.

## *Transformation of a payment institution to an electronic money institution*

### Article 24

(1) A payment institution intending to issue electronic money shall submit an application to the Croatian National Bank for authorisation to issue electronic money as an electronic money institution pursuant to this Act and provide all information and documentation referred to in Article 17 of this Act.

(2) By way of derogation from paragraph (1) of this Article, a payment institution does not have to submit the information and documentation that have already been submitted to the Croatian National Bank and that are relevant at the time of submitting the application.

(3) By the decision on authorisation to issue electronic money to a payment institution, the Croatian National Bank shall revoke the decision by which the payment institution has been granted the provision of payment services.

(4) On the date when the decision authorising the issuance of electronic money as an electronic money institution becomes enforceable, the entry of the payment institution shall be removed from the register maintained by the Croatian National Bank pursuant to the law governing payment operations, and it shall be entered in the register referred to in Article 28 of this Act as an electronic money institution.

## *Transformation of an electronic money institution to a payment institution*

### Article 25

(1) An electronic money institution that no longer intends to issue electronic money, but intends to continue providing payment services listed in the decision authorising the issuance of electronic

money that are not linked to the issuance of electronic money, shall submit to the Croatian National Bank an application for authorisation to provide such payment services as a payment institution in accordance with the provisions of the law governing payment operations.

(2) The electronic money institution shall submit with the application referred to in paragraph (1) of this Article all information and documentation pursuant to the provisions on the application for authorisation to provide payment services of the law governing payment operations.

(3) By way of derogation from paragraph (2) of this Article, an electronic money institution does not have to submit the information and documentation that have already been submitted to the Croatian National Bank and that are relevant at the time of submitting the application.

*Transformation of an electronic money institution to a registered account information  
service provider*

Article 26

(1) An electronic money institution that no longer intends to issue electronic money, but intends to continue providing only the payment service referred to in Article 3, paragraph (2), item (8) of this Act listed in the decision authorising the issuance of electronic money shall submit to the Croatian National Bank an application for its entry in the register maintained by the Croatian National Bank in accordance with the law governing payment operations as a registered account information service provider pursuant to the provisions of the law governing payment operations.

(2) Pursuant to the application referred to in paragraph (1) of this Article, the Croatian National Bank shall carry out the procedure based on the available information and documentation related to the application for the entry into the register as a registered account information service provider, but it can require additional documentation pursuant to the provisions of the law governing payment operations.

(3) The relevant provisions of the law governing payment operations shall apply to decision-making regarding the application referred to in paragraph (1) of this Article.

Section 3

Operation of an electronic money institution in the Republic of Croatia and the register

*Operation of an electronic money institution in the Republic of Croatia through agents  
and distributors*

Article 27

(1) An electronic money institution shall not issue electronic money through agents.

(2) An electronic money institution may distribute and redeem electronic money in the Republic of Croatia through distributors.



(3) An electronic money institution may provide payment services, for which it has been authorised, in the Republic of Croatia through one or more agents with a head office or domicile in the Republic of Croatia.

(4) An electronic money institution intending to provide payment services through an agent shall first submit an application to the Croatian National Bank for entry of an agent in the register referred to in Article 28 of this Act.

(5) An electronic money institution shall enclose with the application for entry in the register referred to in paragraph (4) of this Article:

- 1) information on the agent's firm name and head office, or the agent's name and address;
- 2) a description of the internal control mechanism put in place by the agent to comply with the provisions of the law governing the prevention of money laundering and terrorist financing;
- 3) where the agent is a payment service provider, the name, address and personal identification number (OIB) of the agent's management board members or executive directors;
- 4) where the agent is not a payment service provider, for management board members or executive directors of the legal person that is an agent or for the natural person that is an agent, in addition to the names, addresses and OIB, the information and documentation referred to in Article 17, paragraph (3), items (18) and (20) and paragraph (8) of this Act;
- 5) a list of payment services that it intends to provide through agents;
- 6) agent's OIB.

(6) The Croatian National Bank may, during the application processing procedure referred to in paragraph (4) of this Article, take all the measures necessary to verify the authenticity of the submitted information, and request additional documentation from the electronic money institution and exchange of data with other competent authorities.

(7) The provision of Article 17, paragraph (5) of this Act shall apply to the application processing procedure referred to in paragraph (4) of this Article.

(8) The Croatian National Bank shall decide on the application referred to in paragraph (4) of this Article within two months of submitting complete application.

(9) The Croatian National Bank shall refuse to enter an agent in the register referred to in Article 28 of this Act where it establishes, based on the documentation and information referred to in paragraphs (5) and (6) of this Article, that:

- 1) the internal control mechanism put in place to comply with the provisions of the law governing the prevention of money laundering and terrorist financing is inadequate;
- 2) the person referred to in paragraph (5), item (4) of this Article has no good repute or appropriate knowledge and experience to provide payment services; or
- 3) after the measures referred to in paragraph (6) of this Article have been taken, it is not possible to determine the accuracy of the submitted information.

(10) Article 16, paragraph (3) of this Act shall apply to the assessment of good repute.

(11) The Croatian National Bank shall adopt a decision on the removal of an agent from the register referred to in Article 28 of this Act:

1) where an electronic money institution requires removal of an agent from the register or if it notifies the Croatian National Bank that it has ceased providing payment services through an agent in accordance with Article 56, paragraph (2), item (9) of this Act;

2) where consumer bankruptcy proceedings or bankruptcy proceedings have been opened against the agent;

3) where the agent has been removed from the register of companies;

4) where the agent is a natural person, upon his/her death.

(12) The Croatian National Bank may adopt a decision on the removal of an agent from the register referred to in Article 28 of this Act where after the entry of the agent in the register any of the reasons referred to in paragraph (9), items (1) and (2) of this Article arises or where it is established subsequently that the decision on the entry of an agent in the register was adopted based on incorrect information.

(13) The Croatian National Bank shall submit all decisions adopted under this Article to the electronic money institution and entry or removal of agents in and from the register referred to in Article 28 of this Act shall be made without delay after the relevant decision becomes enforceable.

(14) An electronic money institution may commence providing payment services through an agent from the date of that agent's entry in the register referred to in Article 28 of this Act.

(15) An electronic money institution shall cease providing payment services through an agent:

1) in the case referred to in paragraph (11), item (1) and paragraph (12) of this Article, from the date of entry of that agent's removal in the register referred to in Article 28 of this Act;

2) as of the date of adoption of the decision to open consumer bankruptcy proceedings or bankruptcy proceedings against the agent;

3) as of the date of that agent's removal from the register of companies.

(16) The electronic money institution shall, during the application processing procedure referred to in paragraph (4) of this Article, notify the Croatian National Bank without delay of any changes in the information and documentation submitted pursuant to paragraph (5) of this Article, and of any other circumstance referred to in paragraph (11), items (2) to (4) of this Article.

(17) The electronic money institution's agent shall inform payment service users that it provides payment services on behalf and for the account of an electronic money institution as its agent.

(18) The electronic money institution which intends to distribute and/or redeem electronic money through a distributor shall notify the Croatian National Bank thereof in advance.

(19) The electronic money institution shall accompany the notification referred to in paragraph (18) of this Article with information and documentation referred to in paragraph (5), items (1) to (4) and item (6) of this Article for distributors, as well as the information whether it intends to distribute, redeem electronic money, or both activities, through a distributor.

(20) Where the Croatian National Bank, on the basis of the notification referred to in paragraph (18) of this Article and information submitted in accordance with paragraph (19) of this Article, assesses that any of the conditions referred to in paragraph (9) of this Article is not met, it shall adopt a decision prohibiting an electronic money institution from distributing and/or redeeming electronic money through a distributor.

(21) The provisions of paragraphs (6), (7), (9), (10) and (16) of this Article shall apply *mutatis mutandis* to the decision-making procedures referred to in paragraph (20) of this Article.

(22) Where the Croatian National Bank during the processing of the notification referred to in paragraph (18) of this Article adopts a decision referred to in paragraph (20) of this Article, the electronic money institution may not distribute and/or redeem electronic money through a distributor.

### *Register*

#### Article 28

(1) The Croatian National Bank shall keep a register of:

- 1) electronic money institutions it has authorised to issue electronic money;
- 2) agents of electronic money institutions referred to in item (1) of this paragraph;
- 3) branches of electronic money institutions referred to in item (1) of this paragraph established in another Member State;
- 4) small electronic money institutions to which it has issued a decision on the entry in the register;
- 5) agents of small electronic money institutions referred to in item (4) of this paragraph;
- 6) branches of third-country electronic money institutions established in the Republic of Croatia.

(2) The register shall contain, for each entity entered in the register referred to in paragraph (1) of this Article, the electronic money issuance service and a list of payment services that are not linked to the electronic money issuance it is authorised to provide.

(3) For entities entered in the register providing services in another Member State, the country or the Member States in which they provide services and the manner of cross-border provision of services (establishment or freedom to provide services) shall be entered.

(4) The entities referred to in paragraph (1), items (1) to (3) of this Article, the entities referred to in paragraph (1), items (4) and (5) of this Article and the entities referred to in paragraph (1), item (6) of this Article shall be kept separately in the register.

(5) Any changes to data entered in the register shall be recorded in the register without delay.

(6) In the case of removal of an entity entered in the register referred to in paragraph (1), items (1) and (4) of this Article, the reason for the removal from the register shall also be specified.

(7) The register referred to in this Article shall be publicly available and accessible on the website of the Croatian National Bank.

(8) The Croatian National Bank shall notify the European Banking Authority, in a language customary in the field of finance, in accordance with implementing technical standards adopted as a delegated act by the European Commission under Article 15, paragraph (5) of Directive (EU) 2015/2366:

- 1) about the entry in the register referred to in this Article, including entries of changes and removals;
- 2) in the case of removal of an electronic money institution from the register due to a revocation of the decision authorising the issuance of electronic money and removal of a small electronic money institution and about the reasons for revoking the decision or for removal from the register.

(9) The Croatian National Bank shall adopt subordinate legislation governing in detail the contents and the manner of keeping a register.

CHAPTER III  
QUALIFYING HOLDING AND THE OPERATION OF AN ELECTRONIC  
MONEY INSTITUTION

Section 1  
Qualifying holding

*Notification on the intended acquisition of a qualifying holding*

Article 29

(1) Any natural and legal person intending to acquire for the first time directly or indirectly 10% or more of the capital or voting rights in an electronic money institution or intending to acquire a holding of less than 10% which would enable this person to achieve a significant influence over the management of an electronic money institution, shall notify the Croatian National Bank in advance of any such intended acquisition.

(2) A holder of a qualifying holding shall also notify the Croatian National Bank prior to each direct or indirect acquisition of a holding in the capital or voting rights of an electronic money institution which would enable this person to acquire, directly or indirectly 20%, 30% or 50% or more of a holding in the capital or of the voting rights in an electronic money institution.

(3) By way of derogation from paragraphs (1) and (2) of this Article, for a person other than the direct acquirer of a qualifying holding or an ultimate acquirer of a qualifying holding, the notification on the intended acquisition of a qualifying holding may be submitted by the ultimate acquirer of a qualifying holding.

(4) The person who has, in accordance with paragraphs (1) or (2) of this Article notified the Croatian National Bank, shall again notify the Croatian National Bank if it does not complete the intended acquisition of a qualifying holding within 12 months of the date referred to in Article 31, paragraph (17) of this Act.

(5) An acquirer of a qualifying holding intending to use directly or indirectly its qualifying holding acquired in accordance with Article 31, paragraph (17) of this Act in a manner in which the acquirer's holding in the capital or voting rights of an electronic money institution would fall below the percentage referred to in paragraph (1) or paragraph (2) of this Article, shall notify the Croatian National Bank thereof in advance.

(6) The person referred to in paragraphs (4) and (5) of this Article shall notify the Croatian National Bank of each new intended acquisition of a qualifying holding in accordance with paragraph (1) or paragraph (2) of this Article.

(7) A legal person holding a qualifying holding shall notify the Croatian National Bank of its intended participation in any process of merger by acquisition, merger by formation of a new company or division of a company, including any other change in status.

(8) A person acquiring a qualifying holding by inheritance, reduction of the shareholders' capital of an electronic money institution or when unaware or could not be aware that it would acquire a

qualifying holding or when unable to prevent or avoid the acquisition of a qualifying holding shall notify the Croatian National Bank thereof within 30 days of the date when it learned or must have learned of any such acquisition.

(9) The notifications referred to in paragraphs (1), (2) and (8) of this Article shall be a requirement to be used for the assessment if there is a possibility that the acquirer will have a negative impact on sound and prudent management of an electronic money institution.

### *Documentation on the intended acquisition a qualifying holding*

#### Article 30

(1) In addition to the notification on the intended acquisition of a qualifying holding referred to in Article 29, paragraphs (1) and (2) of this Act, also required to be submitted is the information and documentation referred to in Article 17, paragraph (3), items (17) and (20) of this Act in accordance with the European Banking Authority Guidelines on the information to be provided for the authorisation of payment institutions and e-money institutions and for the registration of account information service providers under Article 5, paragraph (5) of Directive (EU) 2015/2366 (EBA/GL/2017/09) for the holders of a qualifying holding.

(2) The provisions of Article 17, paragraphs (5), (6) and (7) of this Act shall apply to the notification procedure referred to in paragraph (1) of this Article.

(3) Where a direct or indirect acquisition of shares or holdings in an electronic money institution involves the acquisition of 50% or more of the capital or of the voting rights in an electronic money institution, the acquirer of the qualifying holding shall, in addition to the information and documentation referred to in paragraph (1) of this Article, also enclose the following with the application:

- 1) a business strategy of the electronic money institution in which the qualifying holding is acquired;
- 2) a business plan for the next three business years, including a financial statements projection;
- 3) planned change in the organisational, management and personnel structure of the electronic money institution with the information and documentation for new management board members or executive directors of the board of directors referred to in Article 17, paragraph (3), item (18) of this Act or, where the electronic money institution also carries out the business activities referred to in Article 15, item (4) of this Act, for the person who will be responsible to manage the activities related to the issuance of electronic money and the provision of payment services, the information and documentation referred to in Article 17, paragraph (3), item (19) of this Act; in addition, the acquirer of a qualifying holding shall, at the request of the Croatian National Bank, also submit the information and documentation referred to in Article 17, paragraph (8) of this Act, in accordance with the European Banking Authority Guidelines on the information to be provided for the authorisation of payment institutions and e-money institutions and for the registration of account information service providers under Article 5, paragraph (5) of Directive (EU) 2015/2366 (EBA/GL/2017/09) for the persons responsible for managing an electronic money institution;

4) a plan of activities regarding the creation of new, or amendments to the existing internal bylaws of an electronic money institution; and

5) a plan of activities regarding the changes to the existing information technology or introduction of a new information technology of an electronic money institution.

(4) In addition to the documentation referred to in this Article, the Croatian National Bank may, in the procedure of assessment of the notification on the acquisition of a qualifying holding, request from an acquirer of a qualifying holding additional documentation that it deems necessary for the assessment, including the information prescribed by the law governing the prevention of money laundering and terrorist financing, collected by the persons subject to that law.

(5) The Croatian National Bank shall be competent to obtain data on judgements with final force and effect regarding the associate of the intended acquirer of a qualifying holding for criminal offences committed in the Republic of Croatia from the ministry responsible for the judiciary, and for criminal offences committed in the territory of the European Union from the European Criminal Records Information System in accordance with the law governing legal consequences of convictions, criminal records and rehabilitation.

(6) Where in addition to the notification referred to in Article 29, paragraphs (1) or (2) of this Act all the information and documentation referred to in this Article are not submitted, the Croatian National Bank shall, within 30 days of the date of receipt of such notification invite the acquirer of the qualifying holding to submit the missing information and documentation.

(7) In the case referred to in paragraph (6) of this Article, the notification shall be deemed complete as of the date of submission of all the requested information and documentation.

(8) Where the acquirer of a qualifying holding fails to submit the missing information and documentation within the time limit set by the Croatian National Bank, the Croatian National Bank shall be authorised to act in the manner referred to in Article 31, paragraph (4) of this Act.

(9) The provisions of this Article shall apply *mutatis mutandis* to the notification on the acquisition of a qualifying holding referred to in Article 29, paragraph (8) of this Act.

### *Assessment of the notification on the acquisition of a qualifying holding*

#### Article 31

(1) The Croatian National Banks shall assess, based on the notification referred to in Article 29, paragraphs (1), (2) or (8) of this Act and the submitted information and documentation referred to in Article 30 of this Act, the possible impact of the intended acquirer of a qualifying holding on sound and prudent management of an electronic money institution in accordance with the following criteria:

- 1) the acquirer's good repute, taking into account the repute of all the qualifying holders of the acquirer's holdings and their influence on the acquirer;
- 2) good repute, competences and experience of any person who will direct the business of the electronic money institution following the acquisition;
- 3) the financial soundness of the acquirer, in particular with respect to the type of business pursued by the electronic money institution in which a qualifying holding is acquired;

4) the ability of the electronic money institution to continue to comply with the provisions of this Act after the acquisition of a qualifying holding; and

5) the existence of reasonable grounds to suspect that, in connection with the acquisition concerned, money laundering or terrorist financing is being or has been committed or attempted, or that the acquisition could increase the risk of money laundering or terrorist financing.

