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The unofficial consolidated version of the Banking Act encompasses:

- the Banking Act (Official Gazette of the Republic of Slovenia No. 92/21 of 8 June 2021; the ZBan-3),
- the Prudential Supervision of Investment Firms Act (Official Gazette of the Republic of Slovenia, No. 123/21 of 27 July 2021; the ZBNIP).

BANKING ACT (ZBan-3)

(unofficial consolidated version no. 1)

CHAPTER 1: GENERAL PROVISIONS

1.1 Content of the Act

Article 1 (subject of act)

(1) This Act regulates the following:

1. the conditions for the establishment, the operations and the ordinary winding-up of credit institutions established in the Republic of Slovenia;
2. the conditions under which credit institutions established outside the Republic of Slovenia may operate in the territory of the Republic of Slovenia;
3. the competent authorities, measures and authorisations for the supervision of the operations of credit institutions in the Republic of Slovenia and the supervision of the operations of other persons who accept deposits from the general public in the territory of the Republic of Slovenia in contravention of this Act; and
4. the measures and authorisations for managing macroprudential or systemic risks in connection with credit institutions established in the Republic of Slovenia.

(2) This Act shall not apply to services provided by Banka Slovenije in accordance with the law governing Banka Slovenije or another law governing the powers and tasks of Banka Slovenije.

Article 2 (transposition of EU regulations)

This Act transposes the following directives into the laws of the Republic of Slovenia:

1. Directive 2013/36/EU of the European Parliament and of the Council of 26 June 2013 on access to the activity of credit institutions and the prudential supervision of credit institutions and investment firms, amending Directive 2002/87/EC and repealing

- Directives 2006/48/EC and 2006/49/EC (OJ L 176 of 27 June 2013, p. 338; hereinafter: Directive 2013/36/EU);
2. Directive 2014/59/EU of the European Parliament and of the Council of 15 May 2014 establishing a framework for the recovery and resolution of credit institutions and investment firms and amending Council Directive 82/891/EEC, and Directives 2001/24/EC, 2002/47/EC, 2004/25/EC, 2005/56/EC, 2007/36/EC, 2011/35/EU, 2012/30/EU and 2013/36/EU, and Regulations (EU) No 1093/2010 and (EU) No 648/2012, of the European Parliament and of the Council (OJ L 173 of 12 June 2014, p. 190; hereinafter: Directive 2014/59/EU);
 3. Council Directive 86/635/EEC of 8 December 1986 on the annual accounts and consolidated accounts of banks and other financial institutions (OJ L 372 of 31 December 1986, p. 1), last amended by Directive 2006/46/EC of the European Parliament and of the Council of 14 June 2006 amending Council Directives 78/660/EEC on the annual accounts of certain types of companies, 83/349/EEC on consolidated accounts, 86/635/EEC on the annual accounts and consolidated accounts of banks and other financial institutions and 91/674/EEC on the annual accounts and consolidated accounts of insurance undertakings (OJ L 224 of 16 August 2006, p. 1); and
 4. Council Directive 89/117/EEC of 13 February 1989 on the obligations of branches established in a Member State of credit institutions and financial institutions having their head offices outside that Member State regarding the publication of annual accounting documents (OJ L 44 of 16 February 1989, p. 40).
 5. Directive (EU) 2015/849 of the European Parliament and the Council of 20 May 2015 on the prevention of the use of the financial system for the purposes of money laundering or terrorist financing, amending Regulation (EU) No 648/2012 of the European Parliament and of the Council, and repealing Directive 2005/60/EC of the European Parliament and of the Council and Commission Directive 2006/70/EC (OJ L 141 of 5 June 2015, p. 73), last amended by Directive (EU) 2018/843 of the European Parliament and of the Council of 30 May 2018 amending Directive (EU) 2015/849 on the prevention of the use of the financial system for the purposes of money laundering or terrorist financing, and amending Directives 2009/138/EC and 2013/36/EU (OJ L 156 of 19 June 2018, p.43; hereinafter: Directive 2015/849/EU);
 6. Directive (EU) 2019/878 of the European Parliament and of the Council of 20 May 2019 amending Directive 2013/36/EU as regards exempted entities, financial holding companies, mixed financial holding companies, remuneration, supervisory measures and powers and capital conservation measures (OJ L 150 of 7 June 2019, p. 253).

1.2 Definition of abbreviations and terms

Article 3 (abbreviations of other acts and EU regulations)

- (1) The following abbreviations of other acts are used in this Act:
1. ZFK is the law governing financial conglomerates;
 2. ZGD-1 is the law governing companies;
 3. ZIN is the law governing inspections;
 4. ZPre-1 is the law governing takeovers;
 5. ZSDU is the law governing worker participation in governance;
 6. ZUP is the law governing general administrative procedures; and
 7. ZUS-1 is the law governing administrative disputes.
- (2) The following abbreviated titles of EU regulations are used in this Act:
1. Directive 2009/65/EC is Directive 2009/65/EC of the European Parliament and of the Council of 13 July 2009 on the coordination of laws, regulations and administrative

- provisions relating to undertakings for collective investment in transferable securities (UCITS) (recast) (OJ L 302 of 17 November 2009, p. 32), last amended by Directive (EU) 2019/2162 of the European Parliament and of the Council of 27 November 2019 on the issue of covered bonds and covered bond public supervision and amending Directives 2009/65/EC and 2014/59/EU (OJ L 328 of 18 December 2019, p. 29);
2. Directive 2009/138/EC is Directive 2009/138/EC of the European Parliament and of the Council of 25 November 2009 on the taking-up and pursuit of the business of Insurance and Reinsurance (Solvency II) (recast) (OJ L 335 of 17 December 2009, p. 1), last amended by Directive (EU) 2018/843 of the European Parliament and of the Council of 30 May 2018 amending Directive (EU) 2015/849 on the prevention of the use of the financial system for the purposes of money laundering or terrorist financing, and amending Directives 2009/138/EC and 2013/36/EU (OJ L 156 of 19 June 2018, p. 43);
 3. Directive 2014/65/EU is Directive 2014/65/EU of the European Parliament and of the Council of 15 May 2014 on markets in financial instruments and amending Directive 2002/92/EC and Directive 2011/61/EU (OJ L 173 of 12 June 2014, p. 349), last amended by Regulation (EU) 2019/2115 of the European Parliament and of the Council of 27 November 2019 amending Directive 2014/65/EU and Regulations (EU) No 596/2014 and (EU) 2017/1129 as regards the promotion of the use of SME growth markets (OJ L 320 of 11 December 2019, p. 1);
 4. Regulation 1092/2010 is Regulation (EU) No 1092/2010 of the European Parliament and of the Council of 24 November 2010 on European Union macroprudential oversight of the financial system and establishing a European Systemic Risk Board (OJ L 331 of 15 December 2010, p. 1), last amended by Regulation (EU) 2019/2176 of the European Parliament and of the Council of 18 December 2019 amending Regulation (EU) No 1092/2010 on European Union macroprudential oversight of the financial system and establishing a European Systemic Risk Board (OJ L 334 of 27 December 2019, p. 146);
 5. Regulation 1093/2010 is 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 of 15 December 2010, p. 12), last amended by Regulation (EU) 2019/2175 of the European Parliament and of the Council of 18 December 2019 amending Regulation (EU) No 1093/2010 establishing a European Supervisory Authority (European Banking Authority), Regulation (EU) No 1094/2010 establishing a European Supervisory Authority (European Insurance and Occupational Pensions Authority), Regulation (EU) No 1095/2010 establishing a European Supervisory Authority (European Securities and Markets Authority), Regulation (EU) No 600/2014 on markets in financial instruments, Regulation (EU) 2016/1011 on indices used as benchmarks in financial instruments and financial contracts or to measure the performance of investment funds, and Regulation (EU) 2015/847 on information accompanying transfers of funds (OJ L 334 of 27 December 2019, p. 1);
 6. Regulation 575/2013 is 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 of 27 June 2013, p. 1), last amended by a Corrigendum (OJ L 406 of 3 December 2020, p. 67);
 7. Regulation 1024/2013 is Council Regulation (EU) No 1024/2013 of 15 October 2013 conferring specific tasks on the European Central Bank concerning policies relating to the prudential supervision of credit institutions (OJ L 287 of 29 October 2013, p. 63);
 8. Regulation 468/2014 is Regulation (EU) No 468/2014 of the European Central Bank of 16 April 2014 establishing a framework for cooperation within the Single Supervisory Mechanism between the European Central Bank and national competent authorities and with national designated authorities (SSM Framework Regulation) (OJ L 141 of 14 May 2014, p. 1);
 9. Regulation 806/2014 is Regulation (EU) No 806/2014 of the European Parliament and of the Council of 15 July 2014 establishing uniform rules and a uniform procedure for the resolution of credit institutions and certain investment firms in the framework of a Single

- Resolution Mechanism and a Single Resolution Fund and amending Regulation (EU) No 1093/2010 (OJ L 225 of 30 July 2014, p. 1), last amended by Regulation (EU) 2019/877 of the European Parliament and of the Council of 20 May 2019 amending Regulation (EU) No 806/2014 as regards the loss-absorbing and recapitalisation capacity of credit institutions and investment firms (OJ L 150 of 7 June 2019, p. 226);
10. Regulation 2016/679 is Regulation (EU) 2016/679 of the European Parliament and of the Council of 27 April 2016 on the protection of natural persons with regard to the processing of personal data and on the free movement of such data, and repealing Directive 95/46/EC (General Data Protection Regulation) (OJ L 119 of 4 May 2016, p. 1), last amended by a Corrigendum (OJ L 127 of 23 May 2018, p. 2);
 11. Regulation 2017/1129 is Regulation (EU) 2017/1129 of the European Parliament and of the Council of 14 June 2017 on the prospectus to be published when securities are offered to the public or admitted to trading on a regulated market, and repealing Directive 2003/71/EC (OJ L 168 of 30 June 2017, p. 12), last amended by Regulation (EU) 2019/2115 of the European Parliament and of the Council of 27 November 2019 amending Directive 2014/65/EU and Regulations (EU) No 596/2014 and (EU) 2017/1129 as regards the promotion of the use of SME growth markets (OJ L 320 of 11 December 2019, p. 1);
 12. Regulation 2017/2402 is Regulation (EU) 2017/2402 of the European Parliament and of the Council of 12 December 2017 laying down a general framework for securitisation and creating a specific framework for simple, transparent and standardised securitisation, and amending Directives 2009/65/EC, 2009/138/EC and 2011/61/EU and Regulations (EC) No 1060/2009 and (EU) No 648/2012 (OJ L 347 of 28 December 2017; p. 35);
 13. Regulation 2019/876 is Regulation (EU) 2019/876 of the European Parliament and of the Council of 20 May 2019 amending Regulation (EU) No 575/2013 as regards the leverage ratio, the net stable funding ratio, requirements for own funds and eligible liabilities, counterparty credit risk, market risk, exposures to central counterparties, exposures to collective investment undertakings, large exposures, reporting and disclosure requirements, and Regulation (EU) No 648/2012 (OJ L 150 of 7 June 2019, p. 1), last amended by Regulation (EU) 2020/873 of the European Parliament and of the Council of 24 June 2020 amending Regulations (EU) No 575/2013 and (EU) 2019/876 as regards certain adjustments in response to the Covid-19 pandemic (OJ L 204 of 26 June 2020, p. 4).

Article 4

(bank, savings bank and banking interest grouping)

(1) A credit institution with a registered office in the Republic of Slovenia may be established as a bank or savings bank in accordance with this Act.

(2) The term “bank” is used in this Act for a credit institution established in the Republic of Slovenia that has obtained an authorisation to provide banking services in accordance with this Act.

(3) The term “savings bank” is used in this Act for a credit institution established in the Republic of Slovenia that has obtained an authorisation to provide banking services in accordance with this Act.

(4) The term “Member State bank” is used in this Act for a credit institution established in another EU Member State that has obtained an authorisation from the competent authority in that Member State to provide banking services.

(5) The term “third-country bank” is used in this Act for a credit institution established in a country that is not a Member State that has obtained an authorisation from the competent authority in that country to provide banking services.

(6) For the purpose of supervision on a consolidated basis in accordance with Section 10.3 of this Act, the term “subsidiary bank” is used for a bank, savings bank, Member State bank or third-country bank in the position of a subsidiary credit institution.

(7) The provisions of this Act shall apply to SID – Slovenska izvozna in razvojna banka, d.d., Ljubljana (hereinafter: SID banka) to the extent set out by the law governing the Slovene Export and Development Bank or by another law. SID banka is the authorised specialised national bank for the promotion of exports and development under the law governing the Slovene Export and Development Bank, and may not accept deposits from the public, except via a public offering relating to the paying-up of debt securities issued by SID banka. Notwithstanding the first sentence of this paragraph, SID banka shall be deemed a special financial institution for the purposes of Article 132 of this Act and a financial institution for purposes of Section 10.3 of this Act.

(8) Banks may form a banking interest grouping established as an economic interest grouping under the ZGD-1. A banking interest grouping may carry out training, issue confirmation on the completion of training, organise extrajudicial dispute resolution for its members in connection with the provision of banking services, and perform other tasks set out in its articles of association.

Article 5

(banking and financial services)

(1) Banking services are the acceptance of deposits and other repayable funds from the public, and lending for own account.

(2) Financial services comprise:

1. acceptance of deposits and other repayable funds from the public;
2. granting of credits, including:
 - consumer loans,
 - mortgage loans,
 - purchase of receivables with or without recourse (factoring),
 - financing of commercial transactions, including export financing based on the purchase of non-current non-past-due receivables at a discount and without recourse, secured by financial instruments (forfeiting);
3. financial leasing (lease or rent) of assets, where all material risks and rewards arising from ownership of the leased asset are transferred to the lessee, and where the transfer of ownership rights to the lessee is possible but not necessarily exercised;
4. payment services and electronic money issuance services;
5. issuance and administration of other payment instruments (e.g. travellers’ cheques and bankers’ drafts), insofar as such services are not included in the services referred to in the previous point;
6. issuance of guarantees and other sureties;
7. trading for own account or for the account of customers:
 - in money-market instruments,
 - in foreign legal tender, including currency exchange transactions,
 - in standardised futures and options,
 - in currency and interest-rate instruments,
 - in transferable securities;
8. participation in securities issues and the provision of related services;

9. advice to undertakings on capital structure, industrial strategy and related questions and advice, and services in connection with mergers and the purchase of undertakings;
10. money broking on interbank markets;
11. portfolio management and related advice;
12. safekeeping of securities and other related services;
13. credit reference services: collection, analysis and provision of information on creditworthiness;
14. leasing of safe deposit boxes; and
15. investment services and activities, and ancillary investment services in accordance with the law governing the market in financial instruments.

(3) Mutually recognised services under this Act are banking and financial services.

Article 6 **(ancillary and other financial services)**

(1) Ancillary financial services include the following:

1. insurance agency or brokerage services pursuant to the law governing the insurance industry;
2. payment system operation services;
3. management of pension funds pursuant to the law governing pension and disability insurance;
4. custody services provided by a bank pursuant to any other law and custody-related services;
5. credit intermediation for consumer loans and other loans; and
6. other services or transactions that, taking into account the manner in which they are provided and the risks to which a bank is exposed in the provision thereof, have similar attributes to mutually recognised financial services or the services set out in points 1 to 5 of this paragraph.

(2) Other financial services include the following:

1. provision of insurance or reinsurance services pursuant to the law governing the insurance industry;
2. pension company services pursuant to the law governing pension and disability insurance;
3. investment fund management pursuant to the law governing investment funds.

Article 7 **(other terms)**

(1) The terms used in this Act shall have the following meanings ascribed to them:

1. “banking group” shall mean a group within which at least one undertaking is:
 - a parent credit institution or a credit institution with a participating interest in at least one other credit or financial institution or an ancillary services undertaking,
 - a credit institution that is linked to another credit or financial institution or an ancillary services undertaking by means of joint control,
 - a parent financial holding company that has at least one subsidiary credit institution, or
 - a parent mixed financial holding company that has at least one subsidiary credit institution;
2. “actual costs” shall mean the level of costs that do not exceed the costs that arise or that can be justifiably expected to arise from the provision of services or the performance of an activity;

3. "Member State" shall mean a Member State of the European Union or a signatory state of the Agreement on the European Economic Area (OJ L 1 of 3 January 1994, p. 3);
4. "EU parent undertaking" shall mean an EU parent institution, an EU parent financial holding company or an EU parent mixed financial holding company;
5. "European Banking Committee" shall mean the European Banking Committee established by the Commission Decision of 5 November 2003 establishing the European Banking Committee (OJ L 3 of 7 January 2004, p. 36);
6. "European Systemic Risk Board" shall mean the European Systemic Risk Board established by Regulation 1092/2010;
7. "European Banking Authority" shall mean the European Banking Authority established by Regulation 1093/2010;
8. "European Securities and Markets Authority" shall mean the European Securities and Markets Authority established by Regulation (EU) No 1095/2010 of the European Parliament and of the Council of 24 November 2010 establishing a European Supervisory Authority (European Securities and Markets Authority), amending Decision No 716/2009/EC and repealing Commission Decision 2009/77/EC (OJ L 331 of 15 December 2010, p. 84), last amended by Regulation (EU) No 258/2014 of the European Parliament and of the Council of 3 April 2014 establishing a Union programme to support specific activities in the field of financial reporting and auditing for the period of 2014-20 and repealing Decision No 716/2009/EC (OJ L 105 of 8 April 2014, p. 1);
9. "European Insurance and Occupational Pensions Authority" shall mean the European Insurance and Occupational Pensions Authority established by Regulation (EU) No 1094/2010 of the European Parliament and of the Council of 24 November 2010 establishing a European Supervisory Authority (European Insurance and Occupational Pensions Authority), amending Decision No 716/2009/EC and repealing Commission Decision 2009/79/EC (OJ L 331 of 15 December 2010, p. 48), last amended by Regulation (EU) 2019/2175 of the European Parliament and of the Council of 18 December 2019 amending Regulation (EU) No 1093/2010 establishing a European Supervisory Authority (European Banking Authority), Regulation (EU) No 1094/2010 establishing a European Supervisory Authority (European Insurance and Occupational Pensions Authority), Regulation (EU) No 1095/2010 establishing a European Supervisory Authority (European Securities and Markets Authority), Regulation (EU) No 600/2014 on markets in financial instruments, Regulation (EU) 2016/1011 on indices used as benchmarks in financial instruments and financial contracts or to measure the performance of investment funds, and Regulation (EU) 2015/847 on information accompanying transfers of funds (OJ L 334 of 27 December 2019, p. 1);
10. "European supervisory authority" shall mean the European Banking Authority, the European Securities and Markets Authority or the European Insurance and Occupational Pensions Authority;
11. "financial undertaking" shall mean:
 - an institution established in the Republic of Slovenia or another Member State,
 - a financial institution established in the Republic of Slovenia or another Member State, if it is a subsidiary of a credit institution, investment firm or undertaking referred to in the third or fourth indents of this point and is included in the supervision of the parent undertaking on a consolidated basis pursuant to Articles 6 to 17 of Regulation 575/2013,
 - a financial holding company, a mixed financial holding company or a mixed-activity holding company established in the Republic of Slovenia or another Member State,
 - a parent financial holding company in the Republic of Slovenia, an EU parent financial holding company, a parent mixed financial holding company in the Republic of Slovenia or an EU parent mixed financial holding company,
 - a branch of a third-country bank in the Republic of Slovenia or another Member State;
12. "financial agreement" shall mean any of the following contracts or agreements:
 - securities agreements, including agreements on the purchase, sale or lending of securities or a category or index of securities, options on securities or a category or

- index of securities, and repo transactions involving such securities, or a category or index,
- contracts on commodities, including agreements on the purchase, sale or lending of commodities or a category or index of commodities with a future delivery date, options on commodities or a category or index of commodities, and repo transactions involving such commodities, or a category or index,
 - forward contracts and forward agreements, including agreements (not included in contracts on commodities from the previous indent) for the purchase, sale or transfer of commodities or assets of another type, services, rights or a participating interest at a set price at date in the future,
 - swap agreements, including swaps and options involving interest-rates, agreements on a spot or other exchange rate, foreign currency, share index or equity instrument, debt index or debt instrument, commodities index or commodities, weather, emissions or inflation, total return swaps, credit spread swaps or credit swaps, and other similar agreements or transactions that are periodically traded on swap or derivatives markets,
 - interbank lending agreements with a maximum repayment period of three months,
 - framework agreements relating to the contracts and agreements set out in the first to fifth indents of this point;
13. "emergency fiscal aid" shall mean state aid in terms of Article 107(1) of the Treaty on the Functioning of the European Union (Consolidated version of the Treaty on the Functioning of the European Union, OJ C 202 of 7 June 2016, p. 47; hereinafter: the TFEU) or other fiscal support at the supranational level that would be deemed state aid if it was allocated at the national level with the aim of maintaining or re-establishing the successful operations, liquidity or solvency of a bank or an individual financial undertaking in a group of which a bank is part, or an entire group of which a bank is part;
 14. "Commission" shall mean the European Commission;
 15. "small and non-complex bank" shall mean a bank as defined in point 145 of Article 4(1) of Regulation 575/2013, the total value of whose assets is equal to or less than EUR 5 billion;
 16. "model risk" shall mean potential losses that a bank could incur as a result of decisions that could, in principle, be founded on the results of internal models due to errors in their development, implementation or use;
 17. "supervisory authority" shall mean an authority responsible for the supervision of financial sector entities that is not deemed a competent authority; in the Republic of Slovenia, this means the agency responsible for insurance supervision and the agency responsible for financial markets;
 18. "internal approach" shall mean the internal ratings-based approach set out in Article 143(1) of Regulation 575/2013, the internal models approach set out in Article 221 of Regulation 575/2013, the own estimates approach set out in Article 225 of Regulation 575/2013, the advanced measurement approaches set out in Article 312(2) of Regulation 575/2013, the internal model method set out in Articles 283 and 363 of Regulation 575/2013, and the internal assessment approach set out in Article 259(3) of Regulation 575/2013;
 19. "Financial Stability Board" shall mean the Financial Stability Board established pursuant to the law governing macroprudential supervision of the financial system;
 20. "supervisory body" shall mean a bank's supervisory board in a two-tier governance system or, in a single-tier governance system, the non-executive members of a bank's board of directors who are authorised to supervise and monitor the management of the bank's operations in accordance with this Act;
 21. "management body in its management function" shall mean a bank's management board in a two-tier governance system or, in a single-tier governance system, a bank's executive directors who are authorised to manage the bank's operations in accordance with this Act;

22. "resolution authority" shall mean the resolution authority as defined in the law governing the resolution and compulsory winding-up of banks; in the Republic of Slovenia, this means Banka Slovenije or the Single Resolution Board;
23. "immediate family member" shall mean a person in one of the following relationships with another person:
 - a spouse or a person with whom the individual lives in a long-term relationship that enjoys the same legal consequences as a marriage under the law governing marriage and family relationships,
 - the child or adopted child of such a person or a person referred to in the previous indent,
 - another person under such a person's guardianship, or
 - the parents or adoptive parents of such a person or a person referred to in the first indent of this point;
24. "gender-neutral remuneration policy" shall mean a remuneration policy that is based on the principle of equal pay for equal work, or work of equal value for employed men and women;
25. "significant bank" shall mean a bank defined as significant by Banka Slovenije on the basis of this Act, in connection with the enforcement of requirements set out for significant banks by this Act or by Regulation 575/2013;
26. "competent authority" shall mean a competent authority as set out in point 40 of Article 4(1) of Regulation 575/2013 or the European Central Bank whenever the latter is responsible for exercising powers and tasks of prudential supervision over credit institutions in accordance with Regulation 1024/2013; in the territory of the Republic of Slovenia, this means Banka Slovenije, or the European Central Bank whenever the latter is responsible for exercising powers and tasks of prudential supervision of banks in accordance with Regulation 1024/2013;
27. "third-country group" shall mean a group whose parent undertaking is established in a third country;
28. "systemically important bank" shall mean a bank whose failure or poor performance could result in systemic risk, and that holds one of the following positions:
 - an EU parent bank,
 - a subsidiary bank of an EU parent financial holding company or an EU parent mixed financial holding company,
 - a bank that is not a subsidiary of an undertaking referred to in the previous two indents of this point;
29. "systemic risk" shall mean the risk of disruptions in the financial system that could have serious adverse effects on the functioning of the financial system and the real economy;
30. "group entity" shall mean a legal person that is part of a group;
31. "third country" shall mean any country that is not a Member State;
32. "management body" shall mean a bank's management body in its management function or its supervisory body;
33. "senior management" shall mean individuals who perform executive functions at a bank and are answerable to the management body in its management function for the daily execution of the bank's transactions;
34. "outsourcing" shall mean any agreement between a bank and a service provider in accordance with which the service provider carries out a process, provides services or pursues activities that the bank would otherwise undertake itself.

(2) The terms "electronic money", "payment service" and "payment system operation services" shall have the same meanings as defined in the law governing payment services and systems.

(3) Banka Slovenije shall define in detail the criteria for designation as a significant bank referred to in point 25 of the first paragraph of this article in connection with the enforcement of certain requirements set out for significant banks by this Act or Regulation

575/2013. Banka Slovenije shall take into account the following when defining the detailed criteria for significant banks:

1. the bank's size and internal organisational structure,
2. the nature, scale and complexity of the activities pursued by the bank, and
3. the importance of the bank for the local market.

Article 8 **(meaning of terms defined in Regulation 575/2013)**

(1) The terms defined in Article 4 of Regulation 575/2013 shall have the same meanings in this Act as in the aforementioned regulation, having regard for the second paragraph of this article.

(2) For the purposes of this Act, the following terms from Regulation 575/2013 shall be used as follows:

1. "asset management company" shall mean an asset management company as defined in point 19 of Article 4(1) of Regulation 575/2013, and means an asset management company as set out in point 6 of Article 2 of the ZFK or other investment fund manager, including third-country entities that pursue similar activities and that are subject to the laws of a third country that applies supervisory and regulatory requirements that are at least equivalent to those applied in the European Union;
2. "financial institution" shall mean a financial institution as defined in point 26 of Article 4(1) of Regulation (EU) No 575/2013, and means an undertaking that is not an institution or a pure industrial holding company and whose principle activity is to acquire holdings or to pursue one or more of the activities set out in points 2 to 12 and point 15 of the second paragraph of Article 5 of this Act, including financial holding companies, mixed financial holding companies, payment institutions set out in the law governing payment services and systems, and asset management companies, but excluding insurance holding companies and mixed insurance holding companies set out in the law governing the insurance industry;
3. "financial instrument" shall mean a financial instrument as defined in point 50 of Article 4(1) of Regulation 575/2013, and means any of the following:
 - a contract that gives rise to a financial asset of one party and a financial liability or equity instrument of another party,
 - a financial instrument in accordance with the law governing the market in financial instruments,
 - a derivative financial instrument,
 - a primary financial instrument, or
 - a cash instrument, whereby the instruments referred to in the first, second and third indents are only financial instruments if their value is derived from the price of an underlying instrument or another underlying item, rate or index;
4. "investment firm" shall mean an investment firm as defined in point 2 of Article 4(1) of Regulation 575/2013, and means an investment firm as defined in the law governing the market in financial instruments, other than credit institutions;
5. "mixed financial holding company" shall mean a mixed financial holding company as defined in point 21 of Article 4(1) of Regulation 575/2013, and means a mixed financial holding company set out in Article 7 of the ZFK;
6. "reinsurance undertaking" shall mean a reinsurance undertaking as defined in point 6 of Article 4(1) of Regulation 575/2013, and means a reinsurance undertaking set out in the first and second indents of point 3 of Article 2 of the ZFK;
7. "regulated market" shall mean a regulated market as defined in point 92 of Article 4(1) of Regulation 575/2013, and means a regulated market set out in the law governing the market in financial instruments;

8. “group” shall mean a group as defined in point 138 of Article 4(1) of Regulation 575/2013, and means a group of undertakings:
 - of which at least one is a credit institution that provides banking services, and
 - that consists of a parent undertaking and its subsidiaries, or of undertakings that are related to each other, as stated in Article 56 of the ZGD-1;
9. “financial sector entity” shall mean a financial sector entity as set out in point 27 of Article 4(1) of Regulation 575/2013, and means any of the following:
 - an institution,
 - a financial institution,
 - an ancillary services undertaking included in the consolidated financial situation of an institution,
 - an insurance undertaking,
 - a third-country insurance undertaking,
 - a reinsurance undertaking,
 - a third-country reinsurance undertaking,
 - an insurance holding company as defined in the law governing the insurance industry,
 - an undertaking that is entitled to provide insurance services in the Member State where it is established and that is excluded from the scope of Directive 2009/138/EC in accordance with the regulations of that country that transpose Article 4 of the aforementioned directive,
 - a third-country undertaking whose main business is comparable to any of the entities referred to in the previous indents;
10. “participation” shall mean participation as defined in point 35 of Article 4(1) of Regulation 575/2013, and means participation as set out in the second indent of point 12 of Article 2 of the ZFK, or the direct or indirect ownership of 20% or more of the voting rights or capital of an undertaking;
11. “insurance undertaking” shall mean an insurance undertaking as defined in point 5 of Article 4(1) of Regulation 575/2013, and means an insurance undertaking set out in the first and second indents of point 2 of Article 2 of the ZFK.

(3) Whenever the requirements or supervisory powers referred to in this Act or Regulation 575/2013 are applied on a consolidated or subconsolidated basis, they shall encompass the terms “institution”, “parent institution in a Member State”, “EU parent institution” and “parent undertaking” as defined in Article 4 of Regulation 575/2013, and the terms “bank”, “parent bank” and “EU parent bank” as defined in this Act, and also:

- financial holding companies and mixed financial holding companies that have obtained an approval in accordance with Article 83 of this Act or Article 21a of Directive 2013/36/EU;
- a subsidiary credit institution designated as responsible for ensuring the group’s compliance with prudential requirements on a consolidated basis when it is controlled by an EU parent financial holding company, an EU parent mixed financial holding company, a parent financial holding company in a Member State or a parent mixed financial holding company in a Member State, if the parent undertaking does not require an approval in accordance with Article 86 of this Act or Article 21a(4) of Directive 2013/36/EU; and
- financial holding companies, mixed financial holding companies or institutions that in accordance with Article 306 of this Act or point (d) of Article 21a(6) of Directive 2013/36/EU are temporarily designated as responsible for ensuring compliance on a consolidated basis under this Act or Directive 2013/36/EU and Regulation 575/2013.

CHAPTER 2: COMPETENT AUTHORITY AND GENERAL PRINCIPLES OF SUPERVISION

2.1 Competent authorities

Article 9 (competent authority in Republic of Slovenia)

(1) Banka Slovenije shall be the competent authority responsible for the supervision of banks in accordance with this Act and Regulation 1024/2013, except with regard to the tasks and powers of prudential supervision for which the European Central Bank is responsible in accordance with Regulation 1024/2013.

(2) In performing its supervisory tasks and exercising its supervisory powers in accordance with this Act and Regulation 1024/2013, Banka Slovenije shall ensure that supervised entities act in accordance with:

1. the provisions of this Act and Regulation 575/2013, and regulations issued on the basis thereof;
2. the provisions of regulatory and implementing technical standards adopted by the Commission in accordance with Articles 10 to 15 of Regulation 1093/2010;
3. guidelines, recommendations, regulations and other legal acts issued by the European Central Bank in accordance with Regulation 1024/2013;
4. guidelines, recommendations and other legal acts issued by the European Banking Authority in accordance with Article 16 of Regulation 1093/2010;
5. warnings and recommendations issued by the European Systemic Risk Board in accordance with Article 16 of Regulation 1092/2010;
6. other valid legal acts, including acts issued by the Commission or any other EU authority pursuant to Directive 2013/36/EU or Directive 2014/59/EU, and international standards and recommendations with regard to the operations of credit institutions and the prudential supervision of credit institutions; and
7. guidelines issued by Banka Slovenije with regard to the implementation of the rules referred to in points 1 to 6 of this paragraph in accordance with Article 10 of this Act.

Article 10 (issuance of guidelines)

(1) Banka Slovenije shall issue guidelines for the general and more detailed uniform interpretation and application of the regulations referred to in the second paragraph of the previous article and for the formulation of best practices.

(2) The guidelines shall be published on the Banka Slovenije website.

Article 11 (Banka Slovenije's responsibility for macroprudential supervision)

(1) In its role as the designated authority Banka Slovenije shall be responsible for implementing Article 458 of Regulation (EU) No 575/2013, and is thus responsible for defining measures to mitigate macroprudential or systemic risks in connection with banks, and for setting capital buffer requirements to the extent and in the manner set out in Chapter 7 of this Act.

(2) In its role as the designated authority Banka Slovenije is responsible for implementing Article 124 of Regulation 575/2013 and is thus responsible for assessing and setting the higher risk weights and stricter criteria for exposures secured by mortgages on real estate referred to in Articles 125 and 126 of Regulation 575/2013.

(3) In its role as the designated authority Banka Slovenije is responsible for implementing Article 164 of Regulation 575/2013 and is thus responsible for assessing and setting the higher minimum exposure-weighted loss given default for retail exposures secured by mortgages on real estate referred to in Article 164(4) of Regulation 575/2013.

(4) In making the decisions referred to in the second and third paragraphs of this article, Banka Slovenije shall work closely with the European Central Bank whenever the latter is responsible for exercising powers and tasks of prudential supervision of banks in accordance with Regulation 1024/2013, in particular by exchanging all necessary information, having regard for the interaction of other measures. To this end Banka Slovenije shall also submit the official notification of the European Banking Authority and the European Systemic Risk Board referred to in the third subparagraph of Article 124(2) of Regulation 575/2013 and the third subparagraph of Article 164(6) of Regulation 575/2013 to the European Central Bank.

Article 12

(Banka Slovenije's responsibility for supervision of other persons)

(1) Banka Slovenije shall be responsible and accountable for the supervision of persons that accept deposits or other repayable funds from the public in contravention of the prohibition set out in Article 112 of this Act.

(2) The supervision of the persons referred to in the previous paragraph shall be conducted to the extent defined in Section 10.4 of this Act.

Article 13

(participation in European System of Financial Supervision)

(1) In performing its tasks and exercising its powers in connection with the supervision of banks pursuant to this Act and Regulation 575/2013, Banka Slovenije shall endeavour to formulate and implement standard supervisory tools and practices, particularly through cooperation with the competent authorities of Member States and EU authorities.

- (2) For the purposes set out in the previous paragraph, Banka Slovenije shall:
1. serve as a member of the European System of Financial Supervision and, in particular, ensure the flow of relevant and reliable information between system participants;
 2. participate in the activities of the European Banking Authority and supervisory colleges, as necessary; and
 3. work with the European Systemic Risk Board.

(3) Banka Slovenije shall decide on the application of guidelines and recommendations issued by the European Banking Authority that relate to entities for whose supervision it is responsible, and may refuse in whole or part to apply specific guidelines or recommendations, provided that there are reasonable grounds for so doing. Regulations on the application of the guidelines or recommendations referred to in the previous sentence shall be published in the Official Gazette of the Republic of Slovenia.

(4) Banka Slovenije's powers under this Act and other laws may not affect the performance of its tasks set out in the previous paragraph.

2.2 General principles in connection with supervision

2.2.1 Confidential information

Article 14 **(obligation to safeguard confidential information)**

(1) Confidential information under this Act shall mean all information about an individual bank obtained during supervision by Banka Slovenije from the bank or from other persons, and information generated by Banka Slovenije for the purposes of supervision of an individual bank, including internal assessments and reports produced by Banka Slovenije with regard to the bank's operations.

(2) Unless provided otherwise by law, Banka Slovenije shall not disclose confidential information about a bank to another person or government authority, except in the form of a summary from which the particular bank to which the confidential information relates cannot be identified.

(3) Banka Slovenije employees, auditors and other experts who act or have acted under the authorisation Banka Slovenije shall safeguard as confidential all information obtained during the performance of tasks for Banka Slovenije in connection with the latter's supervisory tasks and powers, and may not disclose such information to another person or government authority, unless provided otherwise by this Act.

(4) The prohibition referred in the second and third paragraphs of this article shall not apply:

1. to confidential information required for criminal or pre-trial proceedings;
2. in the event of the bankruptcy or compulsory liquidation of a bank, with regard to confidential information required to enforce creditors' claims against the bank, and other actions in bankruptcy or compulsory liquidation proceedings or civil proceedings in connection with these proceedings, except with regard to information that also relates to other persons involved in attempts to reorganise the bank;
3. to the results of stress tests carried out by Banka Slovenije in accordance with the fifth paragraph of Article 192 of this Act or Article 32 of Regulation 1093/2010, whenever those results are published by Banka Slovenije or forwarded to the European Banking Authority for the purpose of publication;
4. to information about authorisations to provide banking, financial and ancillary financial services, authorisations to issue mortgage and municipal bonds, authorisations to acquire a qualifying holding, authorisations to perform the function of a member of a bank's management board, and authorisations to perform the function of a member of a bank's supervisory board;
5. in other cases when the law expressly states that Banka Slovenije or a person referred to in the third paragraph of this article may disclose confidential information to the public or certain recipients.

(5) The obligation to safeguard confidential information set out in this article shall also apply to information obtained by Banka Slovenije or persons referred to in the third paragraph of this article as part of the exchange of information with the European Banking Authority, the European Securities and Markets Authority, the European Systemic Risk Board, supervisory authorities in the Republic of Slovenia or the competent authorities of other Member States, including the European Central Bank, whenever the latter is exercising the powers of the competent authority in accordance with Regulation 575/2013 and Regulation (EU) 2019/2033 of the European Parliament and of the Council of 27 November 2019 on the prudential requirements of investment firms and amending Regulations (EU) No 1093/2010, (EU) No 575/2013, (EU) No 600/2014 and (EU) No 806/2014 (OJ L 314 of 5 December 2019, p. 1; hereinafter: Regulation 2019/2033), and the authorities of Member

States that operate deposit guarantee schemes in accordance with this Act and Regulation 575/2013.

(6) Banka Slovenije shall process the personal data that it obtains while performing its tasks and exercising its powers as defined in this Act or Regulation 575/2013, in accordance with regulations governing the protection of personal data.

Article 15 **(use and dissemination of confidential information)**

(1) Banka Slovenije may use confidential information solely for the following purposes:

1. to verify conditions for granting authorisations and consents on the basis of this Act or Regulation 575/2013 and other laws, and to ensure the effective monitoring of the operations of banks on an individual and consolidated basis;
2. to impose supervisory measures, and to make decisions on other measures for which Banka Slovenije is authorised in accordance with this Act or another law;
3. to impose penalties for breaches and to lodge a charge for a suspected criminal offence; and
4. in judicial review proceedings against decisions issued by Banka Slovenije, and in other judicial proceedings in connection with the performance of its tasks and the exercise of its powers on the basis of this Act or EU regulations.

(2) Confidential information relating to a specific bank may only be disclosed to third parties by Banka Slovenije under the conditions set out by law.

(3) The provisions of the previous article and this article shall not prevent the disclosure of confidential information to the European Parliament, whenever the latter is exercising its investigative powers on the basis of Article 226 of the TFEU.

(4) Notwithstanding the provisions of this article, the law governing access to information of a public nature shall apply to requests that Banka Slovenije receives on the basis of the aforementioned law.

Article 16 **(disclosure of confidential information)**

(1) Banka Slovenije may disclose confidential information to supervisory authorities of the Republic of Slovenia or to the competent authorities of other Member States in connection with their supervisory tasks and powers, and to the European Central Bank whenever the latter is exercising the authorisations of a competent authority in accordance with Regulation 575/2013.

(2) Banka Slovenije may also disclose confidential information to the following entities in the Republic of Slovenia, other Member States or the European Union in connection with their supervisory tasks and powers:

1. competent authorities responsible for the supervision of other financial sector entities and for the supervision of financial markets;
2. competent authorities responsible for macroprudential supervision;
3. competent authorities responsible for the resolution of institutions and authorities responsible for maintaining the stability of the financial system;
4. judicial and other authorities that are party to compulsory liquidation or bankruptcy proceedings involving a bank, or in other similar proceedings;

5. the court, state prosecutor or police in accordance with regulations governing criminal and pre-trial proceedings;
6. auditors charged with auditing the financial statements of credit institutions, investment firms, insurance undertakings and financial institutions;
7. entities or authorities that operate deposit guarantee schemes, with respect to the information that they require to perform their tasks;
8. a central bank within the European System of Central Banks (hereinafter: the ESCB), the European Central Bank or another authority with tasks and powers similar to those of the central monetary authority, whenever this information is material to the performance of their legally prescribed tasks, including the pursuit of monetary policy and the related provision of liquidity, the oversight of payments and the functioning of clearing systems and settlement systems, and the maintenance of the stability of the financial system;
9. contractual or institutional schemes to protect deposits referred to in Article 113(7) of Regulation 575/2013;
10. authorities responsible for oversight of the functioning of payment systems;
11. the European Banking Authority to the extent required to exercise its powers and perform its tasks in accordance with Regulation 1093/2010, the European Systemic Risk Board, whenever such information is material to the performance of its tasks in accordance with Regulation 1092/2010, the European Insurance and Occupational Pensions Authority, whenever such information is material to the performance of its tasks in accordance with Regulation 1094/2010, and the European Securities and Markets Authority, whenever such information is material to the performance of its tasks in accordance with Regulation 1095/2010;
12. authorities responsible for supervising authorities that perform tasks in compulsory liquidation or bankruptcy proceedings involving a bank, or in other similar proceedings;
13. authorities responsible for supervising contractual or institutional schemes to protect deposits referred to in Article 113(7) of Regulation 575/2013;
14. authorities responsible for supervising auditors tasked with auditing the financial statements of supervised financial undertakings;
15. authorities responsible for detecting and prosecuting acts deemed to be breaches of regulations governing the operations of companies, provided that they require such information in proceedings conducted within the framework of their powers;
16. the central securities clearing corporation or other clearing house or settlement system pursuant to the law governing the market in financial instruments, in connection with the execution of clearing and settlement of transactions concluded on one of the markets in the Republic of Slovenia, if Banka Slovenije deems that this information is necessary to ensure that appropriate action is taken by the aforementioned undertaking due to the failure or potential failure of participants in these markets to settle their liabilities;
17. an appellate body or court that conducts proceedings regarding access to information of a public nature in connection with specific information;
18. the government authority responsible for oversight of the protection of personal data;
19. financial intelligence units as defined by the law governing the prevention of money laundering and terrorist financing, and other authorities that conduct supervision of credit institutions and financial institutions on the basis of regulations transposing Directive 2015/849/EU;
20. competent authorities responsible for the application of rules with regard to structural segregation in a banking group.

(3) Banka Slovenije may only disclose to the entities referred to in the first and second paragraphs of this article the confidential information that an authority or person requires to perform their tasks or exercise their powers in accordance with the applicable regulations governing their work and powers. If confidential information includes confidential data about a specific client, such data shall only be disseminated to the entities referred to in the first and second paragraphs of this article if those entities could also request the

confidential data directly from the bank in question, having regard for the second and third paragraphs of Article 146 of this Act.

(4) Whenever the authorities referred to in points 12, 13 and 14 of the second paragraph of this article detect and prosecute breaches of regulations with the help of persons appointed to perform specific tasks who are not public sector entities, Banka Slovenije may also disclose confidential information to those persons. Banka Slovenije may only disclose confidential information if these persons submit a resolution by an authority referred to in point 12, 13 or 14 of the second paragraph of this article in connection with appointment for the performance of individual tasks or if Banka Slovenije is notified of the appointment of these persons and the particular tasks for which they have been appointed by the authority referred to in point 12, 13 or 14 of the second paragraph of this article.

(5) Entities who receive confidential information on the basis of this article may only use such information to exercise their supervisory powers and/or to perform the tasks set out in the first paragraph of this article, and may not disclose such information to another person or government authority, except in the cases referred to in the fourth paragraph of Article 14 of this Act.

(6) Banka Slovenije may disclose the confidential information that it has obtained from a competent authority of another Member State or during the supervision of the operations of a branch of a Member State bank in accordance with Section 10.2 of this Act to the entities referred to in points 12 to 16 of the second paragraph of this article with the consent of the competent authority of that Member State.

Article 17

(disclosure of confidential information to other authorities in Republic of Slovenia)

(1) Banka Slovenije may disclose confidential information to the Government of the Republic of Slovenia or another government authority in the Republic of Slovenia responsible for drafting legislation governing the supervision of banks, investment firms, financial institutions and insurance undertakings, whenever such disclosure is necessary to implement measures to stabilise banks.

(2) Banka Slovenije may disclose confidential information to the National Assembly of the Republic of Slovenia, whenever the latter, in accordance with its legally prescribed authorisations, supervises the functioning of Banka Slovenije in connection with the performance of its tasks and the exercise of its powers during supervision, and only when the dissemination of confidential information is necessary to supervise the functioning of Banka Slovenije.

(3) Entities that receive confidential information pursuant to the first or second paragraph of this article shall safeguard that information as confidential, and may not disclose it to another person or government authority, except in the cases referred to in the fourth paragraph of Article 14 of this Act.

(4) Banka Slovenije may only disclose confidential information it has received from a competent authority of another Member State or during an inspection of a branch of a Member State bank in accordance with Section 10.2 of this Act to the entities referred to in the first and second paragraphs of this article with the consent of the competent authority of that Member State and for the purposes for which the consent was granted.

Article 18

(disclosure of information to international bodies)

(1) Banka Slovenije may disclose or disseminate confidential information to the International Monetary Fund, the World Bank, the Bank for International Settlements and the (international) Financial Stability Board on the basis of a written request.

(2) The disclosure or dissemination of confidential information referred to in the previous paragraph shall be allowed if all of the following conditions are met:

- the international body referred to in the first paragraph of this article obtains the information for the purpose referred to in the third paragraph of this article;
- the written request is justified by individual tasks that the international body performs in accordance with its powers, and encompasses all the data set out in the fourth paragraph of this article;
- the requested information is necessary solely for the performance of individual tasks of the international body, and does not exceed the tasks that the body performs in accordance with its founding act;
- the rules regarding the obligation to safeguard confidential information as set out in Articles 14 and 15 of this Act apply to the aforementioned international bodies and the persons that will receive the information;
- the international body and the persons that will receive the information take account of the requirements of Regulation 2016/679 in the processing of personal data.

(3) The international body referred to in the first paragraph of this article may obtain confidential information solely for the following purposes:

- the International Monetary Fund and the World Bank: for the purposes of assessment as part of the Financial Sector Assessment Programme;
- the Bank for International Settlements: for the purposes of quantitative impact studies;
- the Financial Stability Board: for the purposes of the supervisory function.

(4) The request referred to in the second paragraph of this article shall contain at least the following:

- a precise definition of the nature, scale and form of the requested information, and the method of its disclosure or dissemination; and
- an indication of the persons who are directly involved in the performance of a particular task.

(5) The requested information may only be disclosed or disseminated to persons who are directly involved in the performance of the particular task referred to in the second indent of the second paragraph of this article.

(6) Information referred to in this article that has not been aggregated or anonymised may not be disseminated to bodies referred to in the first paragraph of this article, but may be disclosed solely in the premises of Banka Slovenije.

Article 19 (notification in emergency situations)

(1) In the event of emergency situations in the Republic of Slovenia, including the cases set out in Article 18 of Regulation 1093/2010, or in the context of unfavourable trends on the financial markets that could jeopardise the liquidity of the market or the stability of the financial system in another Member State, particularly when such conditions relate to the operations of a significant bank branch or group entities in another Member State, Banka Slovenije shall notify the competent authority of that Member State, the European Banking

Authority, the central banks of the ESCB and the European Systemic Risk Board without delay.

(2) Whenever Banka Slovenije receives confidential information in connection with the circumstances referred to in the previous paragraph from the competent authority of another Member State or other authority referred to in the previous paragraph, it shall notify the ministry responsible for finance without delay, if such disclosure is necessary to ensure effective supervision and the implementation of measures for the resolution and winding-up of credit institutions.

(3) Notwithstanding the fourth paragraph of Article 17 of this Act, Banka Slovenije may disclose confidential information in connection with the circumstances referred to in the first paragraph of this article to the ministry responsible for finance, even without the consent of the competent authority of the other Member State if that disclosure is required for the implementation of measures to stabilise banks.

Article 20

(dissemination of confidential information to persons from third country)

(1) Banka Slovenije may disclose confidential information to persons from a third country who hold the position of competent authority or the entity referred to in points 1 to 6 and points 12 to 14 of the second paragraph of Article 16 of this Act if the following conditions are met:

1. the Republic of Slovenia has concluded a cooperation agreement with the third country on the mutual exchange of confidential information involving the aforementioned authorities from the Republic of Slovenia and the third country;
2. rules on the obligation to safeguard confidential information with the content set out in Articles 14 and 15 of this Act apply in the third country to the aforementioned persons from the third country; and
3. the information subject to disclosure to persons from the third country is intended solely for purpose of performing the tasks of the competent authority or entities referred to in points 1 to 6 and points 12 to 14 of the second paragraph of Article 16 of this Act.

(2) Banka Slovenije may only disclose confidential information it has received from a competent authority of another Member State or during an inspection of a branch of a Member State bank in accordance with this Act to the entities referred to in the previous paragraph with the consent of the competent authority of that Member State.

2.2.2 Responsibility for supervision

Article 21

(responsibility in connection with supervision)

(1) Banka Slovenije and the persons who work on its behalf or under its authorisation in exercising supervisory powers on the basis of this Act shall act in accordance with the diligence of a good expert.

(2) Banka Slovenije shall be deemed to have acted with due diligence in imposing supervisory measures and exercising other powers on the basis of this Act if, having regard for the facts and circumstances at the time of its decision, it can justifiably state that the conditions for imposing supervisory measures or exercising other powers in accordance with this Act were met and that imposed measures were lawful.

(3) Banka Slovenije shall be responsible for the conduct of persons who, in the performance of supervisory tasks and the exercise of Banka Slovenije's other powers in accordance with this Act, worked on the basis of a Banka Slovenije authorisation according to the rules governing the liability of employers for damage caused to third parties by employees during or in connection with their work. If damage arises due to the conduct of a person who worked on behalf of Banka Slovenije on the basis of the latter's authorisation, the injured party may only demand compensation for damage from Banka Slovenije, notwithstanding the provisions of other laws.

(4) A person who worked on behalf of Banka Slovenije while exercising supervisory powers in accordance with this Act is deemed to have acted with due diligence if, having regard for the facts and circumstances at their disposal at the time of their work, they acted as a good expert.

2.2.3 Cooperation between supervisory authorities

Article 22

(cooperation between supervisory authorities in Republic of Slovenia)

(1) Banka Slovenije and supervisory authorities in the Republic of Slovenia shall work together to perform their tasks and exercise their powers in the area of supervision, and shall collectively strive for effective supervision at the level of the financial system.

(2) Banka Slovenije and supervisory authorities in the Republic of Slovenia shall strive to the greatest extent possible for the uniformity of supervisory practices and, within this framework, for the comparability of the methodological approach used in the supervision of risk management.

(3) At the request of an individual supervisory authority, Banka Slovenije and other supervisory authorities in the Republic of Slovenia shall forward to that authority all data regarding the supervised entity that the aforementioned authority needs to perform its supervisory tasks, to grant authorisations or to make decisions regarding specific matters in accordance with this Act.

(4) Banka Slovenije and supervisory authorities in the Republic of Slovenia shall inform each other on their own initiative of irregularities and other circumstances identified during supervision or the performance of other tasks or the exercise of other powers, if these findings affect or could affect the performance of supervisory tasks by the authority in question, in particular information regarding:

1. identified adverse trends in the operations of a supervised entity, especially with regard to compliance with prudential requirements that could have a serious impact on other supervised entities; and
2. significant sanctions and supervisory measures imposed by the supervisory authority within the scope of its powers.

(5) The detailed content and method of cooperation between Banka Slovenije and supervisory authorities in the Republic of Slovenia shall be defined by the minister responsible for finance (hereinafter: the minister) on the basis of preliminary opinions from Banka Slovenije and supervisory authorities in the Republic of Slovenia.

Article 23

(cooperation with the competent authorities of Member States and third countries)

(1) Banka Slovenije shall cooperate with the competent authorities of Member States responsible for the supervision of credit institutions, with regard to supervision of the operations of credit institutions that operate in the Republic of Slovenia and other Member States in which they do not have a registered office, in particular via branches.

(2) Banka Slovenije shall cooperate with the competent authorities of other Member States, in particular by exchanging all information that could facilitate the supervision of credit institutions, including the verification of conditions for granting authorisations, monitoring compliance with prudential requirements, and assessing the reputation and experience of members of management bodies and the suitability of the holders of qualifying holdings.

(3) Banka Slovenije shall submit the following to the competent authority in a Member State:

1. the information referred to in the previous paragraph at the latter's request; and
2. on its own initiative, all information that Banka Slovenije believes material to the performance of the competent authority's supervisory tasks.

(4) Information shall be deemed material under the previous paragraph if it could have a significant impact on the assessment of the financial soundness of a Member State bank.

(5) When Banka Slovenije is responsible for supervising a branch of a third-country bank or for supervising a bank that is part of the same group as a branch of a third-country bank, it shall work closely with the competent authorities of Member States for branches of a bank or institution that are part of the same third-country group, for the purpose of:

- ensuring that all the activities of the third-country group are subject to comprehensive supervision in the EU;
- preventing the avoidance of requirements that apply to third-country groups pursuant to this Act, Directive 2013/36/EU and Regulation 575/2013; and
- preventing harmful effects on the financial stability of the European Union.

(6) Banka Slovenije shall conclude a cooperation agreement with the competent authorities of third countries with regard to the supervision of banks that provide services in a third country in accordance with this Act, and with regard to the supervision of branches of third-country banks that have obtained an authorisation to provide services in the territory of the Republic of Slovenia in accordance with this Act.

(7) Banka Slovenije shall work closely and exchange information with financial intelligence units and other authorities of Member States responsible for supervising credit institutions and financial institutions on the basis of regulations transposing Directive 2015/849/EU, if:

- this is necessary for performing tasks in accordance with this Act, Directive 2013/36/EU, Regulation 575/2013 or Directive 2015/849/EU; and
- the cooperation and exchange of information of this type do not encroach on investigations, enquiries or proceedings conducted in accordance with criminal or administrative law of the Republic of Slovenia.

Article 24

(cooperation with European Banking Authority)

(1) Banka Slovenije shall cooperate with the European Banking Authority in connection with the supervision of banks, and shall submit to the aforementioned authority all

information necessary for the performance of the latter's tasks in accordance with Article 35 of Regulation 1093/2010.

(2) Banka Slovenije shall notify the European Banking Authority in accordance with Article 19 of Regulation (EU) No 1093/2010 if the competent authority of another Member State fails to submit to Banka Slovenije material information for the supervision of banks and with regard to the operations of Member State banks in the Republic of Slovenia, or if it refuses Banka Slovenije's request for cooperation, in particular with regard to the exchange of material information in connection with supervision, or if it fails to respond to such a request from Banka Slovenije in a reasonable amount of time.

Article 25

(notification of EU authorities)

Banka Slovenije shall notify the Commission, the European Banking Committee, the European Banking Authority, the European Central Bank and other EU authorities in accordance with EU regulations.

CHAPTER 3:

LEGAL STATUS OF A BANK

3.1 General provisions

Article 26

(organisation as public limited company)

(1) A bank shall be organised as a public limited company or a European public limited company.

(2) The provisions of the ZGD-1 that apply to public limited companies or European public limited companies shall apply to banks, unless provided otherwise by this Act.

Article 27

(use of names)

(1) Legally registered business names in the companies register may not include the words "bank", "credit institution" or "savings bank" or derivatives thereof if the legal person in question has not obtained an authorisation from the competent authority to provide banking services.

(2) If the use of the legally registered business name or mark of a Member State bank that provides services in the Republic of Slovenia creates or could create confusion among users, Banka Slovenije may request that the bank in question use additional marks to eliminate ambiguities.

3.2 Initial capital and shares of a bank

Article 28

(initial capital of bank)

(1) The minimum amount of a bank's initial capital shall be EUR 5,000,000.

(2) A bank's initial capital shall include one or more items referred to in points (a) to (e) of Article 26(1) of Regulation 575/2013.

Article 29 (shares of bank)

(1) A bank's shares may only be registered shares.

(2) A bank's shares may only be paid up in cash.

(3) The previous paragraph shall not apply in the following cases:

1. the establishment of a bank or an increase in a bank's share capital as a result of a merger or demerger;
2. an internally funded increase in a bank's share capital;
3. an increase in a bank's share capital based on early intervention measures in accordance with this Act; and
4. an increase in a bank's share capital based on measures aimed at resolving a bank in accordance with the law governing the resolution and winding-up of banks.

(4) For the purposes of this Act, the following shall not be deemed non-cash contributions during an increase in share capital:

1. the delivery of convertible equity instruments issued by the bank that satisfy the conditions in accordance with Regulation 575/2013, if the equity instruments were paid up in cash; and
2. monetary claims to which employees are entitled from the payment of the variable component of remuneration provided by the bank in accordance with this Act.

(5) A bank's shares shall be paid up in full prior to the entry of the bank's establishment or an increase in its share capital in the companies register.

(6) The provision of the second paragraph of Article 172 of ZGD-1, which stipulates that the value of par-value shares must be at least one euro or a multiple thereof, shall not apply to a bank's par-value shares, while the provision of the third paragraph of Article 172 of the ZGD-1, which stipulates that the amount of share capital attributable to one no-par-value share may not be less than one euro, shall not apply to a bank's no-par-value shares.

(7) Banka Slovenije shall prescribe the criteria for non-cash contributions that can be taken into account during an increase in a bank's share capital in accordance with point 3 of the third paragraph of this article.

(8) A bank's articles of association may authorise the management board to increase the bank's share capital (authorised capital), whereby the requirements set out in the ZGD-1, which state that the amount of authorised capital may not exceed one half of the share capital at the time that the articles of association were amended, shall not apply. The bank's articles of association may also set out the conditions for increasing share capital via authorised capital.

(9) Notwithstanding the provisions of the ZGD-1, the minimum issue value of shares issued during a conditional increase in share capital may exceed one half of the

share capital at the time that the resolution on the conditional increase in share capital was adopted.

Article 30 **(nullity of general meeting resolutions)**

(1) In addition to the cases set out in the ZGD-1, a general meeting resolution shall be null and void if it contravenes a measure imposed on the bank by Banka Slovenije or the European Central Bank as the competent authority pursuant to this Act or Regulation 1024/2013, or if the general meeting resolution reduces the effects or bypasses the purpose of such a measure.

(2) The general meeting resolution may be declared null and void on the grounds stated in the previous paragraph within six months of the entry of the resolution in the companies register, either by Banka Slovenije in connection with supervisory measures issued pursuant to this Act, or by the European Central Bank whenever the latter has issued supervisory measures pursuant to Regulation 1024/2013.

(3) Article 399 of the ZGD-1 shall not apply to banks.

3.3 Activities of a bank

Article 31 **(provision of services)**

(1) A bank may provide banking services, financial services and ancillary financial services.

(2) A bank may begin providing the services referred to in the previous paragraph when it obtains an authorisation to provide those services in accordance with this Act or Regulation 1024/2013.

(3) In addition to the services referred to in the first paragraph of this article, a bank may also provide ancillary services.

(4) Ancillary services include the management of the bank's assets, the administration of databases, including personal data, and similar transactions as support for the provision of services by one or more credit institutions.

(5) A bank may not perform other activities or provide other services, except those referred to in the first and third paragraphs of this article.

Article 32 **(prohibition on lending and fictitious transactions)**

(1) A bank may not directly or indirectly extend loans or issue guarantees for the purchase of treasury shares or shares in undertakings in which it holds at least 20% of the capital or voting rights.

(2) The lending activities referred to in the previous paragraph shall also include other legal transactions whose economic purpose is the same as a loan.

(3) The prohibition referred to in the first paragraph of this article shall also apply to capital instruments or other instruments issued by a bank or undertaking in which a bank holds at least 20% of the capital or voting rights and which, given their nature, may be included in the calculation of the own funds of the bank or those undertakings.

(4) The fourth paragraph of Article 227 of the ZGD-1 shall not apply to a shareholder's claims against a bank arising from a deposit based on an agreement on the management of a current account, a savings deposit, a cash deposit or other positive balances that are the result of ordinary banking transactions based on which the bank must repay funds to the shareholder that were paid to the bank by the latter or by a third party on the shareholder's behalf.

Article 33 **(bank's participation in financial restructuring)**

(1) A bank that concludes an agreement with a debtor on partial debt forgiveness within the framework of financial restructuring may, in insolvency proceedings initiated against the debtor within 12 months of the conclusion of the debt forgiveness agreement, claim the repayment of the debt in full as if the aforementioned agreement had not been concluded.

(2) A loan provided by a bank to a debtor in which the bank obtained a participating interest for the purpose of financial restructuring shall not be deemed assets of the undertaking in subsequent bankruptcy proceedings or compulsory composition proceedings against the debtor.

3.4 Governance system of a bank

3.4.1 Common provisions for a bank's management body

Article 34 **(bank's governance system)**

(1) A bank may choose a two-tier governance system with a management board and supervisory board, or a single-tier governance system with a board of directors.

(2) The provisions of this Act regarding a bank's supervisory board shall apply *mutatis mutandis* to a bank's board of directors in a single-tier governance system, while the provisions of this Act regarding a bank's management board shall apply *mutatis mutandis* to executive directors.

(3) The following special rules shall apply to banks with a single-tier governance system:

1. the bank's board of directors shall appoint at least two executive directors from its members, whereby the appointment of executive directors is limited exclusively to members of the board of directors;
2. no more than one half of the members of the bank's board of directors may be appointed executive directors;
3. members of the board of directors who are not executive directors may not manage the bank's operations; and
4. the chairperson of the board of directors may not be appointed an executive director at the bank; at the bank's request, Banka Slovenije may permit the chairperson of the

board of directors to serve as an executive director, provided that the bank in question provides justifiable grounds.

Article 35 **(composition of management body)**

(1) A bank shall be responsible for ensuring that its management body is composed in such a way that as a collective it possesses the knowledge, skills and experience required for an in-depth understanding of the bank's business activities and the risks to which it is exposed.

(2) A bank's bodies responsible for the selection and appointment of members of the management body shall draw up and implement an appropriate policy on the selection of suitable candidates that ensures:

1. that the management body as a collective takes into account a wide range of knowledge, skills and experience of its members to allow for an in-depth understanding of the bank's business activities and the risks to which it is exposed;
2. initiatives to achieve diversity within the management body, including the appropriate representation of both genders and policies to achieve these objectives by increasing the number of members of an under-represented gender on the management body; and
3. the definition of conditions for the performance of a specific function, including the required profile of members of the management body before they are appointed.

(3) A bank's policy on the selection of suitable candidates and the implementation of that policy in accordance with the previous paragraph shall be appropriately documented and published in accordance with point (c) of Article 435(2) of Regulation 575/2013.

(4) Banka Slovenije shall collect the information referred to in the previous paragraph with the aim of comparing practices in the area of diversity in banks' management bodies, and forward that information to the European Banking Authority.

(5) A bank shall ensure the appropriate personnel and financial conditions for the induction and training of members of its management body.

Article 36 **(workers' representatives on supervisory bodies)**

(1) The provisions of this Act applying to members of management bodies shall also apply to members of supervisory bodies who are workers' representatives on the basis of the law governing worker participation in corporate governance.

(2) The second and third paragraphs of the previous article shall apply *mutatis mutandis* to the appointment of workers' representatives on the supervisory body. In its rules of procedure the body responsible for the selection and appointment of workers' representatives shall define the key requirements for individual members of the supervisory body, the procedures in connection with the suitability assessment, appointment and early dismissal of workers' representatives on the bank's supervisory body, and, in agreement with the bank's relevant bodies, the approach to ensuring the continuous suitability of the supervisory body as a collective. In so doing the works council shall also take account of secondary legislation issued by Banka Slovenije on the basis of Articles 65 and 155 of this Act.

(3) The bank and the works council shall agree on a defined approach to ensuring the continuous suitability of the supervisory body as a collective in accordance with the first paragraph of the previous article.

(4) The bank shall ensure the appropriate personnel and financial conditions for the induction and training of members of the supervisory board who are workers' representatives.

(5) Notwithstanding the provisions of other laws, workers' representatives who are members of a bank's supervisory body shall be obliged to safeguard the bank's confidential information and trade secrets that they learn of in the performance of the function of membership of the supervisory body or in connection with the performance of this function, including after the end of the performance of the function of membership of the supervisory body. The obligation of workers' representatives to safeguard confidential information and trade secrets shall also apply in relation to the works council and any other stakeholders. Subject to the bank's consent, the works council shall adopt a policy for the exchange of various types of information between workers' representatives on the supervisory body and the works council or other stakeholders, and the procedures in this connection.

(6) With the aim of ensuring effective, sound and transparent risk management at banks, the provisions of the law governing worker participation in governance shall not apply to banks with regard to the appointment of workers' representatives to the bank's management bodies.

Article 37

(assessment of suitability of members of management body)

(1) A bank shall put in place and implement a process for assessing the suitability of members of its management body prior to their appointment, after their appointment should circumstances arise that require the reassessment of suitability, and at a minimum of once a year.

(2) In the case of the assessment of the suitability of a member of the management body who is a workers' representative on the supervisory bodies, the works council shall take a position on the suitability assessment of the management body member that has been drawn up by the bank in accordance with the previous paragraph.

(3) Whenever a bank employee is party to the assessment referred to in the first paragraph of this article, the bank shall provide for the protection of that person against potential retaliatory measures.

(4) Within five days of the adoption of a resolution by its supervisory board on the appointment or dismissal of members of the management board and/or regarding confirmation of the suitability of candidates as members of its supervisory board, a bank shall inform Banka Slovenije, or the European Central Bank whenever the latter performs the tasks set out in point (e) of Article 4(1) of Regulation 1024/2013 in the supervision of the bank in accordance with the aforementioned regulation. The bank shall submit the assessment of the suitability of candidates that it has carried out in connection with the appointment of members of the management board or supervisory board.

Article 38

(incompatibility with other directorships)

(1) When determining the number of directorships that a member of the management body may hold simultaneously in different undertakings and organisations while performing the function of membership of its management body, a bank shall take into account the individual circumstances in connection with the bank and the member in question, particularly in terms of the time commitment that the latter requires to perform their function, and the nature, scale and complexity of the bank's activities.

(2) The following shall be deemed a directorship at another undertaking or organisation for the purposes of this article:

1. a management function in which the person in question is authorised to direct the business and represent the undertaking, including a sole trader (hereinafter: executive directorship); and
2. a supervisory function in which the person in question is authorised and responsible for supervising and monitoring the management of the undertaking's operations (hereinafter: non-executive directorship).

(3) The members of the management body of a significant bank may simultaneously hold multiple directorships in other undertakings and organisations, having regard for the requirements set out in the first paragraph of this article, if one of the following combinations is involved, including the function at the bank:

1. one executive directorship with a maximum of two non-executive directorships; or
2. a maximum of four non-executive directorships.

(4) For the purposes set out in the previous paragraph, the following shall be deemed a single directorship:

1. executive or non-executive directorships at undertakings in the same group; and
2. executive or non-executive directorships at:
 - credit institutions that are members of the same institutional deposit protection scheme, provided that the conditions set out in Article 113(7) of Regulation 575/2013 are met, or
 - undertakings (including non-financial entities) in which the bank holds a qualifying holding.

(5) Directorships held by an individual member of a bank's management body in undertakings and organisations that pursue a primarily non-profit activity shall not be taken into account for the purposes of the third paragraph of this article.

(6) On the basis of a request by an individual member and with the bank's consent, Banka Slovenije may authorise that member to hold an additional non-executive directorship, having regard for the first paragraph of this article. Banka Slovenije shall inform the European Banking Authority of every authorisation to hold an additional non-executive directorship.

(7) Before their appointment and for the entire time that they perform the function of membership of the management body, each member shall inform the bank in writing of all directorships that they hold or will hold in other undertakings and organisations, and when they cease to hold such functions.

3.4.2 Management board of a bank

Article 39 (composition of management board)

(1) A bank's management board shall comprise at least two members, who shall jointly act on behalf of and represent the bank in legal transactions.

(2) Neither a member of a bank's management board nor its procurator may be authorised to act independently on behalf of the bank with respect to the entire scope of the bank's activities.

(3) Members of a bank's management board shall manage the bank on the basis of a full-time employment contract.

(4) At least one member of the management board shall have sufficient knowledge of the Slovenian language to properly perform their duties as member of the bank's management board.

(5) The management board shall manage the bank's operations in the Republic of Slovenia.

Article 40 **(conditions for appointment as management board member)**

- (1) A person may be appointed as a member of a bank's management board if:
1. they possess the knowledge, skills and experience required to manage the operations of a bank or an undertaking of comparable size and activity to those of a bank, or other comparable business;
 2. they enjoy the reputation and possess the traits required to manage the bank's operations, and their conduct does not raise doubt about their ability to ensure the sound and prudent management of the bank's operations in accordance with risk management rules, professional diligence and the highest ethical standards, and the prevention of conflicts of interest; and
 3. they are not in breach of Article 38 of this Act, or assurances have been given that the candidate will meet these requirements by the deadline referred to in the second paragraph of Article 45 of this Act.

(2) A person is deemed not to enjoy the reputation and possess the traits required to manage a bank's operations if they have been finally convicted of a criminal offence and the conviction has not yet been expunged.

Article 41 **(performance of function of member of management board)**

(1) The function of a member of a bank's management board may only be performed by persons who have obtained the requisite authorisation in accordance with this Act.

(2) The supervisory board shall make a decision regarding the appointment of an individual as member of a bank's management board before that person submits a request for the granting of the authorisation to perform that function. To this end the supervisory board shall also be briefed on the assessment of the nomination committee regarding the suitability of the person for membership of the bank's management board.

(3) A resolution by the supervisory board on the appointment of an individual as member of the management board shall take effect:

1. under a suspensive condition that arises if such a person obtains an authorisation to perform that function; and

2. under a resolutive condition that arises:
- if the person in question fails to submit a request for the granting of the authorisation to perform that function within 15 days of receiving the resolution on their appointment as a member of the bank's management board, or if they withdraw their request; or
 - if the request for the granting of the authorisation to perform the function as a member of a bank's management board is denied or refused.

(4) A member of a bank's management board may be entered in the companies register when they obtain the authorisation to perform the function of a member of the bank's management board, unless they are appointed as an alternate member of the management board in accordance with the fifth paragraph of this article.

(5) In the event that an individual management board member's function ceases or if due to other circumstances they do not or likely will not perform their function as a member of a bank's management board for a more than two months in total and the bank's management board therefore functions or will function with only one member, the supervisory board shall appoint a new member to the management board without delay or a person who replaces the missing member of the management board in the management and representation of the bank (hereinafter: alternate member of the management board). The supervisory board shall take into account the conditions set out in the previous article when appointing an alternate member of the management board.

(6) Notwithstanding the first paragraph of this article, an alternate member of the management board may perform the function of a member of the bank's management board without the requisite authorisation for a maximum of six months from the day of their appointment.

(7) The provisions of the fourth to sixth paragraphs of this article shall apply *mutatis mutandis* to a member of the management board appointed by the court in accordance with Article 256 of the ZGD-1.

Article 42

(request for authorisation to perform function of member of bank's management board)

(1) Candidates shall attach the following to their request for the granting of an authorisation to perform the function of a member of a bank's management board:

1. evidence of the fulfilment of the conditions set out in Article 40 of this Act; and
2. their strategy for managing the bank's operations.

(2) The request for the granting of an authorisation to perform the function of a member of a bank's management board shall be submitted to Banka Slovenije. Whenever the supervisory powers and tasks set out in point (e) of Article 4(1) of Regulation 1024/2013 are being exercised by the European Central Bank in connection with the bank in question, the procedure shall continue in accordance with the aforementioned regulation.

(3) Banka Slovenije shall obtain the information about other directorships referred to in Article 38 of this Act and information about the circumstances referred to in the second paragraph of Article 40 of this Act from the candidate for membership of the bank's management body in its management function, or from the competent government authorities or official records.

(4) Based on the request for the granting of an authorisation to perform the function of a member of a bank's management board, Banka Slovenije may request that the bank submit to it an assessment of a candidate's suitability by a specific deadline.

Article 43 (oral interview)

(1) As part of the procedure of granting the authorisation to perform the function of a member of a bank's management board, Banka Slovenije may conduct an oral interview, at which it invites a candidate for management board membership to present in detail circumstances that in Banka Slovenije's opinion are important to its decision to grant the authorisation.

(2) An audio recording shall be made of the interview. The panel shall inform the candidate that the interview will be recorded before the interview begins. The recording shall include the following information: the name of the attending official, the composition of the panel, the place, date and time of the interview, the matter at hand and information used to identify the candidate and other persons present during the interview. It shall be clear from the recording who gave a particular statement.

(3) Based on the audio recording, the attending official shall draw up a report that includes a summary of the interview. The report shall state that the interview was recorded using an audio recording device, that the candidate and others in attendance were informed of the recording, that a copy of the recording was made at the candidate's request, and the place where the recording is stored, if it does not accompany the report.

(4) The attending official referred to in the previous paragraph shall draw up the report within eight days of the interview. The candidate shall have the right to review the report and to object in writing to possible inaccuracies therein during the next three days.

(5) The Governing Board of Banka Slovenije shall decide on the candidate's objection via a resolution. The resolution on the candidate's objection shall not be subject to special judicial review.

(6) Banka Slovenije shall store the audio recording of the interview until a final decision is made on the request for the granting of the authorisation to perform the function of a member of a bank's management board. Banka Slovenije shall then destroy the recording.

Article 44 (decision on request to perform function of member of management board)

(1) Based on the request, documentation and presentation of the candidate for membership of a management board, Banka Slovenije shall assess the fulfilment of the conditions set out in the first paragraph of Article 35, the first paragraph of Article 38 and Article 40 of this Act, in particular with regard to the adequacy of the selection and appointment process conducted by the bank, and with regard to the strategy submitted by the candidate for the sound and prudent management of the bank's operations.

(2) Banka Slovenije shall obtain the information that it requires for its decision to grant the authorisation to perform the function of a member of a management board *ex officio* from the competent government authorities or holders of public authorisations, free of charge. In order to assess the reputation and experience of a specific candidate, Banka

Slovenije shall also obtain information processed by the European Banking Authority with regard to measures and sanctions potentially imposed by other competent authorities.

(3) With regard to a request for the granting of an authorisation to perform the function of a member of the management board of a bank that is included in the supervision of a Member State bank on a consolidated basis in accordance with this Act, Banka Slovenije shall consult with the competent authorities of Member States included in the supervision on a consolidated basis, if the decision to grant the authorisation affects or could affect the performance of tasks by the Member State's competent authority in connection with the Member State bank.

(4) If Banka Slovenije determines, based on the notification from a bank referred to in the fourth paragraph of Article 37 of this Act in connection with the appointment of a member to the bank's management board, that the bank has failed to act in accordance with this Act or its internal rules during the selection and assessment of the suitability of a candidate, Banka Slovenije shall deny the candidate's request and shall order the bank to repeat the selection process for the candidate for membership of the bank's management board.

Article 45 **(refusal of request for authorisation to perform function of member of management board)**

(1) Banka Slovenije shall refuse a request for the granting of an authorisation to perform the function of a member of a bank's management board if the candidate in question does not fulfil the conditions for appointment to such a function set out in Article 40 of this Act.

(2) If there are no grounds for refusing the request referred to in the previous paragraph at the time of the decision to grant the authorisation to perform the function of a member of a bank's management board, but the obstacles to the performance of the function set out in Article 38 of this Act exist because the candidate in question holds directorships at other undertakings and organisations, Banka Slovenije shall grant the authorisation to perform the function of a member of a bank's management board and shall set a deadline of no less than 30 days and no more than three months by which the management board member must comply with the requirements of Article 38 of this Act.

(3) In the case referred to in the previous paragraph, the management board member may begin to perform their function when the requirements of Article 38 of this Act have been met and Banka Slovenije has been informed accordingly.

Article 46 **(termination of authorisation to perform function of member of bank's management board)**

(1) An authorisation to perform the function of a member of a bank's management board shall be terminated if:

1. the person's function as a member of the bank's management board to which the authorisation relates is terminated; or
2. the member of the management board fails to comply with the requirements of Article 38 of this Act by the deadline set out in the decision on the granting of the authorisation to perform the function of management board member.

(2) In the cases set out in the previous paragraph, the bank shall inform Banka Slovenije, or the European Central Bank whenever the latter performs the tasks set out in point (e) of Article 4(1) of Regulation 1024/2013 in the supervision of the bank in accordance with the aforementioned regulation, within five working days of the person's function as a member of the management board being terminated.

(3) Banka Slovenije shall issue a declaratory decision in the cases set out in the first paragraph of this article.

Article 47 **(duties and responsibilities of management board members)**

(1) The members of a bank's management board shall fulfil the conditions set out in Article 40 of this Act at all times while performing their function, and shall:

1. act with the requisite professional diligence and, in particular, ensure that the bank's management board functions in accordance with Article 156 of this Act;
2. act in an open, fair and independent manner to effectively assess the decisions of senior management in connection with the management of the bank, and effectively supervise and monitor decisions in connection with the bank's governance;
3. act in accordance with the highest ethical standards of governance, taking into account the prevention of conflicts of interest; and
4. dedicate sufficient time to their function as management board member, so that they may perform that function effectively, having regard for the requirements of Article 38 of this Act.

(2) Membership of the management or supervisory bodies of affiliated undertakings or related entities shall not *per se* be a barrier to acting independently within the framework of point 2 of the previous paragraph.

(3) Members of a bank's management board shall ensure that the bank operates in accordance with:

1. the acts referred to in the second paragraph of Article 9 of this Act;
2. other acts governing the provision of services and the execution of transactions by the bank, and regulations issued on the basis thereof; and
3. the requisite professional diligence and the highest level of ethical standards, as well as rules governing best business practices and consumer protection.

(4) The members of a bank's management board shall be jointly and severally liable for damage that arises as a result of a breach of their duties referred to in the first paragraph of this article, unless they prove that they avoided conflicts of interest and acted in accordance with regulations and due professional diligence while discharging their duties in the management of the bank's operations.

Article 48 **(notification of supervisory board and management board)**

(1) A member of a bank's management board shall inform the supervisory board and Banka Slovenije, or the European Central Bank whenever the latter performs the tasks set out in point (e) of Article 4(1) of Regulation 1024/2013 in the supervision of the bank in accordance with the aforementioned regulation, in writing without delay of their appointment to or termination of a directorship at another undertaking or organisation, for the purposes of verifying the conditions set out in Article 38 of this Act.

(2) A member of a bank's management board shall inform the management board and supervisory board without delay of circumstances that could result in conflicts of interest during the performance of their function as a member of the bank's management board, and of other circumstances that could affect the fulfilment of conditions for appointment as a member of the bank's management board in accordance with this Act, including any material change that affects or could affect the bank's assessment of their suitability as member of the management board.

Article 49
(verification of fulfilment of conditions to perform function of member of bank's management board)

(1) Banka Slovenije may conduct a repeat suitability assessment at any time during the function of a member of a management board, verifying whether the management board member fulfils the conditions set out in Article 40 and the duties set out in Article 47 of this Act, and shall request information, evidence and clarifications to this end (hereinafter: repeat suitability assessment).

(2) A repeat suitability assessment shall be conducted if Banka Slovenije identifies facts and circumstances that affect the fulfilment of the conditions for a management board member set out in Article 40 or the duties of a management board member set out in Article 47 of this Act, in particular when it can reasonably be presumed that money laundering or terrorist financing is occurring or has occurred, or there has been an attempt at money laundering or terrorist financing, or there is increased risk of money laundering or terrorist financing in connection with the bank.

(3) Within the framework of the repeat suitability assessment, Banka Slovenije may decide to conduct an oral interview, at which it invites the management board member to present the circumstances that in Banka Slovenije's opinion are relevant to assessing the fulfilment of the prescribed conditions and duties.

(4) Article 43 of this Act shall apply to the oral interview in the cases referred to in the previous paragraph.

3.4.3 Supervisory board

Article 50
(competences of bank's supervisory board)

In addition to the competences of a supervisory board in accordance with the ZGD-1, a bank's supervisory board shall also have the following competences:

1. granting consent to the management board with regard to defining the bank's business policy;
2. granting consent to the management board with regard to defining the bank's financial plan;
3. granting consent to the management board with regard to defining the organisation of the internal control system;
4. granting consent to the management board with regard to defining the internal audit department's framework annual work programme;
5. overseeing the suitability of procedures and the effectiveness of the work of the internal audit department;

6. granting consent for the appointment and dismissal of the head of the internal audit department;
7. adopting the basic principles of remuneration policies and supervising their implementation;
8. discussing the findings of Banka Slovenije, or the European Central Bank when the latter is exercising supervisory powers and tasks over the bank in accordance with Regulation 1024/2013, the findings of other authorities when those findings relate to the bank, and the findings of the tax inspectorate and other supervisory authorities during the supervision of the bank;
9. reviewing the annual report and other financial reports, and producing a related written report for the bank's general meeting of shareholders;
10. explaining to the general meeting of shareholders its opinion of the annual internal audit report and its opinion of the management board's annual report; and
11. deciding on other matters set out by this Act.

Article 51 **(supervisory board committees)**

(1) A bank's supervisory board shall appoint an audit committee and a risk committee.

(2) At the request of a bank that is not designated as a significant bank, Banka Slovenije may permit the merging of the risk committee and the audit committee into a single committee, provided that the members of the merged committee have the knowledge, skills and experience required for members of an audit committee and a risk committee.

(3) The risk committee shall have a chair and at least two other members who serve as members of the supervisory board. The chair and other members of the risk committee shall possess the requisite knowledge, skills and experience for the comprehensive understanding and monitoring of the bank's risk management strategy and its risk appetite.

(4) The supervisory board of a significant bank shall also appoint a remuneration committee and a nomination committee.

(5) The supervisory board's committees shall comprise a chair and at least two other members. Notwithstanding the provisions of the ZGD-1 and the ZSDU, only members of the bank's supervisory board shall serve as members of its committees.

(6) A bank's management board shall ensure that the supervisory board's committees are adequately staffed and receive sufficient financial resources to perform their tasks, including the possibility of hiring external advisers.

Article 52 **(nomination committee's tasks)**

(1) The nomination committee shall serve as an advisory body to the supervisory board and shall perform the following tasks:

1. select and recommend to the supervisory board candidates for membership of the management board, and select and recommend to the bank's general meeting of shareholders candidates for membership of the supervisory board, having regard for the policies on the selection of suitable candidates referred to in the second paragraph of Article 35 of this Act;

2. define the tasks and required conditions for a specific appointment, including an assessment of the time commitment envisaged for the performance of the function in question;
3. define the target number of an under-represented gender on the management board or supervisory board, and draw up the corresponding policy for how to increase the number of members of an under-represented gender to achieve that target;
4. assess the size, structure and performance of the management board and supervisory board at least once a year, and draw up a report detailing potential changes;
5. assess the knowledge, skills and experience of individual members of the management board and supervisory board and the management body as a whole at least once a year, and report to the supervisory board and management board accordingly;
6. regularly review the management board's policy for the selection and appointment of suitable candidates for the bank's senior management, and draw up a report detailing potential changes; and
7. actively contribute to the fulfilment of the bank's obligation to adopt appropriate policies on the assessment of the suitability of members of the management body.

(2) In performing its tasks, the nomination committee shall endeavour to ensure that an individual or group of individuals does not prevail in such a way that would harm the interests of the bank when making decisions within the framework of the management body.

(3) At a bank without a nomination committee, the tasks set out in the first paragraph of this article shall be performed by the supervisory board.

Article 53 (risk committee's tasks)

The risk committee shall serve as an advisory body to the supervisory board and shall perform the following tasks:

1. provide advice regarding the bank's current and future risk appetite and regarding its risk management strategy;
2. provide assistance in the supervision of senior management with respect to the implementation of the risk management strategy;
3. verify, without encroaching on the tasks of the remuneration committee, whether the forms of incentive provided for by the remuneration system take into account the risks, capital, liquidity and likelihood and allocation of the bank's revenue with the aim of formulating prudent remuneration policies and practices; and
4. verify whether the prices of the bank's products are fully compatible with the bank's business model and risk management strategy, and formulate proposed measures for the elimination of identified discrepancies and submit those measures to the bank's management board and supervisory board.

Article 54 (remuneration committee's tasks)

(1) The remuneration committee shall serve as an advisory body to the supervisory board and shall perform the following tasks:

1. undertake technical and independent assessments of remuneration policies and practices, and formulate initiatives for measures on the basis thereof with the aim of improving the bank's risk management, capital and liquidity;
2. draw up proposals for decisions by the management body regarding the remuneration of employees, including remuneration that impacts the risks to which the bank is exposed and its risk management; and

3. control the remuneration of members of the senior management who perform risk management functions, and ensure compliance.

(2) In drafting the proposals referred to in the previous paragraph, the remuneration committee shall take into account the long-term interests of shareholders, investors and other stakeholders.

(3) At a bank without a remuneration committee, the tasks set out in the first paragraph of this article shall be performed by the supervisory board.

Article 55 **(conditions for appointment as member of bank's supervisory board)**

- (1) A person may be appointed as a member of a bank's supervisory board if:
1. they possess the knowledge, skills and experience required to supervise and monitor the management of the operations of a bank or an undertaking of comparable size and activity to those of a bank, or other comparable business;
 2. they enjoy the reputation and possess the traits required to supervise the management of the bank's operations, and their conduct does not raise doubt about their ability to ensure the safe and prudent supervision of the management of the bank's operations in accordance with professional diligence and the highest ethical standards, and the prevention of conflicts of interest; and
 3. they are not in breach of the third paragraph of Article 38 of this Act, or assurances have been given that the candidate will meet these requirements by the deadline set out in the second paragraph of Article 60 of this Act.

(2) A person is deemed not to enjoy the reputation and possess the traits required to supervise the management of a bank's operations if they have been finally convicted of a criminal offence and the conviction has not yet been expunged.

Article 56 **(performance of function of member of bank's supervisory board)**

(1) The function of a member of a bank's supervisory board may only be performed by persons who have obtained the requisite authorisation in accordance with this Act.

(2) The general meeting shall make a decision regarding the appointment of an individual as member of a bank's supervisory board before that person submits a request for the granting of the authorisation to perform that function. To this end the general meeting shall also be briefed on the assessment of the nomination committee regarding the suitability of the person for membership of the bank's supervisory board.

(3) A resolution by the bank's supervisory board on the appointment of an individual as member of the supervisory board shall take effect:

1. under a suspensive condition that arises if such a person obtains an authorisation to perform that function; and
2. under a resolutive condition that arises:
 - if the bank fails to submit a request for the granting of the authorisation to perform that function within 15 days of receiving the resolution on their appointment as a member of the bank's supervisory board, or if it withdraws the request; or
 - if the request for the granting of the authorisation to perform the function as a member of a bank's supervisory board is denied or refused.

(4) A member of a bank's supervisory board may be entered in the companies register when they obtain the authorisation to perform the function of a member of the bank's supervisory board, unless they are appointed as an alternate member of the supervisory board in accordance with the fifth paragraph of this article.

(5) In the event that an individual supervisory board member's function ceases or if due to other circumstances they do not or likely will not perform their function as a member of a bank's supervisory board for more than two months in total and the bank's supervisory board therefore does not have a sufficient number of members, the general meeting shall appoint a new member to the supervisory board at the earliest opportunity (hereinafter: alternate member of the supervisory board). The general meeting shall take into account the conditions set out in the previous article when appointing an alternate member of the supervisory board.

(6) Notwithstanding the first paragraph of this article, an alternate member of the supervisory board may perform the function of a member of the bank's supervisory board without the requisite authorisation for a maximum of six months from the day of their appointment.

(7) The provisions of the fourth to sixth paragraphs of this article shall apply *mutatis mutandis* to a member of the supervisory board appointed by the court in accordance with Article 256 of the ZGD-1.

Article 57

(request for authorisation to perform function of member of bank's supervisory board)

(1) A bank shall attach the following to its request for the granting of an authorisation to perform the function of a member of the bank's supervisory board:

1. the candidate's personal data; and
2. evidence of the fulfilment of the conditions set out in Article 55 of this Act.

(2) The request for the granting of an authorisation to perform the function of a member of a bank's supervisory shall be submitted to Banka Slovenije. Whenever the supervisory powers and tasks set out in point (e) of Article 4(1) of Regulation 1024/2013 are being exercised by the European Central Bank in connection with the bank in question, the procedure shall continue in accordance with the aforementioned regulation.

(3) Banka Slovenije shall obtain the information about other directorships referred to in Article 38 of this Act and information about the circumstances referred to in the second paragraph of Article 55 of this Act from the candidate for membership of the bank's supervisory body, or from the competent government authorities or official records.

(4) Based on the request for the granting of an authorisation to perform the function of a member of the bank's supervisory board, Banka Slovenije may request that the bank and, when appropriate, the body responsible for the selection and appointment of a workers' representative on the supervisory board submit to it an assessment of the candidate's suitability by a specific deadline.

Article 58

(oral interview)

(1) As part of the procedure of granting the authorisation to perform the function of a member of a bank's supervisory board, Banka Slovenije may conduct an oral interview, at

which a candidate for supervisory board membership is invited to present in detail circumstances that in Banka Slovenije's opinion are important to its decision to grant the authorisation.

(2) Article 43 of this Act shall apply *mutatis mutandis* to the oral interview referred to in the previous paragraph.

Article 59 **(decision on request to perform function of member of supervisory board)**

(1) Based on the request, documentation and presentation of the candidate for membership of the supervisory board, Banka Slovenije shall assess the fulfilment of the conditions set out in the first paragraph of Article 35, the first paragraph of Article 38 and Article 55 of this Act.

(2) Banka Slovenije shall obtain the information that it requires for its decision to grant the authorisation to perform the function of a member of a supervisory board *ex officio* from the competent government authorities or holders of public authorisations, free of charge. In order to assess the reputation and experience of a specific candidate, Banka Slovenije shall also obtain information processed by the European Banking Authority with regard to measures and sanctions potentially imposed by other competent authorities.

(3) With regard to a request for the granting of an authorisation to perform the function of a member of the supervisory board of a bank that is included in the supervision of a Member State bank on a consolidated basis in accordance with this Act, Banka Slovenije shall consult with the competent authorities of Member States included in the supervision on a consolidated basis, if the decision to grant the authorisation affects or could affect the performance of tasks by the Member State's competent authority in connection with the Member State bank.

Article 60 **(refusal of request for authorisation to perform function of member of bank's supervisory board)**

(1) Banka Slovenije shall refuse a request for the granting of an authorisation to perform the function of a member of a bank's supervisory board if the candidate in question does not fulfil the conditions for appointment to such a function set out in Article 55 of this Act.

(2) If there are no grounds for refusing the request referred to in the previous paragraph at the time of the decision to grant the authorisation to perform the function of a member of a bank's supervisory board, but the obstacles to the performance of the function set out in Article 38 of this Act exist because the candidate in question holds directorships at other undertakings and organisations, Banka Slovenije shall grant the authorisation to perform the function of a member of a bank's supervisory board and shall set a deadline of no less than 30 days and no more than three months by which the supervisory board member must comply with the requirements of Article 38 of this Act.

(3) In the case referred to in the previous paragraph, the supervisory board member may begin to perform their function when the requirements of Article 38 of this Act have been met and Banka Slovenije has been informed accordingly.

Article 61

(termination of authorisation to perform function of member of bank's supervisory board)

(1) An authorisation to perform the function of a member of a bank's supervisory board shall be terminated if:

1. the person's function as a member of the bank's supervisory board to which the authorisation relates is terminated; or
2. the member of the supervisory board fails to comply with the requirements of Article 38 of this Act by the deadline set out in the decision on the granting of the authorisation to perform the function of supervisory board member.

(2) In the cases set out in the previous paragraph, the bank shall inform Banka Slovenije, or the European Central Bank whenever the latter performs the tasks set out in point (e) Article 4(1) of Regulation 1024/2013 in the supervision of the bank in accordance with the aforementioned regulation, within five working days of the person's function as a member of the supervisory board being terminated.

(3) Banka Slovenije shall issue a declaratory decision in the cases set out in the first paragraph of this article.

**Article 62
(duties and responsibilities of supervisory board members)**

(1) The members of a bank's supervisory board shall fulfil the conditions for appointment set out in Article 55 of this Act at all times while performing their function, and shall:

1. act with the requisite professional diligence and, in particular, ensure that the bank's supervisory board functions in accordance with Article 157 of this Act;
2. act in an open, fair and independent manner to effectively monitor and supervise the decisions of the management board and senior management in connection with the management of the bank, and effectively supervise and monitor decisions in connection with the bank's governance;
3. act in accordance with the highest ethical standards of governance, taking into account the prevention of conflicts of interest; and
4. dedicate sufficient time to their function as supervisory board member, so that they may perform that function effectively, having regard for the requirements of Article 38 of this Act.

(2) Membership of the management or supervisory bodies of affiliated undertakings or related entities shall not *per se* be a barrier to acting independently within the framework of point 2 of the previous paragraph.

(3) The members of a bank's supervisory board shall be jointly and severally liable for damage that arises as a result of the breach of their duties, unless they prove that they avoided conflicts of interest and acted in accordance with regulations and due professional diligence while discharging their duties in the supervision of the management of the bank's operations.

**Article 63
(notification from member of bank's supervisory board)**

(1) A member of a bank's supervisory board shall inform the bank, the supervisory board and Banka Slovenije, or the European Central Bank whenever the latter performs the

tasks set out in point (e) of Article 4(1) of Regulation 1024/2013 in the supervision of the bank in accordance with the aforementioned regulation, in writing without delay of their appointment to or termination of a directorship at another undertaking or organisation, for the purposes of verifying the conditions set out in Article 38 of this Act.

(2) A member of a bank's supervisory board shall inform the supervisory board without delay of circumstances that result in a conflict of interest during the performance of their function as a member of the bank's supervisory board, and of other circumstances that could affect the fulfilment of conditions for appointment as a member of the bank's supervisory board in accordance with this Act, including any material change that affects or could affect the bank's assessment of their suitability as member of the supervisory board.

Article 64

(verification of conditions to perform function of member of bank's supervisory board)

(1) Banka Slovenije may conduct a repeat suitability assessment at any time during the function of a member of a supervisory board, verifying whether the supervisory board member fulfils the conditions set out in Article 55 and the duties set out in Article 62 of this Act, and shall request information, evidence and clarifications to this end (hereinafter: repeat suitability assessment for a supervisory board member).

(2) A repeat suitability assessment for a supervisory board member shall be conducted if Banka Slovenije identifies facts and circumstances that affect the fulfilment of the conditions for a supervisory board member set out in Article 55 or the duties of a supervisory board member set out in Article 62 of this Act, in particular when it can reasonably be presumed that money laundering or terrorist financing is occurring or has occurred, or there has been an attempt at money laundering or terrorist financing, or there is increased risk of money laundering or terrorist financing in connection with the bank.

(3) Within the framework of the repeat suitability assessment for a supervisory board member, Banka Slovenije may decide to conduct an oral interview, at which it invites the supervisory board member to present the circumstances that in Banka Slovenije's opinion are relevant to assessing the fulfilment of the prescribed conditions set out in Article 55 and the duties set out in Article 62 of this Act.

(4) Article 43 of this Act shall apply to the oral interview in the cases referred to in the previous paragraph.

3.4.4 Secondary legislation in connection with the functioning of the management body

Article 65

(regulations on management body)

Banka Slovenije shall prescribe:

1. detailed rules with regard to the functioning of the management body and its committees, and with regard to the conduct of its members in accordance with the relevant standards of professional diligence, the highest ethical standards and the prevention of conflicts of interest;
2. the detailed content of the criteria for assessing the suitability of candidates to perform the function of a member of a management board, and the detailed content of documentation submitted by a candidate for membership of a bank's management board with their request for the granting of an authorisation to perform the function of a member

- of a bank's management board in connection with the fulfilment of the conditions set out in Article 40 of this Act; and
3. the detailed content of criteria for assessing the suitability of candidates to perform the function of member of a bank's supervisory board, and the detailed content of documentation that must be submitted together with the request for the granting of an authorisation to perform the function of a member of a bank's supervisory board in connection with the fulfilment of the conditions set out in Article 55 of this Act.

3.5 Shareholders' agreements and qualifying holdings

Article 66 (shareholders' agreement)

A bank's shareholders who jointly own shares based on which they fall short of a qualifying holding in the bank and who enter into an agreement on the coordinated exercise of management entitlements deriving from such shares (hereinafter: shareholders' agreement) shall notify Banka Slovenije accordingly within eight days of the conclusion of such an agreement.

Article 67 (acquisition of qualifying holding)

(1) Any person intending to acquire bank shares in order to achieve or exceed a qualifying holding (hereinafter: future qualifying holder) shall obtain an authorisation from Banka Slovenije prior to acquiring such a holding in a bank (hereinafter: authorisation to acquire a qualifying holding) in accordance with this Act.

(2) Persons who have agreed to act in concert to acquire bank shares with the aim of concluding a shareholders' agreement (hereinafter: future joint qualifying holders) and who intend to acquire a holding, on the basis of which they would together achieve or exceed a qualifying holding, shall obtain an authorisation to acquire a qualifying holding prior to the acquisition thereof.

(3) Shareholders who together already hold a bank's shares on the basis of which they achieve or exceed a qualifying holding in that bank and who intend to conclude a shareholders' agreement (hereinafter: qualifying shareholders' agreement) shall obtain an authorisation to acquire a qualifying holding prior to concluding such an agreement.

(4) Parties to a qualifying shareholders' agreement with an authorisation to acquire a qualifying holding shall obtain a new authorisation to acquire a qualifying holding prior to any further acquisition of bank shares based on which their joint holding would exceed the range set out in Article 77 of this Act to which a previously issued authorisation to acquire a qualifying holding relates.

(5) The previous paragraph shall also apply *mutatis mutandis* when a new party intends to join the shareholders' agreement.

(6) Unless proven otherwise, the following entities are deemed to act in concert as future joint qualifying holders or are deemed to have concluded a shareholders' agreement:

1. members of a management or supervisory body with legal persons at which they perform such a function;
2. persons who are related as immediate family members;
3. an asset management company and the investment funds managed by that company;

4. persons attending a bank's general meeting:
 - who proposed the adoption of a resolution on the appointment or dismissal of members of the management body, or another resolution adopted in accordance with the ZGD-1 with a majority of at least three-quarters of represented share capital, and
 - who achieved the passing of such a resolution by exercising their voting rights or in some other way.

(7) The provisions of this Act governing the acquisition of a qualifying holding and the rights and obligations of an individual qualifying holder shall also apply *mutatis mutandis* to future joint qualifying holders and to shareholders who intend to conclude a qualifying shareholders' agreement.