(2) Article 16, paragraph (3) of this Act shall apply to the assessment of good repute of the acquirer of a qualifying holding.

(3) The Croatian National Bank shall carry out the assessment referred to in paragraph (1) of this Article within three months of receipt of a complete notification referred to in Article 29, paragraphs (1), (2) and (8) of this Act.

(4) Where the Croatian National Bank in the case referred to in Article 29, paragraphs (1) and (2) of this Act assesses that it is possible that the intended acquirer will have a negative impact on sound and prudent management of an electronic money institution, it shall adopt a decision prohibiting the acquisition of a qualifying holding, within the time limit referred to in paragraph (3) of this Article.

(5) Where a direct acquirer, after the adoption of a decision prohibiting the acquisition referred to in paragraph (4) of this Article acquires a qualifying holding in an electronic money institution, the Croatian National Bank shall adopt a decision:

1) prohibiting the direct acquirer to exercise voting rights based on the part of the holding (shares or holdings) acquired; or

2) ordering the direct acquirer to sell a part of the holding (shares or holdings) acquired and to submit evidence of sale and if known, the information on the buyer, and prohibiting the exercise of voting rights based on the shares or holdings acquired in such a manner.

(6) The Croatian National Bank shall, by means of the decision referred to in paragraph (5), item (2) of this Article, set the time limit for the sale which may not be shorter than three months or longer than nine months.

(7) As of receipt of the decision referred to in paragraph (5) of this Article, the acquirer shall no longer be able to exercise voting rights based on the shares or holdings acquired in such a manner.

(8) In the case of the decision referred to in paragraph (5) of this Article, the quorum for taking valid decisions and the necessary majority for taking decisions of the general meeting or the electronic money institution's meeting shall be determined in relation to the shareholders' capital reduced by the amount of the shares on the basis of which the acquirer cannot exercise any voting rights, or by the amount of the paid-in capital contribution on the basis of which a holding has been acquired which does not give the acquirer any voting rights.

(9) A vote cast contrary to the decision referred to in paragraph (5) of this Article shall be null and void.

(10) The decision referred to in paragraph (5) of this Article shall be submitted to the electronic money institution.

(11) The electronic money institution shall ensure that the acquirer referred to in paragraph (5) of this Article prohibited by a decision of the Croatian National Bank to exercise voting rights does

not exercise voting rights based on shares or holdings acquired in such a manner and notify the Croatian National Bank thereof.

(12) Where the indirect acquirer, after the decision prohibiting the acquisition referred to in paragraph (4) of this Article has been adopted, acquires a qualifying holding in an electronic money institution, the Croatian National Bank shall adopt a decision ordering such an acquirer to reduce the acquired indirect qualifying holding in an electronic money institution and to submit evidence thereof.

(13) Where the Croatian National Bank in the case referred to in Article 29, paragraph (8) of this Article assesses that it is possible that the direct acquirer will have a negative impact on sound and prudent management of an electronic money institution, it shall act in the manner referred to in paragraph (5) of this Article.

(14) Where the Croatian National Bank in the case referred to in Article 29, paragraph (8) of this Article assesses that it is possible that the indirect acquirer will have a negative impact on sound and prudent management of an electronic money institution, it shall act in the manner referred to in paragraph (12) of this Article.

(15) The provisions of paragraphs (12) to (14) of this Article shall apply *mutatis mutandis* to the cases referred to in paragraphs (6) to (11) of this Article.

(16) When adopting the decision referred to in paragraph (5) and paragraphs (12) to (14) of this Article, the Croatian National Bank shall be guided by the principles of protection of public interest, financial system security and protection of interest of electronic money holders, payment service users and other interested parties.

(17) If the Croatian National Bank fails to adopt the decision referred to in paragraph (4) and paragraphs (12) to (14) of this Article within the time limit referred to in paragraph (3) of this Article, it shall be deemed that it is not possible that the proposed acquirer will have a negative impact on sound and prudent management of an electronic money institution.

*Legal effects of the failure to submit a notification on the acquisition of a qualifying holding*

Article 32

(1) Where a person acquires directly the holding referred to in Article 29, paragraphs (1), (2) or (8) of this Act without notifying the Croatian National Bank in accordance with the provisions of these paragraphs, the Croatian National Bank shall, after learning of such an acquisition, adopt a decision temporarily prohibiting the acquirer to exercise voting rights based on the part of the acquired holding (shares or holdings).

(2) The provisions of Article 31, paragraphs (7) to (11) of this Act shall apply *mutatis mutandis* to the case referred to in paragraph (1) of this Article.

(3) The Croatian National Bank shall request from the acquirer, by means of the decision referred to in paragraph (1) of this Article, to submit the information and documentation referred to in Article 30 of this Act within 30 days of receipt of the decision.



(4) Where the Croatian National Bank, based on the information and documentation submitted in accordance with paragraph (3) of this Article assesses that it is not possible that the direct acquirer will have a negative impact on sound and prudent management of an electronic money institution, it shall revoke the decision referred to in paragraph (1) of this Article.

(5) The Croatian National Bank shall inform the electronic money institution about the revocation of the decision referred to in paragraph (4) of this Article.

(6) Where the Croatian National Bank, based on the information and documentation submitted in accordance with paragraph (3) of this Article assesses that it is possible that the direct acquirer will have a negative impact on sound and prudent management of an electronic money institution, the Croatian National Bank may act in the manner referred to in Article 31, paragraph (5) of this Act.

(7) In the case where a decision is adopted in accordance with paragraph (6) of this Article, the Croatian National Bank shall revoke the decision referred to in paragraph (1) of this Article.

(8) The provisions of Article 31, paragraphs (6) to (11) and paragraph (16) of this Act shall apply *mutatis mutandis* to the case referred to in paragraph (6) of this Article.

(9) Where a person acquires indirectly the holding referred to in Article 29, paragraphs (1), (2) or (8) of this Act without notifying the Croatian National Bank in accordance with the provisions of these paragraphs, the Croatian National Bank shall invite that acquirer to submit the information and documentation referred to in Article 30 of this Act within 30 days of receipt of the invitation from the Croatian National Bank.

(10) Where the Croatian National Bank, based on the information and documentation submitted in accordance with paragraph (9) of this Article assesses that it is possible that the indirect acquirer will have a negative impact on sound and prudent management of an electronic money institution, the Croatian National Bank may act in the manner referred to in Article 31, paragraph (12) of this Act.

(11) The provisions of Article 31, paragraphs (6) to (11) and paragraph (16) of this Act shall apply *mutatis mutandis* to the case referred to in paragraph (10) of this Article.

(12) The Croatian National Bank shall make the assessment referred to in paragraphs (4), (6) and (10) of this Article within three months of the submission of complete information and documentation referred to in paragraphs (3) and (9) of this Article.

### *Subsequent assessment of the Croatian National Bank*

#### Article 33

(1) The holder of a qualifying holding shall, at the subsequent request of the Croatian National Bank,

submit the information and documentation referred to in Article 30, paragraphs (1) and (3) of this Act valid at the time of submission of the subsequent request of the Croatian National Bank.

(2) The Croatian National Bank shall act in accordance with the provisions of Article 32 of this Act if it establishes subsequently:

1) in a renewed procedure that the holder of a qualifying holding referred to in Article 29, paragraphs (1), (2) or (8) of this Act has provided in a notification false or incorrect data or

statements essential for the assessment of the possibility of the acquirer's negative impact on sound and prudent management of an electronic money institution; or

2) that negative changes have taken place as regards the possible impact of the holder of a qualifying holding on sound and prudent management of an electronic money institution.

## Section 2

### Operation of an electronic money institution

#### *Own funds*

#### Article 34

(1) In order to ensure safe and sound operation and be able to meet obligations to its creditors, an electronic money institution shall maintain an adequate level of own funds.

(2) The amount of own funds of an electronic money institution shall at no time be lower than the minimum amount of initial capital prescribed in Article 14, paragraph (1) of this Act.

(3) The amount of own funds of an electronic money institution shall at all times be at least equal to the sum of the amounts obtained by applying paragraphs (4) and (9) of this Article.

(4) The amount of own funds of an electronic money institution for the business activity of issuing electronic money shall be at least 2% of the average outstanding electronic money.

(5) For the purposes of this Act, the average outstanding electronic money shall be the average total amount of financial liabilities of an electronic money issuer related to the electronic money in issue at the end of each calendar day over preceding six calendar months, calculated on the first calendar day of each calendar month and applied for that calendar month.

(6) Where an electronic money institution, in addition to issuing electronic money, also provides payment services that are not linked to the issuance of electronic money or engages in any other business activity referred to in Article 15, item (4) of this Act, and the amount of outstanding electronic money is unknown in advance, the own funds referred to in paragraph (4) of this Article shall be calculated based on the portion of funds assumed to be used for the issuance of electronic money, which can be reasonably estimated based on historical data.

(7) Where an electronic money institution has not completed a sufficient period of operation to calculate the outstanding electronic money in accordance with paragraphs (5) and (6) of this Article, its own funds requirements shall be calculated based on projected outstanding electronic money evidenced by its business plan.

(8) The Croatian National Bank may order the correction of the estimated portion of funds assumed to be used for the issuance of electronic money referred to in paragraph (6) of this Article and the correction of the projected outstanding electronic money evidenced by the business plan referred to in paragraph (7) of this Article, if it assesses that they are unrealistic.

(9) In regard to the provision of payment services that are not linked to the issuance of electronic money, the own funds of an electronic money institution shall be calculated in the manner prescribed by the regulations on payment operations governing the calculation of own funds of a payment institution.

(10) An electronic money institution shall not include in the calculation of own funds the items included in the calculation of other prescribed own funds, where:

a) the electronic money institution belongs to the same group as another electronic money institution, a credit institution, a payment institution, an investment company, an asset management company or an insurance or reinsurance company; and

b) the electronic money institution carries out activities other than the issuance of electronic money.

(11) The provisions of paragraphs (3) and (12) of this Article shall not apply to an electronic money institution included in supervision on a consolidated basis of the home credit institution in accordance with the law governing the operation of credit institutions, provided that the conditions determined in Article 7 of Regulation (EU) No 575/2013 have been met.

(12) The Croatian National Bank shall adopt the subordinate legislation setting out the characteristics and types of items to be included in the calculation of own funds and the method and extent of inclusion of individual items in the calculation of own funds.

### *Safeguarding of electronic money holders' funds*

#### Article 35

(1) An electronic money institution shall safeguard the funds received from electronic money holders in exchange for the issued electronic money in the amount of outstanding electronic money that has not been redeemed or transferred to another payment service provider:

1) by holding them in a special account with a credit institution established in the Republic of Croatia or another Member State;

2) by holding them with the central bank of a Member State enabling such holding at its discretion;

3) by investing in safe, liquid and low-risk types of assets as prescribed by the subordinate legislation laid down in paragraph (12) of this Article; or

4) by an insurance policy from an insurance company or a comparable guarantee from an insurance company or a credit institution, provided that this insurance company or credit institution does not belong to the same group as the electronic money institution itself. (2) The amount of the issued outstanding electronic money shall be calculated at the end of each business day.

(3) Where the funds referred to in paragraph (1) of this Article have not been received in cash, the electronic money institution shall include these funds in the calculation of outstanding electronic money at the end of the business day on which these funds are credited to its payment account, or, where applicable, at the end of the business day on which these funds are otherwise made available to the electronic money institution. In both cases, these funds are included in the calculation no later than the end of the fifth business day after the issuance of electronic money.

(4) An electronic money institution shall maintain and safeguard all the funds of electronic money holders received in exchange for the issued electronic money separately from the funds of payment service users and other natural or legal persons.

(5) The funds referred to in paragraph (1), items (1) and (2) of this Article, the assets referred to in paragraph (1), item (3) of this Article and the funds collected from the insurance or guarantee

referred to in paragraph (1), item (4) of this Article in the amount corresponding to an electronic money institution's debt towards electronic money holders referred to in paragraph (1) of this Article shall not be the electronic money institution's assets and shall not be included in its winding-up or bankruptcy assets, nor may they be subject to foreclosure relating to the settlement of claims against the electronic money institution.

(6) Where an electronic money institution receives funds from an electronic money holder, of which a portion is to be used for the issuance of electronic money, and the remaining portion for other business activities it engages in, other than the issuance of electronic money, it shall safeguard the portion of funds received in exchange for the issued outstanding money in the manner referred to in paragraph (1) of this Article.

(7) If the portion of funds referred to in paragraph (6) of this Article is variable or unknown in advance, the electronic money institution shall safeguard the portion assumed to be used for the issuance of electronic money, provided that such a portion can be reasonably estimated on the basis of historical data.

(8) The Croatian National Bank may order the correction of the estimated portion of funds assumed to be used for the issuance of electronic money referred to in paragraph (7) of this Article if it assesses that this estimate is unrealistic.

(9) An electronic money institution shall safeguard the funds received from payment service users for the execution of payment services that are not linked to the issuance of electronic money in accordance with the subordinate legislation governing the safeguarding of the funds of the payment institutions' payment service users.

(10) The funds safeguarded in accordance with the subordinate legislation referred to in paragraph (9) of this Article, the assets and funds collected from the insurance or guarantee in accordance with the subordinate legislation referred to in paragraph (9) of this Article in the amount corresponding to an electronic money institution's debt towards payment service users referred to in paragraph (9) of this Article shall not be the electronic money institution's assets and shall not be included in its winding-up or bankruptcy assets, nor may they be subject to foreclosure relating to the settlement of claims against the electronic money institution.

(11) The funds received from electronic money holders in exchange for the issued electronic money and the funds received from payment service users for payment services that are not linked to the issuance of electronic money deposited in an account with a credit institution shall not be included in assets or winding-up or bankruptcy assets of that credit institution.

(12) The Croatian National Bank shall prescribe by subordinate legislation the scope of and methodology for the calculation of the safeguarded funds referred to in paragraph (1) of this Article, the characteristics of the types of assets referred to in paragraph (1), item (3) of this Article and the characteristics of the insurance policy or comparable guarantee referred to in paragraph (1), item (4) of this Article.

### *Professional indemnity insurance*

#### Article 36

An electronic money institution providing payment services referred to in Article 3, paragraph (2), item (7) or (8) of this Act, shall have a professional indemnity insurance or other comparable guarantee in accordance with the European Banking Authority Guidelines on the criteria on how to stipulate the minimum monetary amount of the professional indemnity insurance or other comparable guarantee under Article 5, paragraph (4) of Directive (EU) 2015/2366 (EBA/GL/2017/08).

### *Issuance of electronic money*

#### Article 37

An electronic money institution shall exchange all funds received from an electronic money holder for electronic money without delay.

### *Prohibition from accepting deposits*

#### Article 38

(1) An electronic money institution shall not accept deposits or other repayable funds from the public within the meaning of the provisions of the law governing the operation of credit institutions.

(2) For the purposes of this Act, the funds received by an electronic money institution from electronic money holders in exchange for electronic money shall not constitute deposits or other repayable funds from the public within the meaning of the provisions of the law governing the operation of credit institutions.

### *Payment accounts maintained by electronic money institutions*

#### Article 39

(1) An electronic money institution providing payment services that are not linked to the issuance of electronic money may open and maintain only the payment accounts used exclusively for the execution of payment transactions.

(2) The funds received by an electronic money institution from payment service users for the provision of payment services shall not constitute deposits or other repayable funds from the public within the meaning of the provisions of the law governing the operation of credit institutions, or electronic money as defined in Article 3, paragraph (1), item (7) of this Act.

### *Granting of credits*

#### Article 40

(1) An electronic money institution may grant credits in connection with the provision of payment services that are not linked to the issuance of electronic money referred to in Article 3, paragraph (2), items (4) and (5) of this Act provided that all the following conditions are met:

- 1) a credit has been granted exclusively as an ancillary service in connection with the execution of a payment transaction;
  - 2) the credit granted in connection with the provision of a payment service in the territory of another Member State is paid off within maximum 12 months;
  - 3) a credit has not been granted from the funds of payment service users received by the electronic money institution and held for the execution of payment transactions; and
  - 4) the own funds of the electronic money institution, as assessed by the Croatian National Bank, are at all times appropriate with regard to the total amount of the credit granted.
- (2) An electronic money institution shall not grant credits from funds received in exchange for the issued electronic money, which it shall safeguard in accordance with Article 35 of this Act.

### *Business books and financial statements*

#### Article 41

- (1) Unless otherwise provided for in this Act, an electronic money institution shall keep business books, other business documentation and records, evaluate assets, liabilities and prepare and publish annual financial statements in accordance with applicable regulations and professional standards.
- (2) An electronic money institution shall report the accounting data proving compliance with the provisions of this Title and regulations adopted based on this Title separately in the audited annual financial statements.
- (3) The Croatian National Bank shall prescribe by subordinate legislation the accounting data referred to in paragraph (2) of this Article.

### *Storing of bookkeeping documents*

#### Article 42

An electronic money institution shall store all bookkeeping documents and all other documentation related to this Title in accordance with applicable regulations, but for no less than five years.

### *Audit requirements*

#### Article 43

- (1) An electronic money institution shall have the annual financial statements and consolidated financial statements, referred to in Article 41 of this Act, audited for each business year.
- (2) An electronic money institution shall, within 15 days of receipt of an audit report and at the latest within four months of expiry of the business year to which the annual financial statements relate, submit the following to the Croatian National Bank:
- 1) the audit report on annual financial statements, including these financial statements;
  - 2) the audit report on consolidated annual financial statements, including these consolidated financial statements, where applicable; and

3) annual and consolidated annual reports, in accordance with the regulations governing the content of such reports.