Article 68 **(other cases of acquisition of qualifying holding in bank)**

(1) A person who intends to conclude an agreement based on corporate law or another legal transaction based on which they will become the parent entity of a bank shall obtain an authorisation to acquire a qualifying holding, regardless of whether they are already one of the bank's shareholders and notwithstanding the proportion of the bank's shares that they hold, prior to concluding the aforementioned legal transaction.

(2) The provisions of this Act governing the acquisition of a qualifying holding and the rights and obligations of an individual qualifying holder shall also apply *mutatis mutandis* to the person referred to in the previous paragraph.

Article 69 **(determination of qualifying holding)**

(1) All bank shares with voting rights shall be taken into account as the basis for determining a qualifying holding based on voting rights, including own shares and shares for which the exercise of voting rights is limited based on law or the bank's articles of association in accordance with the law.

(2) When determining the qualifying holding of an individual (hereinafter: potential qualifying holder) based on voting rights, the voting rights attached to the following shares shall be taken into account:

1. those whose holder is a potential qualifying holder on their own account;
2. those whose holder is a third party with whom the potential qualifying holder concluded an agreement that binds the contracting parties to implement a bank's permanent common governance policy through the coordinated exercise of voting rights;
3. those whose holder is a third party with whom the potential qualifying holder concluded an agreement based on which the exercise of voting rights was temporarily transferred to that person in return for payment;
4. those that have been temporarily transferred to a potential qualifying holder as collateral, if they control the voting rights attached to these shares and if they express the intention to exercise those rights;
5. those with regard to which a potential qualifying holder has the right to benefit;
6. those whose holder is a subsidiary of a potential qualifying holder, or based on which a subsidiary of a potential qualifying holder may exercise voting rights within the meaning of points 2 to 5 of this paragraph;
7. those whose holder is a potential qualifying holder on behalf of a third party, and based on which they may exercise their voting right at their own discretion if they do not receive appropriate instructions from that third party;

8. those whose holder is a third party on their own behalf and for the account of a potential qualifying holder; and
9. those based on which a potential qualifying holder may exercise voting rights as a proxy, and which they may exercise at their own discretion if they do not receive appropriate instructions from their holder.

(3) All shares to which a bank's share capital was allocated, including own shares, shall be taken into account as the basis for determining a qualifying holding based on participation in capital.

(4) Points 1, 2, 3, 5, 6 and 8 of the second paragraph of this article shall apply *mutatis mutandis* in the determination of the qualifying holding of a specific qualifying holder on the basis of participation in capital.

Article 70

(exceptions in determination of qualifying holding)

(1) The following shares shall not be taken into account when determining a qualifying holding:

1. shares that a potential qualifying holder has acquired exclusively for settlement in a typically short settlement period; and
2. shares that a potential qualifying holder has acquired on behalf of a third party in connection with the provision of custody services, if they may exercise the voting rights attached to these shares based solely on instructions in writing or electronic form provided by the person on whose behalf they hold them.

(2) When determining the qualifying holding of an undertaking that is the parent of an asset management company, the investments of collective investment undertakings in bank shares that, under the conditions set out in the law governing the operation of investment funds or in the act of the home Member State of the asset management company by which Directive 2009/65/EC was transposed into the laws of that country, are managed by the asset management company shall not be taken into account, if the asset management company exercises the voting rights attached to these shares independently of the parent undertaking.

(3) The previous paragraph shall not apply if:

1. the parent undertaking or its subsidiary is a holder of bank shares with voting rights managed by an asset management company; and
2. the asset management company may not exercise voting rights attached to these shares at its own discretion, but only according to the direct or indirect instructions of the parent undertaking or its subsidiary.

(4) In the determination of the qualifying holding of an undertaking that is the parent of an investment firm that, in accordance with the law governing the market in financial instruments or the act in the home Member State of the investment firm by which Directive 2014/65/EU was transposed into the laws of that country, is entitled to provide investment services and activities, the holdings from investments in bank shares managed by the investment firm as part of its portfolio management services within the meaning defined in the law governing the market in financial instruments shall not be taken into account when the following conditions are met:

1. the investment firm holds the requisite authorisation from the competent authority to provide the investment service of portfolio management;
2. the investment firm:

- may either exercise the voting rights attached to investments in bank shares based solely on instructions in writing or electronic form provided by the client on whose behalf they manage them, or
 - through the application of appropriate measures, it has ensured conditions that are equivalent to the conditions set out in the law governing investment funds in order to provide portfolio management services independently from other services and activities provided by the investment firm; and
3. the investment firm exercises voting rights independently of the parent undertaking.

(5) The previous paragraph shall not apply if:

1. the parent undertaking or its subsidiary is a holder of bank shares with voting rights managed by the investment firm; and
2. the investment firm may not exercise the voting rights attached to these shares at its own discretion, but only according to the direct or indirect instructions of the parent undertaking or its subsidiary.

(6) In the determination of the qualifying holding of a bank, Member State bank or investment firm, the shares that this bank, Member State bank or investment firm has acquired from the execution of initial and subsequent offerings of financial instruments on a firm commitment basis in accordance with the law governing the market in financial instruments or the act of the other Member State by which Directive 2014/65/EU is transposed into the laws of that Member State, shall not be taken into account when the following conditions are met:

1. the bank, Member State bank or investment firm is entitled to provide investment services in accordance with the law governing the market in financial instruments or the act of the other Member State by which Directive 2014/65/EU is transposed into the laws of that Member State;
2. the bank, Member State bank or investment firm does not exercise the voting rights attached to the shares and does not exercise other management entitlements arising from the shares in a manner that would affect the management of the bank's operations; and
3. the bank, Member State bank or investment firm disposes of the shares within one year of acquisition.

Article 71

(request for authorisation to acquire qualifying holding)

(1) A request for the granting of an authorisation to acquire a qualifying holding shall be submitted to Banka Slovenije, and shall include the following:

1. the level of participation in the voting rights or capital of the bank that the future qualifying holder intends to acquire; and
2. documentation and information confirming that the future qualifying holder satisfies the criteria prescribed by this Act.

(2) A resolution on the rectification of deficiencies in the request for the granting of an authorisation to acquire a qualifying holding shall be issued by Banka Slovenije within two working days of receiving the request.

(3) Banka Slovenije shall issue the applicant confirmation of the receipt of a complete request for the granting of an authorisation to acquire a qualifying holding within two working days.

(4) The deadline period set out in the previous paragraph shall be counted:

1. from the receipt of the request, if Banka Slovenije did not issue a resolution on the rectification of deficiencies by the deadline set out in the second paragraph of this article; or
2. from the receipt of the amended or corrected request, if Banka Slovenije issued a resolution on the rectification of deficiencies by the deadline set out in the second paragraph of this article and the applicant amended or corrected the request in accordance with that resolution by the deadline stated therein.

(5) Banka Slovenije may request that the applicant submit additional information or documents required to assess the suitability of a future qualifying holder (hereinafter: request for additional information or documents). Banka Slovenije may request additional information and documents from the applicant by no later than the fiftieth working day after the deadline set out in the third paragraph of this article.

(6) Banka Slovenije shall issue an applicant confirmation of the receipt of additional information or documents within two working days of the receipt thereof based on the former's request for additional information or documents.

(7) In the confirmation referred to in the third and sixth paragraphs of this article, Banka Slovenije shall state the date on which the deadline period set out in the first paragraph of Article 74 of this Act is counted from.

(8) Banka Slovenije shall forward a request for the granting of an authorisation to acquire a qualifying holding, including the additional information and documentation set out in the fifth paragraph of this article, to the European Central Bank in accordance with Article 15 and point (c) of Article 4(1) of Regulation 1024/2013, and shall inform the parties to the procedure accordingly. The procedure for deciding on the request shall continue in accordance with Regulation 1024/2013.

Article 72

(consultation with competent authorities and supervisory authorities)

(1) In connection with the assessment of the suitability of a qualifying holder based on the request referred to in the previous article, Banka Slovenije shall consult with the competent authority of a Member State, if the future qualifying holder is:

1. a bank, financial holding company or mixed financial holding company established in that Member State;
2. an insurance undertaking, reinsurance undertaking, investment firm or asset management company established in that Member State;
3. a parent undertaking to the entities referred to in points 1 and 2 of this paragraph; or
4. a legal person or natural person who controls entities referred to in points 1 and 2 of this paragraph.

(2) In connection with the assessment of the suitability of a qualifying holder based on the request referred to in the previous article, Banka Slovenije shall consult with a supervisory authority in the Republic of Slovenia or another Member State, if the future qualifying holder is:

1. an insurance undertaking, reinsurance undertaking, financial holding company, mixed financial holding company, investment firm or asset management company established in the Republic of Slovenia;
2. a parent undertaking to the entities referred to in the previous point; or
3. a legal person or natural person who controls entities referred to in point 1 of this paragraph.

(3) Banka Slovenije shall consult and exchange information with the competent authorities and supervisory authorities of Member States regarding the suitability of qualifying holders, and the reputation, knowledge, skills and experience of members of the management boards of undertakings within the same group, and other information required or important for determining whether a future qualifying holder meets the criteria prescribed by this Act.

(4) If a future qualifying holder is a supervised financial sector entity of a third country, the request for the granting of an authorisation to acquire a qualifying holding shall also be accompanied by the consent or opinion of the competent authority or supervisory authority, or by notification that no such consent or opinion is required in accordance with regulations applicable to the future qualifying holder in its country of establishment.

Article 73

(assessment of suitability of future qualifying holder)

(1) To ensure the sound and prudent management of the bank in which a future qualifying holder intends to acquire a qualifying holding, Banka Slovenije shall assess the suitability of the future qualifying holder on the basis of the following criteria, taking into account the influence that the future qualifying holder would likely have on the bank's management if the qualifying holding that is the subject of the request is acquired:

1. the reputation of the future qualifying holder;
2. the reputation, knowledge, skills and experience of all members of the management and supervisory bodies who will be afforded the opportunity to manage the bank or to otherwise influence the bank's operations if the future qualifying holder acquires the qualifying holding that is the subject of the request;
3. the financial soundness of the future qualifying holder, particularly in connection with the types of transactions that the bank executes or is planning; and
4. the likely consequences, should the future qualifying holder acquire the qualifying holding that is the subject of the request, for the bank's ability to act in accordance with risk management rules and to meet the requirements and restrictions set out in this Act, Regulation 575/2013 and other regulations that apply to the bank.

(2) When assessing the suitability of a future qualifying holder based on the criterion set out in point 4 of the previous paragraph, Banka Slovenije shall also assess the organisational structure, processes and systems within the group that the bank will become part of when the qualifying holding that is the subject of the request is acquired by the future qualifying holder, and the likely consequences for the possibility of effective supervision, the efficient exchange of information between the competent supervisory authorities, and the segregation of supervisory powers and responsibilities between the competent supervisory authorities.

(3) When assessing the suitability of a future qualifying holder, Banka Slovenije shall also assess whether there are any reasons to suspect:

1. that an act of money laundering or terrorist financing, as set out in the law governing the prevention of money laundering and terrorist financing has been or will be committed or an attempt to commit such an act has been or will be made in connection with the acquisition of the qualifying holding that is the subject of the request; or
2. that the acquisition in question will increase the risk of money laundering or terrorist financing as set out in the law governing the prevention of money laundering and terrorist financing.

(4) Banka Slovenije may not assess the suitability of a future qualifying holder in terms of the economic needs of the market.

(5) If Banka Slovenije processes two or more requests to acquire a qualifying holding in the same bank at the same time, it shall treat all the future qualifying holders in a non-discriminatory manner.

Article 74

(deadline for decision on request for authorisation to acquire qualifying holding)

(1) Notwithstanding the other provisions of this Act, a decision on a request for the granting of an authorisation to acquire a qualifying holding shall be issued within sixty working days.

(2) The deadline period referred to in the previous paragraph shall be counted:

1. from the issuance of confirmation, if Banka Slovenije issued the confirmation by the deadline set out in the third paragraph of Article 71 of this Act; or
2. from the deadline set out in the third paragraph of Article 71 of this Act, if Banka Slovenije did not issue the confirmation by that deadline.

(3) If prior to the deadline set out in the first paragraph of this article Banka Slovenije called on the applicant to make a statement on the grounds for the refusal of its request, the deadline period set out in the first paragraph of this article shall not be counted during the period between the service of Banka Slovenije's call and the deadline for the submission of the aforementioned statement, or the receipt of the statement if it was submitted by the deadline set out in the call.

(4) If Banka Slovenije issues a request for additional information or documents in accordance with the fifth paragraph of Article 71 of this Act, the deadline period set out in the first paragraph of this article shall not be counted between the issuance of the request for additional information or documents and the day when the applicant submits the requested additional information or documents, albeit for no more than 20 working days from the initial request being issued. A second request and subsequent requests issued by Banka Slovenije in accordance with the fifth paragraph of Article 71 of this Act shall not prevent the deadline period set out in the previous paragraph from being counted.

(5) Notwithstanding the previous paragraph, Banka Slovenije may decide in its first request for additional information or documents referred to in the fifth paragraph of Article 71 of this Act to suspend the counting of the deadline period set out in the first paragraph of this article for more than 20 working days, but for no more than 30 working days from the issuance of the request, if:

1. the future qualifying holder is a third-country entity; or
2. the future qualifying holder is not a credit institution, investment firm, asset management company, collective investment undertaking, insurance undertaking or reinsurance undertaking.

Article 75

(grounds for refusal of request for authorisation to acquire qualifying holding)

Banka Slovenije shall refuse a request for the granting of an authorisation to acquire a qualifying holding, if:

1. the future qualifying holder fails to satisfy the criteria set out in Article 73 of this Act;
2. it is likely that the bank's ability to act in accordance with risk management rules and to meet the requirements set out in this Act, Regulation 575/2013 and other regulations that apply to the bank will be compromised by the acquisition of the qualifying holding that is the subject of the request;

3. it is likely that effective supervision, the efficient exchange of information between the competent authorities and supervisory authorities, and the segregation of supervisory powers and responsibilities between the competent authorities and supervisory authorities will be hindered or made difficult by the acquisition of the qualifying holding that is the subject of the request;
4. it is suspected that an act of money laundering or terrorist financing as set out in the law governing the prevention of money laundering and terrorist financing will be committed or an attempt to commit such an act will be made in connection with the intended acquisition of the qualifying holding, or that the risk of money laundering or terrorist financing will increase as a result of the acquisition;
5. it is likely that effective supervision, the efficient exchange of information between the competent authorities and supervisory authorities, and the segregation of supervisory powers and responsibilities between the competent supervisory authorities will be hindered or made difficult in connection with a third-country future qualifying holder, having regard for the regulations in that person's country, or having regard from the practices in that person's country in the application and implementation of such regulations; and
6. the future qualifying holder fails to submit all the documentation and information required for the assessment of their suitability by the deadline set by Banka Slovenije in accordance with this Act.

Article 76

(decision on request for authorisation to acquire qualifying holding)

(1) A decision on a request for the granting of an authorisation to acquire a qualifying holding shall include reasoning with regard to the potential positions and concerns of the authorities referred to in Article 72 of this Act.

(2) A written copy of the decision to grant or refuse the authorisation to acquire a qualifying holding shall be issued and sent within two working days of the decision being made, and by no later than the deadline set out in the first paragraph of Article 74 of this Act, having regard for the possible suspension of the counting of the deadline period in accordance with the fourth and fifth paragraphs of Article 74 of this Act.

(3) If a written copy of the aforementioned decision is not issued in accordance with the previous paragraph by the deadline set out in the first paragraph of Article 74 of this Act, having regard for the possible suspension of the counting of the deadline period in accordance with the fourth and fifth paragraphs of Article 74 or the fifth paragraph of Article 84 of this Act, the applicant shall be deemed to have been granted the authorisation to acquire a qualifying holding on the day that the deadline passes.

(4) Notwithstanding the other provisions of this Act, an extract of the European Central Bank's decision to refuse a request for the granting of an authorisation to acquire a qualifying holding, including a summary of the grounds for that decision, shall be made available on a public website at the applicant's request. The extract of the European Central Bank's decision shall not include confidential information and data relating to other persons.

Article 77

(authorisation to acquire qualifying holding)

(1) An authorisation to acquire a qualifying holding shall set out the level of participation in the voting rights or capital of the bank for which the authorisation is being granted, in one of the following ranges:

1. participation in the voting rights or capital of the bank that is equal to or greater than the qualifying holding and less than 20%;
2. participation in the voting rights or capital of the bank that is equal to or greater than 20% and less than 1/3;
3. participation in the voting rights or capital of the bank that is equal to or greater than 1/3 and less than 50%;
4. participation in the voting rights or capital of the bank that is equal to or greater than 50%; or
5. participation based on which a future qualifying holder becomes the parent entity of a bank.

(2) A qualifying holder shall obtain a new authorisation to acquire a qualifying holding prior to any further acquisition of shares based on which they would exceed the range to which a previously granted authorisation to acquire a qualifying holding relates.

(3) Joint qualifying holders with a valid authorisation to acquire a qualifying holding shall obtain a new authorisation to acquire a qualifying holding prior to any further acquisition of bank shares based on which their joint holding would exceed the range to which a previously granted authorisation to acquire a qualifying holding relates.

Article 78 **(deadline for acquisition of holding to which authorisation relates)**

(1) A decision to grant an authorisation to acquire a qualifying holding may impose a deadline, which may not be less than six months, on a qualifying holder to acquire the bank shares based on which it exceeds the range for which the authorisation to acquire a qualifying holding was granted. That obligation may also be issued following the granting of the authorisation.

(2) The deadline set out in the previous paragraph may be extended at the request of the future qualifying holder, provided that the request is submitted prior to the deadline passing.

Article 79 **(invalidation of authorisation to acquire qualifying holding)**

(1) If a deadline has been set for the acquisition of bank shares in accordance with the first paragraph of the previous article, and the future qualifying holder fails to acquire the shares based on which it would achieve a qualifying holding by the aforementioned deadline, the authorisation shall be invalidated in its entirety.

(2) If a deadline has been set for the acquisition of bank shares in accordance with the first paragraph of the previous article, and the qualifying holder achieves a qualifying holding by that deadline but fails to achieve the range for which the authorisation was granted, the authorisation shall be invalidated in the part that exceeds the range achieved by the holder.

(3) If the qualifying holder, after having acquired a holding in the range for which the authorisation was granted, disposes of bank shares so that their participation in the voting rights or capital of the bank no longer achieves the range for which the authorisation was granted, the authorisation shall be invalidated in the part that exceeds the range that is achieved by the holder after the disposal of shares.

(4) The previous paragraph shall also apply *mutatis mutandis* if the holding of the qualifying holder is reduced due to an increase in share capital or other corporate actions by the bank.

(5) A declaratory decision shall be issued on the total or partial invalidation of the authorisation to acquire a qualifying holding.

Article 80 **(voting rights of ineligible holder)**

(1) The holder of bank shares that were acquired in contravention of this Act (hereinafter: ineligible holder) because the holder failed to obtain an authorisation to acquire a qualifying holding in accordance with this Act, or the authorisation was invalidated or withdrawn, shall have no voting rights in respect of those shares.

(2) The number of shares for which an ineligible holder may exercise their voting rights shall be calculated as follows:

1. by subtracting one share from the number of shares that represents a qualifying holding, if based on those shares the holder achieves or exceeds a qualifying holding without holding an authorisation to acquire a qualifying holding, or if the authorisation was withdrawn; or
2. by setting the number of shares equal to the number of shares that represents the upper limit of the range for which the holder holds a valid authorisation, if based on those shares the holder exceeds the range for which the authorisation to acquire a qualifying holding is valid.

(3) The voting rights that an ineligible holder is not entitled to exercise shall be added to the voting rights of other shareholders in proportion to their participation in all voting rights attached to the bank shares.

(4) If an ineligible holder submits a request for an authorisation to acquire a qualifying holding within one month of acquisition, and if the authorisation is granted, the holder shall acquire the voting rights attached to shares up to the number of shares that represents the upper limit of the range for which the authorisation was granted.

(5) The bank shall prevent an ineligible holder from exercising their voting rights referred to in the first paragraph of this article.

(6) The provisions of the first to fifth paragraphs of this article shall also apply *mutatis mutandis* if the holding of the qualifying holder is increased due to a reduction in share capital or other corporate actions by the bank. In the *mutatis mutandis* application of the provisions of the previous sentence, the one-month deadline for submitting a request for an authorisation to acquire a qualifying holding shall be counted from the day when the qualifying holder learns or could have learned that their holding has increased due to a corporate action of the bank.

Article 81 **(notifications in connection with qualifying holdings)**

(1) A bank shall notify Banka Slovenije without delay with regard to changes in circumstances that could lead to a change in an individual shareholder's holding, whereby that holding:

1. exceeds the limit of a qualifying holding or no longer achieves a qualifying holding; or

2. exceeds the upper limit of the range or falls below the lower limit of the range of the qualifying holding for which the qualifying holder has been granted an authorisation.

(2) A bank with shares that are traded on a regulated market shall notify Banka Slovenije at least once a year with regard to shareholders who hold a qualifying holding and with regard to those qualifying holdings.

(3) A bank shall notify Banka Slovenije without delay of the conclusion of a shareholders' agreement, or of arrangements and other circumstances in connection with future qualifying holders.

(4) If a qualifying holder who has obtained an authorisation to acquire a qualifying holding intends to dispose of bank shares such that they would no longer hold a qualifying holding or their holding would fall below the lower limit of the range to which the authorisation applies, they shall inform Banka Slovenije in advance accordingly.

(5) A qualifying holder shall notify Banka Slovenije without delay of any merger or demerger to which it is party, of any other change in status, and of any other change that affects the fulfilment of the suitability criteria set out in Article 73 of this Act.

(6) A parent financial holding company, parent mixed financial holding company or mixed-activity holding company that is in the position of parent undertaking vis-à-vis a bank in accordance with an authorisation to acquire a qualifying holding shall notify Banka Slovenije of any change in the members of their management body.

Article 82

(regulations on qualifying holders)

Banka Slovenije shall prescribe:

1. the detailed content of criteria for assessing the suitability of a future qualifying holder, and the detailed content of the documentation and information that must be attached to a request for the granting of an authorisation to acquire a qualifying holding; and
2. the detailed content and method for submitting the notifications referred to in the previous article.

3.6 Approval of financial holding companies and mixed financial holding companies

Article 83

(approval of financial holding company and mixed financial holding company)

(1) A parent financial holding company in the Republic of Slovenia, a parent mixed financial holding company in the Republic of Slovenia, an EU parent financial holding company and an EU parent mixed financial holding company whose supervision on a consolidated basis is the responsibility of Banka Slovenije shall be required to obtain an approval in accordance with this Act.

(2) Other financial holding companies or mixed financial holding companies established in the Republic of Slovenia shall be required to obtain an approval from Banka Slovenije in accordance with this Act when they are obliged to meet the requirements pursuant to this Act or Regulation 575/2013 on a subconsolidated basis.

(3) In the case referred to in the previous paragraph, the provisions of this section with regard to Banka Slovenije's powers as the consolidating supervisor shall apply *mutatis*

mutandis when Banka Slovenije is responsible for conducting supervision on a subconsolidated basis.

Article 84 **(request for approval of financial holding company and mixed financial holding company)**

(1) The request for the approval of a financial holding company or a mixed financial holding company referred to in the previous article shall be lodged with Banka Slovenije.

- (2) The request referred to in the previous paragraph shall contain:
1. details of the organisational structure of the group of which the financial holding company or mixed financial holding company is part, with a clear indication of its subsidiaries and, as necessary, its parent entities, and the location and type of business activities pursued by each entity in the group;
 2. information in connection with the appointment of at least two persons effectively directing the financial holding company or mixed financial holding company, including information about compliance with the requirements set out in Article 342 of this Act;
 3. if a bank is a subsidiary of a financial holding company or mixed financial holding company, information in connection with the shareholders and members with regard to:
 - a list of the persons who will obtain a qualifying holding in the bank, and the amount of each holder's qualifying holding, or a list of the bank's 20 largest shareholders and the amount of the participating interest that each shareholder will obtain;
 - the suitability of the shareholders and members of the bank in accordance with fulfilment of the criteria referred to in Article 73 of this Act;
 - a list of the persons who will have a close link to the bank, with a description of those relationships;
 4. details of the internal organisational structure and distribution of tasks within the group;
 5. all other information that might be required for an assessment of the approval in accordance with Article 85 of this Act or for an assessment in connection with the exemption from approval in accordance with Article 86 of this Act.

(3) For the assessment of the approval of a financial holding company or mixed financial holding company, Banka Slovenije may request the submission of additional information.

(4) An EU parent financial holding company or an EU parent mixed financial holding company referred to in the previous article that is established in another Member State shall also submit the request for approval together with the information referred to in the second paragraph of this article to the competent authority in that Member State.

(5) When Banka Slovenije is not the consolidating supervisor and the procedure for approval of a financial holding company or mixed financial holding company is being conducted in parallel with an assessment of suitability of the qualifying holder pursuant to Article 73 of this Act, Banka Slovenije shall as necessary coordinate with the consolidating supervisor and, if they differ, with the competent authority of the Member State where the financial holding company or mixed financial holding company is established. In this event the deadline period for assessment referred to in the fourth paragraph of Article 74 of this Act shall not be counted for more than 20 working days, until the procedure for approval of the financial holding company or mixed financial holding company has been completed.

Article 85

(conditions for approval)

(1) Banka Slovenije shall approve a financial holding company or mixed financial holding company if all of the following conditions are satisfied:

1. the internal arrangements and distribution of tasks within the group are adequate for the purpose of complying with the requirements set out by this Act and Regulation 575/2013 on a consolidated or subconsolidated basis, and in particular are effective for:
 - coordinating all the subsidiaries of the financial holding company or mixed financial holding company, including, where necessary, through an adequate distribution of tasks between subsidiary institutions,
 - preventing or managing intragroup conflicts, and
 - enforcing the group-wide policies set by the parent financial holding company or parent mixed financial holding company throughout the group;
2. the organisational structure of the group of which the financial holding company or mixed financial holding company is part does not obstruct or otherwise prevent the effective supervision of the subsidiary institutions or parent institutions as concerns the individual, consolidated and, where appropriate, subconsolidated obligations to which they are subject. The assessment of this criterion shall take into account, in particular:
 - the position of the financial holding company or mixed financial holding company in a multi-layered group,
 - the ownership structure, and
 - the role of the financial holding company or mixed financial holding company within a multi-layered group;
3. the qualifying shareholders and members of the bank satisfy the criteria referred to in Article 73 of this Act;
4. the close links do not prevent effective supervision;
5. the laws and other regulations of a third country applying to one or more of the legal and natural persons with a close link to the bank or difficulties in implementing the aforementioned laws and other regulations do not prevent effective supervision;
6. the persons effectively directing the financial holding company or mixed financial holding company comply with the requirements set out in Article 342 of this Act.

(2) Banka Slovenije shall refuse the approval of the financial holding company or mixed financial holding company if the conditions set out in the previous paragraph are not satisfied. Upon refusal Banka Slovenije may as necessary order any measure set out in Article 306 of this Act to ensure the continuity and integrity of consolidated supervision and ensure compliance with the requirements set out by this Act and Regulation 575/2013 on a consolidated basis.

(3) The provisions of Section 13.2 of this Act shall apply *mutatis mutandis* to the procedure for deciding on the approval of a financial holding company or mixed financial holding company.

Article 86

(exemption from approval of financial holding company or mixed financial holding company)

(1) On the basis of a request from a financial holding company or mixed financial holding company, Banka Slovenije shall exempt it from approval if all of the following conditions are satisfied:

1. the financial holding company's principal activity is to acquire holdings in subsidiaries or, in the case of a mixed financial holding company, its principal activity with respect to institutions or financial institutions is to acquire holdings in subsidiaries;

2. the financial holding company or mixed financial holding company has not been designated as a resolution entity in any of the group's resolution groups in accordance with the resolution strategy determined by Banka Slovenije pursuant to the law governing the resolution and compulsory winding-up of banks or Directive 2014/59/EU;
3. a subsidiary credit institution is designated as responsible for ensuring the group's compliance with prudential requirements on a consolidated basis and is given all the necessary means and legal authority to discharge those obligations in an effective manner;
4. the financial holding company or mixed financial holding company does not engage in taking management, operational or financial decisions affecting the group or its subsidiaries that are banks, institutions or financial institutions;
5. there is no impediment to the effective supervision of the group on a consolidated basis.

(2) Financial holding companies and mixed financial holding companies exempted from approval in accordance with the previous paragraph shall not be excluded from the perimeter of consolidation as set out by this Act, Directive 2013/36/EU and Regulation 575/2013.

(3) The request for exemption from approval of a financial holding company or a mixed financial holding company for supervision where Banka Slovenije is the consolidating supervisor shall be lodged with Banka Slovenije.

(4) An EU parent financial holding company or an EU parent mixed financial holding company referred to in Article 83 of this Act that is established in another Member State shall also submit the request for exemption from approval together with the information referred to in the first paragraph of this article to the competent authority in that Member State.

(5) The provisions of Section 13.2 of this Act shall apply *mutatis mutandis* to the procedure for deciding on the exemption of a financial holding company or mixed financial holding company.

Article 87 (notification of changes)

Financial holding companies and mixed financial holding companies shall notify Banka Slovenije immediately of any change in the organisational structure of the group as defined in point 1 of the second paragraph of Article 84 of this Act, and of any change that could affect compliance with the conditions set out in Articles 85 and 86 of this Act.

Article 88 (ongoing monitoring of compliance with conditions)

(1) As the consolidating supervisor Banka Slovenije shall monitor compliance with the conditions set out in Articles 85 and 86 of this Act on an ongoing basis. To this end Banka Slovenije may at any time request that a financial holding company or mixed financial holding company submit the necessary information and documentation.

(2) Banka Slovenije shall exchange the aforementioned information with the competent authority in the Member State in which the financial holding company or mixed financial holding company referred to in Article 83 of this Act is established.

(3) If Banka Slovenije as the consolidating supervisor determines that the financial holding company or mixed financial holding company no longer meets the conditions set out in the first paragraph of Article 85 of this Act, via an order it shall require the financial holding company or mixed financial holding company to ensure or restore the continuity and integrity of consolidated supervision and ensure compliance with the requirements under this Act and Regulation 575/2013 on a consolidated basis. In the order Banka Slovenije shall also impose supervisory measures referred to in Article 306 of this Act on the financial holding company or mixed financial holding company. In the application of supervisory measures in connection with a mixed financial holding company, their impact on the financial conglomerate shall be taken into account.

(4) When Banka Slovenije determines that the conditions for exemption under Article 86 of this Act are no longer being fulfilled, it shall issue a declaratory decision thereon (hereinafter: decision on the withdrawal of exemption from approval).

(5) In the decision on the withdrawal of exemption from approval referred to in this article Banka Slovenije shall set a deadline by which the financial holding company or mixed financial holding company is required to apply for the approval in accordance with Article 83 of this Act.

(6) Should the financial holding company or mixed financial holding company fail to request the approval referred to in Article 83 of this Act by the deadline stipulated in the decision on the withdrawal of exemption from approval, Banka Slovenije shall issue the financial holding company or mixed financial holding company with an order to restore compliance in accordance with Article 306 of this Act.

Article 89 **(cooperation with other competent authorities)**

(1) As the consolidating supervisor in connection with decisions on the approval of a financial holding company or mixed financial holding company referred to in the first or second paragraphs of Article 85 of this Act, on an exemption from approval referred to in the first paragraph of Article 86 of this Act and on supervisory measures referred to in the third paragraph of Article 88 and Article 306 of this Act, Banka Slovenije shall work closely and consult with the competent authority of the other Member State in which the financial holding company or mixed financial holding company is established.

(2) As the consolidating supervisor Banka Slovenije shall draw up an assessment in connection with the decisions referred to in the first and second paragraphs of Article 85, the first paragraph of Article 86, the third paragraph of Article 88 and Article 306 of this Act in the form of a proposal for a joint decision, and shall forward it to the competent authority of the Member State in which the financial holding company or mixed financial holding company is established. The two authorities shall do everything in their power to adopt a joint decision within two months of receiving the assessment from the competent authority.

(3) When Banka Slovenije is not the consolidating supervisor, but the competent authority of the Member State in which the financial holding company or mixed financial holding company is established, Banka Slovenije shall work with the consolidating supervisor on the joint decision with regard to the approval of the financial holding company or mixed financial holding company, the exemption from approval, and the application of supervisory measures. The two authorities shall do everything in their power to adopt a joint decision within two months of Banka Slovenije receiving the assessment from the consolidating supervisor.

(4) As the consolidating supervisor Banka Slovenije shall notify the financial holding company or mixed financial holding company of the joint decision, which shall be appropriately documented and reasoned.

(5) As the consolidating supervisor, in the event of disagreement with regard to a decision to which the obligation to consult applies in accordance with the first paragraph of this article, Banka Slovenije shall not adopt the decision, but shall refer the matter to the European Banking Authority in accordance with Article 19 of Regulation 1093/2010. The competent authorities in question shall adopt a joint decision in accordance with the European Banking Authority's decision. After two months have passed, or after the adoption of a joint decision, the matter may no longer be referred to the European Banking Authority.

(6) As the competent authority in the Member State in which the financial holding company or mixed financial holding company is established, in the event of disagreement during consultation Banka Slovenije shall refer the matter to the European Banking Authority in accordance with Article 19 of Regulation 1093/2010.

(7) If the person referred to Article 83 of this Act is a mixed financial holding company or EU mixed financial holding company established in the Republic of Slovenia, when adopting a decision or joint decision referred to in the first and second paragraphs of Article 85, the first paragraph of Article 86, the third paragraph of Article 88 and Article 306 of this Act as the consolidating supervisor or as the competent authority in the Member State in which the mixed financial holding company is established Banka Slovenije shall participate in obtaining the consent of the coordinator as set out in Articles 19, 20 and 21 of the ZFK or Article 10 of Directive 2002/87/EC. If the coordinator does not grant the consent referred to in the previous sentence or gives its active non-consent, Banka Slovenije or the other competent authority shall refer the request to the European Banking Authority in accordance with Article 19 of Regulation 1093/2010 or to the European Insurance and Occupational Pensions Authority, and shall take account of the decisions by the European supervisory authority in adopting their joint decision. A decision adopted on the basis of this article shall not prejudice the obligations of a mixed financial holding company under the ZFK, Directive 2002/87/EC, the law governing the insurance industry or Directive 2009/138/EC.

Article 90 (deadline for decision)

(1) When Banka Slovenije as the consolidating supervisor refuses the approval of a financial holding company or mixed financial holding company pursuant to the second paragraph of Article 85 of this Act, it shall inform the applicant of the refusal and the grounds for refusal within four months of receiving the complete application.

(2) Banka Slovenije shall in any case adopt the decision on approval or on refusal of approval within six months of receiving the application.

Article 91 (secondary legislation in connection with approval or exemption from approval of financial holding companies and mixed financial holding companies)

Banka Slovenije may prescribe detailed rules with regard to the following via secondary legislation:

- the documentation and information that are attached to the request for approval of financial holding companies and mixed financial holding companies referred to in Article 84 of this Act; and

- the documentation and information that are attached to the request for exemption from approval of financial holding companies and mixed financial holding companies referred to in Article 86 of this Act.

3.7 Exclusion of the application of the ZPre-1

Article 92

(exemption from ZPre-1 with regard to mandatory takeover bid)

(1) In addition to the cases set out in the ZPre-1, a holder who has achieved the takeover threshold in a bank due to the acquisition of the shares of a bank during the process of increasing the bank's share capital as follows shall not be obliged to issue a mandatory takeover bid:

1. based on an additional Banka Slovenije measure in accordance with Article 280 of this Act or an early intervention measure in accordance with Article 283 of this Act; or
2. based on the conversion of capital instruments of the bank that it may take into account in the calculation of own funds, and that are converted to shares in the bank when an objective condition arises.

(2) A holder may exercise the exemption set out in point 1 of the previous paragraph if it obtains the prior consent of Banka Slovenije. Banka Slovenije shall grant the consent if the increase in share capital is necessary to ensure the bank's capital adequacy in accordance with the requirements of Banka Slovenije, or the European Central Bank whenever the latter is responsible for performing the tasks set out in point (d) of Article 4(1) of Regulation 1024/2013 in the supervision of the bank in accordance with the aforementioned regulation. Banka Slovenije shall inform the agency responsible for financial markets of the granting of consent and the conversion referred to in point 2 of the previous paragraph.

(3) The provisions of the first to fourth paragraphs of Article 22b of the ZPre-1 shall not apply to entities that have achieved the takeover threshold at a bank.

(4) The obligation to issue a takeover bid in accordance with the ZPre-1 shall arise for the holder referred to in the first paragraph of this article upon the first subsequent acquisition of shares in the bank, whereby the conditions set out in the previous paragraph are not met and there are no other grounds in accordance with the ZPre-1 for the holder not being obliged to issue a takeover bid, if they still achieve the takeover threshold upon the acquisition of the new shares in the bank.

Article 93

(exemptions from ZPre-1 with regard to exercise of voting rights attached to bank shares)

(1) In the procedure to grant consent on the basis of the fifth paragraph of Article 22b of the ZPre-1, the agency responsible for financial markets shall obtain Banka Slovenije's opinion with regard to the need for measures to stabilise the bank's operations. A shareholder shall not be obliged to submit the opinion of an expert referred to in the sixth paragraph of Article 22b of the ZPre-1 in connection with the request for the consent of the agency responsible for financial markets.

(2) The agency responsible for financial markets shall grant consent for the exercise of a shareholder's voting rights at the bank's general meeting if it is evident from

Banka Slovenije's opinion that an increase in the share capital of the bank is necessary to ensure the stable operations of the bank and to fulfil the requirements of the competent authority.

(3) If the shareholder referred to in the first paragraph of this article participated in an increase in the bank's share capital under the conditions set out in the previous article, such that after the increase they hold at least the same participation in the bank's capital as before the increase, the shareholder may revoke the prohibition on the exercise of voting rights attached to those shares imposed by the agency responsible for financial markets, until the first subsequent acquisition of shares in the bank for which the conditions set out in the previous article are not met, if the shareholder still achieves the takeover threshold.

Article 94 **(exemptions from ZPre-1 with regard to bank's takeover bid for securities of target company)**

(1) In addition to the cases set out in the ZPre-1, a bank that has achieved the takeover threshold in a target company due to the acquisition of shares or other securities of the target company that were delivered to the bank as a non-cash contribution during an increase in the bank's share capital in accordance with this Act shall not be obliged to issue a mandatory takeover bid.

(2) The bank shall inform the agency responsible for financial markets of the acquisition of securities referred to in the previous paragraph and the disposal thereof within three working days of the acquisition or disposal.

(3) The obligation to issue a takeover bid in accordance with the ZPre-1 shall arise for the bank referred to in the first paragraph of this article five years after the acquisition of the shares of the target company, if the bank still achieves the takeover threshold in the target company following the aforementioned period.

(4) The obligation to issue a takeover bid shall arise for the bank referred to in the first paragraph of this article before five years have passed since the acquisition of the target company's shares upon the first subsequent acquisition of the target company's shares, if the bank still achieves the takeover threshold and the conditions set out in the first paragraph of this article are not met and there are no other grounds in accordance with the ZPre-1 for the bank not being obliged to issue a takeover bid.

3.8 Ordinary liquidation of a bank

Article 95 **(general meeting resolution on liquidation of bank)**

(1) A bank's general meeting may adopt a resolution to wind up the bank and initiate liquidation proceedings, provided that the bank's management board has drawn up a liquidation plan and has submitted it to Banka Slovenije in accordance with Article 97 of this Act before the general meeting takes the decision.

(2) A general meeting resolution adopted in contravention of the previous paragraph shall be null and void.

Article 96

(liquidator of bank)

Only a person who holds an authorisation to perform the function of member of a bank's management board may be appointed as the liquidator of a bank.

Article 97 (liquidation plan)

(1) At least six months prior to the publication of the notice convening the general meeting that will decide on the initiation of liquidation proceedings against a bank, the bank's management board shall notify Banka Slovenije of the plan of measures for the liquidation of the bank and the winding-up of its operations, and with regard to the bank's guarantees as collateral for creditors' claims.

(2) Based on the notification referred to in the previous paragraph, Banka Slovenije shall assess the appropriateness of the measures to liquidate the bank, and shall request that the bank's management board adjust the plan as appropriate with the aim of protecting the stability of the financial system and the position of the bank's creditors.

Article 98 (restriction of authorisation to provide services)

Based on a general meeting resolution on the initiation of liquidation proceedings against a bank, Banka Slovenije shall issue a decision:

1. restricting the authorisation to provide the services that the bank provides in accordance with this Act, by defining the type and scope of transactions that the bank may execute during liquidation, and setting other conditions in connection with the provision of those services; and
2. defining to what extent the rules of this Act, Regulation 575/2013 and regulations adopted on the basis thereof shall be applied to the bank in liquidation.

Article 99 (implementation of liquidation)

Unless provided otherwise in this section, the provisions of the ZGD-1 applying to the liquidation of public limited companies on the basis of a general meeting resolution shall apply to the liquidation of a bank on the basis of a general meeting resolution on the initiation of liquidation proceedings.

Article 100 (reacquisition of authorisation to provide banking services)

(1) If after the issuance of the decision referred to in Article 98 of this Act the bank's general meeting decides to halt liquidation proceedings and the bank continues as a going concern, the bank may resume providing the banking, financial and ancillary financial services and transactions that were restricted by the decision referred to in Article 98 of this Act, provided that it obtains an authorisation to provide these services in accordance with this Act.

(2) The new authorisation to provide services shall be attached to the proposal to enter the resolution referred to in the previous paragraph in the companies register.

Article 101
(cessation of provision of banking services due to change in bank's activity)

The provisions of this section shall also apply *mutatis mutandis* if a bank's general meeting adopts a resolution changing the activity of the bank, such that the bank no longer provides banking services.

CHAPTER 4:
BOOKS OF ACCOUNT, ANNUAL REPORT AND ADDITIONAL DISCLOSURES

Article 102
(books of account and annual reports of banks)

(1) Unless special rules are set out in this chapter, the general rules set out in Chapter 8 of Part I of the ZGD-1 and in the law governing auditing shall apply to the books of account and annual reports of banks, and to the auditing of banks' annual reports. Point 5 of the first paragraph of Article 685 of the ZGD-1 shall not be applied in connection with the books of account and annual reports of banks.

(2) A bank shall keep books of account, draw up bookkeeping documents, value bookkeeping items and compile reports in accordance with the rules referred to in the previous paragraph and the implementing regulations issued on the basis of Article 109 of this Act.

Article 103
(special rules on books of account, annual reports and reports on financial information of banks)

(1) A bank shall keep a general ledger based on an internal chart of accounts.

(2) The financial year for which financial statements and consolidated financial statements are compiled as an integral part of a bank's annual report and consolidated annual report shall be the same as the calendar year.

(3) A bank shall report financial information in connection with its financial statements to Banka Slovenije.

Article 104
(additional disclosures)

(1) A bank shall publish the disclosures set out in Part Eight of Regulation 575/2013 on its official website.

(2) Banka Slovenije shall prescribe rules on more frequent disclosures of the information referred to in the previous paragraph, if necessary for reason of changes in the business conditions of banks and the functioning of the financial system.

(3) A bank shall explain on its official website how it meets the requirements set out in the regulations referred to in the second paragraph of Article 9 of this Act, with regard to:

1. the bank's internal governance arrangements and organisational structure;

2. the policy for selecting members of the management body set out in Article 35 of this Act; and
3. the remuneration policy set out in Articles 189 to 191 of this Act.

(4) A parent bank in the Republic of Slovenia shall annually publish on its official website the legal and organisational structure of the banking group, including a description of the internal governance arrangements in accordance with Article 148 of this Act, the arrangements with regard to close links and the arrangements regarding the governance of subsidiaries in accordance with Article 154 of this Act, or provide reference to the equivalent information in lieu of the publication of the aforementioned description.

Article 105 **(special rules on auditing of bank's annual report)**

(1) A bank shall submit the following to Banka Slovenije within eight days of receiving the auditor's report, but no later than four months after the end of the calendar year:

1. the annual report;
2. the auditor's report on the auditing of the annual report set out in the second paragraph of Article 57 of the ZGD-1; and
3. the additional auditor's report on the bank's compliance with risk management rules set out in the first paragraph of Article 106 of this Act.

(2) The previous paragraph and Articles 106 to 108 of this Act shall apply *mutatis mutandis* to the submission, auditing and publication of a consolidated annual report if the bank is obliged to compile the latter.

Article 106 **(additional audit rules)**

(1) In addition to the audit and examination pursuant to the first paragraph of Article 57 of the ZGD-1 and the content of the auditor's report pursuant to the second paragraph of Article 57 of the ZGD-1, the audit of a bank's annual report and the auditor's report shall also include an additional audit and additional auditor's report on the bank's compliance with risk management rules.

(2) For the audit of the annual report referred to in the previous paragraph, the bank shall appoint an audit firm for a period of no less than three financial years. A single audit firm may audit a bank's annual report for a maximum of ten consecutive financial years, followed by a break of at least the next four financial years.

(3) A bank or audit firm may only terminate the contract referred to in the previous paragraph before the contractually agreed deadline on substantiated grounds. A difference of opinions with regard to accounting treatment or audit procedures shall not be deemed substantiated grounds for the termination of the contract. The contract for audit services shall be terminated in judicial proceedings. The bank's management board may only terminate the contract for audit services before the contractually agreed deadline with the supervisory board's consent and after consultation with the audit committee.

(4) The bank shall inform Banka Slovenije in writing of the dismissal or withdrawal of an audit firm prior to the contractually agreed deadline, and shall explain the reasons for the dismissal or withdrawal accordingly.

(5) Banka Slovenije may require the audit firm to provide additional clarifications in connection with an audit.

(6) If an audit is not carried out or the auditor's report or additional auditor's report are not compiled in accordance with the first paragraph of this article or with the regulations referred to in the second paragraph of Article 109 of this Act, Banka Slovenije may require the supplementation or revision of the report.

Article 107 **(audit firm's obligations vis-à-vis Banka Slovenije)**

(1) An audit firm that audits a bank's annual report shall notify Banka Slovenije without delay of any fact or circumstance identified during the audit that might:

1. entail a major breach of the regulations referred to in the second paragraph of Article 9 of this Act;
2. adversely affect the operations of the bank; or
3. result in a qualified auditor's opinion, an adverse opinion or a disclaimer of opinion.

(2) The obligation referred to in the previous paragraph shall also apply to facts or circumstances in connection with an undertaking that has a close link with the bank on the basis of control.

(3) The audit firm shall also provide Banka Slovenije, at the latter's request, with other information needed by Banka Slovenije to conduct supervision of the bank in accordance with this Act.

(4) The submission of information to Banka Slovenije pursuant to the first to third paragraphs of this article shall not be deemed a breach of the auditor's duty to safeguard confidential information under the law governing auditing or on the basis of the contract.

(5) If the audit firm breaches the obligations referred to in this article, Banka Slovenije may require the bank to appoint a different audit firm.

Article 108 **(publication of bank's audited annual report)**

(1) A bank shall, within four months of the end of the calendar year, publish its annual report, together with the auditor's report referred to in the second paragraph of Article 57 of the ZGD-1, on its official website.

(2) If the bank's competent body has not adopted the annual report by the deadline set out in the previous paragraph, by the aforementioned deadline the bank shall publish a composite annual report, which the bank's management board shall submit to the supervisory board pursuant to the third paragraph of Article 272 of the ZGD-1 (hereinafter: composite annual report), and shall indicate this in the publication.

(3) In the case referred to in the previous paragraph, the bank shall also publish the adopted annual report within 15 days of its adoption by the bank's competent body. If the bank's competent body did not amend the composite annual report during the adoption of the annual report, the bank may merely publish the information that the bank's competent body adopted the annual report with the content of the composite annual report, in lieu of republishing the entire annual report.

(4) A bank shall ensure that the annual report and the auditor's report referred to in the second paragraph of Article 57 of the ZGD-1 are available on its official website for at least five years following their publication.

(5) A bank shall submit the annual report, together with the auditor's report set out in the second paragraph of Article 57 of the ZGD-1, within 15 days of the adoption of the annual report, but no later than six months after the end of the calendar year, to the Agency of the Republic of Slovenia for Public Legal Records and Related Services for its publication pursuant to the first paragraph of Article 58 of the ZGD-1.

(6) A branch of a Member State bank or a third-country bank shall publish the audited financial statements and audited consolidated financial statements of the Member State bank or the third-country bank, together with the auditor's opinion, on its official website within 15 days of the deadline for publication in the bank's country of establishment.

Article 109 **(implementing regulations on books of account and annual reports of bank)**

(1) Banka Slovenije shall prescribe the following in connection with the books of account and annual reports of a bank:

1. the content of the general ledger as it relates to the keeping of books of account, and the types and schemes of a bank's financial statements and consolidated financial statements;
2. the detailed content of the financial report and business report, and consolidated financial report and consolidated business report;
3. the detailed method used to value bookkeeping items; and
4. the detailed content, form, method and frequency of and deadlines for the submission of the financial information set out in third paragraph of Article 103 of this Act.

(2) In connection with the audit of a bank's annual and consolidated annual reports, Banka Slovenije shall prescribe the detailed scope and content of the additional audit and additional auditor's report on a bank's compliance with risk management rules set out in the first paragraph of Article 106 of this Act.

CHAPTER 5: **PROVISION OF SERVICES BY BANKS**

5.1 General provisions

Article 110 **(acceptance of deposits and other repayable funds)**

(1) For the purpose of defining the acceptance of deposits, a deposit shall mean any cash deposit made by a single person (hereinafter: the depositor) in favour of another person (hereinafter: the payment recipient) on the basis of a deposit agreement or on the basis of another legal transaction, whereby the depositor receives the right to request repayment of the deposited cash from the payment recipient by set deadlines, and where an agreement or other conditions between parties do not set additional conditions excluding or limiting the exercise of the right to repayment of funds.