(3) For the purposes of paragraph (1) of this Article, a business year shall correspond to a calendar year.

(4) The persons carrying out the audit referred to in paragraph (1) of this Article shall notify the Croatian National Bank without delay of all the facts and circumstances of which they learn during the audit which could:

1) breach the provisions of this Act or other regulations governing the conditions governing authorisation for issuing electronic money and operation of electronic money institutions, including the provision of payment services;

2) have an effect on the continuity of electronic money institution's operation; and

3) lead to a refusal to certify the financial statements or to an expression of reservations.

(5) The persons carrying out an audit of an electronic money institution shall notify the Croatian National Bank in writing of any of the facts referred to in paragraph (4) of this Article of which they became aware while auditing the financial statements of a company closely linked with that electronic money institution.

(6) The submission of information referred to in paragraphs (4) and (5) of this Article shall not constitute a breach of the auditor's duty to protect the confidentiality of information under the contract or the law governing audit.

### *Outsourcing*

#### Article 44

(1) An electronic money institution intending to outsource the operational activities of the issuance of electronic money or the provision of payment services to another person shall notify the Croatian National Bank thereof before entry into force of the contract with an outsourcing service provider.

(2) In the case of a materially important outsourced operational activity, the electronic money institution shall, in addition to the notification referred to in paragraph (1) of this Article, submit to the Croatian National Bank a draft contract with the outsourcing service provider prior to its entry into force and evidence of fulfilment of the conditions referred to in paragraphs (4) to (7) of this Article.

(3) Materially important operational activities shall be the activities which, if performed incorrectly or not at all, would significantly impair:

1) the legality of the electronic money institution's operation;

2) its financial stability;

3) the continuity in meeting the conditions based on which it has been granted authorisation; or

4) the soundness or continuity of its issuance of electronic money and provision of payment services.

(4) An electronic money institution shall ensure that the intended outsourcing:

1) does not change the relationship of an electronic money institution with its electronic money holders or users of payment services and its obligations towards its electronic money holders or users of payment services as determined by this Act and the law governing payment operations;

- 2) does not threaten the legality of the electronic money institution's operation;
  - 3) does not result in transferring the liability from the responsible persons of the electronic money institution to other natural persons; and
  - 4) does not alter the conditions under which the electronic money institution has been granted authorisation to issue electronic money.
- (5) An electronic money institution shall ensure that the intended outsourcing of materially important activities, including ICT outsourcing, does not:
- 1) impair the quality of the electronic money institution's internal control mechanism; and
  - 2) impair the possibility for the Croatian National Bank to supervise and monitor on a continuous basis the discharge of all the obligations of the electronic money institution determined under this Act, the law governing payment operations and subordinate legislation adopted on the basis of these laws.
- (6) An electronic money institution shall ensure that the Croatian National Bank can carry out on-site examination at the premises of the outsourcing service provider, and it shall ensure access to the outsourcing-related documentation and data possessed by the outsourcing service provider.
- (7) An electronic money institution shall check whether the outsourcing service provider provides the outsourced service in accordance with the contract, this Act or the law governing payment operations and make sure that it has a right to carry out such checks.
- (8) An electronic money institution shall notify the Croatian National Bank without delay of all the changes to entities providing outsourced services, and in the case referred to in paragraph (2) of this Article, also of all the other changes in connection with the outsourced activities, submitting the amended contract, at the latest within seven days of the day on which such changes took place.

### *Liability of an electronic money institution*

#### Article 45

- (1) An electronic money institution shall be liable for the acts of its employees, agents through which it provides payment services, distributors and outsourcing service providers.
- (2) An electronic money institution may not exclude or limit the liability referred to in paragraph (1) of this Article.
- (3) An electronic money institution issuing electronic money or providing payment services through a branch and an electronic money institution providing payment services through an agent shall carry out on-site and off-site checks of branches and agents as a minimum once a year.
- (4) An electronic money institution issuing electronic money or providing payment services through a branch shall ensure that the branch acting on its behalf informs electronic money holders and payment service users of that fact.
- (5) An electronic money institution providing payment services through an agent shall bind the agent to inform the payment service users of the fact that it provides payment services on behalf and for the account of the electronic money institution, as its agent.



## *Governance arrangements*

### Article 46

(1) An electronic money institution shall establish and implement effective and sound governance arrangements, proportionate to the nature, scale and complexity of the operations it performs, comprising:

- 1) a clear management framework with well-defined, transparent and consistent lines of powers and responsibilities within the electronic money institution;
- 2) efficient risk management, in particular as concerns operational risk; and
- 3) an appropriate internal control mechanism, which also includes appropriate administrative and accounting procedures.

## CHAPTER IV SUPERVISION OF ELECTRONIC MONEY INSTITUTIONS

### *Types of supervision and competence*

#### Article 47

(1) The Croatian National Bank shall be responsible for the supervision of electronic money institutions established in the Republic of Croatia.

(2) The supervision referred to in paragraph (1) of this Article means the verification of whether an electronic money institution operates in accordance with the provisions of this Act and regulations adopted under this Act, as well as of the law governing payment operations and regulations adopted under that act, and in relation to the issuance of electronic money and the provision of payment services, and the activities referred to in Article 15, item (1) of this Act.

(3) Within the supervision referred to in paragraph (1) of this Article, the Croatian National Bank may verify whether the part of an electronic money institution's operation referred to in Article 15, item (4) of this Act affects or might affect its financial stability, or makes difficult the exercise of supervision.

(4) In addition to the supervision of an electronic money institution's operation referred to in paragraph (1) of this Article, the Croatian National Bank shall also supervise the implementation of the following:

- 1) the provisions of Titles II and III of this Act by electronic money institutions established in other Member States and operating in the Republic of Croatia under the right of establishment when their branches and distributors are located in the Republic of Croatia;
- 2) the provisions on the obligations to inform payment service users and on the rights and obligations in relation to the provision and use of payment services pursuant to the law governing payment operations by the electronic money institutions established in other Member States operating in the Republic of Croatia exercising the right of establishment when their branches are located in the Republic of Croatia and when their agents located in the Republic of Croatia are also payment service providers for the supervision of which the Croatian National Bank is competent pursuant to the law governing payment operations.

(5) The Ministry of Finance – the Financial Inspectorate shall supervise the implementation of the provisions on the obligations to inform payment service users and on the rights and obligations in relation to the provision and use of payment services pursuant to the law governing payment operations by the electronic money institutions established in other Member States and operating in the Republic of Croatia under the right of establishment when their agents located in the Republic of Croatia are not also payment service providers for the supervision of which the Croatian National Bank is competent pursuant to the law governing payment operations.

(6) The supervision referred to in paragraphs (4) and (5) of this Article shall be carried out in accordance with regulatory technical standards adopted as a delegated act by the European Commission under Article 29, paragraph (7) of Directive (EU) 2015/2366, and in connection with Article 29, paragraph (6) of Directive (EU) 2015/2366 and with the implementation of the provisions of Title V of this Act.

### *Manner of exercising supervision of electronic money institutions*

#### Article 48

(1) The Croatian National Bank shall exercise supervision of electronic money institutions by:

1) collecting and analysing reports and information that electronic money institutions are required to submit to the Croatian National Bank pursuant to the provisions of this Act and other laws and regulations adopted under these laws, analysing the information submitted to the Croatian National Bank by other competent authorities in the Republic of Croatia and the competent authorities of the host Member States and monitoring the obtained business indicators (off-site examination);

2) carrying out on-site examination of the operation of electronic money institutions, their branches, distributors, agents through which they provide payment services and outsourcing service providers (on-site examination); and

3) imposing supervisory measures.

(2) In determining the frequency and intensity of the supervision referred to in paragraph (1) of this Article, the Croatian National Bank shall be governed by the nature, scale and complexity of the services of the issuance of electronic money and payment services provided by an individual electronic money institution and the estimated or established risk profile of its operations.

(3) The supervision referred to in paragraph (1), item (1) of this Article shall be exercised by the employees of the Croatian National Bank.

(4) Exceptionally, the Governor of the Croatian National Bank may authorise a certified auditor, an audit company or other professionally qualified persons to carry out the individual tasks related to the on-site examination of an electronic money institution's operation.

(5) The Croatian National Bank shall submit a notification of an on-site examination to an electronic money institution at least eight days prior to the beginning of an on-site examination.

(6) By way of derogation from paragraph (5) of this Article, authorised persons may submit the notification of an on-site examination no later than the beginning of the on-site examination.

(7) The notification referred to in paragraph (5) or paragraph (6) of this Article shall contain the subject of the on-site examination and information on what the electronic money institution

subject to the on-site examination shall prepare for authorised persons for the purpose of carrying out the on-site examination.

(8) An electronic money institution shall enable authorised persons to carry out an on-site examination and ensure adequate conditions for undisturbed performance of the on-site examination.

(9) An electronic money institution which processes data by computer shall, at the request of an authorised person, ensure the conditions and adequate means for the examination of business books and records.

(10) Within the supervision referred to in paragraph (1), items (1) and (2) of this Article, the Croatian National Bank may require from the members of an electronic money institution's management board, or executive directors of that payment institution where it has a board of directors, or, where that institution engages in the business activities referred to in Article 15, item (4) of this Act, from a person responsible for managing the activities related to the issuance of electronic money and/or provision of payment services, to prepare a written report on all the issues necessary for exercising supervision or to submit a statement on these issues within a time limit no shorter than three days.

#### *On-site examination of an electronic money institution's operation*

##### Article 49

(1) An electronic money institution shall enable authorised persons, at their request, to carry out an on-site examination at the head office of the electronic money institution and in other localities in which the electronic money institution or another person based on an authorisation by the electronic money institution carries out activities subject to the supervision of the Croatian National Bank.

(2) An electronic money institution shall enable authorised persons, at their request, to carry out an examination of business books, business documentation and administrative or business records, as well as an examination of information and related technologies, to the extent necessary for an examination.

(3) An electronic money institution shall submit to authorised persons, at their request, computer printouts, copies of business books, business documentation and administrative or business records, in a paper form or in the form of an electronic record, in the medium and format required by the authorised persons.

(4) The electronic money institution shall provide authorised persons with a standard interface granting access to the database management system used by the payment institution, for the purpose of carrying out a computer-aided examination.

(5) The examination referred to in paragraphs (1) and (2) of this Article shall be carried out by authorised persons during working hours of the electronic money institution or other person authorised by the electronic money institution to carry out the business activities and activities subject to the supervision of the Croatian National Bank.

(6) Where necessary because of the scale or nature of the examination, the electronic money institution shall enable authorised persons to carry out the examination outside its or other person's working hours.

### *End of an examination of an electronic money institution*

#### Article 50

(1) Following an examination of the electronic money institution's operation a report on examination findings shall be prepared.

(2) By way of derogation from paragraph (1) of this Article, a report on examination findings shall not be prepared where the examination has been carried out under Article 48, paragraph (1), item (1) of this Act and where no illegalities or weaknesses and deficiencies in the electronic money institution's operation have been identified that would require the imposition of supervisory measures.

### *Supervisory measures*

#### Article 51

(1) The objective of the supervisory measures of the Croatian National Bank shall be to take actions at an early stage to improve the safety and stability of electronic money institutions' operations and to eliminate the established illegalities and irregularities.

(2) Supervisory measures shall be imposed by means of a decision.

### *Decision to impose supervisory measures*

#### Article 52

(1) The Croatian National Bank may adopt a decision to impose supervisory measures on an electronic money institution if in the course of supervision it establishes:

- 1) that by its acts or omissions the electronic money institution acted contrary to laws or other regulations;
- 2) weaknesses or deficiencies in the electronic money institution's operation which do not constitute a violation of regulations; or
- 3) that it is necessary that the electronic money institution take actions and procedures to improve its operation.

(2) In the decision referred to in paragraph (1) of this Article, the Croatian National Bank shall lay down the time limit within which the electronic money institution is to implement the measures imposed by the decision.

(3) An electronic money institution may, no later than 15 days prior to the expiry of the time limit referred to in paragraph (2) of this Article, apply for an extension of the time limit referred to in paragraph (2) of this Article by a reasoned request. The Croatian National Bank shall decide on the extension at the latest by the expiry of the time limit laid down in the decision.

## *Reporting to the Croatian National Bank on the implementation of the decision*

### Article 53

(1) In its decision to impose supervisory measures, the Croatian National Bank may order the electronic money institution to report to the Croatian National Bank within a specified time limit on the implementation of the measures imposed.

(2) The electronic money institution shall, within the time limit referred to in paragraph (1) of this Article, report to the Croatian National Bank on the implementation of the measures, enclosing relevant evidence.

(3) Where the Croatian National Bank establishes that the measures imposed have not been implemented or have not been implemented within the time limit and in the manner prescribed by the decision, it may adopt a new decision imposing a new supervisory measure on the electronic money institution.

## *Types of supervisory measures*

### Article 54

(1) By means of supervisory measures, the Croatian National Bank may:

1) order the competent authority of the electronic money institution to remove from office a management board member or executive director and appoint a new management board member or executive director, or, where the electronic money institution also engages in the business activities referred to in Article 15, item (4) of this Act, to remove from office the person responsible for managing the activities related to the issuance of electronic money and the provision of payment services and appoint a new person responsible for managing the activities related to the issuance of electronic money and the provision of payment services;

2) temporarily prohibit an electronic money institution from issuing electronic money or providing one or more payment services in the cases referred to in Article 21, paragraphs (3) and (4) of this Act;

3) remove an electronic money institution's branch and/or agent from the register;

4) prohibit an electronic money institution from distributing and/or redeeming electronic money through a distributor;

5) order an electronic money institution to meet the conditions pursuant to which it was granted authorisation to issue electronic money;

6) temporarily prohibit an electronic money institution from granting credit or restrict its credit granting;

7) order an electronic money institution's management board or the executive director of an electronic money institution that has a board of directors to adopt and ensure the implementation of a plan of measures to provide for the minimum own funds required in accordance with a regulation referred to in Article 34, paragraph (12) of this Act;

8) order an electronic money institution's management board or the executive director of an electronic money institution that has a board of directors to adopt and ensure the implementation

of a plan of measures to provide that the own funds be appropriate with regard to the total amount of the credit granted in accordance with Article 40 of this Act;

9) order the electronic money institution to adopt a decision and carry out an increase in the shareholders' capital;

10) temporarily prohibit the electronic money institution from distributing dividends or any form of profit;

11) order an act, omission or suffering with a view to own funds harmonisation with the conditions referred to in Article 34 of this Act;

12) order an act, omission or suffering with a view to improving the safety and stability of the operation of an electronic money institution and removing the established illegalities and irregularities.

(2) The Croatian National Bank shall impose the measure referred to in paragraph (1), item (2) of this Article simultaneously with the imposition of another supervisory measure in the duration of no longer than one year. The Croatian National Bank shall notify the competent commercial court of the imposition of this measure without delay.

(3) The Croatian National Bank may order that a separate entity be established for the issuance of electronic money if an electronic money institution carries out the business activities referred to in Article 15, item (4) of this Act which impair or may impair the financial stability of the electronic money institution or make supervision more difficult.

#### *Exemptions from the required minimum amount of own funds*

##### Article 55

(1) The Croatian National Bank may, based on an evaluation of the risk management process, risk loss data base or internal control mechanisms of the electronic money institution, require the electronic money institution to hold an amount of own funds which is higher by a certain percentage than the amount calculated in accordance with the regulation referred to in Article 34, paragraph (12) of this Act.

(2) The Croatian National Bank may, at the request of an electronic money institution, and taking into account its evaluation of the risk management process, risk loss data base or internal control mechanisms, permit the electronic money institution to hold an amount of own funds which is lower by a certain percentage than the amount calculated in accordance with the regulation referred to in Article 34, paragraph (12) of this Act.

(3) The percentage referred to in paragraphs (1) and (2) of this Article may not exceed 20%.

#### *Reporting to the Croatian National Bank*

##### Article 56

(1) An electronic money institution shall report to the Croatian National Bank in accordance with this Title.

(2) An electronic money institution shall notify the Croatian National Bank without delay of the following:

- 1) all facts to be entered in the register of companies relating to each submitted application for the change of data and to all completed entries of data changes in the register of companies;
  - 2) each planned change of management board members or executive directors or persons responsible for managing the activities related to the issuance of electronic money and the provision of payment services and submit evidence of meeting the conditions referred to in Article 16, paragraph (1), item (2) or item (3) of this Act;
  - 3) all planned or executed changes relating to a holder of the qualifying holding of which the management board or the executive director was aware or should have been aware;
  - 4) all planned changes in the electronic money institution's shareholders' capital of 10% or more;
  - 5) if the electronic money institution's financial position changes to the extent that its own funds fall below the amount of own funds prescribed by Article 34, paragraph (2) of this Act;
  - 6) if it ceases providing some payment services;
  - 7) the intent to cease issuing electronic money and/or providing payment services, if reasons arise for a revocation of the decision authorising the issuance of electronic money referred to in Article 21 of this Act and the expiry of the decision authorising the issuance electronic money referred to in Article 23 of this Act;
  - 8) all changes related to the distributor and on the cessation of distribution and redemption of electronic money through the distributor;
  - 9) if it ceases providing payment services through an agent;
  - 10) all changes to facts on the basis of which the Croatian National Bank entered its agent in the register;
  - 11) changes to the measures taken for safeguarding payment service users' funds, enclosing evidence that the measures meet the conditions referred to in Article 35 of this Act;
  - 12) each change in the basis for calculating the professional indemnity insurance and the conditions of the professional indemnity insurance contracts;
  - 13) any change of the audit company carrying out the audit pursuant to Article 43 of this Act; and
  - 14) all other changes altering the facts on the basis of which the Croatian National Bank has issued its authorisation to issue electronic money.
- (3) An electronic money institution shall notify the Croatian National Bank of its intention to issue electronic money or provide payment services in a third country through a branch at the latest within 60 days prior to the date of the establishment of the branch.
- (4) At the request of the Croatian National Bank, an electronic money institution shall, within the set time limit, submit reports and information on all matters relevant for the exercise of supervision or performing of other tasks within the competence of the Croatian National Bank.