(2) Acceptance of deposits and other repayable funds from the public shall mean the acceptance of deposits and other repayable funds from uninformed persons.

(3) An uninformed person shall mean a person who is not a professional client in accordance with Regulation 2017/1129.

(4) Notwithstanding the second paragraph of this article, the following shall not be deemed the acceptance of deposits and other repayable funds under this Act:

1. an offer to pay up debt securities that were not issued by a credit institution, unless the issuer also provides lending services as its principal business activity; and
2. an offer addressed exclusively to professional clients as defined in Regulation 2017/1129.

(5) In the event of doubt, Banka Slovenije shall decide whether an offer or another transaction is deemed the acceptance of deposits or other repayable funds from the public.

Article 111 **(provision of banking services)**

The following may provide banking services in the territory of the Republic of Slovenia:

1. a bank that has obtained an authorisation to provide banking services in accordance with this Act;
2. a Member State bank that establishes a branch in the territory of the Republic of Slovenia in accordance with this Act or is entitled to provide banking services in the territory of the Republic of Slovenia directly in accordance with this Act; and
3. a third-country bank that obtains an authorisation to establish a branch in the Republic of Slovenia in accordance with this Act.

Article 112 **(prohibition on acceptance of deposits or other repayable funds from public)**

(1) No-one other than the persons referred to in the previous article may accept deposits or other repayable funds from the public in the territory of the Republic of Slovenia.

- (2) The prohibition set out in the previous paragraph shall not apply:
1. to the acceptance of deposits or other repayable funds from Banka Slovenije, from the Republic of Slovenia and its regional and local authorities, or from international organisations whose members include one or more Member States; and
 2. in other cases envisaged by the regulations of the Republic of Slovenia or the European Union, if such services are subject to regulation and control to ensure the protection of depositors and investors.

5.2 Authorisation to provide banking, financial and ancillary financial services

Article 113 **(authorisation to provide services)**

(1) An undertaking established in the Republic of Slovenia may begin providing banking services in the territory of the Republic of Slovenia when it obtains an authorisation from the European Central Bank to provide banking services in accordance with this Act and Regulation 1024/2013.

(2) A bank may begin providing financial services and ancillary financial services in the territory of the Republic of Slovenia when it obtains an authorisation from Banka Slovenije to provide those services in accordance with this Act.

(3) Notwithstanding the previous paragraph, a bank may provide the ancillary financial services set out in point 5 of the first paragraph of Article 6 of this Act and ancillary services, provided that it informs Banka Slovenije accordingly in advance.

(4) The bank shall attach a business plan for the first three years of operations, including the following, to the notification referred to in the previous paragraph:

1. a detailed description of the services that the bank intends to provide; and
2. a description of the internal governance arrangements set out in Article 148 of this Act in connection with the services referred to in the previous paragraph.

Article 113a

(special requirements for granting of authorisation to credit institutions under point 1b of Article 4(1) of Regulation 575/2013)

(1) Undertakings referred to in point 1b of Article 4(1) of Regulation 575/2013 that have already obtained an authorisation to provide investment services and activities pursuant to the law governing the market in financial instruments shall lodge the application for the granting of an authorisation in accordance with Article 113 of this Act by no later than the day when any of the following happens:

- a) the average monthly balance sheet total calculated over a period of 12 consecutive months is equal to or greater than EUR 30 billion; or
- b) the average monthly balance sheet total calculated over a period of 12 consecutive months is less than EUR 30 billion, but the undertaking is part of a group in which the total value of the consolidated assets of all undertakings in the group that have an individual balance sheet total of less than EUR 30 billion and provide any of the activities referred to in points 3 and 6 of the first paragraph of Article 11 of the law governing the market in financial instruments is equal to or greater than EUR 30 billion, both calculated as an average over a period of 12 consecutive months.

(2) Undertakings referred to in the previous paragraph may continue to pursue activities referred to in point 1b of Article 4(1) of Regulation 575/2013 until they obtain the authorisations referred to in the previous paragraph.

(3) When after receiving information Banka Slovenije determines that an undertaking is being granted an authorisation as a credit institution in accordance with Article 97 of this Act, it shall officially notify the undertaking and the agency, and shall take over the procedure for granting the authorisation as of the day of official notification.

(4) In the case of the repeat granting of an authorisation, Banka Slovenije shall ensure that the procedure is as efficient as possible, and that information from applicable authorisations is taken into account.

Article 114

(territory covered by the provision of services)

(1) A bank may also provide the banking and financial services that it is entitled to provide in the territory of the Republic of Slovenia:

1. in the territory of another Member State: either through a branch or directly, provided that the conditions set out in Subsection 5.3.1 of this Act have been met; and

2. in the territory of a third country: through a branch, provided that the conditions set out in Subsection 5.3.2 of this Act have been met.

(2) A bank may also provide the ancillary financial services that it is entitled to provide in the Republic of Slovenia in another Member State or third country, provided that it meets the conditions to provide those services set out in the regulations of that country.

Article 115 **(authorisation to provide banking services)**

A bank shall obtain an authorisation to provide banking services prior to the entry of its establishment in the companies register.

Article 116 **(request for authorisation to provide banking services)**

(1) A request for the granting of an authorisation to provide banking services shall be submitted to Banka Slovenije.

(2) The following shall be attached to the request for the granting of an authorisation to provide banking services:

1. the bank's articles of association in the form of certified copy of a notarial record;
2. the bank's business plan for the first three years of operation, including:
 - a detailed description of the services that the bank intends to provide, and
 - a description of the internal governance arrangements set out in Article 148 of this Act;
3. a list of persons who will obtain a qualifying holding in the bank and the amount of each holder's qualifying holding or, if there will be no qualifying holders in the bank, a list of the bank's 20 largest shareholders and the amount of each shareholder's participating interest at the time of the establishment of the bank;
4. a list of the persons who will have a close link with the bank, with a description of the links;
5. details of the bank's organisational structure, including an indication of parent entities, financial holding companies and mixed financial holding companies within the group;
6. other evidence demonstrating that the conditions for the granting of an authorisation to provide banking services have been met.

(3) If, in addition to banking services, the bank intends to provide financial or ancillary financial services, the applicant shall lodge the request and submit evidence of the fulfilment of the conditions for the granting of an authorisation to provide those services.

(4) The applicant shall ensure the following when submitting its request for the granting of an authorisation to provide banking services:

1. that the persons who will acquire a qualifying holding in the bank when the bank is established submit a request for the granting of an authorisation to acquire a qualifying holding in the bank in accordance with Article 71 of this Act; and
2. that candidates for membership of the bank's management board submit a request for the granting of an authorisation to perform the function of a member of the bank's management board in accordance with Article 42 of this Act.

Article 117 **(consultation with competent authorities of Member States)**

(1) In connection with the assessment of a request for the granting of an authorisation to provide banking services, Banka Slovenije shall consult the competent authority of a Member State, if:

1. the bank in question is a subsidiary of a Member State bank;
2. the bank in question is a subsidiary of the parent undertaking of a Member State bank; or
3. the bank in question is controlled by the same natural person or legal person that controls a Member State bank.

(2) In connection with the assessment of a request for the granting of an authorisation to provide banking services, Banka Slovenije shall consult the competent authority of a Member State responsible for the supervision of insurance undertakings and investment firms, if:

1. the bank in question is a subsidiary of an investment firm or insurance undertaking of a Member State;
2. the bank in question is a subsidiary of the parent undertaking of an investment firm or insurance undertaking of a Member State; or
3. the bank in question is controlled by the same natural person or legal person that controls an investment firm or insurance undertaking of a Member State.

(3) Within the framework of consultations pursuant to the first and second paragraphs of this article, Banka Slovenije shall obtain the opinion of the competent authority or supervisory authority of the Member State, primarily with regard to circumstances that are material to the assessment of the suitability of holders of qualifying holdings, and the assessment of the reputation and experience of members of the bank's management bodies who participate in the governance of other undertakings within the group that are deemed significant.

Article 118

(decision on request for authorisation to provide banking services)

(1) Banka Slovenije shall refuse a request for the granting of an authorisation to provide banking services, if requirements with regard to the following are not met:

1. the legal status of the bank in accordance with the provisions of Sections 3.1 to 3.5 of this Act, including the conditions for the granting of an authorisation to acquire a qualifying holding to qualifying holders, and the conditions for the granting of an authorisation to perform the function of a member of a bank's management board to the members of the bank's management board; or
2. the internal governance arrangements in accordance with Article 148 of this Act, which allow for sound and effective risk management; or
3. the conditions for effective supervision in accordance with this Act and Regulation 575/2013, particularly if such supervision is impeded by the bank's close links with other persons.

(2) Banka Slovenije shall refuse a request for the granting of an authorisation to provide banking services whenever the laws and other regulations of a third country applying to one or more persons with close links to the bank or difficulties in implementing the aforementioned laws and other regulations prevent the effective supervision of the bank in question.

(3) If Banka Slovenije determines that there are no grounds for refusing the request for the granting of an authorisation to provide banking services as set out in the first and second paragraphs of this article, it shall forward the request to the European Central Bank in accordance with Article 14 and point (a) of Article 4(1) of Regulation 1024/2013, and

shall notify the parties to the procedure accordingly. The procedure for deciding on the request for the granting of an authorisation to provide banking services shall continue before the European Central Bank in accordance with Regulation 1024/2013.

(4) For the purpose of preventing breaches of this Act or Regulation 575/2013, the authorisation to provide banking services may include conditions or limitations on the provision of services for which the authorisation is being granted.

(5) If the applicant has also lodged a request to provide financial services or ancillary financial services in parallel with its request for the granting of an authorisation to provide banking services, Banka Slovenije shall decide on the request for the granting of an authorisation to provide financial and ancillary financial services after a decision by the European Central Bank in connection with the request for the granting of an authorisation to provide banking services.

Article 119

(authorisation to provide financial and ancillary financial services)

(1) A bank that intends to begin providing financial services set out in Article 5 of this Act or ancillary financial services set out in Article 6 of this Act following its establishment shall obtain an authorisation from Banka Slovenije for each of those services, except for the services set out in Article 113 of this Act.

(2) The bank shall obtain an authorisation to provide financial and ancillary financial services before it begins providing those services.

Article 120

(request for authorisation to provide financial and ancillary financial services)

(1) A request for the granting of an authorisation to provide financial and ancillary financial services shall be lodged with Banka Slovenije.

(2) The bank shall attach the following to the request referred to in the previous paragraph:

1. the bank's business plan for the first three years of operation, including:
 - a detailed description of the activities that the bank intends to pursue, and
 - a description of the internal governance arrangements set out in Article 148 of this Act;
2. other information and evidence demonstrating that the bank will ensure the sound and prudent governance of the bank in connection with the provision of planned services; and
3. evidence demonstrating fulfilment of the conditions set out by other regulations for the provision of the services referred to in the previous paragraph.

(3) Banka Slovenije shall refuse a request for the granting of an authorisation to provide financial and ancillary financial services, if:

1. the planned internal governance arrangements referred to in Article 148 of this Act are not appropriate and suitable for managing the risks to which the bank is exposed in the provision of the planned services; or
2. the bank fails to meet the conditions set out by other regulations for the provision of these services.

(4) Whenever all of the supervisory powers and tasks set out in Article 4(1) of Regulation 1024/2013 in connection with the bank are being exercised by the European

Central Bank in accordance with the aforementioned regulation, Banka Slovenije shall consult with the European Central Bank in connection with the circumstances referred to in point 1 of the previous paragraph.

(5) Banka Slovenije shall grant the authorisation to provide financial and ancillary financial services, and shall state the services for which the authorisation is being granted, provided that the grounds set out in the third paragraph of this article do not exist with regard to the bank.

(6) For the purpose of preventing breaches of this Act or Regulation 575/2013, in the decision to grant the authorisation Banka Slovenije may include conditions or limitations on the provision of services for which the authorisation is being granted.

Article 121 **(authorisation for merger or demerger)**

(1) If a merger or demerger results in a new undertaking that will provide banking services, the new undertaking shall obtain an authorisation to provide banking services before the merger or demerger is entered in the companies register.

(2) If a bank is party to a merger or demerger of undertakings in which it continues to provide banking services, it shall obtain an authorisation before the merger or demerger from Banka Slovenije, or the European Central Bank whenever the latter is responsible for performing all of the tasks set out in Article 4(1) of Regulation (EU) No 1024/2013 in the supervision of the bank in accordance with the aforementioned regulation.

(3) The request for the granting of an authorisation set out in the previous paragraph shall be submitted to Banka Slovenije whenever it is responsible for performing the tasks set out in points (b) and (d) to (i) of Article 4(1) of Regulation 1024/2013 in the supervision of the bank in accordance with the aforementioned regulation. The provisions of the previous article shall apply *mutatis mutandis* to a request submitted to Banka Slovenije and to the decision on that request.

(4) The following documents shall be attached to the request for the granting of an authorisation for a merger or demerger:

1. for a merger:
 - the merger agreement,
 - a report or reports on the merger prepared by the management boards of the banks or the senior management of the undertakings involved in the merger,
 - a report or reports on the audit of the merger,
 - the proposed publication of the notice convening the general meeting or general meetings that will approve the merger,
 - a written report by the supervisory board;
2. for a demerger:
 - the demerger plan,
 - a report on the demerger by the bank's management board,
 - a report on the audit of the demerger,
 - the proposed publication of the notice convening the bank's general meeting that will approve the demerger, and
 - a written report by the supervisory board.

(5) For the purpose of preventing breaches of this Act or Regulation 575/2013, the decision to grant the authorisation may stipulate conditions or limitations on the provision of services for which the authorisation is being granted.

Article 122
(invalidation of authorisation to provide services)

- (1) An authorisation to provide specific services shall be invalidated if the bank:
1. fails to begin providing the services for which the authorisation was granted within one year of granting;
 2. ceases to provide services for more than six months; or
 3. issues a statement on the cessation of the provision of services.

(2) If the grounds set out in the previous paragraph arise in connection with the bank's provision of banking services, Banka Slovenije shall issue a decision stating that the authorisation to provide banking services has been invalidated pursuant to law:

1. in the cases referred to in points 1 and 2 of the previous paragraph: on the day of the deadline;
2. in the case referred to in point 3 of the previous paragraph: on the day that the bank ceased managing deposits.

(3) If the grounds set out in the first paragraph of this article arise in connection with the provision of financial or ancillary financial services, Banka Slovenije shall issue a decision stating that authorisation to provide specific services has been invalidated due to the existence of the circumstances set out in the first paragraph of this article.

(4) If the grounds set out in points 1 to 3 of the first paragraph of this article arise in connection with the provision of banking services, the authorisation for all services provided by the bank shall be invalidated.

(5) The bank may no longer conclude new transactions in connection with banking, financial or ancillary financial services for which the authorisation has been invalidated in accordance with this article:

1. in the cases referred to in points 1 and 2 of the first paragraph of this article: as of the day of the deadline from which the authorisation was invalidated;
2. in the case referred to in point 3 of the first paragraph of this article: as of the day cited in the bank's statement on the cessation of the provision of services.

Article 123
(implementing regulations in connection with granting of authorisation to provide services)

Banka Slovenije shall prescribe detailed rules regarding:

1. the documentation and information attached to the request for the granting of an authorisation to provide banking services, including requirements relating to the business plan set out in point 2 of the second paragraph of Article 116 of this Act; and
2. the documentation and information attached to the request for the granting of an authorisation to provide financial and ancillary financial services, and for status changes, whenever the request for the granting of an authorisation in accordance with this Act and Regulation 1024/2013 is lodged with Banka Slovenije.

5.3 Cross-border provision of services

Article 124
(direct provision of services)

(1) For the purposes of this Act, services shall be deemed to be provided directly in the territory of a specific country, if in that territory:

1. legal transactions whose subject is mutually recognised financial services are concluded; or
2. the general public is offered mutually recognised financial services via agents or intermediaries.

(2) A Member State bank may market mutually recognised services in the territory of the Republic of Slovenia via advertisements or other means of public communication, provided that the form and content of such advertising complies with the regulations governing advertising in connection with consumer protection. Such advertising shall not be deemed the direct provision of services.

Article 125 **(provision of services via branch)**

(1) For the purposes of this Act, two or more branches established by a bank in an individual Member State shall be deemed a single bank branch in that Member State.

(2) The previous paragraph shall also apply to branches established in the territory of the Republic of Slovenia by a Member State or third-country bank.

5.3.1 Provision of mutually recognised services by banks in the territory of another Member State

Article 126 **(notification of intent to establish bank branch in another Member State)**

(1) A bank that intends to establish a branch in another Member State for the purpose of providing mutually recognised financial services for which it has obtained the requisite authorisation in accordance with this Act shall accordingly notify Banka Slovenije, or the European Central Bank whenever it is responsible for performing the tasks set out in point (b) of Article 4(1) of Regulation 1024/2013 in the supervision of the bank in accordance with the aforementioned regulation.

(2) The following information shall be attached to the notification of the intent to establish a branch:

1. an indication of the Member State in which the bank intends to establish a branch;
2. a business plan, including a detailed description of the activities that the bank intends to pursue via the branch, and the organisational structure of the branch;
3. the address in the host Member State from which documentation regarding the branch may be obtained; and
4. data on the persons authorised to manage the branch.

(3) The notification of its intent to establish a branch sent by the bank to Banka Slovenije shall be deemed to include a request to forward the notification to the competent authority of the Member State in which the bank intends to establish a branch (hereinafter: request to forward notification to the competent authority of a Member State). Whenever the supervisory powers and tasks set out in point (b) of Article 4(1) of Regulation 1024/2013 in connection with the bank are being exercised by the European Central Bank, the procedure shall continue in accordance with the aforementioned regulation and Regulation 468/2014.

Article 127

(forwarding of notification to competent authority of Member State)

(1) Banka Slovenije shall refuse a request to forward notification to the competent authority of a Member State if, taking into account the scope and type of services that the bank intends to provide via its branch, there is doubt surrounding the adequacy of the organisational structure in terms of the branch's governance or the bank's financial position.

(2) If there are no grounds for refusal under the previous paragraph, Banka Slovenije shall forward the notification, including the attachments set out in the second paragraph of the previous article, to the competent authority of the host Member State within three months of receiving the notification, and shall notify the bank accordingly.

(3) Together with the notification referred to in the previous paragraph, Banka Slovenije shall also forward to the competent authority of the host Member State the information regarding the bank's own funds and capital adequacy set out in Article 92 of Regulation 575/2013.

(4) If within three months of the submission of the notification and the attachments referred to in the second paragraph of the previous article to Banka Slovenije the bank does not receive the notification referred to in the second paragraph of this article or a decision refusing the request to forward notification, the bank's request to forward notification shall be deemed to have been refused.

(5) Banka Slovenije shall inform the Commission and the European Banking Authority of the number of cases and the grounds for refusal of requests to forward notification to the competent authority of the host Member State.

Article 128

(start of branch's operations in Member State)

A bank may begin executing transactions via a branch in a Member State:

1. as of the day that it receives notification from the competent authority of the host Member State of any conditions that the bank must take into account when providing services in the host Member State in order to protect the public interest; or
2. two months after the day that the competent authority of the host Member State received the notification in accordance with the second paragraph of the previous article, if during that time the bank has not received the notification from the competent authority of the host Member State referred to in the previous point.

Article 129

(notification of changes at bank branch in Member State)

(1) If a bank intends to make changes to any fact or circumstance referred to in the second paragraph of Article 126 of this Act, it shall notify Banka Slovenije and the competent authority of the Member State accordingly one month prior to the implementation of any such change.

(2) The provisions of Articles 126 to 128 of this Act shall apply *mutatis mutandis* to the changes referred to in the previous paragraph, whereby the deadline periods set out in the second and fourth paragraphs of Article 127 and in point 2 of Article 128 of this Act shall be reduced to one month.

Article 130
(direct provision of services in Member State)

(1) A bank that intends to provide mutually recognised financial services for which it has obtained an authorisation in accordance with this Act directly in another Member State shall accordingly notify Banka Slovenije, or the European Central Bank whenever the latter is responsible for performing the tasks set out in point (b) of Article 4(1) of Regulation 1024/2013 in the supervision of the bank in accordance with the aforementioned regulation, and shall cite the host Member State in which it intends to begin the direct provision of those services.

(2) Banka Slovenije or the European Central bank shall forward the notification referred to in the previous paragraph to the competent authority of the host Member State within one month of receiving it, and shall notify the bank accordingly.

(3) The bank may begin the direct provision of the mutually recognised financial services cited in the notification referred to in the first paragraph of this article in the host Member State on the day that the competent authority of the host Member State receives the notification from the competent authority referred to in the previous paragraph.

5.3.2 Provision of services by banks in the territory of a third country

Article 131
(authorisation to establish bank branch in third country)

(1) A bank may establish a branch in a third country for the purpose of providing the services that it provides in the territory of the Republic of Slovenia, provided that it obtains an authorisation to establish a branch in the third country in accordance with this Act.

(2) The request for the granting of an authorisation to establish a branch in a third country shall be submitted to Banka Slovenije.

(3) The first and second paragraphs of Article 126 and the first to third paragraphs of Article 127 of this Act shall apply *mutatis mutandis* to the request for the granting of an authorisation to establish a bank branch in a third country and to the decision on the request.

(4) Banka Slovenije shall refuse the request for the granting of an authorisation to establish a branch in a third country if, taking into account the regulations of the country in which the bank intends to establish a branch and/or practices in the implementation of those regulations, it is likely that supervision of the bank will be impeded.

5.3.3 Cross-border provision of mutually recognised financial services by special financial institutions

Article 132
(special financial institution)

(1) A special financial institution is an undertaking established in the Republic of Slovenia that meets the following conditions:

1. it is not a bank;
2. its parent undertaking is a bank, independently or together with other banks;

3. it is entitled to provide mutually recognised financial services based on its founding acts; and
4. it meets all of the following additional conditions:
 - the banks referred to in point 2 of this paragraph have obtained an authorisation to provide banking services in accordance with this Act,
 - the mutually recognised financial services that it intends to provide in another Member State are actually provided by the special financial institution in the Republic of Slovenia,
 - the banks referred to in point 2 of this paragraph are the joint holders of shares or participating interests that represent at least 90% of voting rights,
 - in Banka Slovenije's assessment the banks referred to in point 2 of this paragraph manage the undertaking with due diligence and have assumed joint and several liability for all liabilities of the special financial institution with Banka Slovenije's consent, and
 - the special financial institution is included in the consolidated supervision of its parent bank or all parent banks, with regard to the mutually recognised financial services that it provides, in accordance with Section 10.3 of this Act and Part Two, Title II, Chapter 1 of Regulation 575/2013, in particular for the purposes of calculating own funds requirements in accordance with Article 92 of Regulation 575/2013, and the supervision of large exposures in accordance with Part Four of Regulation (EU) No 575/2013, and for the purpose of limiting qualifying holdings outside the financial sector in accordance with Articles 89 and 90 of Regulation 575/2013.

(2) A special financial institution referred to in the previous paragraph may also provide the aforementioned services in the territory of another Member State under the conditions set out in this Act.

(3) The provisions of this Act governing the provision of mutually recognised financial services by banks in other Member States shall apply *mutatis mutandis* to special financial institutions.

(4) Together with the notification referred to in the second paragraph of Article 127 of this Act, Banka Slovenije shall also forward the following to the competent authority in the host Member State in which a special financial institution intends to establish a branch:

1. confirmation that all the conditions set out in the first paragraph of this article have been met in connection with the special financial institution; and
2. data regarding the level and composition of the special financial institution's capital and regarding the total risk exposure of the bank referred to in point 2 of the first paragraph of this article, calculated in accordance with Articles 92(3) and 92(4) of Regulation (EU) No 575/2013.

(5) If a special financial institution that provides mutually recognised financial services in the territory of a host Member State no longer fulfils any of the conditions set out in the first paragraph of this article, it shall no longer be entitled to provide mutually recognised financial services in the territory of the other Member State pursuant to this article. Banka Slovenije shall notify the competent authority of that Member State accordingly without delay.

(6) The provisions of this article shall apply *mutatis mutandis* to undertakings that are subsidiaries of a special financial institution.

5.3.4 Provision of mutually recognised financial services by Member State banks

Article 133

(provision of mutually recognised financial services by Member State banks)

(1) A Member State bank may provide the mutually recognised financial services that it provides in its home Member State in accordance with the competent authority's authorisation in the territory of the Republic of Slovenia via a branch or directly, provided that Banka Slovenije receives prior notification from the competent authority of the home Member State regarding the provision of services by the bank in the territory of the Republic of Slovenia via a branch or directly, together with the information set out in the second paragraph of Article 126 of this Act.

(2) A Member State bank may establish a branch in the territory of the Republic of Slovenia or begin to provide mutually recognised financial services in the Republic of Slovenia when Banka Slovenije forwards the notification set out in the third paragraph of Article 134 of this Act to the Member State bank. The branch of the Member State bank may be entered in the companies register when it receives the notification referred to in the previous sentence.

(3) Banka Slovenije shall be responsible for the supervision of the branch of the Member State bank to the extent and under the conditions set out in Section 10.2 of this Act.

(4) Article 268 of this Act shall apply *mutatis mutandis* in connection with Banka Slovenije's annual fee for the supervision of the branch of the Member State bank in accordance with this Act.

(5) If in connection with its branch in the Republic of Slovenia the Member State bank intends to make changes regarding any fact or circumstance referred to in the second paragraph of Article 126 of this Act, it shall notify Banka Slovenije one month prior to the implementation of any such change.

(6) The branch of the Member State bank shall report to Banka Slovenije in connection with its operations in the territory of the Republic of Slovenia.

(7) Banka Slovenije shall prescribe the detailed scope of data and information referred to in the previous paragraph that it requires for the supervision of the operations of the branch in accordance with this Act, for informative and statistical purposes, and for the purpose of determining the significance of the branch in accordance with Article 319 of this Act.

Article 134

(application of regulations to activities of Member State bank)

(1) A Member State bank shall provide mutually recognised financial services in the territory of the Republic of Slovenia in accordance with the regulations of the Republic of Slovenia that apply in connection with the provision of such services.

(2) Notwithstanding the law applied between the two parties, a Member State bank that provides services in the territory of the Republic of Slovenia in accordance with this Act shall not, in the execution of transactions, be exempt from the application of the regulations of the Republic of Slovenia that govern the following:

1. the safeguarding of confidential data in accordance with Section 5.5 of this Act;
2. the protection of personal data in accordance with the law governing personal data protection;
3. the protection of consumers in accordance with regulations aimed at consumer protection;

4. AML/CFT requirements in accordance with the law governing the prevention of money laundering and terrorist financing; and
5. other requirements that apply to banks in the Republic of Slovenia to protect the public interest.

(3) Banka Slovenije shall notify a Member State bank that intends to establish a branch in the Republic of Slovenia or intends to provide mutually recognised financial services directly in accordance with this Act of the regulations referred to in the previous paragraph, within two months of receiving the notification of the competent authority referred to in the first paragraph of Article 133 of this Act.

5.3.5 Provision of mutually recognised financial services by special financial institutions of Member States

Article 135 (provision of mutually recognised financial services by special financial institutions of Member States)

(1) A special financial institution of a Member State is an undertaking established in another Member State that fulfils the conditions as a special financial institution set out in the first paragraph of Article 132 of this Act in its home Member State, and that has received confirmation from the competent authority of that home Member State regarding the fulfilment of those conditions.

(2) The provisions of this Act governing the provision of mutually recognised financial services by Member State banks in the Republic of Slovenia shall apply *mutatis mutandis* to special financial institutions of Member States.

(3) The notification of the competent authority of the Member State referred to in the first paragraph of Article 133 of this Act shall include:

1. confirmation from the competent authority of the Member State in question that the special financial institution of a Member State fulfils the conditions set out in the first paragraph of Article 132 of this Act; and
2. data regarding the level and composition of the special financial institution's capital and regarding the total risk exposure of the parent Member State bank, calculated in accordance with Articles 92(3) and 92(4) of Regulation (EU) No 575/2013.

(4) If the competent authority of the home Member State informs Banka Slovenije that the special financial institution of a Member State no longer fulfils any of the conditions set out in the first paragraph of this article, the special financial institution shall no longer be entitled to provide mutually recognised financial services in the Republic of Slovenia based on the provisions of this Act.

(5) The provisions of this article shall apply *mutatis mutandis* to undertakings that are subsidiaries of a special financial institution of a Member State.

5.3.6 Provision of services by third-country banks

Article 136 (provision of services by third-country bank)

A third-country bank may provide the banking services, financial services and ancillary financial services that it provides in its home country in the Republic of Slovenia, but only via a branch and under the conditions set out in this Act.

Article 137 **(authorisation to establish branch of third-country bank)**

(1) A third-country bank may establish a branch and enter it in the companies register, provided that it obtains an authorisation to establish a third-country bank branch in accordance with this Act.

(2) The request for the granting of an authorisation to establish a branch of a third-country bank shall be submitted to Banka Slovenije.

(3) The following shall be attached to the request for the granting of an authorisation to establish a branch of a third-country bank:

1. an extract from the companies register or another relevant register in the country of establishment for the parent bank;
2. the articles of association or other relevant rules of the parent bank;
3. data regarding members of the management and supervisory bodies of the parent bank;
4. the audited annual reports of the parent bank for the last three years of operation;
5. data regarding the holders of qualifying holdings or, if no such holders exist, data regarding the third-country bank's 20 largest shareholders and/or members, and relevant documentation that credibly illustrates the aforementioned shareholders and their participating interests;
6. an extract from the companies register or another relevant register in the country of establishment for the legal persons that are holders of qualifying holdings in the parent bank;
7. a description of the services that the branch will provide, and a business plan for the first three years of operation;
8. the authorisation to provide banking, financial or ancillary financial services granted to the parent bank by the competent authority in the parent bank's country of establishment;
9. the authorisation of the competent authority of the parent bank to establish a branch or a statement from this authority that such an authorisation is not required pursuant to the regulations of the bank's country of establishment;
10. a declaration from the third-country bank that the branch will keep all documentation relating to its operations in the Slovenian language, that it will store that documentation at the registered office of the branch, and that it will administer separate financial statements in accordance with this Act and regulations issued on the basis thereof;
11. a detailed description of the deposit guarantee scheme valid in the parent bank's country of establishment; and
12. other documentation based on which it is possible to determine whether the branch has the personnel, technical and organisational capacities to provide the services to which its request relates.

(4) When issuing an authorisation to establish a branch of a third-country bank, Banka Slovenije may request that the third-country bank deposit a specific sum of cash or other eligible financial collateral in the Republic of Slovenia, or provide other appropriate collateral as a guarantee for the settlement of liabilities from transactions concluded in the Republic of Slovenia.

(5) Banka Slovenije shall grant the authorisation to establish a branch of a third-country bank, if based on available information and the documentation attached to the

request for the granting of the authorisation it assesses that the branch has the financial, managerial, organisational, personnel and technical capacities to operate.

(6) Banka Slovenije shall notify the European Banking Authority of:

1. all authorisations granted to branches of third-country banks, and all subsequent changes to these authorisations;
2. the total assets and liabilities reported by branches of third-country banks in accordance with Article 139 of this Act;
3. the name of the third-country group to which a branch that holds an authorisation referred to in the first paragraph of this article belongs.

(7) Banka Slovenije shall refuse the request for the granting of an authorisation to establish a branch of a third-country bank if, taking into account the regulations of the country in which the parent bank is established and practices in the implementation of those regulations, it is likely that supervision in accordance with the provisions of this Act will be impeded.

(8) A third-country bank that has obtained the authorisation referred to in the first paragraph of this article may provide the banking, financial and ancillary financial services cited in the authorisation to establish a branch of a third-country bank in the Republic of Slovenia via a branch.

(9) If a third-country bank intends to begin providing additional services via a branch in the Republic of Slovenia that are not cited in the previously granted authorisation to establish a third-country bank branch, it shall obtain an additional authorisation from Banka Slovenije to provide those services.

(10) The second paragraph, points 7 and 12 of the third paragraph and the fifth and seventh paragraphs of this article shall apply *mutatis mutandis* to the additional authorisation referred to in the eighth paragraph of this article.

(11) Banka Slovenije shall prescribe the detailed content of the documentation that a third-country bank attaches to its request for the granting of an authorisation to establish a branch in the Republic of Slovenia.

Article 138

(application of provisions of this act to operations of branch of third-country bank)

(1) The following shall apply *mutatis mutandis* to the operations of a branch of a third-country bank in the Republic of Slovenia:

1. the provisions of this Act and the other regulations referred to in the second paragraph of Article 9 of this Act regarding the operations of banks and the supervision of banks by Banka Slovenije; and
2. the provisions of other laws governing the operations of banks in the territory of the Republic of Slovenia.

(2) The provisions of this Act regarding a bank's management board shall apply *mutatis mutandis* to a branch's senior management.

(3) The provisions of this Act regarding the withdrawal and invalidation of the authorisation to provide banking services shall apply *mutatis mutandis* to the withdrawal and invalidation of Banka Slovenije's authorisation to establish a branch of a third-country bank.

(4) Banka Slovenije shall also withdraw an authorisation to establish a branch of a third-country bank:

1. if the supervisory authority of the third-country bank's country of establishment withdraws the bank's authorisation to provide banking services; or
2. if the branch fails to meet its deposit guarantee obligations when it is included in the deposit guarantee scheme in the Republic of Slovenia.

Article 139 **(reporting by branch of third-country bank)**

(1) A branch of a third-country bank that has obtained an authorisation referred to in Article 137 of this Act shall report on its operations once a year to Banka Slovenije.

(2) The report referred to in the previous paragraph shall include information on the following:

1. the total assets relating to the branch's activities;
2. the liquid assets that the branch has at its disposal, in particular the availability of liquid assets in currencies of Member States;
3. the own funds that the branch has at its disposal;
4. the arrangements in connection with the deposit insurance that is available to depositors at the branch;
5. the risk management arrangements;
6. the corporate arrangements, including information on key function holders for the branch's activities;
7. the recovery plan that includes the branch;
8. other information that Banka Slovenije believes to be necessary for comprehensively monitoring the branch's activities.

(3) The branch of a third-country bank shall submit the report referred to in the first paragraph of this article to Banka Slovenije within six months of the end of the calendar year.

(4) Banka Slovenije may require the branch of a third-country bank to report more frequently and to report additional information, if this is necessary for comprehensively monitoring the branch's activities.

Article 140 **(representative office of third-country bank)**

(1) A third-country bank may present and disseminate information about its services and perform market research via a representative office as its organisational unit in the Republic of Slovenia.

(2) The representative office shall not have legal personality.

(3) The representative office of a third-country bank in the Republic of Slovenia may not pursue any activities other than those set out in the first paragraph of this article.

Article 141 **(authorisation to establish representative office of third-country bank)**

(1) To establish a representative office, a third-country bank shall obtain an authorisation from Banka Slovenije.

(2) The following shall be attached to the request for the granting of the authorisation referred to in the previous paragraph:

1. an extract from the companies register or another relevant register in the country of establishment for the parent bank;
2. the articles of association or other relevant rules of the parent bank;
3. the audited annual reports of the parent bank for the last three years of operation;
4. a list of the persons who will manage the representative office.

(3) Banka Slovenije shall keep a register of representative offices.

(4) Banka Slovenije shall withdraw the authorisation to establish a representative office of a third-country bank if the representative office acts in contravention of the third paragraph of the previous article.

5.4 Intermediate EU parent undertaking

Article 142 (intermediate EU parent undertaking)

(1) Two or more institutions established in the European Union that are part of the same third-country group shall have a single intermediate EU parent undertaking, if:

- at least one of the institutions is a bank; and
- the total assets of the third-country group in the European Union exceed EUR 40 billion.

(2) In collaboration with other competent authorities in Member States, Banka Slovenije may permit a third-country group to have an additional intermediate EU parent undertaking if the establishment of a single intermediate EU parent undertaking:

- would not be compatible with the requirement for segregated activities imposed by the rules or supervisory authorities of the third country in which the group's ultimate parent undertaking is established; or
- the resolution of the single intermediate EU parent undertaking in accordance with an assessment made by the competent authority for its resolution would be less effective than in the case of two intermediate EU parent undertakings.

(3) A request for the granting of the authorisation referred to in the previous paragraph shall be submitted to Banka Slovenije. Evidence that at least one of the conditions set out in the previous paragraph has been met shall be attached to the request.

(4) An intermediate EU parent undertaking is a bank, a Member State bank or a credit institution that has obtained an authorisation from the competent authority in accordance with Article 113 of this Act or Article 8 of Directive 2013/36/EU, or a financial holding company or mixed financial holding company that has obtained an authorisation from the competent authority in accordance with Article 83 of this Act or Article 21a of Directive 2013/36/EU.

(5) Any bank that is part of a third-country group shall meet one of the following conditions:

1. it has an intermediate EU parent undertaking;
2. it is an intermediate EU parent undertaking;
3. it is the group's sole institution in the European Union;
4. it is part of a third-country group whose total assets calculated in accordance with Article 143 of this Act are less than EUR 40 billion.

Article 143
(calculation of group's total assets)

(1) The total assets of a third-country group in the European Union for the purposes of the first paragraph of Article 142 are the sum of:

- c) the total assets of each institution in the European Union that is part of the third-country group, as evident from its consolidated balance sheet or its balance sheet on an individual basis if the institution is not consolidated; and
- d) the total assets of each branch of the third-country group that holds an authorisation from a competent authority in the European Union in accordance with this Act, Directive 2013/36/EU, the law governing the market in financial instruments, Directive 2014/65/EU or Regulation 600/2014.

(2) For the purposes of this article, the term "institution" shall also include investment firms.

Article 144
(notification of EBA)

Banka Slovenije shall report the following information to the European Banking Authority in connection with each third-country group operating in the Republic of Slovenia of which a bank is part:

- 1. the name and total assets of the institutions that make up the third-country group;
- 2. the name and total assets relating to branches of third-country banks that are part of a third-country group, and the type of activities for which they hold an authorisation pursuant to this Act;
- 3. the name and type of intermediate EU parent undertaking established in the Republic of Slovenia, as set out in the fourth paragraph of Article 142 of this Act, and the name of the third-country group to which the intermediate EU parent undertaking belongs.

5.5 Protection of confidential data

Article 145
(confidential data)

Confidential data pursuant to this Act is all data, facts and circumstances about a specific client at a bank's disposal.

Article 146
(obligation to safeguard confidential data)

(1) A bank shall safeguard the data referred to in the previous article, irrespective of the manner in which that data has been obtained.

(2) Members of a bank's bodies, its shareholders and employees, and other persons to whom the confidential data referred to in the previous article is in any way accessible in the course of their work at the bank or while they are providing services for the bank may not disclose this data to third parties, or enable a third party to make use of it, or use it for their own purposes.

(3) The bank's obligation set out in the first paragraph of this article with regard to the safeguarding of confidential data shall not apply:

1. if a client provides its express written consent to the disclosure of certain confidential data;
2. if this data is required by Banka Slovenije, the European Central Bank or a supervisory authority for the needs of the supervision of a bank that it conducts in the scope of its powers;
3. if such data is requested in writing by an anti-corruption commission, or if requested in writing by a court, a state prosecutor or the police for pre-trial and criminal proceedings, except in cases when the law expressly requires an order by an investigating judge for the forwarding of confidential data;
4. when data is forwarded to parent entities in connection with supervision on a consolidated basis in accordance with Section 10.3 of this Act or in accordance with the ZFK;
5. if the data is required in writing by a commission of inquiry, when it is conducting an investigation in accordance with the law governing parliamentary investigations;
6. if the data is required in writing by the Court of Audit of the Republic of Slovenia in exercising its powers in accordance with the law governing the court of audit;
7. for the exchange of information on client creditworthiness for the purpose of credit risk management:
 - between members of a system for the exchange of information on client creditworthiness established in accordance with the applicable regulations for the purposes of managing the credit risk of banks, or
 - with Member State banks or systems for the exchange of information on client creditworthiness organised in other Member States, with regard to information on the creditworthiness of clients who are legal persons; and
8. in other cases where the law expressly sets out the bank's obligation with regard to the forwarding of confidential data on a specific client.

(4) The obligation to safeguard confidential data shall not apply if a bank or a person referred to in the second paragraph of this article forwards the data to a prosecutor or the police for the purpose of informing those authorities of the grounds for suspecting a criminal act has been committed.

(5) In addition to the cases set out in the third and fourth paragraphs of this article, a bank may also disclose confidential data if necessary for negotiations for the conclusion of a contract or for the performance of a contract that the bank concludes within the framework of ordinary banking, and if the recipient ensures the appropriate safeguarding of the confidentiality of the data. For the needs referred to in the previous sentence, the bank may only disclose confidential data on a client that is crucial to the conclusion or performance of the contract.

(6) Every time that confidential data is forwarded, the bank shall ensure that it is possible to subsequently determine which confidential data was forwarded, to whom, when and on what basis, for a period of ten years after the forwarding of the data.

Article 147 **(use of confidential data)**

Banka Slovenije or other authorities and persons may use the data they have obtained pursuant to the previous article exclusively for the purpose for which the data was obtained, and may forward that data to other persons exclusively under the conditions set out in this Act or any other law.

CHAPTER 6:
INTERNAL GOVERNANCE ARRANGEMENTS AND INTERNAL CAPITAL ADEQUACY

6.1 General provisions

Article 148
(stable internal governance arrangements)

- (1) A bank shall have stable internal governance arrangements that include:
1. a clear organisational structure with precisely defined, transparent and consistent internal relationships with regard to responsibilities;
 2. effective risk management processes for identifying, measuring or assessing, managing and monitoring risks, including recovery plans and the reporting of the risks to which the bank is or could be exposed in its operations;
 3. suitable internal control mechanisms that include appropriate administrative and accounting procedures; and
 4. appropriate remuneration policies and practices that are in line with prudent and effective risk management, and thus also promote risk management, and are also gender-neutral.

(2) Internal governance arrangements shall be comprehensive and commensurate with the nature, scale and complexity of the risks inherent in the bank's business model and the activities that it pursues.

Article 149
(capital adequacy)

(1) A bank shall ensure that it has at its disposal at all times adequate own funds to cover the own funds requirements set out in Article 92 of Regulation 575/2013, the requirements pursuant to Article 203 and point 1 of the second paragraph of Article 280 of this Act and the requirements to maintain capital buffers pursuant to Chapter 7 of this Act, and to ensure internal capital adequacy in accordance with Article 151 of this Act.

(2) A bank may include the capital instruments referred to in Articles 52 and 63 of Regulation 575/2013 in its calculation of own funds, if it obtains an authorisation to include a specific capital instrument in the calculation from Banka Slovenije, or the European Central Bank whenever the latter is responsible for performing the tasks set out in point (d) of Article 4(1) of Regulation 1024/2013 in the supervision of the bank in accordance with the aforementioned regulation.

(3) The authorisation referred to in the previous paragraph shall be granted if the capital instrument satisfies the conditions set out in Regulation 575/2013.

- (4) Banka Slovenije shall prescribe:
- the documentation that the bank attaches to its request for the granting of the authorisation referred to in the second paragraph of this article and the authorisation referred to in Article 26(3) of Regulation 575/2013; and
 - the documentation that the bank attaches to the notification for subsequent issuance of forms of common equity Tier 1 instruments referred to in the second subparagraph of Article 26(3) of Regulation 575/2013, and the deadline for submitting the notification before the classification of instruments as common equity Tier 1 instruments.

Article 150

(liquidity adequacy)

A bank shall ensure that is it capable, at all times, of meeting the liquidity requirements set out in Part Six of Regulation 575/2013 and the regulations issued on the basis of Articles 460 and 510 of the aforementioned regulation, and the requirements pursuant to the fifth paragraph of Article 280 of this Act, and that it is capable of settling its past-due liabilities on time at any given moment.

Article 151 (assessing and ensuring internal capital adequacy)

(1) A bank shall put in place suitable, effective and comprehensive strategies and processes:

- for continually assessing and ensuring the amounts, types and distribution of internal capital that it deems necessary as coverage with respect to the attributes and scale of the risks to which it is or could be exposed in its operations; and
- for ensuring that the bank's own funds are able to cover any losses deriving from stress scenarios, including those determined by the supervisory stress tests referred to in the sixth paragraph of Article 192 of this Act.

(2) A bank shall ensure on the basis of regular reviews that the strategies and processes referred to in the previous paragraph are comprehensive and commensurate with the nature, scale and complexity of the activities that it pursues, and shall ensure internal capital adequacy to cover those risks.

(3) In accordance with Article 10 of Regulation 575/2013, Banka Slovenije may decide to waive in full or part the application of the requirements set out in the first and second paragraphs of this article to an individual bank affiliated with a central body.

Article 152 (internal capital adequacy for market risks)

(1) Based on established market risk management policies and processes, a bank shall take into account significant market risks that are not the subject of own funds requirements in accordance with Regulation 575/2013 when assessing and ensuring internal capital adequacy in accordance with the previous article.

(2) A bank that, when calculating own funds requirements for position risk in accordance with Chapter 2 of Title IV of Part Three of Regulation 575/2013, nets its positions in one or more equity instruments that comprise a stock index with one of more positions in a stock-index futures contract or in another stock-index product shall ensure internal capital adequacy to cover the basic risk of a loss as a result of different movement in the value of futures contracts or other derivatives relative to the movement in the value of the underlying instruments to which they are tied.

(3) A bank shall also ensure internal capital adequacy whenever it holds opposite positions in stock-index futures contracts that do not match in terms of maturity or composition, or both.

(4) When applying the procedure set out in Article 345 of Regulation 575/2013, a bank shall ensure internal capital adequacy to cover the risk of a loss that exists from the time that the commitment is given until the next working day.

Article 153

(level of compliance with obligations regarding internal capital adequacy)

(1) A bank that is not a subsidiary bank or parent bank in the Republic of Slovenia or a bank that is not included in prudential consolidation in accordance with Article 19 of Regulation 575/2013 shall fulfil the obligation to assess and ensure internal capital adequacy in accordance with Article 151 of this Act on an individual basis.

(2) An EU parent bank or a parent bank in the Republic of Slovenia shall fulfil the obligation to assess and ensure internal capital adequacy in accordance with Article 151 of this Act on a consolidated basis, to the extent and in the manner set out in Sections 2 and 3 of Chapter 2 of Title II of Part One of Regulation 575/2013.

(3) A subsidiary bank that is itself or whose parent financial holding company or mixed financial holding company is the parent of or holds a participating interest in another credit institution, financial institution or asset management company established in a third country shall fulfil the obligation set out in the first paragraph of this article on a subconsolidated basis.

Article 154

(level of compliance with obligations regarding internal governance arrangements)

(1) A bank shall fulfil the requirements regarding the internal governance arrangements set out in Article 148 of this Act on an individual basis, except in cases where Banka Slovenije waives the application of those requirements to the bank, in part or full, in accordance with Article 7 of Regulation 575/2013.

(2) An EU parent bank or a parent bank in the Republic of Slovenia and its subsidiary banks to which this Act or Directive 2013/36/EU apply shall fulfil the requirements regarding internal governance arrangements on a consolidated or subconsolidated basis, thereby ensuring that their arrangements, processes and mechanisms are consistent and well-integrated and provide for the preparation of all data and information of importance to supervision.

(3) An EU parent bank or a parent bank in the Republic of Slovenia and its subsidiary banks to which this Act or Directive 2013/36/EU apply shall ensure that the internal governance arrangements are appropriately integrated, and that they are consistently implemented at all of their other subsidiaries to which this Act or Directive 2013/36/EU do not apply, including those established in offshore financial centres, in such a way that the subsidiaries are capable of preparing all data and information of importance to supervision. The subsidiaries to which this Act or Directive 2013/36/EU do not apply shall fulfil their sectoral requirements on an individual basis.

(4) Notwithstanding the previous paragraph, an EU parent bank or a parent bank in the Republic of Slovenia shall not be required to comply with the internal governance arrangements in connection with subsidiaries to which this Act or Directive 2013/36/EU do not apply, if it demonstrates to Banka Slovenije that the fulfilment of those requirements would be in contravention of the applicable regulations of the third country in which the subsidiary is established.

(5) The provisions of the fourth paragraph of Article 51, Article 54, Article 189 and Article 190 of this Act on remuneration policies shall not be applied on a consolidated basis to:

- subsidiaries established in the European Union, when special requirements apply thereto with regard to remuneration in accordance with other legal acts of the European Union;
- subsidiaries established in a third country, when, were they established in the European Union, special requirements would apply thereto with regard to remuneration in accordance with other legal acts of the European Union.

(6) Notwithstanding the previous paragraph, the provisions of Articles 54, 189 and 190 of this Act governing remuneration policy shall apply on an individual basis to employees at subsidiaries to which this Act, the law governing the market in financial instruments or Directive 2013/36/EU do not apply, if:

- the subsidiary of the bank is an asset management company or an undertaking providing investment services and activities cited in points 2, 3, 4, 6 and 7 of Section A of Annex I of Directive 2014/65/EU; and
- the employees are authorised to pursue professional activities that have a significant impact on the risk profile or business at group level.

Article 155 (implementing regulations)

Banka Slovenije shall prescribe detailed rules:

1. regarding internal governance arrangements, including detailed rules for risk management and for remuneration policy and practices;
2. regarding the assessment of internal capital adequacy; and
3. in connection with reporting, the detailed content of notifications and reports on circumstances in connection with compliance with requirements pursuant to this Act or Regulation 575/2013, and the deadlines and manner of reporting.

6.2 Organisational structure

6.2.1 Responsibility of the management board and supervisory board

Article 156 (functioning of management board)

(1) A bank's management board shall put in place and implement the type of internal governance arrangements set out in Article 148 of this Act that facilitate the effective and prudent governance of the bank based on clearly defined competences and responsibilities, and on policies and measures to prevent conflicts of interest.