## CHAPTER V SMALL ELECTRONIC MONEY INSTITUTIONS

### *Operation of a small electronic money institution*

#### Article 57

(1) A small electronic money institution may issue electronic money and provide payment services referred to in Article 3, paragraph (2) of this Act that are linked to the issuance of electronic money in accordance with a decision of the Croatian National Bank on the entry of a small electronic money institution in the register referred to in Article 28 of this Act.

(2) In addition to the services referred to in paragraph (1) of this Article, a small electronic money institution may provide one or more payment services referred to in Article 3, paragraph (2), items (3) to (6) of this Act that are not linked to the issuance of electronic money and which are specified in the decision of the Croatian National Bank on the entry of a small electronic money institution in the register referred to in Article 28 of this Act.

(3) A small electronic money institution may issue electronic money and provide payment services exclusively in the territory of the Republic of Croatia.

(4) The average outstanding electronic money of a small electronic money institution shall not exceed EUR 265,000.00.

(5) If a small electronic money institution provides payment services referred to in Article 3, paragraph (2), items (3) to (6) of this Act that are not linked to the issuance of electronic money, the total average monthly value of payment transactions executed by a small electronic money institution in the last 12 months, including the payment transactions executed through its agents, shall not exceed EUR 995,000.00.

### *Initial capital of a small electronic money institution*

#### Article 58

(1) The initial capital of a small electronic money institution shall not be less than EUR 119,000.00.

(2) For a company in the process of being incorporated for which an application has been submitted for entry in the register referred to in Article 28 of this Act, a share of the shareholders' capital in the amount of the initial capital referred to in this Article shall be paid in cash.

### *Conditions for entry in the register*

#### Article 59

(1) A legal person intending to issue electronic money as a small electronic money institution shall, in addition to the conditions referred to in Article 58 of this Act, also meet the following conditions:

1) the conditions referred to in Article 16, paragraph (1), items (1) to (4), items (6), (8), (9) and (11) of this Act;



2) the average outstanding electronic money shall not exceed EUR 265,000.00 and where the applicant has not yet commenced operating or has not completed a sufficient period of operation for the purposes of calculation of the average outstanding electronic money, it shall be evident from the business plan and the projection of outstanding electronic money in the following six months that the average outstanding electronic money does not exceed EUR 265,000.00.

3) have a head office in the Republic of Croatia.

(2) For the purposes of assessment of meeting the conditions referred to in Article 16, paragraph (1), items (1) to (3) of this Act, the provisions of Article 16, paragraphs (2) and (3) of this Act shall apply *mutatis mutandis*.

(3) The Croatian National Bank may order the correction of the projected outstanding electronic money evidenced by the business plan referred to in paragraph (1), item (2) of this Article if it assesses that it is unrealistic.

(4) The legal person referred to in paragraph (1) of this Article intending to provide payment services referred to in Article 3, paragraph (2), items (3) to (6) of this Act that are not linked to the issuance of electronic money, in addition to conditions referred to in paragraph (1) of this Article, shall also meet the condition that the monthly average of the preceding 12 months' total value of payment transactions executed by the person concerned, including payment transactions executed through its agents, does not exceed EUR 995,000.00, and if the applicant has not yet commenced operations or has operated for less than 12 months, that for the subsequent 12 months it is evident from the business plan and the projected total amount of payment transactions, including payment transactions executed through its agents, does not exceed the amount of EUR 995,000.00.

### *Application for entry in the register*

#### Article 60

(1) A legal person intending to issue electronic money as a small electronic money institution shall submit to the Croatian National Bank an application for entry in the register referred to in Article 28 of this Act.

(2) To be enclosed with the application referred to in paragraph (1) of this Article shall be a report on the average outstanding electronic money or, where the applicant has not yet commenced operating or has not operated long enough for the purposes of calculation of the average outstanding electronic money, a projection of the average outstanding electronic money in the following six months.

(3) The legal person referred to in paragraph (1) of this Article that at the same time intends to provide payment services referred to in Article 3, paragraph (2), items (3) to (6) of this Act that are not linked to the issuance of electronic money, shall also accompany the application referred to in paragraph (1) of this Article with a report on the total value of all payment transactions executed over the preceding 12 months or, where the applicant has not yet commenced operating or has operated for less than 12 months, a projection of the total amount of payment transactions in the following 12 months.

(4) The provisions of Article 17, paragraphs (3) to (9) and (11) to (13) of this Act shall apply *mutatis mutandis* to the application referred to in paragraph (1) of this Article and the application processing procedure.

#### *Issuing of the decision on the entry in the register*

##### Article 61

(1) The Croatian National Bank shall issue a decision on the entry in the register referred to in Article 28 of this Act where, based on the application and the submitted documentation referred to in Article 60 of this Act and the information it possesses, it has come to an assessment that the conditions referred to in Article 59 of this Act have been met.

(2) Article 19 of this Act shall apply *mutatis mutandis* to the application for entry in the register of an additional payment service referred to in Article 57, paragraph (2) of this Act.

(3) Article 20 of this Act shall apply *mutatis mutandis* to the refusal of the application for entry in the register.

#### *Decision on the entry of removal in the register*

##### Article 62

(1) The provisions of Articles 21 and 22 of this Act shall apply *mutatis mutandis* to the decision on the entry of removal of a small electronic money institution from the register, i.e. the decision on the entry of removal of an individual payment service from the register that is not linked to the issuance of electronic money provided by the small electronic money institution in the register referred to in Article 28 of this Act.

(2) A small electronic money institution shall cease to issue electronic money and provide payment services entered in the register:

1) on the date of entry into force of the decision on the winding-up of a small electronic money institution;

2) on the date of the adoption of a decision on the opening of bankruptcy proceedings against a small electronic money institution;

3) on the date of the removal of a small electronic money institution from the register of companies, or its dissolution in the case of a merger by acquisition, merger by formation of a new company and division of a company.

(3) In the case referred to in paragraph (2) of this Article, the Croatian National Bank shall adopt a decision on the removal of a small electronic money institution from the register without delay.

#### *Obligation of notification to the Croatian National Bank*

##### Article 63

(1) A small electronic money institution which is subject to annual financial statements audit in accordance with applicable regulations shall submit to the Croatian National Bank audited reports in accordance with Article 43 of this Act.

(2) A small electronic money institution which is not subject to annual financial statements audit in accordance with applicable regulations shall submit to the Croatian National Bank the annual reports and consolidated annual reports at the latest within four months of expiry of the business year to which the annual financial statements relate.

(3) The Croatian National Bank may require submission of audited reports referred to in paragraph (1) of this Article also from a small electronic money institution which is not subject to annual financial statements audit.

*Application of the provisions of this Act relating to electronic money institutions  
established in the Republic of Croatia*

Article 64

Unless otherwise prescribed by the provisions of Articles 57 to 63 of this Act, the provisions of Articles 7, 15, 27 and 28 of this Act and the provisions of Chapters III and IV of this Title, except the provisions of Article 34, paragraphs (1) to (4) and paragraphs (6) to (12), Article 41, paragraph (2) and Article 55 of this Act, shall apply *mutatis mutandis* to small electronic money institutions.

*Transformation of a small electronic money institution to an electronic money institution*

Article 65

(1) A small electronic money institution intending to increase the amount of average outstanding electronic money above the amount prescribed in Article 57, paragraph (4) of this Act, or which in relation to the payment services that are not linked to the issuance of electronic money intends to increase the amount of average total monthly value of payment transactions above the amount referred to in Article 57, paragraph (5) of this Act, shall submit an application to the Croatian National Bank for authorisation to issue electronic money as an electronic money institution.

(2) Paragraph (1) of this Article shall also apply to a small electronic money institution intending to issue electronic money or provide payment services in another Member State or third country as well as to a small electronic money institution intending to provide other payment services referred to in Article 3, paragraph (2) of this Act that are not linked to the issuance of electronic money and not listed in Article 57, paragraph (2) of this Act.

(3) A small electronic money institution which no longer meets the condition referred to in Article 59, paragraph (1), item (2) or paragraph (4) of this Act, shall submit to the Croatian National Bank the application referred to in paragraph (1) of this Article within 30 days of the date when it no longer meets the condition.

(4) A small electronic money institution shall state in the application referred to in paragraphs (1), (2) and (3) of this Article the reason for the application and submit with the application all the information and documentation referred to in Article 17 of this Act.

(5) By way of derogation from paragraph (4) of this Article, a small electronic money institution does not have to submit the information and documentation that have already been submitted to the Croatian National Bank and that are relevant at the time of submitting the application.

(6) On the date when the decision authorising the issuance of electronic money as an electronic money institution becomes enforceable, the entry of the small electronic money institution shall be removed from the register referred to in Article 28 of this Act and the electronic money institution shall be entered as such in the register.

(7) Where in the case referred to in paragraph (3) of this Article, a small electronic money institution fails to submit an application within the prescribed time limit, the Croatian National Bank shall adopt a decision on the entry of removal of a small electronic money institution in the register referred to in Article 28 of this Act.

#### *Transformation of an electronic money institution to a small electronic money institution*

##### Article 66

(1) An electronic money institution intending to continue issuing electronic money and providing payment services that are not linked to the issuance of electronic money listed in the decision authorising the issuance of electronic money as a small electronic money institution shall submit to the Croatian National Bank an application for the entry of a small electronic money institution in the register referred to in Article 28 of this Act, in accordance with Article 60 of this Act.

(2) Pursuant to the application referred to in paragraph (1) of this Article, the Croatian National Bank shall carry out the procedure based on the available documentation and information, but it can require additional documentation pursuant to the provisions of Article 60, paragraphs (2) to (4) of this Act.

(3) The provisions of Articles 60 and 61 of this Act shall apply to decision-making regarding the application referred to in paragraph (1) of this Article.

#### *Transformation of a small payment institution to a small electronic money institution*

##### Article 67

(1) A small payment institution intending to issue electronic money as a small electronic money institution shall submit to the Croatian National Bank an application for the entry in the register referred to in Article 28 of this Act as a small electronic money institution and provide all information and documentation in accordance with Article 60 of this Act.

(2) By way of derogation from paragraph (1) of this Article, a small payment institution does not have to submit the information and documentation that have already been submitted to the Croatian National Bank and that are relevant at the time of submitting the application.

(3) The provisions of Articles 60 and 61 of this Act shall apply to decision-making regarding the application referred to in paragraph (1) of this Article.

(4) On the date when the decision on the entry of a small electronic money institution in the register referred to in Article 28 of this Act becomes enforceable, the entry of the small payment

institution shall be removed from the register maintained by the Croatian National Bank in accordance with the law governing payment operations.

*Transformation of a small electronic money institution to a small payment institution*

Article 68

(1) A small electronic money institution that no longer intends to issue electronic money, but intends to continue providing payment services listed in the decision on the entry of the small electronic money institution in the register referred to in Article 28 of this Act not linked to the issuance of electronic money, shall submit to the Croatian National Bank an application for its entry in the register maintained by the Croatian National Bank in accordance with the law governing payment operations, as the small payment institution in accordance with the provisions of that law.

(2) Pursuant to the application referred to in paragraph (1) of this Article, the Croatian National Bank shall carry out the procedure based on the available information and documentation related to the application for the entry in the register as a small payment institution, but it can require additional documentation pursuant to the provisions of the law governing payment operations.

(3) On the date when the decision on the entry of a small payment institution in the register maintained by the Croatian National Bank becomes enforceable, in accordance with the law governing payment operations, the entry of the small electronic money institution shall be removed from the register referred to in Article 28 of this Act.

CHAPTER VI

BRANCH OF A THIRD-COUNTRY ELECTRONIC MONEY INSTITUTION

*Operation of a branch of a third-country electronic money institution in the territory of the Republic of Croatia*

Article 69

(1) A third-country electronic money institution may issue electronic money in the territory of the Republic of Croatia only through a branch.

(2) The Croatian National Bank shall be competent for issuing authorisations to establish a branch of a third-country electronic money institution.

(3) A third-country electronic money institution issuing electronic money in the territory of the Republic of Croatia through a branch may provide payment services that are linked to the issuance of electronic money.

(4) A third-country electronic money institution may not provide payment services in the territory of the Republic of Croatia that are not linked to the issuance of electronic money.

(5) The business activity of electronic money issuance and provision of payment services linked to electronic money issuance may be entered in the register of companies only after the Croatian

National Bank has adopted a decision authorising the establishment of a branch of a third-country electronic money institution.

(6) A branch of a third-country electronic money institution, which has obtained the authorisation referred to in paragraph (2) of this Article, may commence issuing electronic money only after the entry of the issuance of electronic money as business activity in the register of companies.

(7) A branch of a third-country electronic money institution, which has obtained the authorisation referred to in paragraph (2) of this Article, may issue electronic money only in the territory of the Republic of Croatia.

(8) A branch of a third-country electronic money institution, which has obtained the authorisation referred to in paragraph (2) of this Article, in addition to the issuance of electronic money and the provision of payment services that are linked to the issuance of electronic money, may only engage in the business activities referred to in Article 15, items (1) and (3) of this Act.

*Conditions for authorisation to establish a branch of a third-country electronic money institution*  
Article 70

(1) A third-country electronic money institution intending to issue electronic money in the Republic of Croatia, i.e. a branch of that institution, in addition to the conditions referred to in Article 16, paragraph (1), items (1), (2), (4), (6), (8) and (11) of this Act, shall also meet the following conditions:

1) the third-country electronic money institution and its branch meet the financial, managerial, organisational, personnel and technical requirements for operation in accordance with the provisions of this Act;

2) the electronic money institution has been entered in a relevant register in the country where it has its head office for at least three years or, where the regulations of that country do not require its entering in a relevant register, has been established for at least three years;

3) the conditions for the operation of the branch pursuant to this Act are provided;

4) the third country in which the electronic money institution has its head office has regulations governing the prevention of money laundering and terrorist financing that ensure effective oversight over the prevention of money laundering and terrorist financing;

5) the electronic money institution or the persons referred to in Article 16, paragraph (1), items (1) and (2) of this Act are in no way connected with money laundering and terrorist financing and that there are no indications for that;

6) the Croatian National Bank has concluded an agreement on cooperation in exercising supervision with the competent authority of the third country in which the electronic money institution establishing a branch has its head office;

7) the branch has put in place an adequate internal control mechanism in order to comply with the requirements arising from the regulations governing the prevention of money laundering and terrorist financing;

8) the third-country electronic money institution has been granted authorisation to issue electronic money, which it has been obliged to obtain under the regulations of that third country;

9) the third-country electronic money institution has been granted authorisation to establish a branch in the Republic of Croatia issued in a third country, which it has been obliged to obtain under the regulations of that third country; and

10) the third-country electronic money institution's initial capital is in the amount prescribed in Article 14 of this Act.

(2) When assessing the suitability of a holder of a qualifying holding, Article 16, paragraph (2) of this Act shall apply *mutatis mutandis*, and when assessing good repute, Article 16, paragraph (3) of this Act shall apply *mutatis mutandis*.

*Application for authorisation to establish a branch of a third-country electronic money institution*  
Article 71

(1) A third-country electronic money institution intending to establish a branch in the territory of the Republic of Croatia shall submit to the Croatian National Bank an application to obtain authorisation to establish a branch of a third-country electronic money institution.

(2) A third-country electronic money institution shall list in the application for authorisation to establish a branch referred to in paragraph (1) of this Article the payment services linked to the issuance of electronic money that it intends to provide through the branch.

(3) The application for authorisation to establish a branch of a third-country electronic money institution shall be accompanied with the following:

1) evidence that the third-country electronic money institution has been entered in a relevant register in the country where it has its registered office, not older than 90 days, showing its legal form and the date of entry in the register, its shareholders' capital, business activities and the persons authorised to represent it and the scope of their powers, where the electronic money institution has been established in a country where the entry in such a register is obligatory;

2) the decision of the third-country electronic money institution on establishing a branch;

3) a copy of the deed of establishment, memorandum or Articles of Association of the third-country electronic money institution, certified in accordance with the regulations of the country where the electronic money institution has its head office, not older than 90 days, showing its legal form and the date of establishment, its shareholders' capital and business activities, as well as the persons authorised to represent it and the scope of their powers;

4) name and contact details of the supervisory authority of a third-country electronic money institution;

5) authorisation to issue electronic money granted by the competent authority of a third country, or a statement by that authority that such authorisation is not required, not older than six months;

6) authorisation to establish a branch of the electronic money institution granted by the competent authority of a third country, or a statement by that authority that such authorisation is not required under the regulations of that third country, not older than six months;

7) a statement by the electronic money institution that the branch will keep all documentation relating to its operation in the Croatian language and store it at the branch's head office.

(4) In addition to the documentation referred to in paragraph (3) of this Article, the application for authorisation to establish a branch of a third-country electronic money institution shall be accompanied with the following:

1) in relation to the third-country electronic money institution submitting the application to establish a branch in the Republic of Croatia, information and documentation referred to in Article 17, paragraph (3), items (1), (4), (7), (9), (16), (17), (18), (20) and (22) of this Act;

2) in relation to the branch of a third-country electronic money institution for the establishment of which the application is submitted, information and documentation referred to in Article 17, paragraph (3), items (1), (3), (5), (8) to (16), (18), (20) and (21) of this Act, being applied respectively to the branch.

(5) The provisions of Article 17, paragraphs (4) to (9) and (11) of this Act and the provisions of the subordinate legislation adopted pursuant to Article 17, paragraph (13) of this Act shall apply *mutatis mutandis* to the application referred to in paragraph (1) of this Article and the application processing procedure.

*Granting of authorisation to establish a branch of a third-country electronic money institution*  
Article 72

(1) The Croatian National Bank shall adopt a decision authorising a third-country electronic money institution that has submitted its application to establish a branch if, based on the application and submitted documentation referred to in Article 71 of this Act and based on available information, it assesses that all the conditions referred to in Article 70 of this Act have been met.

(2) Before adopting a decision during the application processing procedure for authorisation to establish a branch of a third-country electronic money institution the Croatian National Bank may request an opinion from other competent authorities on the circumstances important for deciding on the submitted application.

*Refusal of an application for authorisation to establish a branch of a third-country electronic money institution*

Article 73

The Croatian National Bank shall adopt a decision refusing the application for authorisation to establish a branch of a third-country electronic money institution if, based on the submitted documentation and available information, it assesses that:

1) any of the conditions referred to in Article 70 of this Act are not met;

2) where the exercise of supervision of the branch's operation pursuant to the provisions of this Act may be made difficult or prevented due to close links between the third-country electronic money institution and other legal or natural persons;



3) in view of the regulations of the third country in which the electronic money institution has its head office, or practices relating to their implementation, it is likely that the exercise of supervision in accordance with the provisions of this Act may be made difficult or prevented.

*Grounds for a revocation of the decision authorising the establishment of a branch of a third-country electronic money institution*

Article 74

(1) The Croatian National Bank shall revoke the decision authorising the establishment of a branch of a third-country electronic money institution:

1) where a third-country electronic money institution fails to commence issuing electronic money through a branch within 12 months of the date of the delivery of the authorisation;

2) where a third-country electronic money institution submits a written notification to the Croatian

National Bank stating that it no longer intends to issue electronic money through a branch;

3) where a third-country electronic money institution ceases issuing electronic money through a branch for more than six months in a row;

4) where, in the case of a renewed procedure, it determines that the decision has been adopted based on false or inaccurate data or statements material for the adoption of that decision; or

5) where a third-country electronic money institution or a branch of that institution no longer meets the conditions under which the decision was adopted.

(2) The Croatian National Bank may revoke the decision authorising the establishment of a branch of a third-country electronic money institution:

1) where any of the reasons referred to in Article 73, items (2) and (3) of this Act arises;

2) where a third-country electronic money institution threatens the stability of or confidence in the payment operations by continuing to issue electronic money through a branch;

3) where a third-country electronic money institution or its branch, in any manner whatsoever, prevents the exercise of supervision of the operation of the branch;

4) where a branch fails to implement supervisory measures imposed by the Croatian National Bank;

5) where a branch does not operate in accordance with the regulations in force in the Republic of Croatia;

6) where a branch fails to meet its financial obligations in the Republic of Croatia; or

7) where a branch fails to notify the Croatian National Bank of the significant changes in the conditions under which the decision was adopted.

*Decision on the revocation of the decision authorising the establishment of a branch of a third-country electronic money institution*

Article 75

(1) The Croatian National Bank shall deliver the decision on the revocation of the decision authorising the establishment of a branch of a third-country electronic money institution to the third-country electronic money institution and the branch of the third-country electronic money institution without delay.

(2) The Croatian National Bank shall submit the decision on the revocation of the decision authorising the establishment of a branch of the third-country electronic money institution to the competent commercial court without delay and shall publish a notice thereof on its website and in at least one daily newspaper published in the Republic of Croatia.

*Revocation of a decision authorising the establishment of a branch of a third-country electronic money institution*

Article 76

(1) The Croatian National Bank shall revoke the authorisation to establish a branch of a third-country electronic money institution:

- 1) where the authorisation of the third-country electronic money institution is revoked;
- 2) where bankruptcy, winding-up or other similar proceedings against the third-country electronic money institution is opened;
- 3) where the third-country electronic money institution ceases to exist for reasons not covered by item (2) of this paragraph.

(2) A branch of a third-country electronic money institution shall notify the Croatian National Bank without delay where the circumstances referred to in paragraph (1) of this Article have arisen, and of any change in the status of the third-country electronic money institution.

*Application of other provisions of this Act to a branch of a third-country electronic money institution*

Article 77

(1) The provisions of Chapters III and IV of this Title, with the exception of Articles 29 to 34, Article 41, paragraph (2) and Article 55 of this Act shall apply *mutatis mutandis* to a branch of a third-country electronic money institution.

(2) By way of derogation from paragraph (1) of this Article, a branch of a third-country electronic money institution shall, instead of the reporting obligation referred to in Article 56, paragraph (2), item (3) of this Act, notify the Croatian National Bank without delay of all executed changes relating to a qualifying holder in a third-country electronic money institution of which the

management board of the third-country electronic money institution or the person responsible for managing the operation of the branch was aware or should have been aware.

*Supervision of a branch of a third-country electronic money institution by the competent authority of that third country*

Article 78

By way of derogation from Article 47, paragraph (1) of this Act, an on-site examination of operation of a branch of a third-country electronic money institution may also be carried out by the competent authority of the third country provided that:

- 1) the agreement referred to in Article 79 of this Act has been concluded between the Croatian National Bank and this authority;
- 2) this authority has requested the Croatian National Bank to carry out an on-site examination for the purposes of that authority; and
- 3) the Croatian National Bank instructs that authority to carry out the requested on-site examination independently.

*Cooperation with the competent authorities of a third country*

Article 79

(1) The Croatian National Bank may conclude an agreement with one or more competent authorities of a third country for the purpose of exercising supervision of the operation of a branch of an electronic money institution having its head office in the Republic of Croatia and operating in a third country, or of a branch of an electronic money institution having its head office in a third country which intends to issue electronic money in the Republic of Croatia.

(2) The Croatian National Bank may submit confidential information to authorities or persons from a third country whose position is equal to that of the authorities or persons referred to in Article 93, paragraph (4) of this Act, if all of the following conditions are met:

- 1) mutual exchange of information has been agreed with such authorities or persons, which is subject to adequate safeguards;
- 2) such authorities or persons are subject to the duty to protect the confidentiality of information in that third country;
- 3) the information submitted to the authorities or persons in a third country is to be used only for the purpose for which it has been given;
- 4) it is guaranteed that the information will be divulged to third parties only with the explicit consent of the Croatian National Bank; and
- 5) it is guaranteed that the information submitted by the Croatian National Bank to such authorities or persons, which it has received from the competent authorities of a Member State, will be divulged to third parties only with the explicit consent of the authority of the Member State which submitted the information.

TITLE V  
CROSS-BORDER ISSUANCE OF ELECTRONIC MONEY AND  
PROVISION OF PAYMENT SERVICES BY ELECTRONIC MONEY  
INSTITUTIONS AND COOPERATION WITH OTHER MEMBER  
STATES' COMPETENT AUTHORITIES

CHAPTER I  
CROSS-BORDER ISSUANCE OF ELECTRONIC MONEY AND PROVISION  
OF PAYMENT SERVICES

*Manner of cross-border issuance of electronic money*

Article 80

(1) An electronic money institution established in the Republic of Croatia may also issue electronic money in another Member State as a host Member State in accordance with the conditions set out in the provisions of this Chapter, exercising the right of establishment or freedom to provide services.

(2) An electronic money institution established in the Republic of Croatia may, in accordance with the conditions set out in the provisions of this Chapter, distribute and redeem electronic money, but may not issue electronic money, in the territory of another Member State through a distributor.

(3) An electronic money institution established in another Member State may issue electronic money in the Republic of Croatia as a host Member State in accordance with the conditions set out in the provisions of this Chapter, exercising the right of establishment or the freedom to provide services.

(4) An electronic money institution established in another Member State may, in accordance with the conditions set out in the provisions of this Chapter, distribute and redeem electronic money, but may not issue electronic money, in the territory of the Republic of Croatia through a distributor.

(5) Under the right of establishment, electronic money may be:

1) issued in the host Member State only through a branch with a head office in the host Member State, and may not be issued through an agent; and

2) distributed and redeemed in the host Member State through a branch in the host Member State or through a distributor with a head office or place of residence in the host Member State.

(6) Based on the freedom to provide services, electronic money may be:

1) issued in the host Member State only directly; and

2) distributed and redeemed in the host Member State directly or through a distributor with a head office or place of residence in the host Member State.

(7) Electronic money may be issued in the host Member State by exercising the freedom to provide services only temporarily. Whether such issuance of electronic money will be allowed shall depend

on the manner in which the activity is proceeding, or on whether electronic money is issued in the host Member State permanently, frequently, regularly or continually.

*Manner of cross-border provision of payment services*

Article 81

(1) An electronic money institution established in the Republic of Croatia may also provide payment services authorised in the Republic of Croatia, in another Member State as a host Member State in accordance with the conditions set out in the provisions of this Chapter, exercising the right of establishment or freedom to provide services.

(2) An electronic money institution established in another Member State may provide payment services authorised in the home Member State in the Republic of Croatia as the host Member State in accordance with the conditions set out in the provisions of this Chapter, exercising the right of establishment or freedom to provide services.

(3) Under the right of establishment, payment services may be provided in the host Member State through a branch with a head office in the host Member State or through an agent with a head office or place of residence in the host Member State.

(4) Based on the freedom to provide services, payment services may be provided in the host Member State directly or through an agent with a head office or place of residence in the host Member State.

(5) Payment services may be provided in the host Member State by exercising the freedom to provide services only temporarily. Whether such provision of services will be allowed shall depend on the manner in which such services are provided, or on whether an electronic money institution provides such services in the host Member State permanently, frequently, regularly or continually.

*Issuance of electronic money and provision of payment services in another Member State by an electronic money institution from the Republic of Croatia*

Article 82

(1) An electronic money institution established in the Republic of Croatia if it intends to issue electronic money and/or provide payment services that are not linked to the issuance of electronic money in the territory of another Member State exercising the right to establishment or freedom to provide services shall notify the Croatian National Bank thereof in advance.

(2) Where the notification referred to in paragraph (1) of this Article refers to the issuance of electronic money through a branch or to the provision of payment services through a branch or agent, such notification shall be deemed to be an application for the entry of the branch or agent in the register referred to in Article 28 of this Act.

(3) The notification referred to in paragraph (1) of this Article shall contain:

- 1) the name and address of the electronic money institution and the number of the decision authorising the issuance of electronic money;
- 2) a list of Member States in which it intends to issue electronic money, distribute or redeem electronic money through a distributor or provide payment services; and

3) a list of payment services that are not linked to the issuance of electronic money it intends to provide in an individual host Member State.

(4) In the case of an electronic money institution intending to issue electronic money or provide payment services in a host Member State through a branch, the notification referred to in paragraph (1) of this Article shall also contain, in addition to the information referred to in paragraph (3) of this Article:

1) the address of the branch in the host Member State;

2) a description of the organisational structure of the branch;

3) a list of names and addresses of the persons that are to be responsible for managing the operations of the branch; and

4) the documentation referred to in Article 17, paragraph (3), items (5) and (9) of this Act relating to operations in a host Member State.

(5) In the case of an electronic money institution intending to distribute or redeem electronic money in a host Member State through a distributor, the notification referred to in paragraph (1) of this Article shall also contain, in addition to the information referred to in paragraph (3), items (1) and (2) of this Article, the information referred to in Article 27, paragraph (19) of this Act.

(6) In the case of an electronic money institution intending to provide payment services in a host Member State through an agent, the notification referred to in paragraph (1) of this Article shall also contain, in addition to the information referred to in paragraph (3) of this Article, the information referred to in Article 27, paragraph (5) of this Act.

(7) The notification referred to in paragraph (1) of this Article shall also include information on the intended outsourcing of operational activities of the issuance of electronic money and payment services to other persons in the host Member State.

(8) The notification referred to in paragraph (1) of this Article shall also contain the information prescribed as mandatory by Commission Delegated Regulation (EU) 2017/2055 of 23 June 2017 supplementing Directive (EU) 2015/2366 of the European Parliament and of the Council with regard to regulatory technical standards for the cooperation and exchange of information between competent authorities relating to the exercise of the right of establishment and the freedom to provide services of payment institutions (OJ L 294, 11.11.2017, hereinafter referred to as 'Regulation (EU) No 2017/2055') in the notification procedure between the competent authorities of the home Member State and the host Member State, in the case of the intended issuance of electronic money through a branch or directly in the territory of another Member State, distribution or redemption of electronic money through a distributor, provision of payment services in the territory of another Member State through a branch, agent or directly, or, in the case of outsourcing of operational activities of issuing electronic money and payment services to another person in the host Member State.

(9) The Croatian National Bank shall transmit the information contained in the received notification referred to in paragraph (1) of this Article on the intended cross-border issuance of electronic money, distribution or redemption of electronic money or provision of payment services (notification) to the competent authority of the host Member State within one month of the date of receipt of complete and accurate information.

(10) Where the Croatian National Bank does not accept the evaluation of the competent authority of the host Member State submitted to it by that authority based on the notification referred to in paragraph (9) of this Article, the Croatian National Bank shall notify that authority thereof and state the reasons for non-acceptance.

(11) Where the Croatian National Bank adopts a decision on the entry of a branch or agent in the register referred to in Article 28 of this Act, it shall notify thereof the competent authority of the host Member State and the electronic money institution within three months of the date of receipt of the notification referred to in paragraph (1) of this Article with complete and accurate information.

(12) An electronic money institution may commence issuing electronic money through a branch or providing payment services through a branch or agent in the host Member State only after the Croatian National Bank has entered the branch or agent in the register referred to in Article 28 of this Act.

(13) The Croatian National Bank may adopt a decision refusing the entry of a branch or agent in the register referred to in Article 28 of this Act, i.e. a decision refusing the distribution and/or redemption through a distributor based on the information available to it, and taking account in particular of the evaluation of the competent authority of the host Member State of all the justified reasons for suspicion of money laundering or terrorist financing concerning a branch, distributor or agent. The Croatian National Bank shall notify the competent authority of the host Member State and the electronic money institution of that decision within three months of the date of receipt of the notification referred to in paragraph (1) of this Article with complete and accurate information.

(14) The electronic money institution shall notify the Croatian National Bank of the date of commencement of the issuance of electronic money through a branch, the distribution or redemption of electronic money through a distributor, i.e. the provision of payment services through a branch or agent in the host Member State.

(15) The Croatian National Bank shall transmit the notification referred to in paragraph (14) of this Article to the competent authority of the host Member State.

(16) The Croatian National Bank shall notify the electronic money institution and the competent authority of the host Member State, at the latest within three months of receipt of the notification referred to in paragraph (1) of this Article with complete and accurate information, on the completion of the notification procedure of the intention to issue electronic money directly, the intention to distribute or redeem electronic money through a distributor or the intention to provide payment services directly.

(17) An electronic money institution intending to issue electronic money or provide payment services directly, or intending to carry out the distribution or redemption of electronic money through a distributor may commence these activities in the host Member State after having received the notification referred to in paragraph (16) of this Article from the Croatian National Bank.

(18) An electronic money institution shall notify the Croatian National Bank of any change in the information submitted in the notification referred to in paragraph (1) of this Article, including the information on each new branch, distributor, agent and outsourcing service provider.

(19) The provisions of paragraphs (9) to (17) of this Article shall also apply in case of the notification referred to in paragraph (18) of this Article.

(20) Where the competent authority of the host Member State, after the entry of a branch or agent in the register referred to in Article 28 of this Act, notifies the Croatian National Bank of the existence of risk, in particular the risk of money laundering or terrorist financing in relation to the branch or agent, the Croatian National Bank may adopt a decision on the removal of that branch or agent from the register.

(21) The Croatian National Bank shall transmit the decision on the removal referred to in paragraph (20) of this Article to the electronic money institution and the competent authority of the host Member State.

(22) Where the Croatian National Bank in relation to the notification referred to in paragraph (20) of this Article does not accept the evaluation of the competent authority of the host Member State, it shall notify that authority of its non-acceptance and the reasons thereof.

(23) The cooperation and exchange of information between the Croatian National Bank and the competent authorities of host Member States in the notification procedure shall be carried out in accordance with Regulation (EU) No 2017/2055.

(24) An electronic money institution operating in the territory of another Member State through an agent under the right of establishment which, in accordance with regulatory technical standards adopted as a delegated act by the European Commission under Article 29, paragraph (7) of Directive (EU) 2015/2366, and in connection with Article 29, paragraph (5) of Directive (EU) 2015/2366, shall appoint a central contact point and notify the Croatian National Bank thereof.