(2) For the purposes of the previous paragraph, a bank's management board shall be fully responsible for the bank's operations and its risk management, including:

1. approving the bank's strategic objectives, formulating, adopting and regularly reviewing the strategy for risk take-up and management, and the bank's internal governance arrangements;
2. ensuring the integrity of accounting and financial reporting systems, which also include financial and operational control, and ensuring the compliance of the bank's operations with applicable regulations and standards;
3. controlling the disclosure of information by the bank and the notification of competent authorities and other interested parties; and
4. ensuring the effective oversight of senior management.

(3) A bank's management board shall monitor and regularly assess the effectiveness of internal governance arrangements, and shall put in place appropriate measures to rectify any deficiencies.

(4) A bank's management board shall inform the supervisory board in writing without delay:

1. if grounds arise, or it is likely that grounds will arise, for the invalidation or withdrawal of the authorisation to provide banking or financial services, or for the prohibition of the execution of individual transactions that the bank executes;
2. if the bank's position changes in such a way that it no longer maintains or it is likely that it will no longer maintain capital adequacy in accordance with Article 149 of this Act or liquidity adequacy in accordance with Article 150 of this Act;
3. of the findings of Banka Slovenije, the tax authorities and other supervisory authorities during the supervision of the bank; and
4. of any other matters, whenever this is necessary or appropriate in order for the supervisory board to exercise its powers and duties in accordance with this Act or any other law, in particular circumstances that have arisen or are likely to arise at the bank that entail a serious breach of the regulations referred to in the second paragraph of Article 9 of this Act.

Article 157 **(functioning of supervisory board)**

(1) When supervising the work of the management board and adopting policies and making decisions in the scope of its powers, the supervisory board shall, in particular, supervise the implementation of the bank's strategic objectives, formulate, adopt and regularly review the strategies for risk take-up and management, and contribute to the putting in place and implementation of the bank's stable internal governance arrangements set out in Article 148 of this Act. In so doing it shall comply with policies and measures for preventing conflicts of interest.

(2) By supervising the work of the management board and exercising its powers in accordance with this Act, the supervisory board shall assume general responsibility, together with the management board, for the effective and prudent governance of the bank.

(3) A bank's management board shall ensure the requisite human and financial resources to induct and train members of the supervisory board and the risk committee, whenever the latter has been established, including the possibility of hiring external experts to handle specific issues.

Article 158 **(risk management function)**

(1) A bank's management board shall put in place a risk management function that answers directly to the management board and that is functionally and organisationally segregated from the bank's other functions in which conflicts of interest could arise vis-à-vis the risk management function. In so doing it shall take account of the nature, scale and complexity of the activities that it pursues. The risk management function shall be headed by a person in a senior management position at the bank.

(2) A bank's management board shall ensure that the risk management function has the requisite authorisations and influence to perform that function, as well as sufficient human and financial resources for effective risk management.

(3) Whenever the nature, scale and complexity of the activities that the bank pursues do not justify the appointment of a special person to a senior management position to head the risk management function, that function may be performed by a person in a senior management position at the bank who performs other senior management functions, provided that this does not result in conflicts of interest.

(4) In particular the risk management function shall ensure:

1. that all material risks are identified, assessed and measured, and reported on appropriately;
2. active participation in the drafting of the bank's risk management strategy and in all important decisions regarding risk management; and
3. the formulation of a comprehensive dashboard of the risks to which the bank is or could be exposed in its operations.

(5) The head of the risk management function shall be independent and directly answerable to the bank's management board. They shall report all circumstances to the bank's management board that affect or could affect the specific evolution of the risks to which the bank is exposed, and shall have direct access to the supervisory board. The management board shall obtain the supervisory board's consent to dismiss the head of the risk management function.

(6) The head of the risk management function shall report all material risks and circumstances that affect or could affect the bank's risk profile to the management board without delay at their own initiative. If the management board does not adopt the appropriate measures, the head of the risk management function shall inform the chair of the supervisory board and the chair of the risk committee of the risks and circumstances.

(7) A bank's management board shall ensure that the head of the risk management function is able to notify the chairs of the supervisory board and the risk committee, independently of the management board, in the event of the specific evolution of risks that affect or could affect the bank's risk profile, and to express any reservations or forward warnings in that respect to them.

Article 159 **(submission of risk-related information)**

(1) The supervisory board and the risk committee may request from a bank's management board all information required to identify the bank's risk profile, and shall define the content, extent, form and frequency for the reporting of the information that the bank's management board is required to submit.

(2) The supervisory board and the risk committee may also request clarifications from the head of the risk management function for the purpose of discussing specific issues in connection with the bank's risk profile.

(3) Notwithstanding the first and second paragraphs of this article, a bank's management board and supervisory board shall be fully responsible for the formulation and implementation of the strategy and policy for taking up, managing, monitoring and controlling the risks to which the bank is exposed.

Article 160 **(whistleblowing system)**

(1) A bank shall put in place a whistleblowing system that allows employees of the bank to internally report breaches of regulations and the bank's bylaws via independent and autonomous reporting lines. To this end the bank may also use systems that were put in place at the bank within the framework of independently organised activities of employees at the bank, provided that the requirements set out in this article are met.

(2) The system referred to in the previous paragraph shall facilitate a simple and accessible way for employees to report breaches, and shall include clearly defined procedures for receiving and handling reports, including reporting on findings in connection with reports received and activities carried out.

(3) Having regard for the provisions of the law governing personal data protection, a bank may process the personal data of the person who has reported a breach and the person allegedly responsible for the breach for the purpose of handling the reports referred to in the first paragraph of this article, including reporting on findings in connection with reports received and activities carried out. The bank shall ensure that all data regarding the persons who have reported breaches in accordance with the first paragraph of this article is treated as confidential, and shall not disclose such data without the consent of those persons, except when disclosure of the identity of the whistleblower is necessary in accordance with law for criminal proceedings or subsequent judicial proceedings.

(4) A bank shall put in place measures to prevent retaliatory acts, discrimination or other forms of inappropriate treatment of employees at the bank who have reported breaches in accordance with the first paragraph of this article, and measures to reverse the consequences of retaliatory acts, if inappropriate treatment has already occurred.

6.2.2 Internal audit department and compliance department

Article 161 (internal audit department)

(1) A bank's management board shall put in place an internal audit department as an independent organisational unit that reports directly to the bank's management board, and is functionally and organisationally segregated from the bank's other organisational units.

(2) The purpose, importance and tasks of the internal audit department shall be defined in a bylaw approved by the bank's management board with the supervisory board's consent.

Article 162 (internal audit department's tasks)

- (1) Internal auditing shall comprise the following:
1. monitoring and assessing the effectiveness of internal governance arrangements;
 2. evaluating the internal capital adequacy assessment process with regard to the bank's own risk assessment;
 3. assessing the reliability of the information system, including the electronic information system and electronic banking services;
 4. assessing the reliability and credibility of accounting records and financial reports;
 5. verifying the integrity, reliability and timeliness of reporting in accordance with the relevant regulations;

6. verifying the bank's compliance with regulations, bylaws and measures adopted on the basis thereof; and
7. conducting special investigations.

(2) The internal audit department shall conduct its internal audits in accordance with:

1. the International Standards for the Professional Practice of Internal Auditing;
2. the Code of Internal Auditing Principles; and
3. the Code of Ethics of Internal Auditors.

Article 163 **(internal audit department employees)**

(1) To perform internal audit tasks, a bank shall employ at least one person who has obtained the title of certified internal auditor in accordance with the law governing auditing, and who possesses the requisite traits and experience to perform internal audit tasks at the bank in line with best practices and the highest ethical standards.

(2) Persons who perform internal auditing tasks may not perform any other tasks at a bank.

(3) Internal audit tasks may not be performed by members of a bank's management board.

Article 164 **(internal audit department's annual work plan and internal audit report)**

(1) The internal audit department's annual work plan shall be based on a risk assessment drawn up at least once a year.

(2) The bank's management board shall adopt the internal audit department's annual work plan with the consent of the supervisory board.

- (3) The internal audit department's annual work plan shall include:
1. the areas of operations that will be subject to auditing; and
 2. a description of planned audits of operations by individual area.

(4) The internal audit department shall draw up an internal audit report at least every six months that includes:

1. a description of the content of audits;
2. a general assessment of the appropriateness and effectiveness of risk management;
3. an assessment of the appropriateness and effectiveness of the functioning of internal control systems;
4. breaches and irregularities that the internal audit department identified during a specific audit, and proposed measures to rectify those breaches and irregularities; and
5. findings in connection with the rectification of breaches and irregularities identified by the internal audit department.

(5) The internal audit department shall draw up an annual internal audit report that includes:

1. a report on the implementation of the annual work plan;
2. an assessment of the compliance of remuneration practices with the remuneration policy; and
3. a summary of significant findings from audits.

(6) The internal audit department shall submit its half-yearly and annual reports to the bank's management board and supervisory board.

(7) The management board shall submit the annual internal audit report with the supervisory board's opinion to the bank's general meeting, together with the bank's annual report and the report of the supervisory board set out in Article 282 of the ZGD-1.

Article 165 **(notification of bank's management board and supervisory board)**

(1) If during an audit the internal audit department finds that the bank is in breach of risk management rules and is thus exposed to the risk of illiquidity or capital inadequacy, or the security of operations is jeopardised and the deposit guarantee scheme could be activated, it shall notify the management board accordingly without delay. If the management board fails to take appropriate measures, the internal audit department shall inform the supervisory board without delay.

(2) If during an audit the internal audit department finds that the bank's management board is in breach of risk management rules, it shall notify the management board and supervisory board without delay.

(3) If the management board fails to take appropriate measures to rectify the breaches referred to in the first paragraph of this article, or if the management board and supervisory board fail to take appropriate measures to rectify the breaches referred to in the previous paragraph, the internal audit department shall inform Banka Slovenije without delay.

Article 166 **(compliance department)**

(1) A significant bank shall put in place a compliance department that reports directly to the bank's management board and that is functionally and organisationally segregated from the bank's other functions in which conflicts of interest could arise vis-à-vis the compliance function.

(2) The compliance function shall identify the compliance risks to which the bank is or could be exposed in its operations as a result of a breach of applicable regulations or requirements of Banka Slovenije, or the European Central Bank whenever the latter is responsible for performing the tasks set out in Article 4(1) of Regulation 1024/2013 in the supervision of the bank in accordance with the aforementioned regulation, or as a result of a breach of contract, prescribed practices or ethical standards that could impact the bank's revenues, capital or reputation.

(3) The compliance function shall report its findings to the management board and supervisory board, and, when appropriate, to the risk management function.

6.3 Risk management

6.3.1 General provisions on risk management

Article 167 **(risk management strategy and policy)**

(1) In the scope of their powers and duties on the basis of this Act, a bank's management board and supervisory board shall be responsible for defining, adopting and regularly reviewing the strategy and policy for the take-up and management of the risks to which the bank is or could be exposed in its operations, including risks from the macroeconomic environment in which the bank operates, having regard for the current business cycle. The risk management strategy and policy shall include guidelines for taking up risks, and procedures and tools for managing risks.

(2) The management board shall provide for the requisite human and financial resources for the effective and comprehensive treatment of risks at the bank, including the identification, measurement or assessment, management and monitoring of the risks to which the bank is or could be exposed in its operations.

(3) The management board and supervisory board shall dedicate sufficient time to the treatment of risks, and shall put in place a reporting system that ensures that the management board and supervisory board are informed in a timely manner of all material risks to which the bank is exposed, and that takes into account the risk management policy and changes thereto.

(4) In particular the management board and supervisory board shall actively take part in decisions relating to the treatment of the material risks defined in this Act and Regulation 575/2013, including the valuation of assets, and the use of external credit assessments and internal models in connection with those risks.

Article 168 **(risk management activities)**

(1) A bank shall formulate an action plan for managing risks in accordance with the strategies and policies referred to in the previous article that includes, in particular, procedures for identifying, measuring or assessing and managing risks, and a method for monitoring the implementation of those procedures.

(2) In the plan referred to in the previous paragraph, the bank shall define the procedures and activities for managing each type of risk to which it is or could be exposed in connection with the specific types of services that it provides, and for the risks to which the bank is or could be exposed in all activities that it pursues.

(3) The plan referred to in the first paragraph of this article shall be adopted by the bank's management board with the supervisory board's consent, following consultation with the risk committee, if one has been appointed.

6.3.2 Transactions with persons in a special relationship with a bank

Article 169 **(treatment of risks in transactions with persons in special relationship with bank)**

(1) A bank shall put in place and implement a policy and procedures for identifying transactions with persons in a special relationship with the bank, for setting conditions and limits on exposures to such persons, and for monitoring and managing exposures, including conditions for the application of possible exemptions from the relevant policy and procedures.

(2) The following are persons in a special relationship with a bank:

1. a member of the bank's management board and/or their immediate family member;
2. a member of the bank's supervisory board and/or their immediate family member;
3. the bank's procurator and/or their immediate family member;
4. a member of the bank's senior management;
5. a legal person at which the procurator or a member of the management board, supervisory board or senior management is simultaneously a member of the bank's management board or supervisory board or the bank's procurator, or an immediate family member of those persons;
6. a legal person in which a qualifying holding is held by a member of the bank's management board or supervisory board or the bank's procurator, or an immediate family member of those persons;
7. the holder of a qualifying holding in the bank;
8. a legal person in which the bank holds a qualifying holding;
9. a member of the management board, supervisory board or other management or supervisory body or the procurator of a legal person referred to in points 7 and 8 of this paragraph; and
10. any other person whom the bank defines as a person in a special relationship with the bank due to the nature of that person's relationship with the bank or with the persons referred to in points 1 to 9 of this paragraph, because conflicts of interest could arise in relation to those persons in the bank's operations.

(3) When assuming their function, a member of the management board or supervisory board and the procurator of a bank shall inform the bank of the names and business names of persons deemed to be in a special relationship with the bank because of their relationship with the former pursuant to the previous paragraph, and shall inform the bank without delay of any changes that affect the definition of a particular person deemed to be a person in a special relationship with the bank.

(4) A bank shall maintain a list of persons in a special relationship with the bank, and shall ensure the appropriate documentation of information about exposures to those persons. When requested it shall submit the information to Banka Slovenije, or the European Central Bank whenever the latter is responsible for performing the tasks set out in point (d) of Article 4(1) of Regulation 1024/2013 in the supervision of the bank in accordance with the aforementioned regulation.

Article 170

(transactions with persons in special relationship with bank)

(1) A bank shall conclude legal transactions with a particular person in a special relationship with the bank under terms that are no more favourable than those under which the bank typically concludes transactions with other persons during the same period.

(2) Notwithstanding the previous paragraph, a bank may exceptionally conclude a legal transaction with a person in a special relationship with the bank under terms that are more favourable than usual, provided that objectively justified reasons are given for the conclusion of such a transaction, particularly in the case of the restructuring of a debtor who is a person in a special relationship with the bank.

- (3) The prior consent of the bank's supervisory board shall be obtained for:
1. the conclusion of a legal transaction with a person in a special relationship with the bank if, due to that transaction or the total value of all transactions, the bank's exposure to that person, including indirect exposure, reaches or exceeds EUR 100,000, and for each subsequent transaction due to which the bank's total exposure to that person from all transactions increases by an additional EUR 100,000; and

2. the conclusion of the legal transaction in cases referred to in the previous paragraph.

(4) When determining the exposure referred to in the previous paragraph, the bank shall take account of the gross value, i.e. not less impairments and provisions.

(5) The bank shall inform Banka Slovenije, or the European Central Bank whenever the latter is responsible for performing the tasks set out in point (d) of Article 4(1) of Regulation 1024/2013 in the supervision of the bank in accordance with the aforementioned regulation, of the conclusion of a legal transaction referred to in the second paragraph of this article.

6.3.3 Credit risk and counterparty risk management

Article 171 (credit risk and counterparty risk management policy and procedures)

(1) A bank shall put in place and implement appropriate policy and procedures for managing credit risk, including counterparty risk.

(2) A bank shall employ clearly defined processes for approving, modifying, renewing and refinancing loans, including criteria and procedures for identifying and managing problematic loans and an appropriate policy with regard to the creation of impairments and provisions.

Article 172 (credit risk take-up)

(1) A bank shall apply appropriate and precisely defined loan approval criteria.

(2) During the loan approval process or during the conclusion of another contract that is the basis for origination of an exposure, the bank shall assess the debtor's ability to settle its liabilities to the bank (hereinafter: creditworthiness assessment), and the quality of collateral for the bank's claims according to the type and extent of the collateral.

(3) In connection with the assessment referred to in the previous paragraph, the bank shall obtain an extract of credit assessment data for that debtor from the system for the exchange of information on client creditworthiness that was put in place in accordance with the applicable regulations for the purposes of managing the credit risk to which banks are exposed.

Article 173 (treatment of credit risk)

(1) A bank shall put in place appropriate processes and techniques for assessing credit risk:

1. at the level of exposure to a specific debtors arising from securities or securitisation positions; and
2. at the portfolio level.

(2) A bank's credit portfolio shall be appropriately diversified with respect to target markets and the bank's overall strategy.

(3) The bank shall monitor an entity's transactions and the quality of the collateral for the entire duration of the legal relationship that is the basis for the exposure.

Article 174
(techniques for assessing credit risk and counterparty risk)

(1) A bank shall not rely exclusively or automatically on external credit assessments when assessing credit risk. Whenever own funds requirements for credit risk are based on external credit assessments or on the fact that an exposure has not been assessed, the bank shall take into account other relevant information when assessing credit risk and allocating internal capital.

(2) A bank shall put in place a system for continuous monitoring and reporting with regard to the effectiveness of the credit risk assessment techniques applied.

Article 175
(treatment of residual credit risk)

A bank shall ensure the appropriate treatment and control of risks, if the recognised credit risk mitigation techniques used by the bank prove to be less effective than anticipated. The bank shall put in place written policy and procedures for that purpose.

6.3.4 Management of market risks and interest rate risk arising from non-trading-book activities

Article 176
(market risk management policy and procedures)

A bank shall put in place and implement appropriate policy and procedures for identifying, measuring and managing all material market risk factors.

Article 177
(treatment of interest rate risk arising from non-trading-book activities)

(1) A bank shall put in place appropriate internal systems for identifying, evaluating, managing and mitigating the risks inherent in the adverse movement of interest rates, which can reduce the economic value of equity and net interest income from the bank's non-trading-book activities, or shall apply a standardised methodology for this purpose.

(2) A small and non-complex bank may apply a simplified standardised methodology to identifying, evaluating, managing and mitigating interest rate risk arising from non-trading-book activities.

(3) A bank shall put in place systems for assessing and monitoring the risks inherent in potential changes in credit spreads that have an impact on the economic value of equity and net interest income from non-trading-book activities.

(4) Banka Slovenije may require a bank to apply a standardised methodology referred to in the first paragraph of this article, if the internal systems that the bank has put in

place for risk evaluation in accordance with the first paragraph of this article are not satisfactory.

(5) Banka Slovenije may require a small and non-complex bank to apply a standardised methodology, if it assesses that the simplified standardised methodology is not sufficient for capturing interest rate risk arising from the bank's non-trading-book activities.

6.3.5 Liquidity risk management

Article 178 (liquidity risk management policies and procedures)

(1) A bank shall put in place and implement reliable strategies, policies and procedures for managing liquidity risks to ensure that it maintains adequate levels of liquidity buffers at all times.

(2) The liquidity risk management set out in the previous paragraph shall include the following in particular:

1. the planning of known and potential liquidity outflows and expected liquidity inflows from assets, liabilities and off-balance-sheet items, including contingent liabilities, having regard for normal business conditions and potential stress events, including the possible effect of reputation risk;
2. the regular management of liquidity for relevant time horizons, including on an intra-day basis;
3. a distinction between pledged assets and assets free of encumbrances that are available at all times, including in stress situations; and
4. the definition of appropriate measures to prevent or eliminate the causes of liquidity shortfalls.

(3) The strategies, policies and procedures referred to in the first paragraph of this article shall be tailored to business lines, the currencies of the transactions executed by the bank, and to entities in a group, and shall include an appropriate methodology for allocating liquidity costs, benefits and risks.

(4) The strategies, policies and procedures set out in the first paragraph of this article shall be commensurate with the nature, scale and complexity of the transactions executed by the bank, and shall take into account a still-acceptable level of liquidity risk as defined by the bank's management board, having regard for the significance of the bank. The bank shall ensure that all significant business lines at the bank take into account the still-acceptable level of liquidity risk.

Article 179 (treatment of liquidity risk)

(1) A bank's liquidity risk profile shall be in line with the nature, scale and complexity of the activities that the bank pursues.

(2) A bank shall put in place appropriate procedures and tools for:

1. identifying, measuring, managing and monitoring funding positions, taking into account current and planned significant cash flows associated with assets, liabilities and off-balance-sheet items, including contingent liabilities, and the possible effect of reputation risk; and

2. mitigating liquidity risk, including a system of limits and liquidity buffers that increase the bank's resilience to liquidity risk in crisis situations.

(3) A bank shall ensure diversity in the structure of funding and access to funding.

(4) At least once a year, a bank shall employ various liquidity risk management scenarios, including instruments to hedge against liquidity risk, to verify the accuracy and adequacy of the assumptions used to define its liquidity risk management policy, and to verify the appropriateness of the procedures and tools for mitigating liquidity risk. Based on the findings of that verification, the bank shall put in place appropriate measures to improve its liquidity risk management policy, procedures and tools.

Article 180 **(action plan for restoring liquidity adequacy)**

(1) A bank shall adopt a strategy and action plan to be used in the event of potential liquidity shortfalls, taking into account the operations of branches established in other Member States.

(2) At least once a year, a bank shall verify the appropriateness of its strategy and action plan to restore liquidity adequacy, and shall update them on the basis of the results of the scenarios referred to in the fourth paragraph of Article 179 of this Act. Based on the findings of that verification, the bank's management board shall put in place appropriate measures to adjust the bank's liquidity risk management strategies, policy and procedures.

(3) Based on its action plan to restore liquidity adequacy, the bank shall ensure all operational conditions to facilitate the immediate implementation of the envisaged measures should a liquidity shortfall arise.

6.3.6 Operational risk management

Article 181 **(operational risk management policy and procedures)**

(1) A bank shall put in place and implement appropriate policy and procedures for managing operational risk, including model risk and outsourcing risk.

(2) For the purposes set out in the previous paragraph, the bank shall define operational risk factors that include rare events that could have material consequences for the bank.

Article 182 **(business continuity plan)**

A bank shall draw up a business continuity plan for emergency situations that defines measures to ensure business continuity at the bank with the aim of limiting the losses due to such disruptions.

6.3.7 Management of other risks

Article 183
(concentration risk)

(1) A bank shall put in place and implement clear policy and procedures for addressing the risks that it takes up as a result of the concentration of its exposures (concentration risk).

- (2) A bank shall in particular address concentration that is the result of:
1. exposure to a specific counterparty, including central counterparties, and groups of connected counterparties;
 2. exposure to counterparties in the same economic sector or geographical region, or in the same activity, or in connection with transactions in the same commodities; or
 3. the use of credit risk mitigation techniques, in particular the risks inherent in a large indirect credit exposure, as in the case of single issuer of collateral.

Article 184
(supervisory board's consent for individual transactions)

(1) The prior consent of the bank's supervisory board shall be obtained for the conclusion of a legal transaction based on which a bank's total exposure, including indirect credit exposure, to an individual client or a group of connected clients would reach or exceed 10% of the bank's Tier 1 capital. The prior consent of the bank's supervisory board shall also be obtained for the conclusion of a legal transaction based on which the bank's total exposure, including indirect exposure, to an individual client or a group of connected clients increases by each subsequent 5% of the bank's Tier 1 capital.

(2) The bank shall not take account of links with central government when identifying groups of connected clients for the purpose of the previous paragraph.

(3) A bank shall take account of the gross exposure value, i.e. not less impairments and provisions, when determining the exposure referred to in the first paragraph of this article.

Article 185
(securitisation risks)

(1) A bank shall assess and manage risks inherent in securitisation transactions in which the bank acts in the role of investor, originator or sponsor, including reputation risk (that arises, for example, in connection with complex structures or products), based on the appropriate policy and procedures, in particular to ensure that the economic substance of a transaction is appropriately and fully reflected in the assessment of risks and executive decisions regarding the management of those risks.

(2) A bank that acts in the role of originator in revolving securitisation transactions that include early repayment provisions shall formulate plans for providing liquidity in the event of planned and early repayments.

Article 186
(risk of excessive leverage)

(1) A bank shall put in place and implement appropriate policy and procedures for managing the risk of excessive leverage.

(2) For the purposes set out in the previous paragraph, the bank shall define indicators of the risk of excessive leverage that include a leverage ratio defined in accordance with Article 429 of Regulation 575/2013, and the mismatch of assets and liabilities.

(3) The bank shall address the risk of excessive leverage by taking appropriate account of a possible increase in the aforementioned risk as a result of a decrease in the bank's own funds due to expected or actual losses. To this end the bank shall be able to withstand various stress scenarios that take account of the risk of excessive leverage.

6.4 Internal control mechanisms

Article 187 (internal control mechanisms)

A bank shall ensure that the internal control mechanisms referred in point 3 of the first paragraph of Article 148 of this Act include procedures for verifying the adequacy of the management of the risks to which a bank is or could be exposed in its operations, in particular with regard to:

1. assessing and ensuring internal capital adequacy for those risks;
2. the compliance of risk take-up practices with the bank's policy on the management of those risks; and
3. the adequacy of the implementation of internal governance arrangements and the prevention of conflicts of interest at the level of the management body or bank.

Article 188 (keeping of business records)

A bank shall organise its operations, and keep its books of account, business documentation and other administrative and/or business records current, in such a way that it is possible to verify at any time whether the bank is operating in accordance with the regulations set referred to the second paragraph of Article 9 of this Act.

6.5 Remuneration policy

Article 189 (remuneration policy)

(1) A bank shall formulate remuneration policies that cover total remuneration, and take account of the size and organisational structure of the bank and the nature, scale and complexity of its activities.

(2) The remuneration policies referred to in the previous paragraph shall also include wages and discretionary pension benefits for categories of employees who, in the scope of their competences or work tasks and activities, could have a material impact on the bank's risk profile, in particular:

1. all members of the management body and the senior management;
2. the management of functions within the internal control system and other independent control functions at the bank, and the management of the bank's significant business units;

3. other employees who were entitled to significant remuneration in the previous financial year, provided that the following conditions are satisfied:
 - the employee's remuneration is equal to or greater than EUR 500,000 and is equal to or greater than the average remuneration paid to the persons referred to in point 1 of this paragraph,
 - the employees pursue business activities at a significant business unit of the bank, and in the scope of their competences have a material impact on the risk profile of the business unit.

(3) For the purposes of the first paragraph of this article, remuneration shall include all forms of direct or indirect financial and non-financial payments and benefits to which an employee is entitled on the basis of contracts concluded with the bank or another entity in the same group.

(4) A bank's supervisory board shall adopt and regularly verify the appropriateness of the remuneration policy and practices, while the bank's management board shall ensure a comprehensive and independent review of the compliance of actual remuneration with the aforementioned policy and practices at least once a year.

(5) Banka Slovenije shall collect the information that the bank discloses in accordance with the disclosure criteria set out in points (g), (h), (i) and (k) of Article 450(1) of Regulation 575/2013, and the information on the gender pay gap that the bank submits, and shall use this information for the comparison of remuneration trends and practices. Banka Slovenije shall forward the collected information to the European Banking Authority.

(6) In addition to the information referred to in the previous paragraph, Banka Slovenije shall, based on reports submitted by banks in accordance with the regulations issued on the basis of Article 155 of this Act, collect information on the number of natural persons at a particular bank whose remuneration is equal to or greater than EUR 1,000,000 each financial year, having regard for pay bands of EUR 1,000,000, including their work responsibilities, the business line in question and the main components of wages, bonuses, long-term awards and pension contributions, and shall forward this information to the European Banking Authority for the publication of aggregate information at the level of the Republic of Slovenia regarding remuneration paid by banks.

Article 190

(basic principles for defining remuneration policy and practices)

(1) A bank shall take into account the following principles when defining the policy and practices with regard to total remuneration referred to in the first paragraph of the previous article:

1. the remuneration policy is compatible with prudent and effective risk management, and promotes such risk management without encouraging exposure to risk that exceeds the acceptable level of risk for the bank;
2. the remuneration policy is gender-neutral;
3. the remuneration policy is in line with the bank's business strategy, objectives, values and long-term interests, and includes measures to prevent conflicts of interest;
4. the employees who perform control functions are independent from the business units that they supervise, and have the requisite powers and receive remuneration with regard to the achievement of objectives linked to their functions, independent of the performance of the business lines that they supervise;
5. the remuneration policy makes a clear distinction between the criteria for setting:

- fixed remuneration, which in particular should be an appropriate reflection of a person's professional experience and responsibilities at the bank, as defined in the description of the employee's work tasks as part of the terms and conditions of employment, and
- variable remuneration, which should reflect sustained risk-adjusted performance, and performance that exceeds expectations, as defined in the description of the employee's work tasks as part of the terms and conditions of employment.

(2) In determining the variable remuneration of identified staff, a bank shall take account of the following in addition to the principles referred to in the previous paragraph:

1. the variable component of remuneration must be based on a combination of an assessment of the performance of the individual and their business-organisational unit, and the overall performance of the bank;
2. an individual's variable remuneration may not exceed 100% of their fixed remuneration;
3. at least 50% of the variable remuneration of each individual must comprise ordinary and preference shares of the bank, or share-linked instruments or equivalent non-cash instruments, where the acquirer may only transfer such shares or instruments with the bank's permission, which may not be granted for at least two years following acquisition;
4. the bank must defer a significant proportion, but no less than 40%, of the variable remuneration of each individual, for a period of four to five years. For members of the management body and the senior management of a significant bank, the deferral period may be no less than five years;
5. the variable remuneration, including the deferred proportion referred to in the previous point, is paid or falls due for payment only if it is sustainable with respect to the financial position of the bank as a whole, and if justified by the performance of the bank, the organisational unit and the individual;
6. with regard to variable remuneration, the bank must put in place internal rules on a malus or clawback arrangement and criteria for the application of those rules which, in connection with the individual, include an assessment of the circumstances surrounding:
 - the individual's participation in or liability for actions that led to significant losses for the bank, or
 - the fulfilment of fitness and propriety standards;
7. the individual must undertake to avoid using personal hedging strategies or remuneration- and liability-related insurance to undermine the risk alignment effects embedded in their variable remuneration;
8. payment to an individual in connection with the early termination of their employment contract must reflect the performance of that individual during a specific period and may not reward them for failures or possible breaches at the bank;
9. the bank's pension policy is aligned with its business strategy, objectives, values and long-term interests. When an employee's employment with the bank is terminated prior to retirement, the bank shall defer payment of the discretionary pension benefits in the form of instruments referred to in point 3 of this paragraph for a period of five years counted from the date that the employment was terminated. When an employee meets the conditions for retirement during their full-time employment with the bank, the bank shall pay the discretionary pension benefits in the form of instruments referred to in point 3 of this paragraph, whereby a retention period of five years from the date of retirement shall apply.

(3) The bank shall take account of the principles set out in the previous paragraph in a manner and to an extent appropriate to its size and internal organisational structure, and the nature, scale and complexity of the activities that it pursues.

(4) The remuneration subject to the deferral referred to in point 4 of the second paragraph of this article shall fall due for payment on a *pro rata* basis. If the amount of the variable component of remuneration is particularly high, the bank shall defer at least 60% of that amount. The length of the deferral period shall be determined by the bank in accordance

with the business cycle, the nature of its operations, the accompanying risks, and the activities of the employee in question.

(5) Total variable remuneration shall generally be significantly lower when a bank's financial performance is weak or negative, taking into account current remuneration and reductions in payments of previously earned amounts, including through malus or clawback arrangements, having regard for the law governing employment or the sectoral collective agreement.

(6) The remuneration paid to the individuals referred to in the second paragraph of the previous article who are employed by a bank deemed to be a bank under the majority ownership of the Republic of Slovenia or a self-governing local community in accordance with the law governing the remuneration of management staff at companies under majority ownership of the Republic of Slovenia and self-governing local communities may not exceed the remuneration set out in the aforementioned law. The provision of the law governing the remuneration of management staff at companies under the majority ownership of the Republic of Slovenia and self-governing local communities that prohibits the payment of directors in the form of shares or their participation in share schemes shall not apply to the payment of the remuneration referred to in the previous sentence.

(7) An individual who acquires bank shares in accordance with point 3 of the second paragraph of this article may only exercise the minority shareholder right set out in Article 389 of the ZGD-1 after two years have passed since the acquisition of the shares.

(8) Points 3 and 4 and the part of point 9 of the second paragraph of this article relating to deferred payments in the event of the termination of employment or retirement shall not apply to:

- a) a bank that is not deemed to be a large institution in accordance with point 146 of Article 4(1) of Regulation 575/2013 and whose total assets over the four years immediately before the current financial year averaged no more than EUR 5 billion on an individual basis in accordance with this Act and Regulation 575/2013; or
- b) an employee of the bank whose annual variable remuneration is no more than EUR 50,000 and does not exceed more than a third of their annual remuneration.

Article 191 **(remuneration at banks that received emergency fiscal aid)**

(1) A bank that has received emergency fiscal aid in accordance with the European Union's rules on state aid shall adapt its remuneration policy and practices in such a way that they are in line with the bank's sound and reliable risk management.

(2) The adaptations referred to in the previous paragraph, including the limitation of variable remuneration to a percentage of total net income in the financial year, shall contribute to the timely repayment of emergency fiscal aid, with the aim of ensuring the conditions for establishing successful operations over the long term, and shall include, in particular, appropriate limits on the remuneration of members of the management body.

(3) A bank that has received emergency fiscal aid may only pay variable remuneration to the members of its management body if this is justified by the circumstances surrounding the specific case and position of the bank.

(4) In the cases referred to in the first paragraph of this article, Banka Slovenije, or the European Central Bank whenever the latter is responsible for performing the tasks set out in point (e) of Article 4(1) of Regulation 1024/2013 in the supervision of the bank in

accordance with the aforementioned regulation, may request that the bank amend its remuneration policy to align it with prudent risk management and to ensure long-term growth, and may set limits on the remuneration of members of an institution's management body, as required.

6.6 Supervisory review and evaluation process

6.6.1 General provisions

Article 192

(purpose and scope of supervisory review and evaluation process)

(1) Whenever it is responsible for performing the tasks set out in point (f) of Article 4(1) of Regulation 1024/2013 in the supervision of a bank in accordance with the aforementioned regulation, Banka Slovenije shall verify whether the internal governance arrangements and the own funds and liquidity that a bank provides in accordance with this Act and Regulation 575/2013 facilitate the effective and prudent governance of the bank and adequate coverage of all risks to which the bank is or could be exposed to in its operations. To this end the level of compliance with the obligations set out for the bank pursuant to Regulation 575/2013 shall be taken into account in accordance with Articles 153 and 154 of this Act.

(2) With the aim of ensuring the effective and prudent governance of a bank, Banka Slovenije, whenever it is responsible for performing the tasks set out in point (f) of Article 4(1) of Regulation 1024/2013 in the supervision of the bank in accordance with the aforementioned regulation, shall assess:

1. the risks to which the bank is or could be exposed in its operations;
2. the risks identified during stress tests, having regard for the nature, scale and complexity of the activities pursued by the bank.

(3) Whenever it is responsible for performing the tasks set out in point (f) of Article 4(1) of Regulation 1024/2013 in the supervision of a bank in accordance with the aforementioned regulation, Banka Slovenije shall determine the frequency and intensity of the supervisory review referred to in the first and second paragraphs of this article, having regard for the size and significance of the bank to the financial system, and the nature, scale and complexity of the activities that the bank pursues, applying the principle of proportionality in accordance with the criteria published pursuant to point 3 of the first paragraph of Article 307 of this Act.

(4) Whenever it is responsible for performing the tasks set out in point (f) of Article 4(1) of Regulation 1024/2013 in the supervision of a bank in accordance with the aforementioned regulation, Banka Slovenije may adjust the methodologies for conducting the review and evaluation referred to in the second paragraph of this article to take account of banks with a similar risk profile, such as similar business models or geographical location of exposure. The adjusted methodologies may include risk-based benchmarks and quantitative indicators, and may provide for the consideration of special risks that a particular bank could be exposed to and that do not affect the special nature of the measures imposed on the bank in accordance with Article 280 of this Act.

(5) Whenever it is responsible for performing the tasks set out in point (f) of Article 4(1) of Regulation 1024/2013 in the supervision of a bank in accordance with the

aforementioned regulation, Banka Slovenije shall conduct the review and evaluation referred to in the first and second paragraphs at least once a year.

(6) Whenever it is responsible for performing the tasks set out in point (f) of Article 4(1) of Regulation 1024/2013 in the supervision of a bank in accordance with the aforementioned regulation, Banka Slovenije shall conduct stress tests at least once a year with the aim of supplementing the review and evaluation process referred to in the first and second paragraphs of this article.

(7) Banka Slovenije shall send the European Banking Authority information regarding:

1. the implementation of the supervisory review and evaluation process in accordance with this article; and
2. the methodology used to justify supervisory decisions and measures imposed in accordance with this Act based on the findings of the supervisory review and evaluation process; and
3. the use of an adjusted methodology in accordance with the fourth paragraph of this article.

(8) Whenever Banka Slovenije, on the basis of the review and, in particular, the evaluation of a bank's governance, business model or business activities, can reasonably presume or suspects that money laundering or terrorist financing is occurring or has occurred, or there has been an attempt at money laundering or terrorist financing, or there is increased risk of money laundering or terrorist financing in connection with the bank, it shall immediately notify the European Banking Authority and the Office of the Republic of Slovenia for Money Laundering Prevention, and, where appropriate, authorities of other Member States competent for compliance with Directive 2015/849/EU. In the event of any increase in the risk of money laundering or terrorist financing, in its function as the competent authority for the implementation of this Act and in its function as the competent authority for the implementation of the law governing the prevention of money laundering and terrorist financing Banka Slovenije and the Office of the Republic of Slovenia for Money Laundering Prevention shall liaise with the European Banking Authority and shall immediately inform it officially of their joint assessment; Banka Slovenije shall take appropriate measures in accordance with this Act.

Article 193

(technical criteria of supervisory review and evaluation process)

In addition to credit risk, market risk and operational risk, in the supervisory review and evaluation process in accordance with the previous article Banka Slovenije shall also take account of:

1. the results of the stress tests conducted in accordance with Article 177 of Regulation 575/2013 by a bank using an internal ratings-based approach;
2. the bank's exposure to and management of concentration risk, including compliance with the requirements set out in Part Four of Regulation 575/2013 and Article 183 of this Act;
3. the robustness, suitability and manner of application of the policies and procedures implemented by the bank for the management of residual credit risk referred to in Article 175 of this Act in connection with the use of credit risk mitigation techniques;
4. the extent to which the own funds provided by the bank in respect of assets that it has securitised are adequate, taking into account the economic substance of a transaction, including the degree of risk transfer achieved;
5. the bank's exposure to, and measurement and management of liquidity risk, including the development of alternative scenario analyses, the management of instruments to

- mitigate risk (in particular the level, composition and quality of liquidity buffers) and effective business contingency plans;
6. the impact of diversification effects and how such effects are included in the risk measurement system;
 7. the results of stress tests conducted by a bank that uses an internal model to calculate the own funds requirements for market risk in accordance with Chapter 5 of Title IV of Part Three of Regulation 575/2013;
 8. the geographical location of the bank's exposures;
 9. the bank's business model.

Article 194 (assessment of liquidity risk)

When assessing the liquidity risk to which a bank is exposed, Banka Slovenije shall regularly and comprehensively review the bank's liquidity risk management strategy, policy and procedures, and shall promote the development of reliable internal methodologies at the bank that take into account the bank's significance to and role in the financial system.

Article 195 (assessment of securitisation risks)

(1) When assessing securitisation risks, Banka Slovenije shall, in particular, review and assess on a regular basis whether a bank provides indirect support in securitisation.

(2) Based on the assessment referred to in the previous paragraph, Banka Slovenije shall request that the bank make the necessary changes in the calculation of own funds requirements related to securitisation, particularly if the bank provides indirect support in more than one case of securitisation, and it is likely that the bank will provide support in securitisation in the future, for which reason it does not transfer a significant portion of the associated risk.

Article 196 (assessment of market risk and interest rate risk arising from non-trading-book activities)

(1) When assessing a bank's market risks, Banka Slovenije shall, in particular, review and assess on a regular basis whether valuation adjustments for positions or portfolios in the trading book as set out in Article 105 of Regulation 575/2013 allow the bank to sell or hedge out its positions in a short period of time without incurring material losses under normal market conditions.

(2) Within the framework of the supervisory review and evaluation process Banka Slovenije shall also review the bank's exposure to interest rate risk arising from non-trading-book activities. Banka Slovenije shall order the bank to take appropriate measures in the management of interest rate risk arising from non-trading-book activities, particularly if:

1. the bank's economic value of equity referred to in the first paragraph of Article 177 of this Act declines by more than 15% of its Tier 1 capital as a result of sudden and unexpected changes in interest rates, as set out in any of the six supervisory shock scenarios applying to interest rates;
2. the bank's net interest income from non-trading-book activities declines significantly as a result of sudden and unexpected changes in interest rates, as set out in either of the two supervisory shock scenarios applying to interest rates;

(3) Any of the additional measures set out in Article 280 of this Act or the definition of assumptions with regard to the modelling and parameters that the bank takes into account in the calculation of net interest income and that are not assumptions set by the European Banking Authority shall be deemed appropriate measures referred to in the previous paragraph.

(4) Notwithstanding the second paragraph of this article, Banka Slovenije shall not order the bank to take appropriate measures referred to in the previous paragraph if on the basis of the supervisory review and evaluation process it assesses that the bank is adequately managing interest rate risk arising from non-trading-book activities, and is not excessively exposed to this risk.

Article 197 **(assessment of risk of excessive leverage)**

(1) When assessing a bank's exposure to the risk of excessive leverage, Banka Slovenije shall in particular review the exposures that derive from indicators of excessive leverage, most notably the leverage ratio defined in accordance with Article 429 of Regulation 575/2013.

(2) As part of the review referred to in the previous paragraph, Banka Slovenije shall take appropriate account of the bank's business model in its assessment of the appropriateness of the leverage ratio and its assessment of the adequacy of the arrangements, strategies, processes and mechanisms put in place by the bank for managing the risk of excessive leverage.

Article 198 **(assessment of adequacy of bank's internal governance arrangements)**

(1) Banka Slovenije shall review and evaluate the adequacy of a bank's internal governance arrangements, corporate culture and values, and the qualifications of members of the management body to perform their tasks.

(2) For the purposes of the review and evaluation process referred to in the previous paragraph, Banka Slovenije may at any time request that the bank submit the agendas of and other documentation discussed at meetings of the management body or its committees, the minutes of these meetings, and the results of any internal or external assessment of the performance of the bank's management body.

6.6.2 Review and evaluation of the use of internal approaches

Article 199 **(reporting on internal approaches to calculation of capital requirements)**

(1) A bank that uses an internal approach to calculate risk-weighted exposure amounts or capital requirements defined in accordance with Regulation 575/2013, except for operational risks, shall submit a report, at least once a year, to the European Banking Authority and Banka Slovenije, or the European Central Bank whenever the latter is responsible for performing all tasks set out in Article 4(1) of Regulation 1024/2013 in the supervision of the bank in accordance with the aforementioned regulation, detailing the results of the calculations of its internal approaches for exposures or positions included in

benchmark portfolios defined in accordance with the second paragraph of this article, together with an explanation of the methodologies that it uses.

(2) The bank shall submit the report set out in the previous paragraph regarding the benchmark portfolios defined by the Commission via a regulation based on Article 78 of Directive 2013/36/EU.

(3) In addition to the benchmark portfolios referred to in the previous paragraph, Banka Slovenije, or the European Central Bank whenever the latter is responsible for performing all tasks set out in Article 4(1) of Regulation 1024/2013 in the supervision of the bank in accordance with the aforementioned regulation, may define additional benchmark portfolios for which a bank shall submit a report detailing the results of the calculations of its internal approaches for exposures or positions included in those additional benchmark portfolios, together with an explanation of the methodologies that it uses. Banka Slovenije shall consult with the European Banking Authority before making a decision defining additional benchmark portfolios for reporting purposes.

(4) The bank shall report the results of calculations for the benchmark portfolios referred to in the first paragraph of this article separately from the results for the benchmark portfolios referred to in the previous paragraph.

Article 200

(assessment of internal approaches)

(1) Based on the information from the reports referred to in the previous article, Banka Slovenije shall monitor and analyse the range of risk-weighted exposure amounts or capital requirements, except for operational risks, for exposures in a benchmark portfolio.

(2) Based on the findings referred to in the previous paragraph, Banka Slovenije shall assess the quality of banks' internal approaches at least once a year, in particular:

1. approaches under which there are significant differences in capital requirements defined in accordance with Regulation 575/2013 for the same exposure; and
2. approaches that are exceptionally different or exceptionally similar, and under which the capital requirements defined in accordance with Regulation 575/2013 are significantly and systematically underestimated.

(3) If the results of the calculations of individual banks differ significantly from the results of the majority of banks, or if approaches provide a large number of different results, Banka Slovenije shall study the reasons for those differences.

(4) If taking into account the findings referred to in the previous paragraph Banka Slovenije assesses that the results based on the internal approaches used by a bank lead to an underestimation of capital requirements for the bank that cannot be justified by the differences in the risks inherent in specific exposures or positions, Banka Slovenije shall require the bank to make the requisite revisions to the methodology that it uses.

(5) In connection with the assessment of a bank's internal approaches and when determining requirements to review the methodology used by the bank, Banka Slovenije shall ensure, whenever it is responsible for performing the tasks set out in point (f) of Article 4(1) of Regulation 1024 /2013 in the supervision of the bank in accordance with the aforementioned regulation, that it does not:

1. promote the standardisation of banks' internal approaches or the use of specific internal approaches over others;
2. create erroneous incentives for the use of internal approaches; or

3. promote the indiscriminate use of internal approaches through mimicry.

Article 201 **(use of internal approaches to calculate capital requirements)**

(1) Whenever it is responsible for performing the tasks set out in point (f) of Article 4(1) of Regulation 1024/2013 in the supervision of a bank in accordance with the aforementioned regulation, Banka Slovenije shall encourage banks that use external credit assessments to assess the creditworthiness of an entity or financial instrument not to use those assessment as the sole criterion or as an automatic criterion to assess creditworthiness. In so doing Banka Slovenije shall take into account the size and organisational structure of the bank, and the nature, scale and complexity of the activities pursued by the bank.

(2) Whenever it is responsible for performing the tasks set out in point (f) of Article 4(1) of Regulation No 1024/2013 during the supervision of a bank in accordance with the aforementioned regulation, Banka Slovenije shall encourage banks to develop internal capacities for assessing credit risk with regard to the nature, scale and complexity of the activities that they pursue and having regard for the criteria set out in Section 1 of Chapter 3 of Title II of Part Three and Sections 1 to 5 of Chapter 5 of Title IV of Part Three of Regulation 575/2013, and to use the following more frequently:

1. an internal ratings-based approach for calculating capital requirements for credit risk, whenever their exposures are significant in absolute terms and whenever they also have a large number of significant counterparties; and
2. internal models for calculating capital requirements for the specific risk of debt instruments in the trading book, together with internal models for calculating capital requirements for the risk of default and migration, whenever their exposure to specific risk is significant in absolute terms and whenever they have a large number of significant positions in the debt instruments of various issuers.

Article 202 **(regular verification of conditions for use of internal approaches)**

(1) Whenever it is responsible for performing the tasks set out in point (f) of the first paragraph of Article 4 of Regulation (EU) No 1024/2013 in the supervision of a bank in accordance with the aforementioned regulation, Banka Slovenije shall verify regularly (at a minimum of every three years) whether a bank that has obtained Banka Slovenije's permission to use internal approaches to calculate capital requirements in accordance with Part Three of Regulation No 575/2013 meets the conditions and requirements set out in this Act and Regulation 575/2013 to obtain permission.

(2) In its assessment referred to in the previous paragraph, Banka Slovenije shall review and assess whether the internal approaches that the bank uses include well-developed and contemporary techniques and practices. In particular, it shall take into account potential changes in the bank's operations and in the use of the aforementioned approaches for the bank's new products.

(3) If based on the review and assessment referred to in the previous paragraph Banka Slovenije identifies significant deficiencies in the capture of risks using an internal approach, it shall require the bank to make the necessary changes to that internal approach with the aim of rectifying those deficiencies or mitigating the consequences thereof. In such cases Banka Slovenije may, in particular, require the bank to use higher multiplication factors, may define capital add-ons or may impose other appropriate measures.

(4) If based on the verification referred to in the first paragraph of this article and in connection with the internal model for market risks Banka Slovenije identifies a large number of the overshootings referred to in Article 366 of Regulation 575/2013, which indicate that the aforementioned model is not sufficiently accurate, Banka Slovenije may withdraw permission for the use of that internal model or may require a bank to implement the necessary measures to ensure the immediate improvement of the internal approach model.

(5) If based on the verification referred to in the first paragraph of this article Banka Slovenije determines that a bank no longer meets the requirements for using an internal approach to calculate capital requirements in accordance with Part Three of Regulation 575/2013, Banka Slovenije may require the bank:

1. to demonstrate that the effect of non-compliance with the requirements to use that approach is not material to the calculation of capital requirements in accordance with Regulation 575/2013; or
2. to submit a plan for the prompt restoration of compliance with the requirements, and to set a deadline for the implementation of the plan.