*Issuance of electronic money and provision of payment services in the territory of the Republic of Croatia by an electronic money institution from another Member State*

Article 83

(1) Where an electronic money institution from another Member State, exercising the right of establishment or freedom to provide services, intends to issue electronic money and/or provide payment services that are not linked to the issuance of electronic money in the Republic of Croatia, the competent authority of the home Member State shall notify the Croatian National Bank, in accordance with Regulation (EU) No 2017/2055.

(2) The Croatian National Bank shall evaluate the information received with the notification referred to in paragraph (1) of this Article and notify its evaluation to the competent authority of the home Member State within one month of the date of receipt of that notification.

(3) The evaluation referred to in paragraph (2) of this Article shall contain relevant information pertaining to the intended issuance of electronic money, distribution or redemption of electronic money through a distributor, i.e. the provision of payment services under the right of establishment and freedom to provide services by the electronic money institution and in particular



all the justified reasons for suspicion of money laundering or terrorist financing in relation to the intended appointment of an agent, a distributor or the establishment of a branch.

(4) The Croatian National Bank shall be authorised to require from the competent authorities of the home Member State information about any justified reasons for concern regarding money laundering or terrorist financing in relation to the intended appointment of an agent, distributor or establishment of a branch.

(5) Paragraphs (2), (3) and (4) shall also apply in the case where the Croatian National Bank receives a notification from the competent authority of the home Member State of changes in relation to the issuance of electronic money, distribution or redemption of electronic money through a distributor, i.e. the provision of payment services of an electronic money institution from another Member State in the Republic of Croatia.

(6) An electronic money institution from another Member State may commence issuing electronic money in the territory of the Republic of Croatia through a branch or provide payment services through a branch or agent once the branch or agent have been entered in the register kept by the competent authority of the home Member State.

(7) An electronic money institution from another Member State may, in the territory of the Republic of Croatia, commence the distribution or redemption of electronic money through a distributor once the Croatian National Bank receives the notification from the competent authority of the home Member State in accordance with Regulation (EU) No 2017/2055 of the date of commencement of distribution or redemption of electronic money through a distributor.

(8) The Croatian National Bank shall be authorised by an electronic money institution from another Member State which provides payment services in the territory of the Republic of Croatia through an agent under the right of establishment and which meets the criteria for appointment as a central contact point determined by regulatory technical standards adopted as a delegated act by the European Commission under Article 29, paragraph (7) of Directive (EU) 2015/2366, and in connection with Article 29, paragraph (5) of Directive (EU) 2015/2366 to require the appointment of the central contact point in the Republic of Croatia.

(9) An electronic money institution which has appointed a central contact point pursuant to paragraph (8) of this Article shall notify the Croatian National Bank thereof.

(10) The appointed central contact point shall carry out the tasks determined by the regulatory technical standards referred to in paragraph (8) of this Article.

(11) Each agent of an electronic money institution from another Member State shall inform payment service users that it provides payment services on behalf and for the account of that electronic money institution as its agent.

(12) The cooperation and exchange of information between the Croatian National Bank and the competent authorities of home Member States in the notification procedure shall be carried out in accordance with Regulation (EU) No 2017/2055.

CHAPTER II  
COOPERATION BETWEEN COMPETENT AUTHORITIES IN  
SUPERVISION IN CROSS-BORDER ISSUANCE OF ELECTRONIC  
MONEY AND PROVISION OF PAYMENT SERVICES

*General provisions on cooperation in supervision in cross-border issuance of electronic money and provision of payment services*

Article 84

(1) In addition to the purposes and the manner referred to in Chapter I of this Title, the Croatian National Bank shall also cooperate with the competent authorities of other Member States for supervisory purposes.

(2) The cooperation for supervisory purposes relates to:

1) supervision of the application of the provisions of national regulations of Member States transposing Titles II and III of Directive (EU) 2009/110/EC by an electronic money institution issuing electronic money in another Member State or by a branch of an electronic money institution from one Member State located in the territory of another Member State;

2) supervision of the application of the provisions of national regulations of Member States transposing Titles III and IV of Directive (EU) 2015/2366 by an electronic money institution providing payment services in another Member State or by a branch or agent of an electronic money institution from one Member State located in the territory of another Member State.

(3) The provisions of this Title shall be without prejudice to the obligations of the Croatian National Bank under the regulations governing the prevention of money laundering and terrorist financing, especially those related to the supervision and control of the application of these regulations.

*Cooperation in on-site examination*

Article 85

(1) The Croatian National Bank may carry out on-site examination of a branch or an agent of an electronic money institution established in the Republic of Croatia and located in another Member State after having notified in advance the competent authority of the host Member State thereof.

(2) The Croatian National Bank may require from the competent authority of the host Member State to carry out the on-site examination referred to in paragraph (1) of this Article.

(3) Where an electronic money institution established in another Member State operates in the territory of the Republic of Croatia, the competent authority of the home Member State may:

1) carry out an on-site examination of its branches, distributors or agents in the Republic of Croatia, after having notified in advance the Croatian National Bank thereof; or

2) require from the Croatian National Bank to carry out the on-site examination of its branches or distributors or agents.

(4) Where in the case referred to in paragraph (3), item (2) of this Article, the request for on-site examination relates to the provision of payment services at agents that are not providers of payment services whose on-site examination, under the law governing payment operations, is within the competence of the Croatian National Bank, the Croatian National Bank shall transmit that request to the Ministry of Finance – the Financial Inspectorate.

*Other forms of cooperation between competent authorities in cross-border issuance of electronic money and provision of payment services*

Article 86

(1) The Croatian National Bank shall cooperate with the competent authorities of other Member States and exchange material information with them on cross-border issuance of electronic money and provision of payment services or information relevant to the competent authorities of Member States, particularly that relating to a committed illegality or suspicion of an illegality committed by an electronic money institution carrying out cross-border issuance of electronic money or providing cross-border payment services.

(2) In the framework of cooperation referred to in paragraph (1) of this Article, the Croatian National Bank shall:

1) submit to the other competent authority, at its request, all the information relevant to that competent authority; and

2) submit to the other competent authority, at its own initiative, all material information, including the information on whether the electronic money institution with a registered office in the home Member State fulfils the requirement of having a head office in the territory of a home Member State and carrying out at least a part of the issuance of electronic money and providing at least a part of its payment services in the territory of the home Member State.

(3) The Croatian National Bank shall take into account the information submitted to it by the competent authority of the other Member State at its own initiative and may submit a request to the competent authority of the other Member State for the submission of information relevant for the exercise of supervision pursuant to this Act.

(4) The cooperation and exchange of information between the Croatian National Bank and the competent authorities of other Member States in cross-border issuance of electronic money or cross-border provision of payment services shall take place in accordance with regulatory technical standards adopted as a delegated act by the European Commission under Article 29, paragraph (7) of Directive (EU) 2015/2366, and in connection with Article 29, paragraph (6) of Directive (EU) 2015/2366.

(5) The Croatian National Bank shall carry out cooperation referred to in this Article as a contact point in accordance with Article 93, paragraph (2) of this Act, where this cooperation is related to the supervision of the implementation of provisions on the obligations as regards the provision of information to the payment service users and on the rights and obligations in relation to the provision and use of payment services referred to in the law governing payment operations by the electronic money institutions established in other Member States operating in the Republic of

Croatia through agents exercising the right of establishment, where their agents located in the Republic of Croatia are not at the same time providers of the payment services for the supervision of which the Croatian National Bank is competent pursuant to the law governing payment operations.

(6) The provisions of paragraphs (1) to (4) of this Article shall apply *mutatis mutandis* to the cooperation referred to in paragraph (5) of this Article, provided that the Croatian National Bank and the Ministry of Finance – Financial Inspectorate exchange all information necessary for cross-border cooperation with competent authorities of other Member States referred to in this Title.

*Adoption of measures in the case of cross-border issuance of electronic money through a branch, distribution and redemption of electronic money through a distributor and provision of payment services through a branch or agent*

Article 87

(1) Where the Croatian National Bank receives a notification from the competent authority of a host Member State that an electronic money institution established in the Republic of Croatia issuing electronic money in the territory of that host Member State through a branch or distributing and/or redeeming electronic money through a distributor does not operate in accordance with the provisions of Title II of Directive (EU) 2009/110/EC or that it violates the provisions of national regulations transposing in that Member State the provisions of Title III of Directive 2009/110/EC and where it establishes such information as justified, the Croatian National Bank shall take appropriate measures without delay, in accordance with its powers under this Act, to ensure that the electronic money institution rectifies the established illegalities or irregularities.

(2) Where the Croatian National Bank receives a notification from the competent authority of a host Member State that an electronic money institution established in the Republic of Croatia providing payment services in the territory of that host Member State through an agent or a branch violates the provisions of national regulations transposing in that Member State the provisions of Titles III or IV of Directive (EU) 2015/2366, and if it establishes such information as justified, the Croatian National Bank shall take appropriate measures without delay, in accordance with its powers under this Act, to ensure that the electronic money institution rectifies the established illegalities or irregularities.

(3) The Croatian National Bank shall without delay notify of the measures taken, referred to in paragraphs (1) and (2) of this Article, the competent authority of the host Member State and the competent authorities of all other Member States to which it may refer.

(4) Where the Croatian National Bank learns that in the course of cross-border issuance of electronic money through a branch or during distribution and/or redemption of electronic money through a distributor the electronic money institution from another Member State in the Republic of Croatia does not operate in accordance with the provisions of Title II of Directive 2009/110/EC or that the distributor or the branch of an institution from another Member State violates the provisions of Titles II and III of this Act, the Croatian National Bank shall notify the

competent authority of the home Member State thereof without delay so that the competent authority can take appropriate measures against such an electronic money institution.

(5) Where the Croatian National Bank learns that in the course of cross-border provision of payment services in the Republic of Croatia through a branch or agent that is also a payment service provider whose supervision, under the law governing payment operations, is within the competence of the Croatian National Bank, the branch or agent of the electronic money institution from another Member State violates the provisions on the obligations as regards the provision of information to the payment service users and on the rights and obligations as regards the provision and use of payment services referred to in the law governing payment operations, the Croatian National Bank shall notify the competent authority of the home Member State thereof without delay so that the competent authority can take appropriate measures against such an electronic money institution.

(6) Where the Ministry of Finance – the Financial Inspectorate learns that in the course of cross-border provision of payment services in the Republic of Croatia through an agent that is not also a payment service provider, whose supervision, under the law governing payment operations, is within the competence of the Croatian National Bank, the agent of the electronic money institution from another Member State violates the provisions on the obligations as regards the provision of information to the payment service users and on the rights and obligations as regards the provision and use of payment services pursuant to the law governing payment operations, it shall notify the Croatian National Bank thereof without delay.

(7) The Croatian National Bank shall transmit the notification referred to in paragraph (6) of this Article to the competent authority of the home Member State so that the competent authority can take appropriate measures against such an electronic money institution.

### *Precautionary measures*

#### Article 88

(1) In the case of cross-border issuance of electronic money through a branch, distribution and/or redemption of electronic money through a distributor or the provision of payment services by an electronic money institution from another Member State through a branch or agent in the Republic of Croatia, the Croatian National Bank may in exceptional cases and pending measures by the competent authorities of the home Member State in the framework of cooperation under this Title, take precautionary measures against such agents that are payment service providers whose supervision, under the law governing payment operations, is within the competence of the Croatian National Bank, and against such branches and distributors, only if this is necessary for the purpose of immediate action to protect electronic money holders or payment service users in the Republic of Croatia from a serious threat to their collective interests.

(2) In the case of cross-border provision of payment services by an electronic money institution from another Member State through an agent in the Republic of Croatia, the Ministry of Finance – the Financial Inspectorate may in exceptional cases and pending measures by the competent authorities of the home Member State in the framework of cooperation under this Title, take

precautionary measures against such agents that are not payment service providers, whose supervision, under the law governing payment operations, is within the competence of the Croatian National Bank, in accordance with its powers under this Act, only if this is necessary for the purpose of immediate action to protect payment service users in the Republic of Croatia from a serious threat to their collective interests.

(3) The precautionary measures referred to in paragraphs (1) and (2) of this Article shall be appropriate and proportionate to their purpose under these paragraphs and shall not result in a preference for electronic money holders or payment service users of an electronic money institutions in the Republic of Croatia over electronic money holders or payment service users in other Member States.

(4) The precautionary measures referred to in paragraphs (1) and (2) of this Article shall be temporary and shall be terminated by the Croatian National Bank or the Ministry of Finance – the Financial Inspectorate when the serious threats to collective interests of electronic money holders or collective interests of payment service users in the Republic of Croatia are addressed, irrespective of whether the threat was terminated with the assistance of or in cooperation with the competent authorities of the home Member State or with the European Banking Authority in accordance with Article 19 of Regulation (EU) No 1093/2010 of the European Parliament and of the Council of 24 November 2010 establishing a European Supervisory Authority (European Banking Authority), amending Decision No 716/2009/EC and repealing Commission Decision 2009/78/EC (OJ L 331, 15.12.2010, hereinafter referred to as 'Regulation (EU) No 1093/2010').

(5) The Croatian National Bank shall notify the competent authority of the home Member State and the competent authority of any other Member State concerned, the European Commission and the European Banking Authority of the imposed measures referred to in paragraph (1) and (2) of this Article and of the reasons for imposing them.

(6) The Croatian National Bank shall send the notification referred to in paragraph (5) of this Article, where possible, in advance, and no later than upon the precautionary measures have been imposed by the Croatian National Bank or the Ministry of Finance – the Financial Inspectorate.

### *Settlement of disagreements between the competent authorities of different Member States*

#### Article 89

(1) Where the Croatian National Bank finds that cross-border cooperation with the competent authorities of another Member State in some aspects is not in line with the conditions stipulated by the provisions of this Title, it may turn to the European Banking Authority and seek its assistance in accordance with Article 19 of Regulation (EU) No 1093/2010.

(2) The Croatian National Bank shall defer the adoption of its decisions until the adoption of a decision in accordance with Article 19 of Regulation (EU) No 1093/2010.

## TITLE VI

### SUPERVISION OF OTHER ELECTRONIC MONEY ISSUERS AND COOPERATION BETWEEN COMPETENT AUTHORITIES

#### *Supervision of the application of Titles II and III of this Act by other electronic money issuers*

##### Article 90

The Croatian National Bank shall exercise supervision of the application of the provisions of Titles II and III of this Act by electronic money issuers referred to in Article 5, paragraph (1), item (1) of this Act, in accordance with the provisions of the law governing the operation of credit institutions.

#### *Additional supervisory powers*

##### Article 91

(1) Where the Croatian National Bank, from the information obtained in the course of exercising the tasks within its competence, establishes circumstances indicating that electronic money is issued by persons other than those referred to in Article 5, paragraph (1) of this Act, it shall notify the State Attorney's Office or another competent authority thereof without delay.

(2) The Croatian National Bank shall provide the authorities referred to in paragraph (1) of this Article, at their request, with an expert opinion for the establishment of the facts in connection with the issuance of electronic money and the circumstances referred to in paragraph (1) of this Article.

(3) Where in the framework of the procedure conducted pursuant to paragraph (1) of this Article cooperation with authorities of other Member States is required, the Croatian National Bank shall be the authority of the Republic of Croatia for contacts with the central banks of other Member States or other competent authorities of other Member States, the European Banking Authority and the European Central Bank.

#### *Cooperation and exchange of information between the competent authorities of the Republic of Croatia*

##### Article 92

(1) The Croatian National Bank, the Ministry of Finance – the Financial Inspectorate and other competent authorities in the Republic of Croatia shall cooperate and exchange information when such cooperation and exchange of information is prescribed by this Act or by a special law, and shall, at the request of an individual competent authority, submit to that authority all the information needed by that authority in the exercise of supervision, in the authorisation procedure or when deciding on other individual applications within its competence.

(2) The authorities referred to in paragraph (1) of this Article shall exchange notifications of withdrawals of authorisations, illegalities and irregularities identified in the course of supervision if such findings are relevant for the operation of the other authority.

(3) The Croatian National Bank and the Ministry of Finance – the Financial Inspectorate shall exchange all information for the purpose of cross-border cooperation with the competent authorities of other Member States referred to in Title V of this Act.

(4) The Croatian National Bank and the Ministry of Finance – the Financial Inspectorate shall exchange information with other authorities of the Republic of Croatia competent for the supervision of application of other regulations of the Republic of Croatia or the regulations of the European Union by the issuers of electronic money, such as regulations governing the prevention of money laundering and terrorist financing, personal data protection, etc.

(5) The submission of information and notifications referred to in paragraphs (1) to (4) of this Article shall not constitute a violation of the duty to protect the confidentiality of data.

(6) The authority referred to in paragraph (1) of this Article that receives the information and notifications in accordance with this Article shall protect their confidentiality and shall use them exclusively for the purpose for which they have been given and may not divulge them to third parties without the approval of the competent authority which submitted them or when prescribed by a special law.

(7) The Croatian National Bank shall provide the authority referred to in paragraph (3) of this Article, at its request, with expertise and cooperation it requires in the carrying out of the tasks referred to in Article 47, paragraph (5), Article 85, paragraph (4), Article 87, paragraph (6) and Article 88, paragraph (2) of this Act.

(8) The Croatian National Bank shall, where appropriate, and in cooperation with the Ministry of Finance – the Financial Inspectorate, make the basis for the assessment of risks arising from the issuance of electronic money referred to in Article 91, paragraph (1) of this Act.

*Cooperation and exchange of information between the competent authorities in the Republic of Croatia and competent authorities of other Member States and authorities of the European Union*

Article 93

(1) The Croatian National Bank and the Ministry of Finance – the Financial Inspectorate shall cooperate with the competent authorities of other Member States and, where appropriate, with the European Banking Authority and other relevant competent authorities of the European Union and other Member States in accordance with the legal acts of the European Union and regulations of the Republic of Croatia.

(2) The Croatian National Bank shall also be the authority of the Republic of Croatia for contacts with the authorities of other Member States and other competent authorities of the European Union referred to in this Article.



(3) The Croatian National Bank shall also cooperate with the European Central Bank and central banks of other Member States in accordance with the legal acts of the European Union and regulations of the Republic of Croatia.

(4) The Croatian National Bank shall exchange information:

1) with the authorities of other Member States competent for the authorisation and supervision of electronic money institutions in accordance with this Act;

2) with the European Central Bank and the central banks of the Member States, in their capacity as monetary and supervisory authorities, and, where appropriate, other public authorities responsible for the supervision of payment and financial instrument settlement systems; and

3) with the European Banking Authority.

(5) The Croatian National Bank shall exchange information with other authorities of the Member States competent for the supervision of application of regulations of the European Union by the issuers of electronic money, such as regulations governing the prevention of money laundering and terrorist financing.

### *Data confidentiality*

#### Article 94

(1) The Croatian National Bank and the Ministry of Finance – the Financial Inspectorate shall protect the confidentiality of any data of which they become aware in the course of exercising their powers and duties under this Act and they may not divulge them to other persons and authorities.

(2) By way of derogation from paragraph (1) of this Article, the following disclosure of information shall not constitute a breach of the duty to protect the confidentiality of information:

1) disclosure of information in aggregated form, such that personal or business data cannot be identified;

2) disclosure of information in cases and in the manner provided for in this Act;

3) the delivery of information for the purposes of criminal or preliminary proceedings, requested or ordered in writing by the competent court, the Office for the Prevention of Corruption and Organised Crime, the State Attorney's Office or the Ministry of the Interior, where the Ministry of the Interior is ordered to do so in writing by the State Attorney's Office, or where requested in writing by the authority of another Member State competent to act in criminal proceedings;

4) exchange of information in accordance with other laws;

5) exchange of information in accordance with the legal acts of the European Union.

(3) The provisions of paragraph (1) of this Article shall also apply to all natural persons that work or have worked in any capacity in the competent authorities referred to in paragraph (1) of this Article and to auditors and experts that carry out or have carried out tasks at the request of these authorities.

(4) All persons, authorities and their employees who have received information referred to in paragraph (1) of this Article pursuant to paragraph (2), items (2) to (4) of this Article shall use this information exclusively for the purpose for which it has been given and may not divulge or make such information available to third parties, except in cases prescribed by law.

## *Notification of the European Commission*

### Article 95

(1) The Croatian National Bank shall notify the European Commission of all authorisations to establish a branch of a third-country electronic money institution.

(2) The Croatian National Bank shall notify the European Commission of the number of small electronic money institutions registered in the Republic of Croatia and of the total amount of outstanding electronic money of small electronic money institutions at the annual level at 31 December of each calendar year.

## TITLE VII DECISION-MAKING METHODS AND PROCEDURES OF THE CROATIAN NATIONAL BANK

### *Restitution*

#### Article 96

It shall not be possible to require restitution in an administrative procedure carried out by the Croatian National Bank.

### *Decision*

#### Article 97

(1) Decisions issued by the Croatian National Bank on matters within its competence must be written and fully reasoned.

(2) No complaint against the decisions referred to in paragraph (1) of this Article shall be allowed, but administrative dispute may be initiated against them.

### *Liability for damage*

#### Article 98

The employees of the Croatian National Bank or any persons authorised by the Croatian National Bank shall not be liable for damage that may arise in the course of the performance of their duties under this Act and subordinate legislation adopted under this Act, unless it is proven that they acted or failed to act intentionally or as a result of gross negligence.

### *Time limits*

#### Article 99

Pursuant to the application submitted in a procedure conducted by the Croatian National Bank under this Act, the Croatian National Bank shall adopt and submit the decision to the applicant within three months of the date of submission of a complete application.

## TITLE VIII PENALTY PROVISIONS

### *Serious misdemeanours by electronic money issuers*

#### Article 100

(1) The following electronic money issuers shall be liable for the misdemeanours referred to in paragraph (2) of this Article:

- 1) credit institutions, electronic money institutions and small electronic money institutions established in the Republic of Croatia;
- 2) branches of credit institutions in the Republic of Croatia established in another Member State or third country;
- 3) branches of electronic money institutions in the Republic of Croatia established in another Member State or third country;
- 4) the Croatian National Bank, when not acting in its capacity as monetary authority or other public authority.

(2) The electronic money issuer referred to in paragraph (1) of this Article shall be fined between EUR 13,270.00 and EUR 66,360.00:

- 1) if it fails to issue electronic money on the receipt of funds, or if it issues electronic money at a value other than the par value (Article 7, paragraph (1));
- 2) if it fails to redeem, at the request of the electronic money holder, at any moment the monetary value of the electronic money at par value (Article 7, paragraph (2));
- 3) if the contract with the electronic money holder does not clearly state the conditions for redemption of electronic money, including any fees relating thereto (Article 7, paragraph (3));
- 4) if it fails to inform a potential electronic money holder of the conditions of redemption of electronic money, including any fees relating thereto, before concluding any contract for the issuance of electronic money (Article 7, paragraph (5));
- 5) if it charges a fee to the electronic money holder for the redemption of electronic money contrary to Article 7, paragraphs (6) and (7) of this Act;
- 6) if it fails to redeem electronic money in compliance with a request submitted in accordance with Article 7, paragraph (8) of this Act;
- 7) if at the request by the electronic money holder submitted on the date of termination of the contract for the issuance of electronic money or after the termination of the contract it fails to redeem the total monetary value of the electronic money (Article 7, paragraph (9));
- 8) if, as the electronic money issuer referred to in Article 5, paragraph (1), item (2), sub-item (a) and item (3) of this Act carrying out one or more of the business activities listed in Article 15, item (4) of this Act, where it is not known in advance what proportion of funds is to be used as electronic money, upon the request for redemption by the electronic money holder submitted on the date of termination of the contract for the issuance of electronic money, or within one year after the date of termination of the contract it fails to redeem the total monetary value of the electronic money (Article 7, paragraph (10));

9) if it pays interest or any other benefit to the electronic money holder for the holding of the electronic money during a length of time (Article 8).

(3) A fine between EUR 1,320.00 and EUR 6,630.00 shall also be imposed for any of the misdemeanours referred to in paragraph (2) of this Article on:

1) the responsible person of the management board of the electronic money issuer referred to in paragraph (1), item (1) of this Article or the responsible executive director if the electronic money issuer has a board of directors or where an electronic money institution or a small electronic money institution engages in another business activity in addition to the issuance of electronic money and provision of payment services, the director responsible for the issuance of electronic money;

2) the person responsible for managing the branch's operations referred to in paragraph (1), items (2) and (3) of this Article; and

3) the responsible person of the electronic money issuer referred to in paragraph (1), item (4) of this Article.

(4) The fine referred to in paragraph (3) of this Article shall be imposed on the responsible person for any of the misdemeanours referred to in paragraph (2) of this Article committed during the issuance of electronic money by the Republic of Croatia or units of local or regional self-government, when acting in the capacity as public authority.

(5) For any of the misdemeanours referred to in paragraph (2), item (2) and items (4) to (8) of this Article:

1) a fine between EUR 6,630.00 and EUR 66,360.00 shall be imposed on the distributor in the Republic of Croatia of an electronic money institution established in another Member State appointed under the right of establishment that is a legal person;

2) a fine between EUR 3,310.00 and EUR 33,180.00 shall be imposed on the distributor in the Republic of Croatia of an electronic money institution established in another Member State appointed under the right of establishment that is a sole trader, craftsman or another self-employed person.

(6) A fine between EUR 660.00 and EUR 6,630.00 shall also be imposed on the responsible person of the distributor referred to in paragraph (5), item (1) of this Article.

#### *Minor misdemeanours by electronic money issuers*

##### Article 101

(1) The electronic money issuer referred to in Article 100, paragraph (1) of this Act shall be fined between EUR 3,310.00 and EUR 33,180.00:

1) if, as a reporting entity subject to reporting on the issuance, distribution and redemption of electronic money and fraud in respect of the issuance, distribution and redemption, it fails to report to the Croatian National Bank on the content, and in the manner and within the time limits prescribed by subordinate legislation adopted based on Article 6, paragraphs (8) and (9) of this Act (Article 6, paragraph (3));

2) if it fails to provide the electronic money holder with the final reply to its complaint in accordance with Article 9, paragraphs (2), (3) and (4) of this Act;

- 3) if it sends a holding reply to the electronic money holder that is not in compliance with Article 9, paragraph (3) of this Act;
- 4) if it fails to develop, apply and make available the procedures for the resolution of complaints of the electronic money holder in accordance with Article 9, paragraph (5) of this Act;
- 5) if, at the invitation of the Croatian National Bank, it fails to submit its statement and the relevant evidence within the time limit set in the invitation (Article 10, paragraph (3));
- 6) if it fails to provide the electronic money holder that is a consumer information in accordance with Article 11, paragraphs (1) and (2) of this Act in a clear, comprehensible and easily accessible manner in its branch offices and on its website (Article 11, paragraphs (1) to (3));
- 7) if contrary to Article 11, paragraph (5) of this Act, it refuses to participate in the alternative dispute resolution procedure.

(2) A fine between EUR 390.00 and EUR 3,980.00 shall be imposed for any of the misdemeanours referred to in paragraph (1) of this Article on:

- 1) the responsible person of the management board of the electronic money issuer referred to in Article 100, paragraph (1), item (1) of this Act or the responsible executive director if the issuer has a board of directors or if the electronic money institution or the small electronic money institution also engages in another business activity in addition to the issuance of electronic money and the provision of payment services, the director responsible for the issuance of electronic money;
- 2) the person responsible for managing the branch's operations referred to in Article 100, paragraph (1), items (2) and (3) of this Act; and
- 3) the responsible person of the electronic money issuer referred to in Article 100, paragraph (1), item (4) of this Act.

(3) The fine referred to in paragraph (2) of this Article shall be imposed on the responsible person for any of the misdemeanours referred to in paragraph (1) of this Article committed during the issuance of electronic money by the Republic of Croatia or units of local or regional self-government, when acting in the capacity as public authority.

### *Misdemeanours by other persons*

#### Article 102

(1) A legal person shall be fined between EUR 6,630.00 and EUR 66,360.00:

- 1) if it issues electronic money contrary to the provision of Article 5, paragraph (2) of this Act;
- 2) if it fails to notify the Croatian National Bank of the intention of the first, further or new acquisition of a qualifying holding in accordance with Article 29, paragraphs (1), (2) or (6) of this Act;
- 3) if it fails to notify the Croatian National Bank of the circumstances that the acquisition of a qualifying holding has not been completed in accordance with Article 29, paragraph (4) of this Act;
- 4) if it fails to notify the Croatian National Bank of the intention to dispose of a qualifying holding in accordance with Article 29, paragraph (5) of this Act;

- 5) if it fails to notify the Croatian National Bank of the planned change in status in accordance with Article 29, paragraph (7) of this Act;
  - 6) if it fails to notify the Croatian National Bank of the acquired acquisition of a qualifying holding in accordance with Article 29, paragraph (8) of this Act;
  - 7) if, as the direct acquirer, it fails to act in accordance with the decision of the Croatian National Bank imposing the sale of shares or holdings acquired (Article 31, paragraph (5), item (2));
  - 8) if, as the indirect acquirer, it fails to act in accordance with the decision of the Croatian National Bank imposing the reduction of the acquired indirect qualifying holding (Article 31, paragraph (12));
  - 9) if, as the direct acquirer, at the request by the Croatian National Bank referred to in Article 32, paragraph (3) of this Act, it fails to submit the requested information and documentation within the set time limit;
  - 10) if, as the indirect acquirer, at the request by the Croatian National Bank referred to in Article 32, paragraph (9) of this Act, it fails to submit the requested information and documentation within the set time limit;
  - 11) if it fails to comply with the subsequent request of the Croatian National Bank referred to in Article 33, paragraph (1) of this Act.
- (2) The responsible person of the legal person shall also be fined between EUR 660.00 and EUR 6,630.00 for any of the misdemeanours referred to in paragraph (1) of this Article.
- (3) A natural person that is a sole trader, craftsman or another self-employed person shall be fined between EUR 3,310.00 and EUR 33,180.00 for any of the misdemeanours referred to in paragraph (1) of this Article.
- (4) A natural person shall be fined between EUR 660.00 and EUR 6,630.00 for any of the misdemeanours referred to in paragraph (1) of this Article.

*Misdemeanours by electronic money institutions and small electronic money institutions established in the Republic of Croatia;*

Article 103

- (1) An electronic money institution established in the Republic of Croatia shall be fined between EUR 2,650.00 and EUR 66,360.00:
- 1) if it provides payment services outside the limits of the decisions issued pursuant to the provisions of this Act (Article 5, paragraph (4) of this Act in connection with Article 12, paragraph (3));
  - 2) if, contrary to Article 12, paragraph (6) of this Act, it commences issuing electronic money before this business activity is entered in the register of companies;
  - 3) if, contrary to Article 12, paragraph (7) of this Act, it commences providing payment services that are not linked to the issuance of electronic money before this business activity is entered in the register of companies;
  - 4) if, contrary to Article 27, paragraph (1) of this Act it issues electronic money through agents;

- 5) if, contrary to Article 27, paragraph (14) of this Act, it provides payment services through an agent in the Republic of Croatia before this agent is entered in the register referred to in Article 28 of this Act;
- 6) if, contrary to Article 27, paragraph (15) of this Act, it continues to provide payment services in the Republic of Croatia through an agent;
- 7) if it fails to notify the Croatian National Bank in accordance with Article 27, paragraph (16) of this Act;
- 8) if it fails to notify the Croatian National Bank of the intention to distribute and/or redeem electronic money through a distributor in accordance with Article 27, paragraph (18) of this Act;
- 9) if, contrary to the decision of the Croatian National Bank referred to in Article 27, paragraph (20) of this Act, it distributes and/or redeems electronic money through a distributor (Article 27, paragraph (22));
- 10) if, contrary to Article 31, paragraph (11) of this Act, it fails to ensure that the acquirer of a qualifying holding, whom the Croatian National Bank by a decision prohibited to exercise voting rights from the part of the holding acquired, exercises voting rights based on the part of the holding acquired in such a manner;
- 11) if, contrary to Article 31, paragraph (11) of this Act, it fails to notify the Croatian National Bank that the acquirer, whom the Croatian National Bank by a decision prohibited to exercise voting rights from the part of the holding acquired, does not exercise voting rights based on the part of the holding acquired in such a manner;
- 12) if it fails to maintain the level of own funds in accordance with Article 34, paragraphs (2), (3) and (4) of this Act;
- 13) if it fails to make a correction in accordance with the order of the Croatian National Bank given pursuant to Article 34, paragraph (8) of this Act;
- 14) if for the business activity of the provision of payment services that are not linked to the issuance of electronic money it fails to maintain own funds at the level calculated in the manner prescribed by the regulations on payment operations governing the calculation of own funds of a payment institution (Article 34, paragraph (9));
- 15) if it includes in the calculation of own funds the items included in the calculation of other prescribed own funds contrary to Article 34, paragraph (10) of this Act;
- 16) if it fails to calculate own funds for the business activity of issuance of electronic money in accordance with subordinate legislation referred to in Article 34, paragraph (12) of this Act setting out the characteristics and types of items to be included in the calculation of own funds and the method and extent of inclusion of individual items in the calculation of own funds;
- 17) if it fails to safeguard the funds received from electronic money holders in exchange for the issued electronic money in the amount of outstanding electronic money in the manner provided for in Article 35, paragraph (1) of this Act or if it fails to do it in the manner laid down in the subordinate legislation referred to in Article 35, paragraph (12) of this Act;
- 18) if it fails to calculate the amount of the issued outstanding electronic money within the time limits and in the manner provided for in Article 35, paragraphs (2), (3), (6) and (7) of this Act;