(6) In cases referred to in point 2 of the previous paragraph, Banka Slovenije may require the bank to make the necessary changes to its plan, if it is not evident from the plan submitted by the bank that the latter will ensure full compliance with the requirements for using an internal approach, or if the deadline proposed by the bank is inappropriate.

(7) Based on the verification referred to in the first paragraph of this article, Banka Slovenije shall withdraw permission for the use of an internal approach or limit the use of the internal approach to specific areas, if:

1. it is unlikely that the bank will be able to ensure compliance with the requirements for using an internal approach by a suitable deadline based on the planned measures; or
2. the bank failed to satisfactorily demonstrate that the effect of non-compliance is immaterial.

6.6.3 Additional own funds requirement and guidance on additional own funds

Article 203 (additional own funds requirement)

(1) Banka Slovenije may impose an additional own funds requirement on a bank to cover the risks to which the bank is exposed in its activities, including the risks that reflect the impact of certain economic or market developments on the bank's risk profile, if on the basis of the supervisory review and evaluation process in accordance with Subsection 6.6.1 of this Act and the regular verification of the conditions for using internal approaches in accordance with the previous article it determines that:

1. the bank is exposed to risks or risk elements that are not covered or are not sufficiently covered, as set out in the second paragraph of this article, by the own funds requirements set out in Parts Three, Four and Seven of Regulation 575/2013 and in Chapter 2 of Regulation 2017/2402;
2. the bank fails to comply with the requirements with regard to its internal governance arrangements, processes and mechanisms referred to in Article 148 of this Act and the requirements with regard to quantitative and qualitative elements of the internal capital adequacy assessment process referred to in Article 151 of this Act or the requirements set out in Article 393 of Regulation 575/2013, and other Banka Slovenije supervisory measures would probably not suffice for prompt compliance with these requirements;

3. the valuation adjustments referred to in the first paragraph of Article 196 of this Act are not sufficient to allow the bank to sell or hedge out its positions within a short period without incurring material losses under normal market conditions;
4. the review of the adequacy of the bank's internal approach to the calculation of capital requirements in accordance with the previous article shows that non-compliance with the requirements for using an internal approach would likely lead to inadequate capital requirements;
5. the bank fails several times in succession to put in place or maintain an adequate level of additional own funds to cover the guidance communicated in accordance with Article 205 of this Act; or
6. there are other particular circumstances relating to the bank that in Banka Slovenije's assessment raise material supervisory concerns.

(2) For the purposes of point 1 of the previous paragraph, risks or risk elements shall only be considered as not covered or not sufficiently covered by the own funds requirements set out in Parts Three, Four and Seven of Regulation 575/2013 and in Chapter 2 of Regulation 2017/2402 when the amounts, types and distribution of capital considered adequate by Banka Slovenije, having regard for the supervisory review of the assessment conducted by the bank in accordance with the first paragraph of Article 151 of this Act, are higher than the own funds requirements set out in Parts Three, Four and Seven of Regulation 575/2013 and in Chapter 2 of Regulation 2017/2402.

(3) For the purposes referred to in the previous paragraph, having regard for the bank's risk profile, Banka Slovenije shall assess the risks to which the bank is exposed, including:

1. the bank-specific risks or risk elements that are explicitly excluded from or not explicitly covered by the own funds requirements set out in Parts Three, Four and Seven of Regulation 575/2013 and in Chapter 2 of Regulation 2017/2402;
2. the bank-specific risks or risk elements that are likely to be underestimated despite compliance with the applicable requirements set out in Parts Three, Four and Seven of Regulation 575/2013 and in Chapter 2 of Regulation 2017/2402, whereby risks or risk elements that are subject to transitional arrangements in accordance with this Act or Regulation 575/2013 are not considered to be underestimated;
3. material interest rate risk arising from non-trading-book activities in accordance with the fifth paragraph of this article.

(4) For the purposes of the second paragraph of this article, the capital considered adequate shall cover all risks or risk elements identified as material pursuant to the assessment referred to in the previous paragraph that are not covered or not sufficiently covered by the own funds requirements set out in Parts Three, Four and Seven of Regulation 575/2013 and in Chapter 2 of Regulation 2017/2402.

(5) The interest rate risk referred to in point 3 of this article may be deemed material at least in the cases referred to in the second paragraph of Article 196 of this Act, unless in the supervisory review and evaluation process Banka Slovenije assesses that the bank is adequately managing interest rate risk arising from non-trading-book activities, and that the bank is not excessively exposed to this risk.

(6) Banka Slovenije shall determine the level of additional own funds requirements to address risks other than the risk of excessive leverage that is not sufficiently covered by point (d) of Article 92(1) of Regulation 575/2013, which is required pursuant to point 1 of the first paragraph of this article, as the difference between the capital considered adequate pursuant to the second, third and fourth paragraphs of this article, and the relevant own funds requirements set out in Parts Three and Four of Regulation 575/2013 and in Chapter 2 of Regulation 2017/2402.

(7) Banka Slovenije shall determine the level of additional own funds requirements to address the risk of excessive leverage that is not sufficiently covered by point (d) of Article 92(1) of Regulation 575/2013, which is required pursuant to point 1 of the first paragraph of this article, as the difference between the capital considered adequate pursuant to the second, third and fourth paragraphs of this article, and the relevant own funds requirements set out in Parts Three and Seven of Regulation 575/2013.

(8) The bank shall meet the additional own funds requirement determined by Banka Slovenije via a decision referred to in Article 205 of this Act with own funds that satisfy the following conditions:

1. at least three-quarters of the additional own funds requirement is covered by Tier 1 capital;
2. at least three-quarters of the Tier 1 capital referred to in the previous point is composed of common equity Tier 1 capital.

(9) The bank shall meet the additional own funds requirement imposed by Banka Slovenije in accordance with this article to address the risk of excessive leverage with Tier 1 capital.

(10) When it judges it necessary, having regard for the bank's specific circumstances, Banka Slovenije may require that the bank meet the additional own funds requirement with a higher portion of Tier 1 capital or common equity Tier 1 capital.

(11) The own funds with which it meets the additional own funds requirement determined by Banka Slovenije in accordance with the decision referred to in Article 205 of this Act to address risks other than the risk of excessive leverage may not be used by the bank to meet any of the following:

1. the own funds requirements set out in points (a), (b) and (c) of Article 92(1) of Regulation 575/2013;
2. the combined buffer requirement set out in point 6 of Article 229 of this Act; or
3. the guidance on additional own funds set out in Article 204 of this Act, when the guidance addresses risks other than the risk of excessive leverage.

(12) The own funds with which it meets the additional own funds requirement determined by Banka Slovenije in accordance with the decision referred to in Article 205 of this Act to address the risk of excessive leverage that is not sufficiently covered by point (d) of Article 92(1) of Regulation 575/2013 may not be used by the bank to meet any of the following:

1. the own funds requirements set out in point (d) of Article 92(1) of Regulation 575/2013;
2. the leverage ratio buffer requirement referred to in Article 92(1a) of Regulation 575/2013;
3. the guidance on additional own funds set out in Article 204 of this Act, when the guidance addresses risks of excessive leverage.

Article 204 **(guidance on additional own funds)**

(1) In accordance with the strategies and processes referred to in Article 151 of this Act, a bank shall set its internal capital at an adequate level of own funds that is sufficient to cover all the risks that it is exposed to and to ensure that its own funds can absorb potential losses resulting from stress scenarios, including those identified under the supervisory stress test in accordance with the sixth paragraph of Article 192 of this Act.

(2) Within the framework of the supervisory board review and evaluation process in accordance with Subsection 6.6.1 of this Act and the regular verification of the conditions

for using internal approaches in accordance with Article 202 of this Act, including the results of the stress tests referred to the sixth paragraph of Article 192 of this Act, Banka Slovenije shall regularly review the level of the internal capital set by the bank in accordance with the previous paragraph, and on this basis shall determine the overall level of own funds that it considers appropriate for the bank.

(3) The guidance on additional own funds constitutes own funds equal to the difference between:

- a) the appropriate overall level of own funds determined in accordance with the previous paragraph,
- b) the relevant amount of own funds required pursuant to Parts Three, Four and Seven of Regulation 575/2013, Chapter 2 of Regulation 2017/2402, the previous article, point (1) of the second paragraph of Article 280 of this Act, and point (6) of Article 229 of this Act or pursuant to Article 92(1a) of Regulation (EU) No 575/2013.

(4) In the decision referred to in the third paragraph of Article 205 of this Act, Banka Slovenije shall define the composition of the own funds with which the bank meets the guidance on additional own funds.

(5) The guidance on additional own funds shall be bank-specific, and may address risks covered by the additional own funds requirement in accordance with the previous article, but only to the extent that it covers aspects of those risks that are not already covered under that requirement.

(6) Own funds that are used to meet the guidance on additional own funds set out in the third paragraph of this article to address risks other than the risk of excessive leverage may not be used by the bank to meet any of the following:

- a) the own funds requirements set out in points (a), (b) and (c) of Article 92(1) of Regulation 575/2013;
- b) the additional own funds requirement determined by Banka Slovenije in accordance with the previous article or point 1 of the second paragraph of Article 280 of this Act to address risks other than the risk of excessive leverage; or
- c) the combined buffer requirement set out in point 6 of Article 229 of this Act.

(7) Own funds that are used to meet the guidance on additional own funds set out in the third paragraph of this article to address the risk of excessive leverage may not be used by the bank to meet any of the following:

- a) the own funds requirements set out in point (d) of Article 92(1) of Regulation 575/2013;
- b) the additional own funds requirement determined by Banka Slovenije in accordance with the previous article or point 1 of the second paragraph of Article 280 of this Act to address the risk of excessive leverage; or
- c) the leverage ratio buffer requirement referred to in Article 92(1a) of Regulation 575/2013.

(8) As long as the bank meets the own funds requirements set out in Parts Three, Four and Seven of Regulation 575/2013 and in Chapter 2 of Regulation (EU) 2017/2402, the additional own funds requirement determined by Banka Slovenije in accordance with the previous article or point 1 of the second paragraph of Article 280 of this Act and, as relevant, the buffer requirement referred to in Article 92(1a) of Regulation 575/2013, failure to meet the guidance on additional own funds referred to in this article shall not trigger the restrictions on distribution set out in Articles 254 or 258 of this Act.

Article 205

(decision on additional own funds requirement and decision on guidance on additional own funds)

(1) Under the conditions set out in Article 203 of this Act, Banka Slovenije shall via a decision order a bank to provide for additional own funds in excess of the requirement set out in Regulation 575/2013 (hereinafter: decision on the additional own funds requirement).

(2) The decision on the additional own funds requirement shall include a clear explanation of the entire assessment of elements referred to in Article 203 of this Act. In the case of point 5 of the first paragraph of Article 203 of this Act, the explanation shall include an indication of the reasons for which the use of guidance on additional own funds is no longer considered sufficient.

(3) Under the conditions set out in the previous article, Banka Slovenije shall via a decision communicate to a bank its guidance on additional own funds (hereinafter: decision on the guidance on additional own funds).

(4) Banka Slovenije may decide on the additional own funds requirement and the guidance on additional own funds via a single decision.

(5) The decision on the guidance on additional own funds may not be contested in judicial review proceedings.

Article 206 **(cooperation with resolution authorities)**

Banka Slovenije shall notify the resolution authority of:

1. the additional own funds requirement imposed on a bank by Banka Slovenije in accordance with Article 203 or point 1 of the second paragraph of Article 280 of this Act;
2. the guidance on additional own funds communicated to a bank by Banka Slovenije in accordance with the third paragraph of Article 205 of this Act.

6.7 Recovery planning and intra-group financial support

6.7.1 Recovery plan

Article 207 **(recovery plan)**

(1) A bank that is not part of a group subject to supervision by Banka Slovenije or another competent authority on a consolidated basis shall adopt a plan of measures (hereinafter: recovery plan) that will facilitate the restructuring of the bank in the event of a significant deterioration in its financial position, with the aim of maintaining or restoring the bank's viability and financial soundness.

(2) A bank that is part of a group subject to supervision by Banka Slovenije, the European Central Bank or another competent authority on a consolidated basis and that is not an EU parent bank shall adopt an individual recovery plan, taking into account circumstances and measures at the level of the bank, if the decision set out in point 3 of the third paragraph of Article 222 of this Act is adopted.

Article 208 **(content of bank's recovery plan)**

(1) A bank's recovery plan shall take into account various measures to maintain or restore the bank's viability and financial soundness with regard to various stress scenarios that envisage a deterioration in different macroeconomic and financial factors that could have a material impact on the bank's position, including events at the banking system level and specific circumstances relating to an individual entity or group. The recovery plan may not take into account the possible use of emergency fiscal aid, and may not generate other direct negative fiscal effects.

- (2) A bank's recovery plan shall include the following information in particular:
1. a summary of the recovery plan's key elements, including material changes relative to the previous recovery plan;
 2. strategic analysis of the bank that includes a description of the bank's organisational structure and business model, and its principal business activities and critical functions;
 3. a description of available restructuring options to ensure or restore the bank's viability and financial soundness, including measures with a timeframe for their implementation;
 4. analysis of the effects of each option explored in the plan, including the effects that each option has on the continuation of critical functions, and the impact on other market participants, creditors, the bank's shareholders and employees;
 5. analysis of the feasibility of specific options explored in the plan, including possible impediments to the implementation of those options, and a description of procedures and measures to eliminate those impediments;
 6. a description of the arrangements to secure the bank's funding in emergencies, including a definition of potential sources that would be available, and an assessment of available collateral, including analysis of the fulfilment of conditions for the bank's access to loans via Banka Slovenije as the lender of last resort;
 7. a definition of the qualitative and quantitative indicators of a deterioration in the bank's financial position that ensure the timely implementation of measures to maintain or restore the bank's financial soundness through its own efforts, including a definition of procedures for the escalation of measures that ensure that the management board is informed in a timely manner of that escalation and that it is included in decisions regarding those measures, and that ensure the timely notification of Banka Slovenije, or the European Central Bank whenever the latter performs the tasks set out in point (i) of Article 4(1) of Regulation (EU) No 1024/2013 in the supervision of the bank in accordance with the aforementioned regulation, with regard to the escalation of measures and with regard to threshold values of deterioration indicators that have been reached or exceeded;
 8. a description of stress scenarios included in the plan and an assessment of the effectiveness and feasibility of implementing the plan under the conditions of a specific stress scenario;
 9. a description of measures that could be implemented, if the conditions for early intervention measures in accordance with this Act are met;
 10. a plan outlining the internal exchange of information and public communication, including disclosures made by the bank in connection with the implementation of recovery measures that, taking into account the specific characteristics of an individual recovery option, prevent or mitigate possible negative effects on the market; and
 11. a list of measures that have been drawn up and adopted or that will be adopted by the bank with the aim of facilitating the implementation of the recovery plan.

(3) Banka Slovenije shall prescribe the detailed information to be included in a bank's recovery plan.

(4) With regard to a specific bank, Banka Slovenije, or the European Central Bank whenever the latter is responsible for performing the tasks set out in point (i) of Article 4(1) of Regulation 1024/2013 in the supervision of the bank in accordance with the aforementioned regulation, may:

1. define additional information that the bank must include in its recovery plan; and
2. request that the bank keep detailed records with data on concluded financial contracts for the purpose of assessing and implementing its recovery plan.

Article 209
(indicators of deterioration in bank's financial position)

(1) A bank shall ensure that the quantitative and qualitative indicators of a deterioration in its financial position which, based on the recovery plan, trigger specific recovery measures or preparatory activities for the implementation of specific recovery measures, facilitate the simple, continuous and appropriate monitoring of the bank's financial position.

(2) A bank shall put in place the appropriate internal arrangements for the regular monitoring of the indicators set out in the previous paragraph.

(3) If circumstances warranting the implementation of specific recovery measures arise having regard for the indicators of a deterioration in a bank's financial position set out in the recovery plan, the bank shall not be obliged to implement the recovery measures envisaged in the recovery plan for such cases, if the bank's management body considers the implementation of those measures inappropriate given the actual conditions.

(4) A bank may implement the recovery measures envisaged in the recovery plan, even if circumstances warranting the application of specific recovery measures did not arise having regard for the indicators of a deterioration in the bank's financial position set out in the recovery plan, if the bank's management body considers the implementation of those measures appropriate given the actual conditions.

(5) The bank shall without delay inform Banka Slovenije, or the European Central Bank whenever the latter performs the tasks set out in point (i) of Article 4(1) of Regulation No 1024/2013 in the supervision of the bank in accordance with the aforementioned regulation, of the decision referred to in the third or fourth paragraph of this article.

Article 210
(internal approval and verification of adequacy of recovery plan)

(1) A bank's management body shall approve the recovery plan and all changes thereto before they are submitted to Banka Slovenije, or the European Central Bank whenever the latter performs the tasks set out in point (i) of Article 4(1) of Regulation 1024/2013 in the supervision of the bank in accordance with the aforementioned regulation. The bank shall also submit evidence that:

1. the implementation of measures set out in the recovery plan is reasonably likely to maintain or restore the bank's viability and sound financial position, taking into account the preparatory measures that the bank has adopted or will adopt; and
2. the plan and specific measures envisaged in the plan are reasonably likely to be implemented quickly and effectively in stress situations, thus preventing to the maximum extent possible any serious adverse impact on the financial system, including in stress scenarios in which other institutions would implement recovery plans in the same period.

(2) A bank shall regularly verify the adequacy of the recovery measures set out in its recovery plan. The bank shall update its recovery plan at least once a year based on the findings from regular verification. Notwithstanding the previous sentence, the bank shall update its recovery plan after every change to its legal or organisational structure or its

business or financial situation that could have a material impact on the implementation of the envisaged recovery measures or on the success of the recovery plan with regard to stabilising the bank's operations. Banka Slovenije, or the European Central Bank whenever the latter is responsible for performing the tasks set out in point (i) of the first paragraph of Article 4(1) of Regulation 1024/2013 in the supervision of the bank in accordance with the aforementioned regulation, may require the bank to update its recovery plan regularly in periods of less than one year.

(3) A bank shall submit its recovery plan in the manner determined by Banka Slovenije whenever the latter performs the tasks set out in point (i) of the first paragraph of Article 4(1) of Regulation 1024/2013 in the supervision of the bank in accordance with the aforementioned regulation.

Article 211 **(simplified obligations)**

(1) Banka Slovenije, or the European Central Bank whenever the latter is responsible for performing the tasks set out in point (i) of the first paragraph of Article 4(1) of Regulation 1024/2013 in the supervision of the bank in accordance with the aforementioned regulation, may decide that the obligations set out in Articles 208 to 210 of this Act shall not apply to a bank's recovery plan, if it assesses that the winding-up or bankruptcy of the bank or parent undertaking is not likely to have significant negative effects on the functioning of the financial market, on other institutions, on financing conditions or on the wider economy.

(2) In the assessment referred to in the previous paragraph, Banka Slovenije, or the European Central Bank whenever the latter is responsible for performing the tasks set out in point (i) of the first paragraph of Article 4(1) of Regulation 1024/2013 in the supervision of the bank in accordance with the aforementioned regulation, shall take into account the nature of the bank's business, its shareholding structure, its risk profile, its size and legal form, its interconnectedness with other institutions or the financial system in general, the scale and complexity of its activities, its membership in an institutional deposit protection scheme that meets the requirements set out in Article 113(7) of Regulation 575/2013, and its provision of investment services and activities. Banka Slovenije, or the European Central Bank whenever the latter is responsible for performing the tasks set out in point (i) of Article 4(1) of Regulation 1024/2013 in the supervision of the bank in accordance with the aforementioned regulation, shall consult with the Financial Stability Board in connection with the assessment set out in the previous paragraph.

(3) In the case set out in the first paragraph of this article, Banka Slovenije, or the European Central Bank whenever the latter is responsible for performing the tasks set out in point (i) of Article 4(1) of Regulation 1024/2013 in the supervision of the bank in accordance with the aforementioned regulation, shall determine the extent of obligations and the content and details of the recovery plan, and the information that needs to be included in a simplified recovery plan and the frequency of updates to that plan.

(4) Banka Slovenije, or the European Central Bank whenever the latter is responsible for performing the tasks set out in point (i) of Article 4(1) of Regulation 1024/2013 in the supervision of the bank in accordance with the aforementioned regulation, may at any time rescind the simplified obligations set out in the first paragraph of this article and require a bank or its parent undertaking referred to in the first paragraph of this article to draw up and adopt a recovery plan in accordance with Articles 208 to 210 of this Act.

(5) Banka Slovenije, or the European Central Bank whenever the latter is responsible for performing the tasks set out in point (i) of Article 4(1) of Regulation

1024/2013 in the supervision of the bank in accordance with the aforementioned regulation, may waive the application of the requirements set out in Section 6.7 of this Act, in whole or part, to a specific bank with regard to its recovery plan, even if:

1. the bank is exempted wholly or partly from prudential requirements in accordance with Article 10 of Regulation 575/2013 and the requirements set out in Section 6.7 of this Act are applied on a consolidated basis to the central body and institutions affiliated to it within the meaning of Article 10 of Regulation 575/2013; or
2. the bank is included in an institutional deposit protection scheme that fulfils the requirements set out in Article 113(7) of Regulation 575/2013, and the scheme fulfils the requirements set out in Section 6.7 of this Act in cooperation with all members of the scheme to which such a waiver applies.

(6) For the purposes set out in the previous paragraph, all references to:

1. Section 6.7 of this Act shall include the central body and institutions affiliated to it within the meaning of Article 10 of Regulation 575/2013 and their subsidiaries; and
2. parent undertakings or institutions that are subject to consolidated supervision in accordance with Article 324 of this Act shall include the central body.

(7) Notwithstanding the fifth paragraph of this article, a bank shall draw up a recovery plan in accordance with Articles 208 to 210 of this Act:

1. if the European Central Bank is responsible for performing the tasks set out in Article 4(1) of Regulation 1024/2013 in the supervision of the bank in accordance with the aforementioned regulation; or
2. if the bank constitutes a significant share of the financial system of the Republic of Slovenia.

(8) For the purposes set out in the previous paragraph, the bank's activities shall be deemed to constitute a significant share of the financial system of the Republic of Slovenia if any of the following conditions is met:

1. the total value of its assets exceeds EUR 30,000,000,000; or
2. the ratio of its total assets to the gross domestic product of the Republic of Slovenia exceeds 20%, unless the total value of its assets is less than EUR 5,000,000,000.

(9) Banka Slovenije shall inform the European Banking Authority of decisions that it makes on the basis of the first, fifth or seventh paragraphs of this article.

Article 212

(group recovery plan)

(1) An EU parent undertaking included in consolidated supervision conducted in accordance with Article 324 of this Act by Banka Slovenije, or by the European Central Bank whenever the latter performs the tasks set out in point (g) of the first paragraph of Article 4 of Regulation (EU) No 1024/2013 during the supervision of a bank in accordance with the same regulation, shall draw up a group recovery plan whose aim is the stabilisation of the group as a whole or any institution within the group if it is in distress, so as to resolve or eliminate the causes of that distress and improve the financial position of the group or institution in question, while taking into account the financial position of other entities in the group.

(2) The group recovery plan shall include:

1. a description of various measures to maintain or restore conditions for the stable operations of the group as a whole, its parent undertaking and all subsidiaries in the group, and measures to improve the financial position of each undertaking, taking into account various stress scenarios that envisage a deterioration in different macroeconomic and financial factors that could have a significant impact on the position

- of the group as a whole and all of its undertakings, including events at the banking system level and specific circumstances relating to an individual entity or group;
2. the relevant qualitative and quantitative indicators set out in Article 209 of this Act;
 3. a description of procedures and conditions for the timely and effective implementation of the envisaged recovery measures, including an assessment of the conditions for access by any group entity to loans via the competent central bank as the lender of last resort, in particular with regard to the collateral that the entity provides in connection with that loan in the circumstances envisaged in the recovery plan; and
 4. a description of measures that could be implemented, if the conditions for early intervention measures in accordance with this Act are met.

(3) The group recovery plan shall not take into account the possible use of emergency fiscal aid, and shall not result in other direct negative fiscal effects.

(4) The group recovery plan of an EU parent undertaking shall also define arrangements for the coordinated and consistent implementation of measures at the level of:

1. the EU parent undertaking;
2. a financial holding company, mixed financial holding company and mixed-activity holding company established in a Member State;
3. a parent financial holding company in the Republic of Slovenia, an EU parent financial holding company, a parent mixed financial holding company in the Republic of Slovenia and an EU parent mixed financial holding company;
4. every subsidiary of an entity referred to in points 1 to 3 of this paragraph, and significant branches.

(5) For each of the stress scenarios explored in the group recovery plan, the group recovery plan shall identify potential impediments to the implementation of recovery measures within the group and at the level of individual entities, including any actual or legal impediments to the prompt transfer of capital or the repayment of liabilities or assets within the group.

(6) The group recovery plan and each individual recovery plan drawn up for an individual subsidiary in the group shall also include a description of the arrangements for the intra-group financial support set out in Article 213 of this Act.

(7) The management body of the EU parent undertaking referred to in the first paragraph of this article shall approve the group recovery plan before it is submitted to Banka Slovenije, or the European Central Bank whenever the latter performs the tasks set out in points (g) and (i) of Article 4(1) of Regulation 1024/2013 in the supervision of the bank in accordance with the aforementioned regulation, as the consolidating supervisor pursuant to Article 324 of this Act.

(8) Unless provided otherwise in this article, Articles 208 to 211 of this Act shall apply to the group recovery plan.

6.7.2 Group financial support agreement

Article 213 **(group financial support agreement)**

(1) A group financial support agreement is an agreement concluded by a parent bank in the Republic of Slovenia, an EU parent bank or an entity set out in points 2 or 3 of the fourth paragraph of the previous article and its subsidiaries in other Member States or

third countries that are institutions or financial institutions included in consolidated supervision conducted by Banka Slovenije in accordance with Article 324 of this Act, or by the European Central Bank whenever the latter performs the tasks set out in point (g) of Article 4(1) of Regulation No 1024/2013 in the supervision of the bank in accordance with the aforementioned regulation, and on the basis of which the parties to the agreement provide financial support to any other institution that is party to the agreement and that meets the conditions for the implementation of the early intervention measures set out in the first paragraph of Article 283 of this Act.

(2) A group financial support agreement may cover one or more subsidiaries of the group, and may provide for financial support from the parent undertaking to subsidiaries, from subsidiaries to the parent undertaking, between subsidiaries of the group that are party to the agreement, or any combination of the aforementioned entities.

(3) A group financial support agreement may provide for financial support in the form of a loan, the provision of guarantees, the provision of assets for use as collateral, or any combination of those forms of financial support, in one or more transactions, including between the beneficiary of the support and a third party. The group financial support agreement may include a reciprocal agreement by which the group entity receiving the support will provide financial support to the group entity providing the support. A bank may only conclude a group financial support agreement if, at the time that the proposed agreement was submitted to Banka Slovenije, the bank did not meet the conditions for early intervention set out in Article 283 of this Act.

(4) Third parties who are not party to a group financial support agreement shall not be entitled to exercise the rights, claims or actions arising from that agreement vis-à-vis parties to the group financial support agreement.

- (5) A group financial support agreement shall not constitute a prerequisite:
1. to provide group financial support to any group entity that experiences financial difficulties if the bank decides to do so, on a case-by-case basis and according to group policies, if this does not represent a risk for the whole group; or
 2. for the functioning of a group entity in the Republic of Slovenia.

Article 214

(principles and conditions for conclusion of group financial support agreement)

(1) The parties shall comply with the following principles when concluding a group financial support agreement:

1. each party must be entering into the agreement freely;
2. when entering into the agreement and determining the consideration for the provision of financial support, each party must be acting in its own best interests, which may take account of any direct or indirect benefit that may accrue to a party as a result of the provision of the financial support;
3. each party providing financial support must have full disclosure of relevant information from any party receiving financial support prior to determination of the consideration for the provision of financial support and prior to any decision to provide financial support;
4. rules are defined for determining the consideration for every transaction executed under the agreement, where:
 - consideration is determined when financial support is provided,
 - information in the possession of the party providing financial support may be taken into account for the purpose of determining consideration because it is in the same group as the party receiving financial support and that information is not available to the market, and

- the parties are not obliged to take into account any anticipated temporary impact on market prices arising from events external to the group.

(2) A group financial support agreement shall ensure that financial support based on the agreement may only be provided if the following conditions are met:

1. there is a reasonable prospect that the support provided significantly redresses the financial difficulties of the group entity receiving the support;
2. the provision of financial support has the objective of preserving or restoring the financial stability of the group as a whole or any of the entities of the group and is in the interests of the group entity providing the support;
3. the financial support is provided under the terms and conditions set out in the agreement, in accordance with the previous paragraph;
4. there is a reasonable prospect, on the basis of the information available to the management body of the group entity providing financial support at the time when the decision to grant financial support is taken, that the consideration for the support will be paid and, if the support is given in the form of a loan, that the loan will be reimbursed, by the group entity receiving the support. If the support is given in the form of a guarantee or any form of security, the same condition shall apply to the liability arising for the recipient if the guarantee or the security is enforced;
5. the provision of financial support would not jeopardise the liquidity or solvency of the group entity providing the support;
6. the provision of financial support would not threaten financial stability, in particular in the Member State of the group entity providing the support;
7. at the time that the support is provided, the group entity providing the support complies with the requirements relating to capital or liquidity based on applicable regulations in the country in which it is established, and the requirements of the competent authority responsible for the supervision of the entity providing support on an individual basis in connection with own funds requirements pursuant to point 1 of the second paragraph of Article 280 of this Act, and the provision of financial support does not result in a breach of those requirements, unless this is approved by that competent authority;
8. at the time that the support is provided, the group entity providing the support complies with the requirements relating to large exposures set out in Regulation 575/2013 and applicable regulations in the country in which it is established, and the provision of financial support does not result in a breach of those requirements, unless this is approved by the competent authority responsible for the supervision of the group entity providing support on an individual basis;
9. the provision of financial support would not undermine the resolvability of the group entity providing the support.

Article 215

(review of compliance of group financial support agreement)

(1) Before concluding the group financial support agreement set out in Article 213 of this Act, an EU parent undertaking shall submit a request for the approval of that agreement, accompanied by the proposed wording of the agreement and a list of parties to the agreement, to Banka Slovenije, or the European Central Bank whenever the latter performs the tasks set out in point (i) of Article 4(1) of Regulation 1024/2013 in the supervision of a bank in accordance with the aforementioned regulation, as the consolidating supervisor pursuant to Article 324 of this Act.

(2) Banka Slovenije, or the European Central Bank whenever the latter performs the tasks set out in point (i) of Article 4(1) of Regulation 1024/2013 in the supervision of a bank in accordance with the aforementioned regulation, as the consolidating supervisor pursuant to Article 324 of this Act shall forward the request referred to in the previous

paragraph without delay to the competent authority of each subsidiary that is party to the proposed agreement, with a view to reaching a joint decision.

(3) In connection with a proposed group financial support agreement, Banka Slovenije, or the European Central Bank whenever the latter is responsible for performing the tasks set out in point (i) of Article 4(1) of Regulation 1024/2013 in the supervision of a bank in accordance with the aforementioned regulation, shall endeavour to adopt a joint decision with the competent authorities involved with regard to the compliance of the proposed agreement with the conditions for financial support set out in the second paragraph of the previous article within four months of the date that the consolidating supervisor forwarded the proposed agreement to the competent authorities involved for review. In making their joint decision, the competent authorities involved shall take into account the potential impact of the execution of the agreement in all Member States in which the group in question operates, including any fiscal consequences. That joint decision shall be set out in writing, including the reasoning, and shall be submitted to the consolidating supervisor, who in turn shall forward the decision to the applicant referred to in the first paragraph of this article.

(4) Banka Slovenije, or the European Central Bank whenever the latter performs the tasks set out in point (i) of Article 4(1) of Regulation 1024/2013 in the supervision of a bank in accordance with the aforementioned regulation, as consolidating supervisor pursuant to Article 324 of this Act, shall:

1. approve the proposed agreement if, having regard for the joint decision referred to in the previous paragraph, the principles and conditions of the agreement comply with the previous article, and if all competent authorities referred to in the second paragraph of this article assess that none of the parties met the conditions for early intervention set out in Article 283 of this Act at the time that the agreement was submitted; or
2. prohibit the conclusion of the proposed agreement, if the conditions set out in the previous point are not met.

(5) In connection with the joint decision referred to in the third paragraph of this article, any of the competent authorities included in supervision on a consolidated basis may refer the matter to the European Banking Authority in accordance with Article 19 of Regulation 1093/2010 before the end of the four-month deadline period or at any time before the adoption of a final decision.

(6) The consolidating supervisor shall make its own decision regarding the compliance of a proposed agreement with the conditions for financial support set out in the second paragraph of the previous article, if:

1. the joint decision referred to in the third paragraph of this article is not made within four months; or
2. the European Banking Authority does not make a decision on the referral set out in the previous paragraph within one month.

(7) As the consolidating supervisor in the case referred to in the previous paragraph, Banka Slovenije shall at its own discretion take into account the views and reservations expressed by the competent authorities involved in its decision. If the referral set out in the fifth paragraph of this article is submitted, Banka Slovenije as the consolidating supervisor shall defer the decision-making process until the European Banking Authority issues its own decision. If pursuant to the third paragraph of Article 19 of Regulation 1093/2010 the European Banking Authority adopts its own decision regarding the matter, Banka Slovenije as the consolidating supervisor shall take account of that decision and shall act in accordance with the fourth paragraph of this article. As the consolidating supervisor Banka Slovenije shall forward the reasoned decision to the competent authorities involved and the applicant referred to in the first paragraph of this article.

(8) As a competent authority involved in the case referred to in the previous paragraph during the supervision of a bank on a consolidated basis, Banka Slovenije shall treat the decision of the consolidating supervisor as final, whenever the latter is the competent authority of another Member State.

(9) Banka Slovenije, or the European Central Bank whenever the latter is responsible for performing the tasks set out in point (i) of Article 4(1) of Regulation 1024/2013 in the supervision of a bank in accordance with the aforementioned regulation, shall forward a group financial support agreement approved by the competent consolidating supervisor and any changes to that agreement to the resolution authority responsible for the bank in the group.

Article 216 **(approval of group financial support agreement by shareholders)**

(1) A proposed group financial support agreement that has been approved by the competent consolidating supervisor shall also be approved by the general meeting of shareholders of every entity that is party to the agreement before it is concluded.

(2) A group financial support agreement shall only be valid for those group entities whose general meeting of shareholders has decided that:

1. the entity is party to the group financial support agreement that has been approved by the competent consolidating supervisor; and
2. the management body of that entity is authorised to make a decision that the entity shall provide or receive financial support in accordance with the terms and conditions of the agreement.

(3) A group financial support agreement shall cease to be valid for a specific entity if the entity's general meeting of shareholders has revoked the authorisation referred to in the previous paragraph.

Article 217 **(disclosure in connection with entry into group financial support agreement)**

(1) Every group entity included in consolidated supervision carried out by Banka Slovenije or the European Central Bank in accordance with Article 324 of this Act and Article 4 of Regulation 1024/2013 shall make public whether a group financial support agreement was concluded between all or individual entities referred to the first paragraph of Article 213 of this Act, including information as to whether an entity has entered into such an agreement. If an entity has entered into the agreement, it shall make public all parties to and the general terms and conditions of that agreement.

(2) The group entity shall update the information set out in the previous paragraph that it makes public, at least once a year.

(3) Articles 431 to 434 of Regulation 575/2013 shall apply to the publication of the information referred to in the first paragraph of this article.

Article 218 **(decision on provision or receipt of financial support)**

(1) A decision to provide financial support in accordance with a group financial support agreement shall be made by the management body of the group entity providing

financial support, in accordance with the authorisation set out in point 2 of the second paragraph of Article 216 of this Act.

(2) The management body shall provide reasoning for the decision set out in the previous paragraph, and shall indicate the objective of the proposed financial support and the circumstances from which it is evident that the provision of the financial support meets the conditions set out in the second paragraph of Article 214 of this Act.

(3) A decision to receive financial support in accordance with a group financial support agreement shall be made by the management body of the group entity receiving financial support, in accordance with the authorisation set out in point 2 of the second paragraph of Article 216 of this Act.

(4) The management body of every entity that is party to a group financial support agreement shall report every year to the general meeting of shareholders with regard to the implementation of the agreement and regarding all decisions adopted on the basis thereof.

Article 219 **(assessment of conditions for provision of group financial support)**

(1) The management body of a group entity intending to provide financial support in accordance with a group financial support agreement shall notify the following accordingly before providing support:

1. Banka Slovenije, or the European Central Bank whenever the latter performs the tasks set out in points (b) and (d) to (i) of Article 4(1) of Regulation 1024/2013 in the supervision of a bank in the group in accordance with the aforementioned regulation;
2. the consolidating supervisor;
3. the competent authority responsible for supervision on an individual basis in connection with the entity receiving financial support; and
4. the European Banking Authority.

(2) The notification referred to in the first paragraph of this article shall include the reasoned decision set out in the first paragraph of the previous article, and details of the proposed financial support, including a copy of the valid group financial support agreement.

(3) If a bank intends to provide financial support on the basis of a group financial support agreement, Banka Slovenije, or the European Central Bank whenever the latter performs the tasks set out in points (b) and (d) to (i) of Article 4(1) of Regulation 1024/2013 in the supervision of a bank in the group in accordance with the aforementioned regulation, may prohibit or restrict the provision of financial support within five working days of the receipt of the notification set out in the first paragraph of this article, if it assesses that the conditions for the provision of group financial support set out in the second paragraph of Article 214 of this Act are not met. The decision shall be reasoned.

(4) In the case referred to in the previous paragraph, Banka Slovenije shall immediately notify the following of its decision to approve, prohibit or restrict the provision of financial support by a group entity:

1. the consolidating supervisor;
2. the competent authority responsible for supervision on an individual basis in connection with the entity receiving financial support; and
3. the European Banking Authority.

(5) As the consolidating supervisor pursuant to Article 324 of this Act and Regulation 1024/2013, Banka Slovenije shall inform other members of the supervisory

college and the members of the resolution college immediately with regard to the decision of the competent authority responsible for supervision on an individual basis in connection with the entity providing the financial support in the group regarding the approval, prohibition or restriction of the financial support that the group entity intends to provide.

(6) If the consolidating supervisor or the competent authority responsible for supervision on an individual basis in connection with the entity receiving the financial support has objections regarding the decision set out in the third paragraph of this article to prohibit or restrict financial support, it may refer the matter to the European Banking Authority within two days and request assistance in accordance with Article 31 of Regulation 1093/2010.

(7) If Banka Slovenije, in connection with a bank's intent referred to in the first paragraph of this article or, in connection with an entity's intent to provide financial support, another competent authority responsible for supervision on an individual basis in connection with the entity providing the financial support does not prohibit or restrict the intended financial support within the period set out in the third paragraph of this article, or approves that support before the end of the aforementioned period, the financial support may be provided under the terms and conditions stated in the notification referred to in the second paragraph of this article.

(8) The bank shall communicate the decision of its management body to provide financial support to:

1. Banka Slovenije, or the European Central Bank whenever the latter performs the tasks set out in points (b) and (d) to (i) of Article 4(1) of Regulation 1024/2013 in the supervision of a bank in the group in accordance with the aforementioned regulation;
2. the consolidating supervisor, who shall immediately inform other members of the supervisory college and the members of the resolution college accordingly;
3. the competent authority responsible for supervision on an individual basis in connection with the entity receiving financial support; and
4. the European Banking Authority.

(9) If a group financial support agreement is included in a group recovery plan and the competent authority responsible for supervision on an individual basis in connection with the entity providing the financial support restricts or prohibits financial support to a bank, Banka Slovenije may, whenever it performs the tasks set out in point (i) of Article 4(1) of Regulation 1024/2013 in the supervision of a bank in accordance with the aforementioned regulation, request that the competent consolidating supervisor reassess the group recovery plan in accordance with Article 220 of this Act and according to the procedure set out in Article 222 of this Act, or request that the bank submit a revised individual recovery plan.

6.7.3 Review and assessment of the recovery plan

Article 220 (assessment of recovery plan)

(1) In the scope of the review and evaluation set out in Article 192 of this Act, Banka Slovenije shall assess whether a recovery plan submitted by a bank in accordance with Article 207 of this Act includes all information and fulfils the requirements set out in Articles 208 to 210 of this Act.

(2) In the assessment referred to in the previous paragraph, Banka Slovenije shall take particular account of the following:

1. whether the bank's capital and funding structure is appropriate with respect to the organisational structure and risk profile of the bank;
2. whether the implementation of measures set out in the recovery plan is likely to maintain or restore the viability and stable financial position of the institution or group, taking into account the preparatory measures that the institution has adopted or will adopt;
3. whether the plan and the specific measures envisaged in the plan are likely to be implemented quickly and effectively, including in significant financial distress, thus preventing to the maximum extent possible any significant adverse effect on the financial system, including in scenarios in which other institutions would implement recovery plans in the same period; and
4. whether the measures and activities envisaged in the recovery plan could adversely impact the resolvability of the bank.

(3) For the purpose of assessing the recovery plan in accordance with the first paragraph of this article, Banka Slovenije may require the bank:

1. to submit additional clarifications and evidence in connection with the circumstances referred to in the previous paragraph by a specific deadline;
2. to harmonise the recovery plan with the requirements set out in Articles 208 to 210 of this Act by a specific deadline; and
3. put in place and maintain data records regarding financial agreements concluded by the bank.

(4) Banka Slovenije shall forward the recovery plan referred to in the first paragraph of this article to the resolution authority, and shall obtain the latter's assessment with regard to the circumstances referred to in point 4 of the second paragraph of this article.

(5) Banka Slovenije shall draw up the assessment referred to in the first paragraph of this article within six months of the submission of the plan, taking into account the assessment and recommendations of the resolution authority.

Article 221

(rectification of identified deficiencies and impediments)

(1) If in the scope of verification based on the first paragraph of the previous article Banka Slovenije assesses that there are material deficiencies in the bank's recovery plan or material impediments to its effective implementation, it shall inform the bank or parent undertaking of the group in writing of its assessment and call on the bank and the parent undertaking of the group to submit a report on the circumstances and reasons that justify a different assessment of the recovery plan's suitability by a specific deadline, or to submit, within two months, a revised recovery plan demonstrating how the bank has rectified the identified deficiencies and impediments. Banka Slovenije may extend the deadline set out in the previous sentence by a maximum of one month at the bank's request.

(2) If the bank fails to act in accordance with the previous paragraph, Banka Slovenije shall issue an order on the rectification breaches requiring the bank to make specific changes to the recovery plan by a specific deadline.

(3) If in the scope of verification based on the first paragraph of the previous article Banka Slovenije assesses that identified deficiencies or impediments cannot be rectified by revising the recovery plan, it shall require the bank to make appropriate changes to its business by a specific deadline in order to rectify the identified deficiencies or impediments to the implementation of the recovery plan that it deems necessary and proportionate, taking into account the seriousness of the identified deficiencies and impediments, and the effect of required changes on the bank's business.

(4) In addition to the other supervisory measures set out in this Act, Banka Slovenije may, in the cases referred to in the previous paragraph, direct the bank to:

1. reduce its risk profile, including liquidity risk;
2. ensure the conditions and carry out the necessary activities for the timely recapitalisation of the bank;
3. assess the appropriateness of the bank's strategy and organisational structure;
4. make changes to its funding strategy with the aim of improving the resilience of core business lines and critical functions; and
5. make changes to its governance structure.

Article 222 **(assessment of group recovery plan)**

(1) As the consolidating supervisor Banka Slovenije shall, together with the competent authorities responsible for the supervision of group entities on an individual basis, review the group recovery plan submitted by an EU parent undertaking that in accordance with Article 324 of this Act is included in supervision on a consolidated basis conducted by Banka Slovenije pursuant to this Act and Regulation 1024/2013, and shall assess whether the group recovery plan includes all the information and meets the requirements and criteria set out in Article 210 of this Act.

(2) The provisions of the first to fourth paragraphs of Article 220 of this Act and the previous article shall apply *mutatis mutandis* to the assessment referred to in the previous paragraph. To this end Banka Slovenije as the consolidating supervisor shall take account of the potential impact of recovery measures on financial stability in all Member States in which the group operates.

(3) When assessing a group recovery plan in accordance with the first and second paragraphs of this article, Banka Slovenije and other competent authorities shall endeavour to reach a joint decision on:

1. the review and assessment of the group recovery plan;
2. the measures to be implemented by the group's parent undertaking to rectify the deficiencies of the plan and the impediments to its implementation; and
3. the requirement that an individual institution that is part of the group draw up an individual recovery plan, and on the measures to be implemented at subsidiary level to rectify the deficiencies of the group recovery plan and the impediments to its implementation.

(4) Banka Slovenije and other competent authorities shall endeavour to reach the joint decision referred to in the previous paragraph within four months of the date on which the consolidating supervisor submitted the group recovery plan to the competent authorities involved.

(5) In connection with the joint decision set out in the third paragraph of this article, Banka Slovenije or any of the competent authorities included in supervision on a consolidated basis may refer the matter to the European Banking Authority in accordance with Article 19 of Regulation 1093/2010 before the end of the deadline period referred to in the previous paragraph or at any time before the adoption of a decision in accordance with the sixth or seventh paragraphs of this article.

(6) The consolidating supervisor shall make the decision referred to in the first paragraph of this article itself, if:

1. the joint decision on these matters is not made by the deadline set out in the fourth paragraph of this article; or

2. a referral was made in accordance with the previous paragraph in connection with the joint decision referred to in the third paragraph of this article, and the European Banking Authority did not make a decision on the matter within one month.

(7) A competent authority shall make the decision referred to in point 3 of the third paragraph of this article itself, if:

1. the joint decision on these matters is not made by the deadline set out in the fourth paragraph of this article; or
2. a referral was made in accordance with the fifth paragraph of this article in connection with the joint decision referred to in the third paragraph of this article, and the European Banking Authority did not make a decision on the matter within one month.

(8) If the joint decision referred to in point 3 of the third paragraph of this article is not adopted by the deadline set out in the fourth paragraph of this article, the competent authorities involved that did not voice an objection to the adoption of the decision referred to in point 3 of the third paragraph of this article may adopt a joint decision for a group that covers only the entities under their jurisdiction.

(9) As the consolidating supervisor Banka Slovenije shall, at its own discretion, take account of the views and reservations expressed by the competent authorities involved in connection with the decision referred to in the sixth paragraph of this article. If in connection with the decision referred to in points 1 or 2 of the third paragraph of this article a referral has been made in accordance with the fifth paragraph of this article, Banka Slovenije as the consolidating supervisor shall halt the decision-making process until the European Banking Authority issues its own decision. If pursuant to the third paragraph of Article 19 of Regulation 1093/2010 the European Banking Authority adopts its own decision regarding the matter, Banka Slovenije shall take that decision into account. As the consolidating supervisor Banka Slovenije shall forward the reasoned decision to the EU parent undertaking and the competent authorities involved.

(10) As a competent authority involved in the supervision of a bank on an individual basis, Banka Slovenije shall treat the joint decision referred to in the third or eighth paragraphs of this article and the decision of the consolidating supervisor adopted in accordance with the sixth paragraph of this article as final.

(11) If in connection with the decision referred to in point 3 of the third paragraph of this article a referral has been made in accordance with the fifth paragraph of this article, Banka Slovenije as a competent authority involved shall halt the decision-making process on the basis of the seventh paragraph of this article until the European Banking Authority issues its own decision. If pursuant to the third paragraph of Article 19 of Regulation 1093/2010 the European Banking Authority adopts its own decision regarding the matter, Banka Slovenije shall take that decision into account in its decision referred to in the seventh paragraph of this article. Banka Slovenije shall forward a reasoned decision to the bank and the consolidating supervisor.

6.8 Qualifying holdings of a bank

Article 223 (authorisation for qualifying holding)

(1) A qualifying holding under this Act shall mean an investment on the basis of which a bank acquires a qualifying holding in:

1. a financial institution established in the Republic of Slovenia or another Member State, other than financial institutions for which a bank is required to obtain an authorisation from the supervisory authority in the Republic of Slovenia or another Member State to acquire a qualifying holding in those entities; or
2. a financial sector entity established in a third country.

(2) A bank shall obtain an authorisation from Banka Slovenije before each acquisition of a qualifying holding (hereinafter: authorisation to acquire a qualifying holding).

- (3) Banka Slovenije shall grant the authorisation to acquire a qualifying holding, if:
1. the bank has put in place adequate internal governance arrangements arising from the acquisition and management of the qualifying holding;
 2. effective supervision of the bank is not impeded due to the acquisition of such a holding; and
 3. the capital and liquidity adequacy on an individual and consolidated basis are not jeopardised due to the acquisition of such a holding.

(4) For the purposes set out in point 2 of the previous paragraph, effective supervision shall be deemed impeded, if:

1. taking into account a third country's regulations or the practices of that country in the application and implementation of those regulations, it is likely that supervision in accordance with the provisions of this Act will be impeded; or
2. supervision in accordance with the provisions of this Act would be impeded due to the business and ownership links that the entity in which a bank intends to acquire a qualifying holding has with other undertakings or individuals, due to mutual links based on participation in capital and due to non-transparent operations.

(5) The second paragraph of this article shall not apply to holdings that a bank acquires within the framework of:

1. the provision of services for the account of a client;
2. the recovery of its claims through the exercise of rights arising from collateral, if those holdings were provided to the bank as collateral for its claims and the bank disposes of those holdings within five years of acquisition; and
3. the conversion of its claims against a financial sector entity into a participating interest in that entity during composition or similar proceedings against that entity due to insolvency.