- 19) if it fails to maintain and safeguard the funds of electronic money holders received in exchange for the issued electronic money in accordance with Article 35, paragraph (4) of this Act;
- 20) if it fails to make a correction in accordance with the order of the Croatian National Bank given pursuant to Article 35, paragraph (8) of this Act;
- 21) if it fails to safeguard the funds received from payment service users for payment services that are not linked to the issuance of electronic money in accordance with the subordinate legislation governing the safeguarding of the funds of the payment institution's payment service users (Article 35, paragraph (9));
- 22) if, as an electronic money institution providing payment services referred to in Article 3, paragraph (2), item (7) or (8) of this Act it does not have a professional indemnity insurance or other comparable guarantee in accordance with Article 36 of this Act;
- 23) if it fails to exchange the funds received from an electronic money holder for electronic money without delay (Article 37);
- 24) if it accepts deposits or other repayable funds from the public contrary to Article 38, paragraph (1) of this Act;
- 25) if, as an electronic money institution providing payment services that are not linked to the issuance of electronic money it opens and maintains payment accounts for purposes other than payment transactions (Article 39, paragraph (1));
- 26) if, as an electronic money institution providing payment services that are not linked to the issuance of electronic money it grants credits in connection with the provision of such payment services contrary to Article 40, paragraph (1) of this Act;
- 27) if it grants credits from funds received in exchange for the issued electronic money contrary to Article 40, paragraph (2) of this Act;
- 28) if, contrary to Article 41, paragraph (2) of this Act it fails to report separately in the audited annual financial statements the accounting data prescribed by subordinate legislation referred to in Article 41, paragraph (3) of this Act;
- 29) if it fails to audit the annual financial statements and consolidated financial statements in accordance with Article 43, paragraph (1) of this Act;
- 30) if it fails to submit to the Croatian National Bank the reports referred to in Article 43, paragraph (2) of this Act within the time limit provided for in Article 43, paragraph (2) of this Act;
- 31) if it fails to notify the Croatian National Bank of intended outsourcing of operational activities of the issuance of electronic money or the provision of payment services in terms of Article 44, paragraph (1) of this Act prior to concluding a contract with the outsourcing service provider;
- 32) if in the case of outsourcing a materially important operational activity in accordance with Article 44, paragraph (2) of this Act it fails to submit to the Croatian National Bank a draft contract with the outsourcing service provider prior to its entry into force and evidence of fulfilment of the conditions referred to in Article 44, paragraphs (4) to (7) of this Act;
- 33) if it outsources operational activities contrary to the conditions referred to in Article 44, paragraphs (4) and (5) of this Act;



- 34) if it fails to ensure that the Croatian National Bank can carry out on-site examination at the premises of the outsourcing service provider and access to the documentation and data in accordance with Article 44, paragraph (6) of this Act;
- 35) if it fails to notify the Croatian National Bank without delay of changes in connection with the outsourced operational activities in accordance with Article 44, paragraph (8) of this Act;
- 36) if it fails to carry out checks of its branches and agents in accordance with Article 45, paragraph (3) of this Act;
- 37) if it fails to ensure that its branches inform electronic money holders and payment service users, or that its agents inform payment service users of their activities on its behalf and for its account (Article 45, paragraphs (4) and (5));
- 38) if it fails to establish or fails to implement governance arrangements in accordance with Article 46 of this Act;
- 39) if it fails to enable an authorised person to carry out an on-site examination in the manner and under the conditions prescribed by Article 48, paragraphs (8) and (9) and Article 49 of this Act;
- 40) if it fails to act in accordance with a decision of the Croatian National Bank to impose supervisory measures referred to in Article 52 of this Act;
- 41) if it fails to notify the Croatian National Bank without delay of all the circumstances referred to in Article 56, paragraph (2) of this Act;
- 42) if it fails to notify the Croatian National Bank of its intention to issue electronic money or provide payment services in a third country through a branch within the time limit referred to in Article 56, paragraph (3) of this Act;
- 43) if it fails to submit within the set time limit, at the request of the Croatian National Bank, the requested reports and information (Article 56, paragraph (4));
- 44) if, contrary to Article 82, paragraph (1) of this Act, it fails to notify the Croatian National Bank of its intention to issue electronic money and/or provide payment services that are not linked to the issuance of electronic money in the territory of another Member State;
- 45) if, contrary to Article 82, paragraph (12) of this Act, it commences issuing electronic money through a branch or providing payment services through a branch or agent in the host Member State before the branch or agent is entered in the register referred to in Article 28 of this Act;
- 46) if, contrary to Article 82, paragraph (14) of this Act, it fails to notify the Croatian National Bank of the date of commencement of the issuance of electronic money through a branch, the distribution or redemption of electronic money through a distributor, i.e. the provision of payment services through a branch or agent in the host Member State;
- 47) if, contrary to Article 82, paragraph (17) of this Act, it commences issuing electronic money or providing payment services directly in the host Member State, or commences carrying out the distribution or redemption of electronic money through a distributor in the host Member State before it receives the notification from the Croatian National Bank on the completion of the notification procedure;
- 48) if it fails to notify the Croatian National Bank in accordance with Article 82, paragraph (18) of this Act;

49) if it fails to notify the Croatian National Bank in accordance with Article 82, paragraph (24) of this Act;

(2) A fine between EUR 660.00 and EUR 6,630.00 shall also be imposed for any of the misdemeanours referred to in paragraph (1) of this Article on the responsible person of the management board or the responsible executive director of an electronic money institution if an electronic money institution has a board of directors, or if an electronic money institution also engages in another business activity in addition to electronic money issuance and payment service provision, the director responsible for the issuance of electronic money.

(3) A fine between EUR 2,650.00 and EUR 46,450.00 shall be imposed for any of the misdemeanours referred to in paragraph (1), items (2) to (11), (17) to (21), (23), (24), (26), (27), (31) to (41) and (43) of this Article on a small electronic money institution established in the Republic of Croatia.

(4) A fine between EUR 460.00 and EUR 4,640.00 shall also be imposed for any of the misdemeanours referred to in paragraph (3) of this Article on the responsible person of the management board or the responsible executive director if a small electronic money institution has a board of directors, or if a small electronic money institution also engages in another business activity in addition to electronic money issuance and payment service provision, the director responsible for the issuance of electronic money.

(5) A fine between EUR 2,650.00 and EUR 66,360.00 shall be imposed for any of the misdemeanours referred to in paragraph (1), items (17) to (19), (23), (24), (27), (31) to (35), (38) to (41) and (43) of this Article on a branch of a third-country electronic money institution.

(6) A fine between EUR 660.00 and EUR 6,630.00 shall be imposed for the misdemeanour referred to in paragraph (5) of this Article on the person responsible for managing the activities of a branch of a third-country electronic money institution.

#### *Other misdemeanours by small electronic money institutions*

##### Article 104

(1) A fine between EUR 4,640.00 and EUR 46,450.00 shall be imposed on a small electronic money institution established in the Republic of Croatia:

1) if it provides payment services for which, as a small electronic money institution, it has not been entered in the register referred to in Article 28 of this Act (Article 5, paragraph (4), in connection with Article 28, paragraph (1), item (4) and paragraph (2));

2) if it issues electronic money or provides payment services outside the Republic of Croatia (Article 57, paragraph (3));

3) if, as a small electronic money institution which is subject to annual financial statements audit, it fails to submit to the Croatian National Bank audited reports in accordance with Article 63, paragraph (1) of this Act;

4) if, as a small electronic money institution which is not subject to annual financial statements audit, it fails to submit to the Croatian National Bank the reports in accordance with Article 63, paragraph (2) of this Act;

5) if, as a small electronic money institution which is not subject to annual financial statements audit, at the request of the Croatian National Bank, it fails to submit the audited annual financial statements in accordance with Article 63, paragraph (3) of this Act;

(2) A fine between EUR 460.00 and EUR 4,640.00 shall also be imposed for any of the misdemeanours referred to in paragraph (1) of this Article on the responsible person of the management board or the responsible executive director if a small electronic money institution has a board of directors, or if a small electronic money institution also engages in another business activity in addition to electronic money issuance and payment service provision, the director responsible for the issuance of electronic money.

*Further misdemeanour by the responsible person of an electronic money institution and a small electronic money institution established in the Republic of Croatia*

Article 105

A fine between EUR 660.00 and EUR 6,630.00 shall be imposed on a member of the management board of an electronic money institution and a small electronic money institution or the executive director of that institution, where that institution has a board of directors, if the institution engages in the business activity referred to in Article 15, item (4) of this Act, the person responsible for managing the activities related to the issuance of electronic money and/or a payment service, if it fails to act at the request of the Croatian National Bank made in accordance with Article 48, paragraph (10) of this Act.

*Other misdemeanours by a branch of a third-country electronic money institution*

Article 106

(1) A branch of a third-country electronic money institution shall be fined between EUR 6,630.00 and EUR 66,360.00:

1) if it provides payment services that are not linked to the issuance of electronic money (Article 69, paragraph (4));

2) if, contrary to Article 69, paragraph (6) of this Act, it commences issuing electronic money before this business activity is entered in the register of companies;

3) if it issues electronic money outside the Republic of Croatia (Article 69, paragraph (7));

4) if it engages in any of the business activities referred to in Article 15, items (2) and (4) of this Act (Article 69, paragraph (8));

5) if it fails to notify the Croatian National Bank without delay of the circumstances in accordance with Article 76, paragraph (2) or Article 77, paragraph (2) of this Act.

(2) A fine between EUR 660.00 and EUR 6,630.00 shall also be imposed for any of the misdemeanours referred to in paragraph (1) of this Article on the person responsible for managing the branch's activities.

## *Misdemeanours by audit companies and independent auditors*

### Article 107

(1) An audit firm shall be fined between EUR 5,300.00 and EUR 26,540.00 if it fails to fulfil the obligations referred to in Article 43, paragraphs (4) and (5) of this Act.

(2) The responsible person of the audit firm shall also be fined between EUR 530.00 and EUR 2,650.00 for the misdemeanour referred to in paragraph (1) of this Article.

(3) An independent auditor shall be fined between EUR 1,320.00 and EUR 2,650.00 for the misdemeanour referred to in paragraph (1) of this Article.

## *Jurisdiction to conduct misdemeanour proceedings*

### Article 108

The Ministry of Finance – the Financial Inspectorate shall conduct misdemeanour proceedings of the first instance for the misdemeanours specified in this Act.

## *Public disclosure of decisions on misdemeanours*

### Article 109

(1) The Croatian National Bank shall publish on its website the dispositive parts of final decisions adopted in misdemeanour proceedings initiated by the Croatian National Bank as an authorised prosecutor, under which an electronic money issuer or a responsible person of the electronic money issuer has been found liable for the misdemeanours referred to in Titles II and III of this Act. The name of the authority that adopted the decision as well as the number and date of the decision shall be published with the dispositive part of the decision.

(2) The Croatian National Bank may publish on its website the dispositive parts of final decisions adopted in misdemeanour proceedings initiated by the Croatian National Bank as an authorised prosecutor, under which an electronic money issuer or a responsible person of the electronic money issuer has been found liable for other misdemeanours referred to in this Act. The name of the authority that adopted the decision as well as the number and date of the decision shall be published with the dispositive part of the decision.

(3) The Croatian National Bank may publish decisions it adopts in the course of exercising its supervisory powers under this Act. When the Croatian National Bank publishes such decisions, it shall also publish a decision of the administrative court if an appeal has been filed against that decision.

(4) Data covered by banking secrecy or protected by special regulation governing the protection of personal data shall be excluded from the publications referred to in paragraphs (1) to (3) of this Article.

(5) Where the Croatian National Bank assesses that the publication referred to in paragraph (1) of this Article may jeopardise the stability of the financial market or cause disproportionate damage to the electronic money issuer, it shall publish the data on the electronic money issuer on an anonymous basis.

(6) Where the Croatian National Bank assesses that the publication referred to in paragraph (1) of this Article may cause disproportionate damage to a responsible person of the electronic money issuer, it shall publish the data on the responsible person on an anonymous basis.

(7) The publications referred to in paragraphs (1) and (2) of this Article shall remain on the website for three years following the finality of the decision on the misdemeanour, and the publications referred to in paragraph (3) of this Article shall remain on the website for three years following the adoption of the decision.

## TITLE IX TRANSITIONAL AND FINAL PROVISIONS

### *Compliance with the provisions of this Act*

#### Article 110

(1) Electronic money institutions authorised to issue electronic money under the Electronic Money Act (Official Gazette 139/2010) may issue electronic money and provide payment services in accordance with the issued authorisation by the expiry of the time limit of six months of the date of entry into force of this Act.

(2) Electronic money institutions intending to continue issuing electronic money and providing payment services after the time limit referred to in paragraph (1) of this Article shall comply with the provisions of this Act and shall submit to the Croatian National Bank an application for a decision determining such compliance at the latest within three months of the date of entry into force of this Act.

(3) Electronic money institutions shall submit with the application referred to in paragraph (2) of this Article, the documentation referred to in Article 17, paragraph (3), items (3), (10) to (14) and (16) of this Act if they have not submitted it to the Croatian National Bank prior to the submission of the application.

(4) The Croatian National Bank may, during the application processing procedure referred to in paragraph (2) of this Article, request from an electronic money institution additional documentation and information for the purpose of clarification it assesses necessary to take a decision and, where appropriate, impose measures on the electronic money institution to comply with the provisions of this Act.

(5) If, based on the application and the submitted documentation and the information and documentation available to the Croatian National Bank, the Croatian National Bank assesses that an electronic money institution is compliant with the provisions of this Act, it shall adopt a decision determining the compliance and confirming the entry in the register of electronic money institutions.

(6) Where an electronic money institution fails to submit an application within the time limit referred to in paragraph (2) of this Article or where the Croatian National Bank, based on the application and the submitted documentation and the information and documentation available to it assesses that an electronic money institution does not comply with the provisions of this Act,

the Croatian National Bank shall, following expiry of the time limit referred to in paragraph (1) of this Article revoke the decision authorising the electronic money institution to issue electronic money and provide payment services and remove the institution from the register of electronic money institutions.

(7) Entries in the register and removals from the register referred to in paragraphs (5) and (6) of this Article shall relate to the existing register of electronic money institutions established pursuant to the provisions of Article 75 of the Electronic Money Act (Official Gazette 139/2010) which shall comply with the provisions of Article 28 of this Act within six months of the date of entry into force of this Act.

(8) In the case referred to in paragraph (6) of this Article, the Croatian National Bank shall notify the competent commercial court of the revocation of the decision authorising an electronic money institution to issue electronic money and provide payment services, for the purpose of removing the business activity of the issuance of electronic money and the provision of payment services from the register of companies.

(9) The Croatian National Bank shall adopt the decision referred to in paragraphs (5) and (6) of this Article at the latest within six months of the date of entry into force of this Act.

(10) For the purpose of compliance with the provisions of this Act, pursuant to this Article, the fee charged by the Croatian National Bank in accordance with subordinate legislation referred to in Article 17, paragraph (13) of this Act shall not be charged.

(11) The electronic money institution referred to in paragraph (1) of this Article that has been authorised to provide the payment service that is not linked to the issuance of electronic money referred to in Article 2, item (6), sub-item (7) of the Electronic Money Act (Official Gazette 139/2010), following the entry into force of this Act, shall continue to provide the payment service referred to in Article 3, paragraph (2), item (4), sub-item (b) of this Act and shall apply for entry of the change in business activity in the register of companies.

#### *Procedures initiated prior to the entry into force of this Act*

##### Article 111

(1) Procedures initiated pursuant to the provisions of the Electronic Money Act (Official Gazette 139/2010) until the date of entry into force of this Act shall be completed in accordance with the provisions of that Act.

(2) By way of derogation from paragraph (1) of this Article, the authorisation procedures concerning the issuance of electronic money, initiated pursuant to the provisions of the Electronic Money Act (Official Gazette 139/2010), shall be completed in accordance with the provisions of this Act.

## *Subordinate legislation of the Croatian National Bank*

### Article 112

The Croatian National Bank shall adopt the subordinate legislation referred to in Article 34, paragraph (12) of this Act within one month of the date of entry into force of this Act, the subordinate legislation referred to in Article 28, paragraph (9) of this Act within six months of the date of entry into force of this Act and the subordinate legislation referred to in Article 6, paragraphs (8) and (9), Article 17, paragraph (13) and Article 41, paragraph (3) of this Act within one year of the date of entry into force of this Act.

### *Application of current subordinate legislation*

#### Article 113

Until the date of entry into force of the regulations referred to in Article 112 of this Act, the following subordinate legislation shall remain in force:

- 1) Decision on the register of payment institutions and registers of electronic money institutions (Official Gazette 15/2011);
- 2) Decision on own funds of electronic money institutions (Official Gazette 3/2011);
- 3) Decision on the obligation to submit data on the payment system and electronic money (Official Gazette 147/2013 and 16/2017).

### *Expiry of the Electronic Money Act and subordinate legislation adopted under that Act*

#### Article 114

On the date of entry into force of this Act, the Electronic Money Act (Official Gazette 139/2010) and the Decision on safeguarding the funds of electronic money holders (Official Gazette 3/2011) shall cease to have effect.

### *Entry into force*

#### Article 115

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

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**ACT ON AMENDMENTS TO THE ELECTRONIC MONEY ACT**

(OG 114/2022)

**FINAL PROVISION**

**Article 14**

This Act shall be published in the Official Gazette and shall enter into force on the date of the introduction of the euro as the official currency in the Republic of Croatia.

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**ACT ON AMENDMENTS TO THE ELECTRONIC MONEY ACT**

(OG 136/2024)

**TRANSITIONAL AND FINAL PROVISION**

**Article 9**

The Croatian National Bank shall adopt the subordinate legislation referred to in Article 4 of this Act within three months of the date of entry into force of this Act.

**Article 10**

This Act shall be published in the Official Gazette and shall enter into force on 17 January 2025, with the exception of the provision of Article 35, paragraph (1), item (2), amended by Article 4 of this Act, which shall enter into force on 9 April 2025.