(6) A bank shall inform Banka Slovenije without delay with regard to the acquisition of a qualifying holding and the conditions set out in the previous paragraph, and shall submit evidence regarding the fulfilment of those conditions. If a bank that acquired a qualifying holding on the basis of point 2 of the previous paragraph fails to dispose of or reduce the qualifying holding within five years of acquisition, it shall be required to obtain a Banka Slovenije authorisation to keep the qualifying holding.

(7) In its decision to grant an authorisation to acquire a qualifying holding, Banka Slovenije shall set out the level of participation in the voting rights or capital of the financial sector entity for which the authorisation is being granted, as one of the ranges set out in Article 77 of this Act. The bank shall be required to obtain a new Banka Slovenije authorisation to acquire a qualifying holding prior to any further acquisition of holdings based on which it would exceed the range to which a previously granted authorisation to acquire a qualifying holding relates.

(8) Banka Slovenije shall prescribe the documentation that the bank attaches to its request for the granting of an authorisation to acquire a qualifying holding.

Article 224
(invalidation of authorisation)

(1) In its decision on an authorisation to acquire a qualifying holding, Banka Slovenije shall set a deadline by which the bank must acquire the qualifying holding for which the authorisation was granted. The deadline period may be no less than three months.

(2) Article 79 of this Act shall apply *mutatis mutandis* to the invalidation of an authorisation to acquire a qualifying holding.

(3) Notwithstanding the third paragraph of Article 79 of this Act, an authorisation to acquire a qualifying holding shall not be invalidated if, following the acquisition of the qualifying holding in the range for which the authorisation was granted, the bank reduces the holding such that it no longer achieves the range for which the authorisation was granted, but then increases its holding within three months of the disposal such that it once again achieves the range for which the authorisation was granted.

(4) The bank shall inform Banka Slovenije without delay if a qualifying holding falls below the range for which the authorisation was granted by Banka Slovenije.

Article 225
(withdrawal of authorisation)

(1) Banka Slovenije shall withdraw an authorisation to acquire a qualifying holding if the conditions set out in the third paragraph of Article 223 of this Act are no longer satisfied in connection with the qualifying holding. In its decision to withdraw an authorisation Banka Slovenije shall set a deadline by which the bank must reduce the qualifying holding or restructure the holding accordingly.

(2) If the bank fails to reduce the qualifying holding or restructure the holding accordingly by the deadline referred to in the previous paragraph, the acquisition of the qualifying holding shall be deemed unauthorised.

Article 226
(unauthorised acquisition of qualifying holding)

If a bank acquires a qualifying holding in contravention of Article 223 of this Act, Banka Slovenije shall issue the bank with an order imposing a deadline by which the bank must dispose of the qualifying holding, restructure the holding accordingly, or submit a request for the granting of an authorisation.

Article 227
(reporting at request of Banka Slovenije)

(1) Banka Slovenije may require a financial institution established in the Republic of Slovenia in which a bank has acquired a qualifying holding to report on facts and circumstances that are material to its operations and that have an impact on the assessment of the risks to which the bank is exposed in connection with the qualifying holding.

(2) If the financial institution referred to in the previous paragraph reports the aforementioned facts to other supervisory authorities in the Republic of Slovenia, Banka Slovenije may request from those authorities all information regarding the financial

institution's operations that have an impact on the assessment of the risks to which the bank is exposed in connection with the qualifying holding.

6.9 Reporting on material circumstances

Article 228 (reports on material facts and circumstances by banks)

(1) A bank shall report the following facts and circumstances to Banka Slovenije, or the European Central Bank whenever the latter is responsible for performing the tasks set out in points (b) and (d) to (i) of Article 4(1) of Regulation 1024/2013 in the supervision of the bank in accordance with the aforementioned regulation:

1. changes to data that is entered in the companies register;
2. the convening of the general meeting and all resolutions adopted at the general meeting;
3. the holders of the bank's shares and the acquisition of and/or changes to qualifying holdings;
4. the acquisition and/or disposal of shares, participating interests and/or membership rights in legal persons;
5. the cessation of the provision of particular services provided by the bank; and
6. other facts and circumstances defined by Banka Slovenije in the implementing regulation referred to in Article 155 of this Act that are material to assessing whether the bank operates in accordance with the regulations set out in the second paragraph of Article 9 of this Act.

(2) The bank's management board shall report the following events without delay to Banka Slovenije, or the European Central Bank whenever the latter is responsible for performing the tasks set out in points (b) and (d) to (i) of Article 4(1) of Regulation 1024/2013 in the supervision of the bank in accordance with the aforementioned regulation:

1. if the bank is unable to pay an investor's maturing deposits at the latter's request;
2. if the bank's position changes in such a way that it no longer maintains or it is likely that it will no longer maintain capital adequacy in accordance with Article 149 of this Act or liquidity adequacy in accordance with Article 150 of this Act;
3. if the bank begins an extensive upgrade of its information systems, or if the bank begins to develop a new range of services that are predominantly IT-supported; and
4. other events that could have a significant impact on the bank's operations in accordance with risk management rules.

CHAPTER 7: CAPITAL BUFFERS

7.1 General provisions

Article 229 (definition of terms)

The terms used in this Act shall have the following meanings ascribed to them:

1. "capital conservation buffer" means the own funds that a bank is required to maintain in accordance with Article 231 of this Act;
2. "institution-specific countercyclical capital buffer" means the own funds that a bank is required to maintain in accordance with Article 232 of this Act;

3. "G-SII buffer" means the own funds that a bank is required to maintain in accordance with Article 243 of this Act;
4. "O-SII buffer" means the own funds that a bank is required to maintain in accordance with Article 244 of this Act;
5. "systemic risk buffer" means the own funds that a bank is required to maintain in accordance with Article 246 of this Act;
6. "combined buffer requirement" means the total common equity Tier 1 capital that a bank is required to maintain to meet the requirements in connection with:
 - the capital conservation buffer,
 - the institution-specific countercyclical capital buffer,
 - the G-SII buffer,
 - the O-SII buffer, and
 - the systemic risk buffer;
7. "countercyclical buffer rate" means the rate that a bank is required to apply in order to calculate its institution-specific countercyclical capital buffer, and that is set in accordance with Articles 233 to 236 of this Act or by a relevant third-country authority;
8. "buffer guide" means a benchmark buffer rate calculated in accordance with Article 233 of this Act;
9. "leverage ratio buffer requirement" means the Tier 1 capital that a bank is required to maintain to meet the requirements set out in Article 92(1a) of Regulation 575/2013;
10. "total risk exposure amount" means the risk exposure amount calculated in accordance with Article 92(3) of Regulation 575/2013;
11. "G-SII" means a global systemically important institution defined as a global systemically important bank on a consolidated basis by Banka Slovenije in accordance with this Act and Regulation 1024/2013;
12. "O-SII" means other systemically important institution defined as any other systemically important bank on an individual, subconsolidated or consolidated basis by Banka Slovenije in accordance with this Act and Regulation 1024/2013;
13. "designated authority of another country" means the authority of a Member State or third country that, according to the law of that country or in accordance with Regulation 1024/2013, is responsible for setting requirements with regard to capital buffers that must be maintained by a Member State bank or third-country bank, and for the designation of a Member State bank or third-country bank as a G-SII or O-SII.

Article 230 **(competences of Banka Slovenije)**

(1) Banka Slovenije shall set out the requirements for the maintenance of capital buffers for the purpose of preventing or mitigating macroprudential and systemic risks in accordance with this Act.

(2) For the purposes of the previous paragraph, Banka Slovenije shall set out requirements for the maintenance of one or more capital buffers as follows:

1. the countercyclical buffer set out in Article 232 of this Act;
2. the systemic risk buffer set out in Article 246 of this Act;
3. the G-SII buffer set out in Article 243 of this Act; and
4. the O-SII buffer set out in Article 244 of this Act.

(3) Banka Slovenije shall inform the Financial Stability Board before making decisions on:

1. the designation of a bank as a G-SII or O-SII;
2. requirements in connection with the countercyclical capital buffer;
3. requirements in connection with the systemic risk buffer; and
4. requirements in connection with the O-SII buffer.

(4) The Financial Stability Board shall issue an opinion in connection with Banka Slovenije's proposed decisions in the matters set out in the previous paragraph by the deadline set by Banka Slovenije, which shall be no less than eight days. If the Financial Stability Board issues an opinion of a proposed decision by the aforementioned deadline, Banka Slovenije shall take that opinion into account in its decision or provide a written explanation why it did not take that opinion into account.

7.2 Types of capital buffer

7.2.1 Capital conservation buffer

Article 231 (requirement to maintain capital conservation buffer)

A bank shall maintain a capital conservation buffer in the amount of 2.5% of the total risk exposure amount on an individual and consolidated basis, as applicable in accordance with Title II of Part One of Regulation 575/2013. The bank shall meet this requirement with common equity Tier 1 capital.

7.2.2 Countercyclical capital buffer

Article 232 (requirement to maintain institution-specific countercyclical capital buffer)

(1) A bank shall maintain an institution-specific capital buffer equal to its total risk exposure amount multiplied by the weighted average of the countercyclical buffer rates calculated in accordance with the third paragraph of this article on an individual and consolidated basis, as applicable in accordance with Title II of Part One of Regulation 575/2013. The bank shall meet this requirement with common equity Tier 1 capital.

(2) The institution-specific capital buffer rate shall comprise the weighted average of countercyclical buffer rates that apply to the countries in which the bank's credit exposures are located.

(3) Banka Slovenije shall prescribe detailed rules for the calculation of institution-specific countercyclical capital buffer rates.

Article 233 (setting of countercyclical buffer rate)

(1) Banka Slovenije shall on a quarterly basis calculate a buffer guide, which is a meaningful reflection of the credit cycle and the risks due to excessive credit growth in the Republic of Slovenia, and takes account of the specificities of the Slovenian economy accordingly. The buffer guide shall be based on the deviation in the ratio of credit to gross domestic product (hereinafter: GDP) from its long-term trend (the credit-to-GDP gap), taking into account:

1. an indicator of growth in levels of credit in the Republic of Slovenia and, in particular, an indicator reflective of the changes in the ratio of credit granted in the Republic of Slovenia to GDP; and

2. guidance from the European Systemic Risk Board regarding the calculation of the buffer guide.

(2) Banka Slovenije shall on a quarterly basis assess the intensity of cyclical systemic risk and the adequacy of the countercyclical buffer rate in the Republic of Slovenia, and shall set or adjust the countercyclical buffer rate used to calculate the institution-specific countercyclical capital buffer rate in connection with credit exposure in the Republic of Slovenia (hereinafter: the countercyclical buffer rate for the Republic of Slovenia).

(3) When setting the countercyclical buffer rate for the Republic of Slovenia, Banka Slovenije take account of:

1. the buffer guide calculated in accordance with the first paragraph of this article;
2. guidance and recommendations from the European Systemic Risk Board regarding the setting of the buffer rate; and
3. other variables that Banka Slovenije considers material to identifying cyclical systemic risk.

Article 234 **(level of countercyclical buffer rate)**

(1) Banka Slovenije shall set the countercyclical buffer rate for the Republic of Slovenia in the range between 0% and 2.5% of the total risk exposure amount, where the rate shall be set in steps of 0.25 percentage points or multiples of 0.25 percentage points.

(2) Notwithstanding the previous paragraph, Banka Slovenije may set a countercyclical buffer rate for the Republic of Slovenia that exceeds 2.5% of the total risk exposure amount, if that is justified based on the assessment referred to in the previous article.

Article 235 **(application of countercyclical buffer)**

(1) When Banka Slovenije sets a countercyclical buffer rate for the Republic of Slovenia of more than zero or increases the prevailing rate, the new countercyclical buffer rate for the Republic of Slovenia shall begin to apply 12 months after the publication set out in Article 238 of this Act.

(2) Notwithstanding the previous paragraph, in exceptional circumstances Banka Slovenije may decide to apply the new countercyclical buffer rate for the Republic of Slovenia published in accordance with Article 238 of this Act before 12 months have passed since the publication.

(3) If Banka Slovenije reduces the valid countercyclical buffer rate for the Republic of Slovenia or reduces it to zero, it shall also set an indicative period during which no increase in the buffer is expected. Banka Slovenije shall not be bound by the indicative period.

Article 236 **(recognition of countercyclical buffer rate exceeding 2.5%)**

(1) When the designated authority of another country sets a countercyclical buffer rate for that country in excess of 2.5% of the total risk exposure amount, Banka Slovenije

may recognise the buffer rate for the purpose of calculating an institution-specific countercyclical capital buffer.

(2) When Banka Slovenije recognises another country's countercyclical buffer rate that exceeds 2.5% of the total risk exposure amount, banks shall take that rate into account in the calculation of their own institution-specific countercyclical capital buffer in connection with their exposures located in that Member State or third country.

(3) When Banka Slovenije does not recognise another country's countercyclical buffer rate that exceeds 2.5% of the total risk exposure amount, banks shall take account of a countercyclical buffer rate of 2.5% in the calculation of their own institution-specific countercyclical capital buffer in connection with their exposures located in that Member State or third country.

Article 237

(decision on countercyclical buffer rates for banks' exposures in third countries)

(1) If the designated authority in a third country authority does not set and publish a countercyclical buffer rate for that country, Banka Slovenije may set a countercyclical buffer rate for banks' exposures located in that country, which those banks shall take into account when calculating their institution-specific countercyclical capital buffer.

(2) If the designated authority in a third country sets and publishes a countercyclical buffer rate for that country, Banka Slovenije may set a different countercyclical buffer rate for banks' exposures located in that country, if the buffer rate set by the third country's designated authority is not sufficient to protect the banks against the risk of excessive credit growth in that country.

(3) The countercyclical buffer rate for banks' exposures located in a third country set by Banka Slovenije pursuant to the previous paragraph shall not be lower than the rate set by the designated authority in that third country, unless the buffer rate set by the third-country's designated authority exceeds 2.5% of the total risk exposure amount.

(4) Banka Slovenije may notify the European Systemic Risk Board that the countercyclical buffer rate for the third country set by the designated authority in the third country is insufficient.

(5) If the European Systemic Risk Board issues a recommendation on the basis of the notification referred to in the previous paragraph or on the basis of a notification by the designated authority of a Member State, or on its own initiative, Banka Slovenije shall take the recommendation into account in its assessment pursuant to the first to third paragraphs of this article.

(6) When Banka Slovenije sets a countercyclical buffer rate for banks' exposures located in a third country in accordance with the second and third paragraphs of this article that increases the countercyclical buffer rate set by the designated authority in the third country, the new countercyclical buffer rate for banks' exposures located in that country shall begin to apply 12 months after the publication set out in Article 239 of this Act.

(7) Notwithstanding the previous paragraph, in exceptional circumstances Banka Slovenije may decide to apply the new countercyclical buffer rate for banks' exposures located in a third country published in accordance with Article 239 of this Act before 12 months have passed since the publication.

Article 238
(publication of countercyclical buffer rate for Republic of Slovenia)

(1) Banka Slovenije shall publish the countercyclical buffer rate for the Republic of Slovenia, set in accordance with Article 233 of this Act, quarterly on its website, and shall endeavour to harmonise the timing of that publication with the publications of other designated authorities.

(2) The publication of the countercyclical buffer rate referred to in the previous paragraph shall include at least the following information:

1. the valid countercyclical buffer rate;
2. the credit-to-GDP ratio and the deviation of that ratio from its long-term trend;
3. the buffer guide calculated in accordance with the first paragraph of Article 233 of this Act;
4. the justification for the buffer rate in question;
5. when the buffer rate is being increased: the date from which banks must apply the increased buffer rate for the purposes of calculating their own institution-specific countercyclical capital buffer; and
6. a reference to the exceptional circumstances that justify a decision to apply the buffer rate before 12 months have passed from publication in accordance with this article; and
7. when the buffer rate is being reduced: the indicative period during which no increase in the buffer rate is expected, together with justification for that period.

(3) Banka Slovenije shall officially notify the European Systemic Risk Board of any change in the countercyclical buffer rate for the Republic of Slovenia, and shall communicate the information set out in the previous paragraph.

Article 239
(publication of countercyclical buffer rate for banks' exposures in third country)

(1) Banka Slovenije shall publish on its website the countercyclical buffer rate for banks' exposures located in a third country, set in accordance with the first and second paragraphs of Article 237 of this Act.

(2) Banka Slovenije shall include the following information in the publication referred to in the previous paragraph:

1. the countercyclical buffer rate and the third country to which it applies;
2. the justification for the buffer rate in question;
3. when the buffer rate is being set above zero for the first time or is being increased: the date from which banks must apply the increased buffer rate for the purposes of calculating their own institution-specific countercyclical capital buffer; and
4. a reference to the exceptional circumstances that justify a decision to apply the buffer rate before 12 months have passed from publication in accordance with this article.

Article 240
(publication of countercyclical buffer rate exceeding 2.5%)

When Banka Slovenije recognises a buffer rate for another Member State or a third country that exceeds 2.5% of the total risk exposure amount in accordance with Article 236 of this Act, it shall publish the recognition on its website. The publication shall include at least the following information:

1. the countercyclical buffer rate;
2. the Member State or third country to which the buffer rate applies;

3. when the buffer rate is being increased: the date from which banks must apply the increased buffer rate for the purposes of calculating their own institution-specific countercyclical capital buffer; and
4. a reference to the exceptional circumstances that justify a decision to apply the buffer rate before 12 months have passed from publication in accordance with this article.

7.2.3 G-SII buffer and O-SII buffer

Article 241 (designation of global systemically important institutions)

(1) Taking account of the methodology set out in the second paragraph of this article, Banka Slovenije shall issue a decision designating the following as a G-SII:

1. a group of which a bank is a part and that is headed by an EU parent bank, an EU parent financial holding company or an EU parent mixed financial holding company established in the Republic of Slovenia; or
2. a bank that is not a subsidiary of an EU parent credit institution, an EU parent financial holding company or an EU parent mixed financial holding company.

(2) Banka Slovenije shall designate a bank or group as a G-SII, if its failure or poor performance could result in systemic risk of global dimensions. Banka Slovenije shall assess the impact of an individual bank or group on global systemic risk using a methodology based on the following measurable and equally weighted indicators:

1. the size of the group;
2. the interconnectedness of the group with the financial system;
3. the substitutability of the services or the financial infrastructure provided by the group;
4. the complexity of the group; and
5. the cross-border activity of the group, including cross-border activity between the Republic of Slovenia and other Member States and between the Republic of Slovenia and a third country.

(3) Based on the overall score produced by the methodology referred to in the previous paragraph, Banka Slovenije shall allocate a bank or group referred to in the first paragraph of this article whose overall score exceeds the lowest cut-off score set for the first G-SII sub-category to one of the five G-SII sub-categories set out in the first paragraph of Article 243 of this Act. The cut-off scores between adjacent sub-categories shall uphold the principle of a constant linear increase in the systemic significance of a G-SII between each sub-category, with the exception of the highest sub-category.

(4) When Banka Slovenije designates a bank or group as a G-SII and allocates it to the appropriate sub-category, it shall set it a deadline for meeting the requirement to maintain a G-SII buffer defined for that sub-category in accordance with Article 243 of this Act.

(5) In special circumstances Banka Slovenije may:

1. reallocate a G-SII to a higher G-SII sub-category as determined pursuant to the third paragraph of this article; or
2. designate as a G-SII a bank or group referred to in the first paragraph of this article that, based on the applied methodology, does not exceed the lowest cut-off score for the first G-SII sub-category determined pursuant to the third paragraph of this article;
3. reallocate a G-SII on the basis of an additional identification methodology from a higher sub-category to a lower sub-category, having regard for the single resolution mechanism

on the basis of the additional overall score referred to in the sixth paragraph of this article.

(6) Banka Slovenije shall calculate an additional overall score for a bank or group, based on which it may take the measure set out in point 3 of the previous paragraph. In the calculation it shall use an additional identification methodology based on the following equivalent categories of measurable indicators:

1. the categories set out in points 1 to 4 of the second paragraph of this article;
2. the cross-border activity of the group, other than the group's activity in participating Member States set out in Article 4 of Regulation 806/2014.

(7) At least once a year Banka Slovenije shall verify the designation of G-SIIs and the allocation of G-SIIs to appropriate sub-categories. If during its review Banka Slovenije determines that a G-SII is to be reallocated to another G-SII sub-category in light of the overall score based on the methodology set out in the second paragraph of this article or due to special circumstances referred to the fifth paragraph of this article, or if it determines that a bank or group no longer meets the criteria for designation as a G-SII, Banka Slovenije shall decide that:

1. the G-SII is being assigned to a new G-SII sub-category determined pursuant to the third and fifth paragraphs of this article, and a deadline is being set for compliance with the requirement to maintain the G-SII buffer defined for that sub-category in accordance with Article 243 of this Act; or
2. the bank or group is no longer designated as a G-SII.

(8) Banka Slovenije shall notify the European Systemic Risk Board of the results of its review, and of the designation of G-SIIs and the G-SII sub-categories to which each G-SII is allocated, including its justification for the assessment of special circumstances referred to in the fifth paragraph of this article. Banka Slovenije shall publish the information on the sub-categories to which G-SIIs are allocated on its website.

Article 242

(designation of other systemically important institutions)

(1) Taking account of the criteria set out in the second paragraph of this article, Banka Slovenije shall issue a decision designating the following as an O-SII:

1. a bank; or
2. a group of which a bank is a part and that is headed by one of the following entities established in the Republic of Slovenia:
 - an EU parent bank,
 - an EU parent financial holding company,
 - an EU parent mixed financial holding company,
 - a parent bank,
 - a parent financial holding company, or
 - a parent mixed financial holding company.

(2) Banka Slovenije shall designate a bank or group referred to in the previous paragraph as an O-SII, if its failure or poor performance could give rise to systemic risk in the Republic of Slovenia. Banka Slovenije shall assess an individual bank's impact on systemic risk in the Republic of Slovenia on the basis of at least one of the following criteria:

1. its size;
2. its importance to the economy of the European Union or the Republic of Slovenia;
3. the significance of cross-border activities; and
4. the interconnectedness of the bank or group with the financial system.

(3) When Banka Slovenije designates a bank or group as an O-SII, it shall also set the O-SII buffer rate and a deadline for meeting the requirement to maintain that buffer.

(4) Notwithstanding the second paragraph of this article, if Banka Slovenije sets a lower or higher O-SII buffer based on a review of an O-SII, or if it determines that the conditions no longer exist for the designation of the bank or group as an O-SII having regard for the criteria set out in the first and second paragraphs of this article, Banka Slovenije shall decide that:

1. a new O-SII buffer rate is being applied to the bank or group, and a deadline is being set for compliance with the requirement to maintain that buffer; or
2. the bank or group is no longer designated as an O-SII.

(5) Banka Slovenije shall notify the European Systemic Risk Board of the banks and groups that it has designated as O-SIIs, and shall publish a list of O-SIIs on its website.

(6) At least once a year Banka Slovenije shall verify the fulfilment of the O-SII criteria, and the appropriateness of O-SII buffer rates. Banka Slovenije shall inform the O-SII and the European Systemic Risk Board of the results of its verification, and shall publish an updated list of O-SIIs on its website.

Article 243 **(requirement to maintain G-SII buffer)**

(1) A G-SII shall maintain a G-SII buffer appropriate to the G-SII sub-category to which it is assigned based on Article 241 of this Act, in the following amounts:

1. for the first (lowest) sub-category: 1% of the total risk exposure amount;
2. for the second sub-category: 1.5% of the total risk exposure amount;
3. for the third sub-category: 2% of the total risk exposure amount;
4. for the fourth sub-category: 2.5% of the total risk exposure amount; and
5. for the fifth sub-category: 3.5% of the total risk exposure amount.

(2) The G-SII shall meet this requirement with common equity Tier 1 capital.

Article 244 **(requirement to maintain O-SII buffer)**

(1) An O-SII shall maintain an O-SII buffer on an individual, subconsolidated and consolidated basis in the amount set by Banka Slovenije. The O-SII shall meet this requirement with common equity Tier 1 capital.

(2) Banka Slovenije may set an O-SII buffer in the amount of 3% of the total risk exposure amount, having regard for the criteria for designating an O-SII set out in Article 242 of this Act on a consolidated, sub-consolidated or individual basis. Banka Slovenije shall ensure that the requirement to maintain an O-SII buffer does not entail disproportionate adverse effects on the whole or parts of the financial system, including effects in other Member States or at the European Union level that would impede or create an obstacle to the functioning of the internal market.

(3) Notwithstanding the previous paragraph, Banka Slovenije may set an O-SII buffer of more than 3% of the total risk exposure amount if within three months of receiving notification from the European Systemic Risk Board referred to in the fifth paragraph of this article the Commission adopts an implementing regulation authorising Banka Slovenije with

regard to the requirement to maintain an O-SII buffer of more than 3% of the total risk exposure amount.

(4) Notwithstanding the first paragraph of this article, and the requirement to maintain a systemic risk buffer of more than 3% of the total risk exposure amount, when an O-SII is a subsidiary of a G-SII or an O-SII that is an institution or a group headed by an EU parent institution and is subject to the requirement to maintain an O-SII buffer on a consolidated basis, the buffer that applies to the subsidiary O-SII on an individual or subconsolidated basis shall not exceed the lower of:

1. the sum of the higher of the G-SII and O-SII buffers applying to the group on a consolidated basis, and 1% of the total risk exposure amount; or
2. 3% of the total risk exposure amount, or a rate of more than 3% of the total risk exposure amount that pursuant to the Commission's implementing regulation applies to the group on a consolidated basis in accordance with the previous paragraph.

(5) Before setting or changing the O-SII buffer, Banka Slovenije shall notify the European Systemic Risk Board at least one month before the publication of the decision, when the buffer is set in the amount of 3% of the total risk exposure amount, or at least three months before the publication of the decision, when the buffer is set in an amount of more than 3%.

(6) The notification referred to in the previous paragraph shall include:

1. the justification for why Banka Slovenije assesses that the O-SII buffer will be effective and proportionate in mitigating the risk;
2. an assessment of the likely positive or negative impact of the O-SII buffer on the internal market based on information available to Banka Slovenije;
3. the O-SII buffer rate that Banka Slovenije intends to set.

Article 245 **(requirement to maintain systemic risk buffer)**

When a requirement to maintain a G-SII buffer and a requirement to maintain an O-SII buffer apply to a group on a consolidated basis, the higher of the two requirements shall apply.

7.2.4 Systemic risk buffer

Article 246 **(requirement to maintain systemic risk buffer)**

(1) Banka Slovenije may set a systemic risk buffer for all exposures or for one or more subsets of exposures set out in the first paragraph of Article 247 of this Act in order to prevent and mitigate systemic or macroprudential risks.

(2) Banka Slovenije may require all banks or certain groups of banks to maintain a systemic risk buffer calculated in accordance with Article 248 of this Act, on an individual, subconsolidated or consolidated basis. The requirement shall be met with common equity Tier 1 capital.

(3) When setting the requirements referred to in the first paragraph of this article, Banka Slovenije shall take account of the risks that are not covered by the requirements set out in Articles 232, 243 and 244 of this Act and Regulation 575/2013, in particular a risk of

disruption in the financial system with the potential to have serious negative consequences on the financial system and the real economy in the Republic of Slovenia.

Article 247 **(setting of systemic risk buffer rate)**

(1) Banka Slovenije may set a systemic risk buffer rate for all banks or for a specific group of banks, in connection with all exposures or for one or more of the following subsets of exposures:

1. all exposures in the Republic of Slovenia;
2. all exposures in another Member State, having regard for Article 249 of this Act;
3. exposures in third countries;
4. sectoral exposures in the Republic of Slovenia:
 - all retail exposures to natural persons secured by residential real estate,
 - all exposures to natural persons other than those referred to in the previous indent,
 - all exposures to legal persons secured by mortgage on commercial real estate,
 - all exposures to legal persons other than those referred to in the previous indent;
5. sectoral exposures referred to in the previous point in another Member State solely to facilitate the recognition of the buffer rate set by the other Member State in accordance with Article 251 of this Act;
6. subsets of all classes of sectoral exposures referred to in point 4 of this paragraph.

(2) Banka Slovenije shall set the systemic risk buffer by calibrating in steps of 0.5 percentage points or multiples of that value. Banka Slovenije may set different requirements for different groups of banks and exposures.

(3) The systemic risk buffer shall not be used to address the risks referred to in Articles 232, 243 and 244 of this Act.

(4) When setting the requirement to maintain a systemic risk buffer, Banka Slovenije shall ensure that the systemic risk buffer does not entail disproportionate adverse effects on the whole or parts of the financial system in other Member States or at the EU level that would impede or create obstacles to the functioning of the internal market.

(5) At least every other year Banka Slovenije shall verify the appropriateness of the requirements to maintain a systemic risk buffer.

(6) When Banka Slovenije sets a systemic risk buffer rate in accordance with this subsection, it shall request that the European Systemic Risk Board issue a recommendation in accordance with Article 16 of Regulation 1092/2010 for one or more Member States for the recognition of systemic risk buffer rates for all exposures or for subsets of exposures in accordance with Article 251 of this Act.

Article 248 **(calculation of systemic risk buffer)**

A bank shall calculate the systemic risk buffer as follows:

$$B_{SR} = r_T \times E_T + \sum_i r_i \times E_i,$$

where:

- B_{SR} = the systemic risk buffer;
- r_T = the buffer rate applying to the bank's total risk exposure amount;
- E_T = the bank's total risk exposure amount calculated in accordance with Article 92(3) of Regulation 575/2013;
- i = the index denoting the exposure subset referred to in the previous article;
- r_i = the buffer rate applying to the risk exposure amount of exposure subset i ; and
- E_i = the bank's risk exposure amount for exposure subset i calculated in accordance with Article 92(3) of Regulation 575/2013.

Article 249 **(procedure for setting systemic risk buffer rate)**

(1) Banka Slovenije shall notify the European Systemic Risk Board before publishing a decision setting or resetting systemic risk buffer rates pursuant to Article 250 of this Act. When the systemic risk buffer rates relate to a bank whose parent undertaking is established in another Member State, Banka Slovenije shall also notify the authorities in that Member State. When the systemic risk buffer rates relate to exposures in third countries, Banka Slovenije shall also notify the European Systemic Risk Board.

- (2) The notification referred to in the previous paragraph shall include:
1. a description of the systemic or macroprudential risk in the Republic of Slovenia;
 2. a description of why the dimension of the systemic or macroprudential risk threatens the stability of the financial system in the Republic of Slovenia;
 3. justification for why Banka Slovenije assesses that the requirement to maintain a systemic risk buffer is vital, and represents an effective and proportionate measure to mitigate risk;
 4. an assessment of the likely positive or negative impact of the systemic risk buffer on the internal market based on available information;
 5. if the buffer rate applies to all exposures: Banka Slovenije's justification for why the systemic risk buffer does not duplicate the action of the O-SII buffer set out in Article 244 of this Act;
 6. the systemic risk buffer rates that Banka Slovenije intends to set, the exposures to which the rates will apply, and the banks to which the rates will apply.

(3) When the setting or resetting of systemic risk buffer rates does not lead to an increase in the previous systemic risk buffer rate, Banka Slovenije shall merely notify the European Systemic Risk Board and other competent authorities in accordance with this article accordingly.

(4) When the setting or resetting of systemic risk buffer rates does not lead to an overall systemic risk buffer rate of more than 3% for any set or subset of exposures, Banka Slovenije shall forward the notification referred to in the first paragraph of this article to the European Systemic Risk Board at least one month before publishing the decision pursuant to Article 250 of this Act. For the purposes of this paragraph, the systemic risk buffer rate set by the other Member State and recognised in accordance with Article 251 of this Act shall not be taken into account in the calculation of the aforementioned threshold.

(5) When the setting or resetting of systemic risk buffer rates leads to an overall systemic risk buffer rate of more than 3% but no more than 5% for any set or subset of exposures, Banka Slovenije shall request the opinion of the Commission in the notification for the European Systemic Risk Board referred to in the first paragraph of this article. Banka Slovenije shall adopt the decision on the systemic risk buffer rate in accordance with the opinion of the Commission, or shall explain why it will not take that opinion into account.

(6) If the setting or resetting of systemic risk buffer rates referred to in the previous paragraph relates to a bank whose parent undertaking is established in another Member State, in the notification for the European Systemic Risk Board referred to in the first paragraph of this article Banka Slovenije shall request a recommendation by the Commission and the European Systemic Risk Board. If the authority of the parent undertaking expresses its disagreement with the proposed system buffer rate or rates referred to in the previous paragraph for a subsidiary bank or the recommendations by the Commission and the European Systemic Risk Board are negative, Banka Slovenije shall:

- suspend the procedure and refer the matter to the European Banking Authority in accordance with Article 19 of Regulation 1093/2010, and shall adopt a decision in accordance with the decision of the European Banking Authority; or
- halt the procedure for setting the proposed systemic risk buffer rate or rates.

(7) When the setting or resetting of systemic risk buffer rates leads to an overall systemic risk buffer rate of more than 5% for any set or subset of exposures, Banka Slovenije shall request permission from the Commission. The request shall include all of the information referred to in the second paragraph of this article. If within three months the Commission adopts an implementing regulation authorising Banka Slovenije to introduce a systemic risk buffer, Banka Slovenije shall set the systemic risk buffer rate in accordance with the aforementioned regulation.

(8) If Banka Slovenije sets a systemic risk buffer rate for exposures located in other Member States, the rate shall be the same for all exposures in the European Union, unless a systemic risk buffer rate is recognised in accordance with Article 251 of this Act.

Article 250 **(publication of systemic risk buffer rates)**

(1) Banka Slovenije shall publish decisions on systemic risk buffer rates on its website, including the following information:

1. the systemic risk buffer rates;
2. the banks to which the systemic risk buffer applies;
3. the exposures to which the systemic risk buffer rates apply;
4. a justification for the systemic risk buffer rates;
5. the date from which banks must maintain the systemic risk buffer; and
6. the names of the countries where exposures located in those countries are recognised in the systemic risk buffer.

(2) If the publication referred to in point 4 of the previous paragraph could jeopardise the stability of the financial system, Banka Slovenije shall exclude such information from the publication.

(3) Banka Slovenije shall also publish decisions to withdraw any systemic risk buffer rates on its website, having regard *mutatis mutandis* for the information referred to in the first paragraph of this article.

Article 251 **(recognition of systemic risk buffer rate)**

(1) Banka Slovenije may recognise the systemic risk buffer rates set by the designated authorities of other Member States, and may apply those rates to banks with exposures located in the Member States that have introduced those buffer rates.

(2) When Banka Slovenije recognises a systemic buffer rate set by the designated authority of another Member State, it shall notify the European Systemic Risk Board accordingly. Banka Slovenije shall publish its decision to recognise and apply a systemic risk buffer rate set by the designated authority of another Member State on its website.

(3) When deciding whether to recognise and apply a systemic risk buffer rate set by the designated authority of another Member State, Banka Slovenije shall take account of the information that the Member State that set that buffer rate submitted in accordance with the first paragraph of Article 249 of this Act, and shall publish it on its website.

(4) If in accordance with the first paragraph of this article Banka Slovenije recognises the systemic risk buffer rate set by the designated authority of another Member State, it may add this systemic risk buffer rate to the systemic risk buffer applied in accordance with Article 246 of this Act, provided that the two buffers address different risks. If the buffers address the same risks, the higher buffer alone shall apply.

7.3 Combined use of G-SII and O-SII buffers and the systemic risk buffer

Article 252 (requirements in connection with combined use of G-SII and O-SII buffers and systemic risk buffer)

If a systemic risk buffer applies to a bank, it shall be added to the G-SII buffer or the O-SII buffer as set out in Subsection 7.2.3 of this Act. When the sum of the systemic risk buffer as calculated for the purposes of the fourth, fifth or seventh paragraphs of Article 249 of this Act and the G-SII buffer or the O-SII buffer is more than 5%, the prior authorisation from the Commission referred to in the third paragraph of Article 244 of this Act shall be required. To this end Banka Slovenije shall submit notification to the European Systemic Risk Board three months before the publication of the decision.

7.4 Capital conservation measures

7.4.1 Combined buffer requirement

Article 253 (combined buffer requirement)

(1) A bank shall always meet the combined buffer requirement with common equity Tier 1 capital. If it fails to comply with this requirement in full, it shall be subject to the restrictions set out in Article 254 of this Act.

(2) The common equity Tier 1 capital that the bank maintains to meet one of the elements of the common buffer requirement may not be used to meet any other relevant elements under the common buffer requirement.

(3) The common equity Tier 1 capital that the bank maintains to meet the common buffer requirement referred to in the first paragraph of this article may not be used to meet:

1. the requirements set out in points (a), (b) and (c) of Article 92(1) of Regulation 575/2013;
2. the additional own funds requirement pursuant to Article 203 or point 1 of the second paragraph of Article 280 of this Act to address risks other than the risk of excessive leverage;

3. the requirement regarding the maintenance of internal capital adequacy in accordance with Article 151 of this Act to address risks other than the risk of excessive leverage;
4. the guidance communicated in accordance with Article 205 of this Act to address risks other than the risk of excessive leverage.

(4) The bank shall be considered to not be meeting the common buffer requirement when it does not have capital of sufficient scope and quality to simultaneously meet each of the following requirements:

1. the combined buffer requirement;
2. the requirements set out in points (a), (b) and (c) of Article 92(1) of Regulation 575/2013;
3. the additional own funds requirement pursuant to Article 203 or point 1 of the second paragraph of Article 280 of this Act to address risks other than the risk of excessive leverage;
4. the requirement regarding the maintenance of internal capital adequacy in accordance with Article 151 of this Act to address risks other than the risk of excessive leverage.

Article 254

(restrictions on distributions in connection with failure to meet combined buffer requirement)

(1) A bank that meets the combined buffer requirement shall not make payments or distributions in connection with common equity Tier 1 capital to an extent that would decrease its common equity Tier 1 capital to a level where the combined buffer requirement would no longer be met.

(2) A bank that fails to meet the combined buffer requirement shall calculate the maximum distributable amount (hereinafter: MDA) in accordance with Article 255 of this Act. The bank shall inform Banka Slovenije without delay of its failure to meet the combined buffer requirement and of the calculated the MDA, and shall submit a capital conservation plan in accordance with Article 261 of this Act.

(3) In the case referred to in the previous paragraph, the bank shall refrain from taking any of the following actions before it has calculated the MDA:

1. make payments or distributions in connection with common equity Tier 1 capital;
2. create an obligation to pay variable remuneration or discretionary pension benefits, or pay variable remuneration if the obligation to pay was created at a time when the bank failed to meet the combined buffer requirements; or
3. make payments in connection with additional Tier 1 instruments.

(4) The following shall be deemed a payment or distribution in connection with common equity Tier 1 capital for the purposes of the first and third paragraphs of this article:

1. the payment of cash dividends;
2. the full or partial payment of the variable component of remuneration in the form of shares or other capital instruments referred to in point (a) of Article 26(1) of Regulation 575/2013;
3. the buyback or purchase of own shares or other capital instruments referred to in point (a) of Article 26(1) of Regulation 575/2013 by the bank;
4. the repayment of capital instruments referred to in point (a) of Article 26(1) of Regulation 575/2013; and
5. the distribution of the items set out in points (b) to (e) of Article 26(1) of Regulation 575/2013.

(5) If a bank fails to meet or exceed the combined buffer requirement, it may make the distributions set out in the third paragraph of this article up to the amount of the MDA calculated in accordance with Article 255 of this Act.

(6) The restrictions on distributions imposed by this article shall only apply to payments that result in a reduction in common equity Tier 1 capital or in a reduction in profits, and where a suspension of payment or failure to pay does not constitute a default event or a condition for the initiation of insolvency proceedings.

(7) If the enforcement of the restrictions set out in this paragraph renders it impossible to improve the level of a bank's common equity Tier 1 capital with respect to the systemic risk referred to in Article 246 of this Act, Banka Slovenije shall impose the appropriate supervisory measures on the bank in accordance with this Act.

Article 255 (calculation of MDA)

(1) A bank shall calculate the MDA by multiplying the sum calculated in accordance with the second paragraph of this article by the factor determined in accordance with the third paragraph of this article. The MDA calculated as such shall be reduced by the distributions or other actions referred to in the third paragraph of Article 254 of this Act.

(2) The sum referred to in the previous paragraph shall be calculated as the sum of the bank's interim and year-end profits that are not included in the bank's common equity Tier 1 capital in accordance with Article 26(2) of Regulation 575/2013, less any distributions of profit or payments referred to in the third paragraph of the previous article and the tax that the bank would have to pay were the profit to be retained.

(3) The factor referred to in the first paragraph of this article shall be determined with regard to the proportion of the bank's common equity Tier 1 capital expressed as a percentage of the total risk exposure amount in the combined buffer requirement, as follows:

1. a factor of 0 shall be applied if the percentage is less than or equal to 25%;
2. a factor of 0.2 shall be applied if the percentage is more than 25% and less than or equal to 50%;
3. a factor of 0.4 shall be applied if the percentage is more than 50% and less than or equal to 75%;
4. a factor of 0.6 shall be applied if the percentage is more than 75% and less than or equal to 100%.

(4) For the purposes of the previous paragraph, own funds that are not used to meet the following requirements shall be taken into account as common equity Tier 1 capital:

1. the own funds requirements set out in points (a), (b) and (c) of Article 92(1) of Regulation 575/2013;
2. the additional own funds requirement pursuant to Article 203 or the order referred to in point 1 of the second paragraph of Article 280 of this Act to address risks other than the risk of excessive leverage;
3. the requirement regarding the maintenance of internal capital adequacy in accordance with Article 151 of this Act to address risks other than the risk of excessive leverage.

Article 256 (notification of Banka Slovenije)

(1) A bank that fails to meet the combined buffer requirement shall notify Banka Slovenije accordingly at least one month prior to the intended distribution of distributable profit or other action referred to in the third paragraph of Article 254 of this Act, and shall provide the following information:

1. the amount of capital, subdivided as follows:
 - common equity Tier 1 capital,
 - additional Tier 1 capital, and
 - Tier 2 capital;
2. the amount of its interim and year-end profits;
3. the MDA calculated in accordance with the previous article;
4. the amount of distributable profits that it intends to allocate to the following items:
 - dividend payments,
 - share buybacks,
 - payments on additional Tier 1 instruments, and
 - payments of variable remuneration or discretionary pension benefits, whether by the creation of a new obligation to pay or by payment pursuant to an obligation to pay that was created at a time when the bank failed to meet its combined buffer requirements.

(2) A bank shall put in place and maintain arrangements to ensure the accurate calculation of distributable profit and the MDA, and shall be able to demonstrate that accuracy to Banka Slovenije at the latter's request.

7.4.2 Leverage ratio buffer requirement

Article 257 (leverage ratio buffer requirement)

A bank shall be considered to not be meeting the leverage ratio buffer requirement when it does not have Tier 1 capital of sufficient scope to simultaneously meet the following requirements:

1. the leverage ratio buffer requirement referred to in Article 92(1a) of Regulation 575/2013;
2. the leverage ratio requirement set out in point (d) of Article 92(1) of Regulation 575/2013;
3. the requirements pursuant to Article 203 or point 1 of the second paragraph of Article 280 of this Act to address the risk of excessive leverage that is not sufficiently covered by the requirement set out in point (d) of Article 92(1) of Regulation 575/2013;
4. the requirement regarding the maintenance of internal capital adequacy in accordance with Article 151 of this Act to address the risk of excessive leverage.

Article 258 (restrictions on distributions in connection with failure to meet leverage ratio buffer requirement)

(1) A bank that meets the leverage ratio buffer requirement pursuant to Article 92(1a) of Regulation 575/2013 shall not make payments or distributions in connection with Tier 1 capital to an extent that would decrease its Tier 1 capital to a level where the leverage ratio buffer requirement is no longer met.

(2) A bank that fails to meet the leverage ratio buffer requirement shall calculate the leverage-ratio-related maximum distributable amount (hereinafter: L-MDA) in accordance with Article 259 of this Act. The bank shall inform Banka Slovenije without delay of its failure to meet the leverage ratio buffer requirement and of the calculated L-MDA, and shall submit a capital conservation plan in accordance with Article 261 of this Act.

(3) In the case referred to in the previous paragraph, the bank shall refrain from taking any of the following actions before it has calculated the L-MDA:

1. make payments or distributions in connection with common equity Tier 1 capital;
2. create an obligation to pay variable remuneration or discretionary pension benefits, or pay variable remuneration if the obligation to pay was created at a time when the bank failed to meet the combined buffer requirements; or
3. make payments in connection with additional Tier 1 instruments.

(4) The following shall be deemed a payment or distribution in connection with common equity Tier 1 capital for the purposes of the first and third paragraphs of this article:

1. the payment of cash dividends;
2. the full or partial payment of the variable component of remuneration in the form of shares or other capital instruments referred to in point (a) of Article 26(1) of Regulation 575/2013;
3. the buyback or purchase of own shares or other capital instruments referred to in point (a) of Article 26(1) of Regulation 575/2013 by the bank;
4. the repayment of capital instruments referred to in point (a) of Article 26(1) of Regulation 575/2013; and
5. the distribution of the items set out in points (b) to (e) of Article 26(1) of Regulation 575/2013.

(5) If a bank fails to meet or exceed the leverage ratio buffer requirement, it may make the distributions set out in the third paragraph of this article up to the amount of the L-MDA calculated in accordance with Article 259 of this Act.

(6) The restrictions on distributions imposed by this article shall only apply to payments that result in a reduction in Tier 1 capital or in a reduction in profits, and where a suspension of payment or failure to pay does not constitute a default event or a condition for the initiation of insolvency proceedings.

Article 259 **(calculation of L-MDA)**

(1) A bank shall calculate the L-MDA by multiplying the sum calculated in accordance with the second paragraph of this article by the factor determined in accordance with the third paragraph of this article. The L-MDA calculated as such shall be reduced by the distributions or other actions referred to in the third paragraph of the previous article.

(2) The sum referred to in the previous paragraph shall be calculated as the sum of the bank's interim and year-end profits that are not included in the bank's common equity Tier 1 capital in accordance with Article 26(2) of Regulation 575/2013, less any distributions of profit or payments referred to in the third paragraph of the previous article and the tax that the bank would have to pay were the profit to be retained.

(3) The factor referred to in the first paragraph of this article shall be determined with regard to the proportion of the bank's Tier 1 capital expressed as a percentage of the total risk exposure amount calculated in accordance with the fourth paragraph of Article 429 of Regulation 575/2013 in the leverage ratio buffer requirement, as follows:

1. a factor of 0 shall be applied if the percentage is less than or equal to 25%;
2. a factor of 0.2 shall be applied if the percentage is more than 25% and less than or equal to 50%;
3. a factor of 0.4 shall be applied if the percentage is more than 50% and less than or equal to 75%;

4. a factor of 0.6 shall be applied if the percentage is more than 75% and less than or equal to 100%.

(4) For the purposes of the previous paragraph, own funds that are not used to meet the following requirements shall be taken into account as Tier 1 capital:

1. the requirement set out in point (d) of Article 92(1) of Regulation 575/2013;
2. the requirement pursuant to Article 203 or point 1 of the second paragraph of Article 280 of this Act to address the risk of excessive leverage that is not sufficiently covered by point (d) of Article 92(1) of Regulation 575/2013;
3. the requirement regarding the maintenance of internal capital adequacy in accordance with Article 151 of this Act to address the risk of excessive leverage.

Article 260 **(notification of Banka Slovenije)**

(1) A bank that fails to meet the leverage ratio buffer requirement shall notify Banka Slovenije accordingly at least one month prior to the intended distribution of distributable profit or other action referred to in the third paragraph of Article 258 of this Act, and shall provide the following information:

1. the amount of Tier 1 capital, subdivided as follows:
 - common equity Tier 1 capital, and
 - additional Tier 1 capital;
2. the amount of its interim and year-end profits;
3. the L-MDA calculated in accordance with the previous article;
4. the amount of distributable profits that it intends to allocate to the following items:
 - dividend payments,
 - share buybacks,
 - payments on additional Tier 1 instruments, and
 - payments of variable remuneration or discretionary pension benefits, whether by the creation of a new obligation to pay or by payment pursuant to an obligation to pay that was created at a time when the bank failed to meet its leverage ratio buffer requirements.

(2) A bank shall put in place and maintain arrangements to ensure the accurate calculation of distributable profit and the L-MDA, and shall be able to demonstrate that accuracy to Banka Slovenije at the latter's request.

7.4.3 Capital conservation plan

Article 261 **(capital conservation plan)**

(1) If a bank fails to meet its combined buffer requirement or its leverage ratio buffer requirement, it shall draw up a capital conservation plan and submit it to Banka Slovenije no later than five working days after it determined that it was failing to meet the aforementioned requirements. At the bank's proposal, Banka Slovenije may extend the deadline for submitting the aforementioned plan to a maximum of ten days, having regard for the scale and complexity of the bank's activities.

(2) The capital conservation plan referred to in the previous paragraph shall include the following:

1. estimates of income and expenditure, and a forecast balance sheet;

2. measures to increase the bank's capital ratios; and
3. a plan and timeframe for an increase in own funds with the objective of fully meeting the combined buffer requirement or the leverage ratio buffer requirement.

(3) Banka Slovenije may also request other information from the bank for the assessment referred to in the fourth paragraph of this article.

(4) Banka Slovenije shall assess the capital conservation plan within one month of receiving it, and shall approve the plan if it considers that the plan, if implemented, would be reasonably likely to conserve or raise sufficient capital to enable the institution to meet its combined buffer requirement or leverage ratio buffer requirement within an appropriate deadline. If significant deviations occur during the implementation of the approved capital conservation plan, Banka Slovenije may require the submission of a new capital conservation plan.

(5) If Banka Slovenije does not approve the plan referred to in the previous paragraph, it shall require the submission of revisions to the capital conservation plan, or impose one or both of the following additional measures on the bank, which:

1. require the bank to increase its own funds by a specific deadline; or
2. impose more stringent restrictions on distributions by the bank.

7.5 Reporting in connection with capital buffer requirements

Article 262 (reporting)

Banka Slovenije may issue an implementing act prescribing the content of reports, and the deadlines and manner of reporting in connection with the capital buffer requirements set out in Chapter 7 of this Act.

CHAPTER 8: SMALL AND NON-COMPLEX BANKS

Article 263 (definition of small and non-complex bank)

(1) Via a decision Banka Slovenije shall define a bank as small and non-complex if it meets all of the conditions set out in point 145 of Article 4(1) of Regulation 575/2013, whereby for the purposes of subpoint (h) it shall take account of the bank's declaration submitted pursuant to Article 354 of this Act before issuing the decision pursuant to this article.

(2) Banka Slovenije shall regularly, at least once a year, verify compliance with the conditions set out in the previous paragraph for defining a bank as small and non-complex.

(3) If when conducting the verification referred to in the previous paragraph Banka Slovenije finds that the bank no longer meets all of the conditions set out in the first paragraph of this article, it shall issue a decision stipulating a deadline by which the bank must comply with all of the requirements of this Act and Regulation 575/2013 applying to banks.

(4) Banka Slovenije shall also issue a decision revoking the definition of the bank as small and non-complex if the bank lodges an objection referred to in subpoint (h) of point 145 of Article 4(1) of Regulation 575/2013.

CHAPTER 9: SUPERVISORY MEASURES

9.1 General provisions

Article 264 (supervision)

(1) When conducting supervision in accordance with this Act, Banka Slovenije shall perform the supervisory tasks, exercise the supervisory powers and impose the supervisory measures set out in this Act and Regulation 1024/2013, except when the European Central Bank is responsible for performing certain supervisory tasks, exercising certain supervisory powers and imposing certain supervisory measures set out in this Act in accordance with Regulation 1024/2013.

(2) Banka Slovenije shall conduct supervision in accordance with the previous paragraph with the aim of:

1. preventing or rectifying breaches of the regulations set out in the second paragraph of Article 9 of this Act, and preventing or rectifying irregularities that jeopardise or could jeopardise the assets entrusted to a bank; and
2. ensuring the stability of the financial system.

(3) Banka Slovenije shall conduct supervision in accordance with this Act:

1. by granting authorisations and consents;
2. by monitoring, collecting and verifying the information of banks and other persons who, pursuant to the provisions of this Act and other regulations, are obliged to report to Banka Slovenije and to inform it of particular facts and circumstances;
3. by conducting inspections of banks and other persons as provided for by this Act; and
4. by imposing supervisory measures.

(4) In connection with the imposition of measures in the scope of supervision pursuant to this Act, Banka Slovenije shall, with regard to the information available to it at the time of decision-making, particularly in emergency situations, take appropriate account of the potential impact of its decisions on the stability of the financial system of Member States.

(5) Whenever it is responsible for performing all or some of the tasks set out in Article 4(1) of Regulation 1024/2013 in the supervision of a bank in accordance with the aforementioned regulation, the European Central Bank shall perform the supervisory tasks, exercise the supervisory powers and impose the supervisory measures set out in this Act for the performance of the tasks and exercise of the powers of Banka Slovenije, unless explicitly provided otherwise by Regulation 1024/2013 or Regulation 468/2014 for the performance of specific tasks of the European Central Bank.

(6) Whenever a supervised entity submits an application to Banka Slovenije in accordance with this Act or Regulation 575/2013 that the European Central bank is responsible for addressing pursuant to Regulation 1024/2013, Banka Slovenije shall deny the application via an explanatory decision, unless the application must be submitted to Banka Slovenije in accordance with Regulation (EU) No 1024/2013. Banka Slovenije's

decision to deny the application referred to in the previous paragraph shall not be subject to judicial review.

Article 265 **(supervisory examination programme)**

(1) In performing its tasks and exercising its powers in accordance with this Act and Regulation 1024/2013, Banka Slovenije shall adopt a supervisory examination programme at least once a year.

(2) Banka Slovenije shall define the following in the plan referred to in the previous paragraph:

1. the banks for which the results of the supervisory review and evaluation process in accordance with Section 6.6 of this Act, including the results of the stress tests carried out in accordance with Article 192 of this Act, indicate the existence of potential material risks to their financial soundness or indicate potential breaches of this Act or Regulation 575/2013;
2. other banks for which Banka Slovenije deems enhanced supervision justified due to other circumstances.

(3) Having regard for the results of the supervisory review and evaluation process performed at a bank in accordance with Section 6.6 of this Act, Banka Slovenije shall define the following in the supervisory examination programme referred to in the previous paragraph:

1. the activities that it will perform at a particular bank and the conditions for performing those activities;
2. the banks for which enhanced supervision will be carried out in the manner set out in the fourth paragraph of this article; and
3. an on-site inspection plan for a bank, including its branches and subsidiaries established in other countries.

(4) If, having regard for the results of the supervisory review and evaluation process performed at a bank in accordance with Section 6.6 of this Act, Banka Slovenije decides to conduct enhanced supervision at a bank, the supervisory examination programme shall define, in particular, the following activities and/or measures:

1. additional or more frequent inspections of the bank's operations;
2. the ordering of the permanent presence of inspectors or other authorised persons from Banka Slovenije at the bank;
3. additional or more frequent reporting by the bank;
4. additional or more frequent reviews of the operational, strategic or business plans of the bank; and
5. thematic inspections to review the bank's exposure to specific risks that are likely to be realised.

(5) Notwithstanding the supervisory examination programmes of the competent authorities of the home Member State, Banka Slovenije may exercise its powers and perform its tasks, including inspections, at the branches of Member State banks in the Republic of Slovenia.

Article 266 **(Banka Slovenije measures)**

(1) Under the conditions set out in this Act, Banka Slovenije may impose supervisory measures, via an order or a decision, on the entities over which it exercises its supervisory powers and performs its supervisory tasks in accordance with this Act (supervised entities).

(2) When determining supervisory measures, Banka Slovenije shall take into account all the circumstances surrounding a breach in order to ensure the effective rectification of the breach through the imposition of those measures and to prevent further acts or omissions deemed breaches of this Act or Regulation 575/2013, in particular:

1. the seriousness and duration of the breach and the degree of responsibility of the person who committed the breach;
2. the financial position of the person who committed the breach, and the gain earned or loss avoided by means of the breach, if they can be determined;
3. the losses incurred by third parties due to the breach, if they can be determined;
4. the cooperation of the person who committed the breach in the process of identifying that breach; and
5. previous breaches and the potential systemic consequences of the breach.

Article 267 **(authorised persons of Banka Slovenije)**

(1) Persons employed at Banka Slovenije shall perform specific tasks during supervision conducted by Banka Slovenije on the basis of an employment contract and in accordance with Banka Slovenije's bylaws.

(2) The Governor of Banka Slovenije may authorise a certified auditor or other professionally qualified person who is not an employee of Banka Slovenije to perform specific tasks during supervision conducted by Banka Slovenije, provided that the person is subject to the requirements with regard to the safeguarding of confidential information.

(3) If a public procurement procedure to select a certified auditor or other professionally qualified person could lead to the disclosure of confidential information and that disclosure would render supervision impossible or significantly impede the effectiveness of supervision or jeopardise the stability of the financial system of the Republic of Slovenia and thus pose a considerable threat to the interests of the state, Banka Slovenije shall enter into a contract with the service provider directly, having regard for point (a) of Article 346(1) of the TFEU. The law governing public procurement in the area of defence and security, in the part that sets out the method for defining the subject and communication of statistical information regarding contracts awarded in the previous year, shall apply to the procedure to conclude the contract referred to in the previous paragraph.

(4) In its annual report Banka Slovenije shall disclose aggregated information on contracts that it has concluded on the basis of this article, and on the total value of those contracts by individual year.

Article 268 **(annual fee for supervision of banks by Banka Slovenije)**

(1) Banks shall pay Banka Slovenije an annual fee for the supervision that it conducts pursuant to this Act and Regulation 1024/2013.

(2) Banka Slovenije shall set the fees referred to in the previous paragraph in such an amount that the sum of fees that all banks are obliged to pay for a specific year does not

exceed the actual costs of supervision by Banka Slovenije during that year, less the revenues from fees charged in connection with the granting of authorisations and Banka Slovenije's supervisory procedures pursuant to this Act.

(3) A bank shall pay the annual fee for supervision, calculated on the basis of actual costs of supervision in the previous year, in a single instalment. Banka Slovenije shall issue an invoice by 31 March of the current year for the previous year's fee.

(4) If a bank fails to pay the fee for supervision referred to in the first paragraph of this article within 15 days of receiving the invoice, Banka Slovenije shall issue a decision ordering the bank to make payment.

(5) The decision referred to in the previous paragraph shall be deemed an enforcement order.

(6) Via implementing regulations Banka Slovenije shall define detailed rules for setting the fee referred to in the first paragraph of this article.

9.2 Reporting and inspection of a bank

Article 269 (whistleblowing system)

(1) Banka Slovenije shall put in place a system for reporting breaches, particularly by bank employees, so that the latter may report to Banka Slovenije circumstances in connection with the bank that constitute a potential or actual breach of the requirements or restrictions set out in the regulations referred to in the second paragraph of Article 9 of this Act.

(2) In connection with the whistleblowing system referred to in the previous paragraph, Banka Slovenije shall put in place:

1. a simple and accessible method for reporting breaches; and
2. internal procedures for receiving and handling reports, including reporting on findings in connection with reports received and actions taken.

(3) Banka Slovenije shall ensure:

1. the appropriate safeguarding of the personal data of persons who have filed a report against a bank and of persons allegedly responsible for a breach, in accordance with the provisions of the law governing personal data protection; and
2. that all data on persons who have filed a report against a bank is treated as confidential.

(4) The data referred to in the previous paragraph shall not be disclosed without the consent of the whistleblower, except when disclosure of the identity of the whistleblower is necessary in accordance with law for criminal proceedings or subsequent judicial proceedings. Banka Slovenije shall not disclose the whistleblower's data to the bank to which a report relates, and shall endeavour to prevent the disclosure of the whistleblower's identity in the process of investigating and handling the breach that is the subject of the report.

(5) Whenever the whistleblower's identity is disclosed despite the measures set out in the third and fourth paragraphs of this article, the bank shall ensure the appropriate conditions to prevent retaliatory acts, discrimination or other forms of inappropriate treatment of employees at the bank who have reported breaches in accordance with the first paragraph of this article, and to reverse the consequences of such retaliatory acts, discrimination or other forms of inappropriate treatment.

Article 270

(collection and processing of information)

(1) Banka Slovenije shall be responsible for collecting and processing information on all facts and circumstances, including personal data, that it obtains in connection with the performance of its tasks and the exercise of its powers set out in this Act or any other act.

(2) At Banka Slovenije's request, government authorities and the holders of public authorisations shall forward all information that Banka Slovenije requires to perform its tasks and exercise its powers when conducting supervision on the basis of this Act.

(3) Information on the following, in particular, shall be deemed the information referred to in the first paragraph:

1. conditions for the granting of an authorisation to provide banking services and other authorisations issued by Banka Slovenije pursuant to this Act;
2. members of banks' management boards and supervisory boards in connection with the assessment of the conditions to perform the function of member of a bank's management board or supervisory board;
3. a bank's operations in other Member States and the operations of Member State banks in the Republic of Slovenia;
4. a bank's operations in third countries and the operations of third-country banks in the Republic of Slovenia;
5. the financial position and operations of banks, holders of qualifying holdings, parent and subsidiary undertakings, and other legal persons over which Banka Slovenije conducts supervision;
6. circumstances in connection with the assessment of the conditions for the granting of an authorisation to the holder of a qualifying holding; and
7. circumstances in connection with the activities of other entities, whenever there are grounds for suspecting that the activity of the acceptance of deposits from the public is being pursued in contravention of this Act.

(4) Banka Slovenije shall be exempt from the payment of court and administrative fees or other costs charged in connection with information that it obtains from registers and other records maintained by the courts, other government authorities or the holders of public authorisations.

(5) When, while exercising its powers pursuant to this Act, Banka Slovenije assesses the reputation of an individual person, it shall obtain information on the actions of that person from a centralised database maintained by the European Banking Authority with regard to imposed administrative measures, having regard for regulations governing the exchange of information from criminal records between Member States.

Article 271

(reporting by banks)

(1) At Banka Slovenije's request, a bank shall forward all documentation, reports and information relating to its operations that Banka Slovenije requires to perform its tasks and exercise its powers in connection with supervision in accordance with this Act, or to exercise its other powers and perform its other tasks in accordance with applicable regulations. The bank shall forward the information and reports referred to in the previous sentence in the form and manner determined by Banka Slovenije.

(2) Reports and information in connection with a bank's operations that are relevant to supervision may also be requested by Banka Slovenije from the bank's management board or its employees.

(3) Banka Slovenije shall call on the persons referred to in the previous paragraph to issue a written report on the matters set out in the first and second paragraphs of this article, or shall call on them to issue an oral statement on those matters by a deadline no less than three days after receiving the call from Banka Slovenije.

Article 272 (inspection)

(1) A bank shall allow Banka Slovenije's authorised persons to conduct an inspection of its operations, in accordance with the request set out in Article 273 of this Act, at the bank's registered office and at other premises in which the bank or another person acting under its authorisation pursues activities and executes transactions that are subject to supervision by Banka Slovenije.

(2) The inspection shall in particular include a review of the bank's books of account, administrative and/or business records, and other business documentation in accordance with the request set out in Article 273 of this Act.

Article 273 (request for inspection)

(1) Banka Slovenije shall send a bank a request for inspection at least eight days before the start of the inspection.

(2) Notwithstanding the previous paragraph, Banka Slovenije may send a bank a request for inspection on the day that the inspection commences, if it is otherwise impossible to achieve the particular purpose of supervision.

(3) The request for inspection shall state the books of account, business documentation, records and business events that are the subject of the inspection, including a list of documentation that the bank must deliver in the form of computer printouts or copies for the purpose of supervision, together with the deadline for submission.

(4) The request for inspection shall also include details of the legal remedies in connection with the legal consequences that could arise if the bank fails to comply with the request for inspection or fails to allow Banka Slovenije to conduct its inspection in the manner set out in Articles 274 to 277 of this Act.

(5) Banka Slovenije may supplement its request for inspection during the inspection. The first to fourth paragraphs of this article shall apply *mutatis mutandis* to the supplementation of the request.

Article 274 (method of inspection)

(1) An inspection of a bank shall be conducted by a qualified employee of Banka Slovenije or another authorised person of Banka Slovenije who is authorised to conduct an inspection of the bank by the Governor of Banka Slovenije (hereinafter: Banka Slovenije inspector).

(2) An inspection shall be conducted on working days between the hours of 8 am and 6 pm. Banka Slovenije may also conduct inspections after 6 pm or on non-working days, when so required by the scope and/or nature of the inspection.

(3) Banka Slovenije shall conduct an inspection in such a way that it impedes the bank's normal operations only to the extent required to achieve the purpose of supervision.

(4) The provisions of the ZUP on minutes shall not apply in connection with an inspection.

Article 275 (scope of inspection)

(1) A bank shall allow a Banka Slovenije inspector to review its books of account, business documentation, and administrative or business records to the extent necessary to conduct the inspection in accordance with the request.

(2) The bank shall deliver to the Banka Slovenije inspector computer printouts and/or copies of its books of account, business documentation and administrative or business records.

(3) The bank's management board and employees shall forward to the Banka Slovenije inspector reports and information on all matters relevant to the inspection in accordance with the request.

Article 276 (conditions for conducting inspection)

(1) A bank shall provide Banka Slovenije inspectors appropriate premises in which they can conduct the inspection unimpeded and without the presence of other persons.

(2) The bank shall ensure that authorised persons of the bank are present at the time when and in the premises where Banka Slovenije inspectors are conducting their inspection, with the aim of providing relevant clarifications at the request of a Banka Slovenije inspector in connection with the bank's books of account, business documentation, business events, and administrative or business records that are the subject of the inspection.

Article 277 (special conditions for inspection of computerised books of account and records)

(1) A bank that uses computers to process data and administer its books of account and other records shall ensure that Banka Slovenije inspectors have at their disposal the necessary tools for reviewing the books of account and records, and for testing the appropriateness of computer-processed data.

(2) The bank shall deliver documentation to the Banka Slovenije inspector, with a full description of the functioning of the accounting system. The accounting system's subsystems and data files shall be evident from the aforementioned documentation. The documentation shall provide insight into:

1. the relevant IT solution;
2. procedures within the framework of the IT solution;
3. the controls to ensure accurate and reliable data processing; and

4. the controls that prevent the unauthorised addition, modification or deletion of stored computer records.

(3) Every change to the IT solution referred to in the first paragraph of this article shall be documented in the sequence in which changes were made, together with the date of each change. Every change to file formats shall also be evident from the documentation.

Article 278 **(reporting and inspection of other persons)**

(1) If necessary to achieving the purpose of supervision of a bank, Banka Slovenije may also request the submission of business documentation, relevant reports and information from the following persons:

1. persons with a close link to the bank;
2. persons to whom the bank has transferred some of its business processes;
3. the holders of qualifying holdings in the bank;
4. persons in whom the bank holds a qualifying holding;
5. the parent financial holding company, mixed financial holding company and mixed-activity holding company;
6. other persons included in the consolidated supervision of the bank; and
7. an undertaking that is a subsidiary of the parent financial holding company, mixed financial holding company or mixed-activity holding company.

(2) Banka Slovenije may also request the reports and information set out in the previous paragraph from members of the management bodies and employees of those persons.

(3) Banka Slovenije may conduct an inspection at the legal persons set out in the first paragraph of this article, whenever this is necessary to verify the documentation, reports and information received on the basis of the first or second paragraph of this article. The provisions of this Act on the inspection of a bank shall apply *mutatis mutandis* to the inspection in this case.

(4) If another supervisory authority is responsible for the supervision of one of the persons referred to in the first paragraph of this article, Banka Slovenije shall conduct the inspection of the person in cooperation with that authority in accordance with the provisions of this Act.

9.3 Supervisory measures against a bank

9.3.1 Order for rectification of breaches by a bank

Article 279 **(order)**

(1) If, during supervision, Banka Slovenije determines that a bank is in breach or is likely to be in breach of the regulations referred to in the second paragraph of Article 9 of this Act within the next 12 months, it shall inform the bank in writing of its findings, and shall order it to cease its conduct and rectify the breaches, and to submit a written report to Banka Slovenije by a specific deadline describing its measures to rectify the breaches, together with relevant evidence.

(2) If, during supervision, Banka Slovenije determines that a bank is in breach or is likely to be in breach of the regulations referred to in the second paragraph of Article 9 of this Act within the next 12 months that could have a material impact on the sound and prudent governance of the bank, it shall, in addition to the requirements set out in the previous paragraph, order the bank to implement the additional measures set out in Article 280 of this Act to rectify or avert breaches (hereinafter: additional measures).

(3) A material impact on the sound and prudent governance of the bank shall be deemed to exist if the breach has or could have significant consequences for the bank's financial position or for the management of the risks to which it is exposed in its operations, if the bank fails to or is unlikely to put in place the appropriate internal governance arrangements within the next 12 months, in particular:

1. the appropriate quantitative or qualitative elements of the internal capital adequacy assessment process;
2. the fulfilment of the requirements with regard to large exposures set out in Article 393 of Regulation 575/2013; and
3. the fulfilment of capital adequacy and liquidity adequacy requirements set out in this Act and Regulation 575/2013.

Article 280 **(additional measures)**

(1) Banka Slovenije may issue an order requiring a bank or its management body to implement additional activities or procedures to rectify breaches identified at the bank, if it is reasonable to expect that these measures will ensure the more effective rectification of identified breaches, establish operations of the bank in accordance with this Act and Regulation 575/2013 or avert breaches of the regulations referred to in the second paragraph of Article 9 of this Act that have or could have a material impact on the sound and prudent governance of the bank.

(2) In particular Banka Slovenije may impose the following additional measures:

1. order the bank to provide for additional own funds in excess of the requirement set out in Regulation 575/2013, under the conditions set out in Article 203 of this Act;
2. order the bank to implement specific measures to improve the bank's internal capital adequacy assessment and maintenance process and its internal governance arrangements;
3. order the bank to submit a detailed action plan of measures to rectify breaches of this Act or Regulation 575/2013, including a deadline for the implementation of those measures;
4. require the bank to apply a special policy for the creation of impairments and provisions, or for the treatment of assets in terms of the calculation of own funds requirements;
5. impose measures to reduce the risks that the bank takes up in connection with specific transactions, products or systems, including:
 - prohibit or restrict the bank from expanding its network of branches, or require it to reduce its retail network;
 - prohibit or restrict the bank from activities that pose a material risk to its financial position;
6. prohibit or restrict the bank from concluding individual transactions or transactions of specific types, and require a gradual reduction in the number of concluded transactions, including outsourcing activities, having regard for early termination options in accordance with contractual arrangements, including the prohibition or restriction of the conclusion of transactions by the bank:
 - with persons who pose increased risk to the bank due to an unsuitable credit assessment or other circumstances, or

- with individual shareholders, members of the management board and supervisory board, undertakings with a close link to the bank, investment funds managed by an asset management company with a close link to the bank, or other undertakings and persons who pose an increased risk to the bank;
- 7. prohibit or restrict the bank from making payments of profits or interest to shareholders or holders of additional Tier 1 instruments, unless the prohibition would result in default by the bank;
- 8. order the bank to use net profits and retained earnings to improve its capital adequacy;
- 9. prohibit or restrict the use of accounting criteria that would result in the incorrect disclosure of the bank's financial position or results, and define the appropriate criteria;
- 10. limit the variable remuneration of employees to an appropriate proportion of total revenues for the financial year, if the payment of variable remuneration would jeopardise the fulfilment of obligations or targets with regard to the bank's capital adequacy;
- 11. set additional requirements regarding the provision of liquidity, including restrictions with respect to the maturity matching of the bank's claims and liabilities;
- 12. require additional and more frequent reporting by the bank, in particular with regard to its capital and liquidity;
- 13. require the supervisory board to appoint the relevant committees for specific types of specialised tasks in the scope of the supervisory board's competences;
- 14. require additional disclosures from the bank;
- 15. require the bank's supervisory board to dismiss a member or members of the management board who are directly responsible for breaches identified at the bank, and appoint a new member or members to the management board; and
- 16. require the holders of a qualifying holding to dismiss a member or members of the supervisory board who permitted the breaches identified at the bank to occur, even though they were aware or should have been aware of those breaches, and appoint a new member or members to the supervisory board.

(3) The additional measure referred to in point 12 of the previous paragraph with regard to additional or more frequent reporting by the bank may only be imposed if:

- the measure is appropriate and proportionate with regard to the purpose for which the additional or more frequent reporting is being required;
- the required data is not the same or essentially the same as that communicated to Banka Slovenije, and Banka Slovenije is simultaneously not able to prepare the data itself; and
- the required data has not been submitted in another form or state of subdivision, which would allow Banka Slovenije to prepare information of the same quality and reliability as if it had been received from the bank.

(4) Banka Slovenije shall define additional requirements with regard to ensuring the adequate liquidity position of the bank on the basis of point 11 of the second paragraph of this article with the aim of ensuring the coverage of the liquidity risks to which the bank is or could be exposed in its operations, taking into account:

1. the bank's business model;
2. the liquidity risk management arrangements;
3. the findings of the review and evaluation process in accordance with Section 6.6 of this Act.

(5) Taking into account the mismatch between the bank's actual liquidity position and the requirements with regard to liquidity and stable sources of funding, Banka Slovenije may impose other supervisory measures on the bank in addition to the requirements set out in the previous paragraph.

Article 281

(report on rectification of breaches)

(1) A bank shall implement additional measures and rectify identified breaches by the deadline set out in the relevant order, and shall deliver to Banka Slovenije a report on the implemented activities (hereinafter: report on the rectification of breaches).

(2) Documents and other evidence from which it is clear that the breaches have been rectified shall be attached to the report on the rectification of breaches.

(3) In its order Banka Slovenije may require the bank's report on the rectification of breaches to include an opinion of a certified auditor that the identified breaches have been rectified.

Article 282 (declaratory decision on rectification of breaches)

(1) If it is clear from the report on the rectification of breaches referred to in the first paragraph of this article and the attached evidence that the bank has implemented measures and rectified the breaches identified in the relevant order, Banka Slovenije shall issue a decision, within three months of receiving the bank's comprehensive report on the rectification of breaches, finding that the breaches have been rectified (hereinafter: declaratory decision on the rectification of breaches).

(2) Before issuing a declaratory decision on the rectification of breaches, Banka Slovenije may require the supplementation of the report or conduct an inspection of the bank to the extent required to determine whether the bank has implemented the relevant measures and rectified the identified breaches.

(3) If, during supervision, Banka Slovenije determines that the bank is in breach of the regulations referred to in the second paragraph of Article 9 of this Act, but the bank rectified the breaches prior to the issue of the order referred to in the first paragraph of Article 279 of this Act, Banka Slovenije may issue a declaratory decision, taking into account the conditions set out in the fourth paragraph of this article, finding that the bank breached the regulations referred to in the second paragraph of Article 9 of this Act and that it has rectified those breaches.

(4) Banka Slovenije shall issue the declaratory decision referred to in the previous paragraph if, given the nature and the significance of the breaches to the sound and prudent governance of the bank, the issuance of the decision and the publication of the information pursuant to Article 310 of this Act could contribute significantly to improving the governance practices of banks and to preventing conduct that would constitute breaches of the regulations referred to in the second paragraph of Article 9 of this Act.

(5) Prior to issuing the declaratory decision referred to in the third paragraph of this article, Banka Slovenije shall inform the bank in writing of its findings in connection with breaches of the regulations referred to in the second paragraph of Article 9 of this Act and of its intent to issue a declaratory decision on the rectification of breaches, and shall call on the bank to issue a statement regarding the facts and circumstances relevant to a decision to issue a declaratory decision on the rectification of breaches.

9.3.2 Early intervention measures

Article 283

(early intervention measures)

(1) If a bank has breached the regulations referred to in the second paragraph of Article 9 of this Act, and in the event of the rapidly deteriorating financial position of the bank, in particular rapidly deteriorating liquidity, or an increase in leverage, non-performing loans or exposure concentration, Banka Slovenije may issue an order requiring the bank or its management body to implement the following additional measures (hereinafter: early intervention measures):

1. require the bank's management body to implement activities in the scope of one or more arrangements or measures set out in the bank's recovery plan;
2. require the bank's management body to update the bank's recovery plan as appropriate if the circumstances that led to early intervention differ from the assumptions set out in the original recovery plan, and to implement activities for the implementation of the arrangements or measures set out in the updated plan by a specific deadline;
3. require the bank's management body to submit a detailed plan of measures aimed at preventing or rectifying the bank's difficulties, including a deadline for the implementation of those measures;
4. require the bank's management body to convene the bank's general meeting by a specific deadline and propose to the latter the adoption of specific measures for the bank's recovery, including measures to increase the bank's share capital and measures to decrease share capital for reason of the coverage of losses or a transfer to the share premium account;
5. require the dismissal or replacement of one or more members of the bank's management body or senior management;
6. require the bank's management body to draw up a plan for negotiations on the restructuring of debt with some or all of the bank's creditors in accordance with the recovery plan;
7. require changes to the bank's business strategy;
8. require changes to legal arrangements and operational processes at the bank; and
9. require the bank to provide the conditions and information that the resolution authority requires to update the resolution plan or to plan resolution measures, including the valuation of the bank's assets and liabilities for resolution purposes.

(2) In assessing whether there are circumstances of a rapid deterioration in a bank's financial position that would warrant the implementation of the measures referred to in the previous paragraph, Banka Slovenije shall take into account various indicators and define threshold values for the deterioration of those indicators that justify the implementation of the aforementioned measures. In connection with the assessment referred to in the previous sentence, Banka Slovenije may also take into account the minimum capital requirement for the bank, to which it shall add 1.5 percentage points. Banka Slovenije shall inform the resolution authority without delay when it determines that the conditions for the implementation of the measures referred to in the previous paragraph have been met in connection with the bank.

(3) In addition to the early intervention measures referred to in the first paragraph of this article, Banka Slovenije may also impose other additional measures set out in Article 280 of this Act.

(4) Provided that, in the event of the application of early intervention measures set out in the first paragraph of this article, substantive obligations under the contract that the bank concluded with an opposing contracting party, including payment and delivery obligations and the provision of collateral, continue to be performed within the framework of the concluded contract after the initiation of resolution proceedings, the mere application of these measures shall *per se* not be deemed:

1. a default event or other similar event agreed between the parties based on which the collateral recipient has the right to liquidate the financial collateral or to exercise the right of early netting in accordance with the law governing financial collateral;
2. insolvency proceedings or any other measure that excludes or restricts the enforcement of orders of a payment system member in accordance with the law governing payment services and systems.

(5) The previous paragraph shall also apply to contracts entered into by:

1. a subsidiary, the obligations under which are guaranteed or otherwise supported by the bank or its parent undertaking or by any group entity; or
2. any group entity, when the contract includes cross-default provisions.

(6) Provided that, in the event of the application of measures set out in the first paragraph of this article, substantive obligations under the contract that the subject of resolution concluded with an opposing contracting party, including payment and delivery obligations and the provision of collateral, continue to be performed within the framework of the concluded contract, the mere application of these measures shall not *per se* make it possible for anyone to:

1. exercise any termination, suspension, modification, netting or set-off rights, including for obligations in relation to a contract entered into by:
 - a subsidiary, the obligations under which are guaranteed or otherwise supported by a group entity,
 - any group entity, when the contract includes cross-default provisions;
2. obtain possession, exercise control or enforce any security over any property of the subject of resolution or any group entity in relation to a contract that includes cross-default provisions;
3. affect any contractual rights of the subject of resolution or any other group entity in relation to a contract that includes cross-default provisions.

(7) The provisions of the fourth to sixth paragraphs of this article shall not affect the right of a person to exercise an entitlement referred to in the previous paragraph where the grounds for exercising these entitlements are not solely the application of the measures referred to in the first paragraph of this article, but also other circumstances.

Article 284 **(convening of bank's general meeting)**

(1) If Banka Slovenije issues an order pursuant to point 4 of the first paragraph of the previous article requiring a bank's management board to convene its general meeting by a specific deadline and to propose the adoption of certain recovery measures, the notice convening of the bank's general meeting shall be published at least 15 days before the general meeting, notwithstanding Article 297 of the ZGD-1. In the notice convening the general meeting, the management board shall state that the general meeting is being convened pursuant to this Act and in accordance with the requirements set out in point 4 of the first paragraph of the previous article.

(2) At least eight days prior to the intended convening of the general meeting that will decide on the proposed resolutions based on a requirement set out in the previous paragraph, the bank's management board shall submit proposed general meeting resolutions to Banka Slovenije, which may require the bank's management board to revise the resolutions prior to the publication of the notice convening the general meeting.

(3) If the bank's management board fails to convene the general meeting that will decide on the proposed resolutions in accordance with the requirement set out in the first

paragraph of this article, Banka Slovenije may convene the bank's general meeting itself and propose that it increase the bank's share capital.

(4) The bank shall reimburse Banka Slovenije for costs that the latter incurred in connection with the convening of the general meeting.

Article 285
(decisions by general meeting on proposed resolutions in accordance with requirement)

(1) Notwithstanding Article 300 of the ZGD-1, a bank's shareholders may not submit proposed resolutions for items on the agenda that relate to the proposed general meeting resolutions drawn up in accordance with a requirement set out in point 4 of the first paragraph of Article 283 of this Act.

(2) When another law or the bank's articles of association specify separate voting via an extraordinary resolution for the adoption of a specific decision at a general meeting, voting shall be carried out at joint session of the general meeting when decisions are being made on the proposed resolutions drawn up in accordance with a requirement set out in point 4 of the first paragraph of Article 283 of this Act, notwithstanding the provisions of that other law or the articles of association.

(3) When the bank's general meeting makes decisions on proposed measures in accordance with a requirement set out in point 4 of the first paragraph of Article 283 of this Act that include measures to increase the bank's share capital or to make changes to its articles of association required for the implementation of recovery measures, the resolution shall be deemed validly adopted if it is approved by a simple majority of the represented capital, provided that at least half of the subscribed capital with voting rights is represented at the general meeting; otherwise a two-thirds majority of the represented capital with voting rights shall be required. Any provisions of the ZGD-1 or articles of association that set higher requirements for the validity of such a resolution shall not apply to the decisions by the general meeting referred to in the previous sentence.

(4) If in connection with a requirement set out in point 4 of the first paragraph of Article 283 of this Act the bank's management board proposes a simplified reduction in share capital to the general meeting for reason of the transfer of amounts to the share premium account, such a reduction in the bank's share capital may be executed notwithstanding the conditions set out in the second paragraph of Article 379 of the ZGD-1.

(5) If based on a requirement set out in point 4 of the first paragraph of Article 283 of this Act the bank's management board proposes, for the purpose of increasing the bank's capital, the issue of an instrument that includes the bank's exclusive option to exchange a holder's instrument for the bank's shares, such a resolution shall be deemed validly adopted by the bank's general meeting if it is adopted by a simple majority of the represented capital, provided that at least half of the subscribed capital with voting rights is represented; otherwise a two-thirds majority of the represented capital with voting rights shall be required.

(6) The authorisation of the management board to issue the instruments referred to in the previous paragraph based on a general meeting resolution shall be valid for no more than one year.

(7) If based on a requirement set out in point 4 of the first paragraph of Article 283 of this Act the bank's management board proposes that the general meeting increase the bank's share capital by offering new shares exclusively to the bank's existing shareholders

and known creditors from the bank's qualified liabilities, the offer shall not be deemed a public offering of securities and the provisions of Regulation 2017/1129 regarding the mandatory publication of a prospectus shall not apply to the offer.

Article 286 **(increase in bank's share capital via non-cash contributions)**

(1) In connection with measures to increase a bank's share capital in accordance with a requirement set out in point 4 of the first paragraph of Article 283 of this Act, the bank's management board may propose that the general meeting increase share capital via new non-cash contributions.

(2) The provisions of the second and third paragraphs of Article 334 of the ZGD-1 shall not apply in the case referred to in the previous paragraph. Banka Slovenije may require the bank's management board to order an audit of the increase in share capital via non-cash contributions by a certified auditor prior to the convening of the general meeting, if doubt exists regarding the value of the non-cash contribution at the time that it is paid up.

(3) The proposed general meeting resolution to increase the bank's share capital via non-cash contributions shall include:

1. a description of the subject of the non-cash contribution and the person from whom that contribution will be acquired;
2. the number of shares or the nominal value of shares that will be issued based on the paying-up of the non-cash contribution; and
3. a statement from the holder of the subject of the non-cash contribution that it will transfer the subject of the non-cash contribution to the bank following the approval of the resolution to increase the bank's share capital.

(4) If the subject of a non-cash contribution is a claim, the proposed resolution referred to in the previous paragraph shall include a statement from the creditor on the subscription and paying-up of new shares with the transfer of that claim to the bank, under the suspensive condition that the proposed resolution to increase the bank's share capital via non-cash contributions will be validly approved by the bank's general meeting.

(5) If the subject of a non-cash contribution is a claim that is secured by a right *in rem* or right *in personam*, the aforementioned statement shall be accompanied by documents assuring the effects of that collateral in relation to the bank too, unless those effects already arise vis-à-vis the bank based on law.

(6) If the subject of the non-cash contribution is securities or other assets on which a lien has been entered in the relevant register or another right *in rem* in favour of a third party, the aforementioned statement shall be accompanied by the appropriate documents permitting the bank, unconditionally and without delay, to delete those rights from the relevant register.

Article 287 **(special audit, nullity and contestability)**

(1) In accordance with Article 318 of the ZGD-1, the court shall appoint a special auditor to verify the process of increasing a bank's share capital carried out in accordance with a requirement set out in point 4 of the first paragraph of Article 283 of this Act, if the shareholders proposing that the court appoint a special auditor pay an advance to cover the

costs of the special audit. The sixth paragraph of Article 318 of the ZGD-1 shall not apply in this case.

(2) In connection with a general meeting resolution adopted in accordance with Articles 284 to 286 of this Act, nullity may not be enforced on the basis of the first and third indents of Article 390 of the ZGD-1.

(3) A general meeting resolution referred to in the previous paragraph that was adopted by the majority of votes set out in Article 285 of this Act may not be contested because the resolution in question was not adopted by a majority of votes as defined by the bank's articles of association.

(4) A general meeting resolution referred to in the second paragraph of this article to increase a bank's share capital may not be contested on the grounds set out in the second paragraph of Article 400 of the ZGD-1.

(5) The contesting of a general meeting resolution referred to in the second paragraph of this article shall not stay the enforcement of that resolution. If in proceedings contesting a resolution the court determines that there are grounds for contesting the resolution and that the resolution should be nullified, the resolution shall not be nullified; instead only the existence of grounds for contesting the resolution shall be established. Shareholders that contested the resolution may pursue claims for damages in litigation based on the court's ruling on the existence of grounds for contesting the resolution.

Article 288

(dismissal of members of bank's management body and senior management)

(1) Banka Slovenije may issue an order pursuant to point 5 of the first paragraph of Article 283 of this Act requiring the dismissal or replacement of one or more members of a bank's management body or senior management if, taking into account the criteria set out in Article 47 or Article 62 of this Act, those persons are not deemed suitable for performing tasks in connection with the rectification of breaches at the bank.

(2) Notwithstanding the previous paragraph, Banka Slovenije may issue an order requiring the dismissal of all or certain members of a bank's management body or senior management, if:

1. circumstances at the bank indicate a significant deterioration in the bank's financial position or serious breaches of the regulations referred to in the second paragraph of Article 9 of this Act or internal arrangements at the bank; or
2. the early intervention measures set out in Article 283 of this Act are not sufficient to improve the bank's financial position or to adequately rectify the breaches.

(3) In connection with the measure set out in the first or second paragraph of this article regarding the dismissal or replacement of members of the management body or senior management, the bank shall notify Banka Slovenije of its proposal to appoint a new member to the management body or senior management prior to that appointment. Within five working days of receiving the notification, Banka Slovenije may express its objection to the aforementioned proposal if, taking into account the reasons for the request to dismiss or replace members of the management body or senior management and the bank's position, it assesses that an individual member of the management body or senior management or the management body or senior management as a collective does not meet the requirements regarding the functions and tasks that they are expected to perform.

(4) In connection with the measure set out in the first or second paragraph of this article, new members may only be appointed to the management body or senior management if Banka Slovenije does not object to the appointment by the deadline set out in the previous paragraph.

(5) Together with the measure set out in the first and second paragraphs of this article, Banka Slovenije may also impose other supervisory measures set out in Article 279 of this Act, additional measures set out in Article 280 of this Act and other early intervention measures set out in Article 283 of this Act.

Article 289 **(appointment of temporary administrator)**

(1) Banka Slovenije may issue an order appointing one or several temporary administrators to a bank if the reasons set out in the first paragraph of the previous article exist and the dismissal of one or all members of the management body or senior management pursuant to the previous article is not sufficient to improve the bank's financial position or to adequately rectify the breaches.

(2) Banka Slovenije may give a temporary administrator the power to:

1. perform the function of a member of the bank's management board; or
2. perform specific tasks at the bank without authorisation to represent the bank.

(3) Banka Slovenije shall appoint as temporary administrator a person who is professionally qualified to perform the function and tasks set out in the previous paragraph. If a temporary administrator is appointed to perform the function of a member of the bank's management board, they shall satisfy the conditions set out in Article 40 of this Act.

(4) When Banka Slovenije is appointing a temporary administrator to perform the function of a member of the bank's management board, it may decide that the temporary administrator should perform the function of a member of the bank's management board in place of the dismissed management board member or in conjunction with existing members of the management board. On behalf of the bank, Banka Slovenije shall propose the entry of the appointment or dismissal of a temporary administrator with the powers to perform the function of a member of the bank's management board in the companies register.

(5) When appointing a temporary administrator, Banka Slovenije may decide that the bank's management board must consult with the temporary administrator or obtain their consent before adopting specific decisions or measures.

(6) In its order appointing a temporary administrator, Banka Slovenije shall define the role, competences and powers of the temporary administrator, including possible restrictions referred to in the previous paragraph. When appointing a temporary administrator, Banka Slovenije may also decide that the temporary administrator must consult with Banka Slovenije before adopting specific decisions or measures. In particular, the tasks of the temporary administrator may include ascertaining the bank's financial position, managing all or some of the bank's transactions with the aim of maintaining or restoring the bank's financial position, and adopting measures to restore the reliable and prudent governance of the bank. If the temporary administrator has the power to convene the bank's general meeting, they shall obtain Banka Slovenije's consent prior to publishing the notice convening the general meeting or setting the agenda thereof.

(7) Banka Slovenije may at any time issue an order modifying the role, powers and competences of the temporary administrator.

(8) Together with the measure set out in the first paragraph of this article, Banka Slovenije may also impose other supervisory measures set out in Article 279 of this Act, additional measures set out in Article 280 of this Act and other early intervention measures set out in Articles 283 and 288 of this Act.

Article 290 **(duration of function and dismissal of temporary administrator)**

(1) A temporary administrator may be appointed for no more than one year. Exceptionally, the term of office of a temporary administrator may be extended if the reasons set out in the first paragraph of the previous article continue to exist at the bank. The reasons for the extension of the powers of a temporary administrator shall be published in accordance with Article 310 of this Act.

(2) Banka Slovenije may dismiss a temporary administrator at any time, if it determines that the reasons set out in the first paragraph of the previous article no longer exist or if other reasons exist for that person's dismissal. A temporary administrator may only be dismissed on the basis of a Banka Slovenije decision.

Article 291 **(exercise of tasks and powers of temporary administrator)**

(1) In performing their tasks, a temporary administrator shall act in accordance with the powers and restrictions set out in accordance with the sixth paragraph of Article 289 of this Act, and shall comply with Banka Slovenije's instructions and the applicable regulations, best business practices and the highest professional and ethical standards in their work at a bank.

(2) The bank shall ensure that a temporary administrator has permanent and unimpeded access to the bank's premises, and other appropriate premises in which they may exercise their powers unimpeded in accordance with the relevant order.

(3) The bank shall grant a temporary administrator access to all books of account, files and other documentation, and shall deliver computer printouts and copies of records and/or other business records and documentation.

(4) Members of the management body and bank employees shall forward to the temporary administrator, at the latter's request, reports and information regarding all matters relevant to the performance of the temporary administrator's tasks in accordance with the order on their appointment. If a temporary administrator has the powers of a member of a bank's management board, the members of the management board shall hand over to the temporary administrator, without delay, the transactions for which the temporary administrator is authorised in accordance with the relevant order.

(5) A temporary administrator shall report to Banka Slovenije without delay all material information that affects or could affect the assessment of the bank's financial position, or breaches of regulations or the bank's internal arrangements.

(6) Banka Slovenije may require a temporary administrator to report to it regularly on the performance of their tasks, and submit to Banka Slovenije, by a specific deadline and in any case at the end of their term of office, a report detailing the bank's financial position and the measures implemented at the bank during that term of office.

Article 292
(coordination of early intervention measures and appointment of temporary administrator for groups)

(1) If Banka Slovenije, as the consolidating supervisor of an EU parent undertaking, determines that the circumstances exist in connection with the EU parent undertaking for the early intervention measures set out in Article 283 of this Act or for the appointment of a temporary administrator in accordance with Article 289 of this Act, it shall inform the other competent authorities within the supervisory college and the European Banking Authority accordingly without delay and shall consult with those competent authorities before implementing the aforementioned measures.

(2) Based on consultations with the competent authorities involved, Banka Slovenije as the consolidating supervisor shall decide whether it will impose any of the measures referred to in the previous paragraph in connection with the EU parent undertaking, having regard for the impact of those measures on the group entities in other Member States. Banka Slovenije shall notify the other competent authorities in the supervisory college and the European Banking Authority of its decision to implement measures.

(3) If, during supervision, Banka Slovenije, or the European Central Bank whenever the latter is responsible for performing the tasks set out in point (i) of Article 4(1) of Regulation 1024/2013 in the supervision of the bank in accordance with the aforementioned regulation, determines that the circumstances for the early intervention measures set out in Article 283 of this Act or for the appointment of a temporary administrator in accordance with Article 289 of this Act exist at a bank that is a subsidiary of an EU parent undertaking subject to supervision by another consolidating supervisor, it shall inform the European Banking Authority and the other consolidating supervisor accordingly and shall consult with the latter before implementing the aforementioned measures.

(4) In the case referred to in the previous paragraph, Banka Slovenije shall make a decision with regard to the implementation of the measures set out in the first paragraph of this article at the bank, having regard for the assessment of the consolidating supervisor, which shall be issued within three days of the notification referred to in the previous paragraph. In its decision Banka Slovenije shall take account of the potential impact of the decision on financial stability in other Member States. Banka Slovenije shall notify the bank, the consolidating supervisor, other competent authorities in the supervisory college and the European Banking Authority of its reasoned decision to implement measures.

(5) If, as the consolidating supervisor of an EU parent undertaking, Banka Slovenije receives a notification from another competent authority referred to in the third paragraph of this article in connection with a specific subsidiary institution, on the basis of the notification it shall assess the likely impact of the implementation of measures set out in the first paragraph of this article at the subsidiary on the group as a whole or on other group entities. As the consolidating supervisor Banka Slovenije shall forward the assessment to the competent authority that sent the notification set out in the third paragraph of this article within three days.

(6) If the circumstances referred to in the third paragraph of this article exist at several subsidiary undertakings in a group, Banka Slovenije and the competent authorities involved shall endeavour to reach a joint decision, within five days of receiving the notification, with regard to the following:

1. the appointment of the same temporary administrator for all institutions concerned; and

2. the coordination of the measures referred to in the first paragraph of this article for more than one institution in order to facilitate the implementation of measures to restore the financial position of a specific institution.

(7) As the consolidating supervisor Banka Slovenije shall forward the reasoned decision referred to in the previous paragraph to the EU parent undertaking.

(8) If the joint decision referred to in the sixth paragraph of this article is not reached within five days, Banka Slovenije may make its own decision with regard to the implementation of measures in connection with the EU parent undertaking or the bank over whom it is exercising supervision in accordance with this Act and Regulation 1024/2013, having regard for the opinions and reservations expressed by other competent authorities during the aforementioned five-day consultation period and the potential impact of its decision on financial stability in the Member States concerned. Banka Slovenije shall forward its reasoned decision to the EU parent undertaking or the bank.

(9) Banka Slovenije or another competent authority included in supervision on a consolidated basis may, under the conditions set out in the tenth paragraph of this article, submit a request to the European Banking Authority in accordance with Article 19(3) of Regulation 1093/2010 regarding a decision that includes one or more measures:

1. set out in points 1 and 2 of the first paragraph of Article 283 of this Act in connection with:
 - capital- and liquidity-related measures required to ensure or restore an institution's ability to function successfully and its financial position,
 - arrangements and measures to maintain or restore capital,
 - arrangements and measures to ensure that an institution has appropriate access to sources of funding for unforeseen events, including potential sources of liquidity, the assessment of eligible collateral and the assessment of the possible transfer of liquidity between group entities and business lines to ensure that the institution can continue to pursue its activities and settle its obligations at maturity,
 - preparatory measures that an institution has adopted or that it intends to adopt for the purpose of implementing a recovery plan, including measures required to ensure the timely recapitalisation of the institution; and
2. set out in points 6 and 8 of the first paragraph of Article 283 of this Act.

(10) Banka Slovenije or another competent authority included in supervision on a consolidated basis shall submit the request referred to in the previous paragraph, if:

1. it does not agree with the decision of the competent authority or the consolidating supervisor that was adopted in accordance with the second or fourth paragraphs of this article, and if it submits the request before the end of the three-day consultation period; or
2. if a joint decision was not adopted in accordance with the sixth paragraph of this article and if the request is submitted before the end of the five-day consultation period.

(11) If the request set out in the ninth paragraph of this article is submitted, Banka Slovenije shall halt the decision-making process pursuant to the second, fourth or eighth paragraphs of this article until the European Banking Authority issues its own decision. If pursuant to Article 19(3) of Regulation 1093/2010 the European Banking Authority adopts its own decision on the matter within three days, Banka Slovenije shall take that decision into account in its own decision. If the European Banking Authority fails to adopt a decision within three days, Banka Slovenije shall make a decision in accordance with the second, fourth or eighth paragraphs of this article.

9.3.3 *Withdrawal of authorisation to provide banking services*

Article 293
(withdrawal of authorisation to provide banking services)

(1) An authorisation to provide banking services may be withdrawn if the bank commits the breaches set out in the second paragraph of this article, and if the given circumstances indicate that the reasons for the aforementioned breaches are not likely to be rectified by an appropriate deadline.

- (2) An authorisation to provide banking services may be withdrawn if:
1. the bank obtained the authorisation by citing false information;
 2. the bank does not meet the conditions required to obtain an authorisation to provide banking services in accordance with this Act;
 3. the bank no longer meets the requirements set out in Parts Three, Four or Six of Regulation 575/2013, other than the requirements set out in Articles 92a and 92b of the aforementioned regulations, or the additional own funds requirement set out in Article 203 or point 1 of the second paragraph of Article 280 of this Act, or the bank's additional liquidity on the basis of the additional measures set out in Article 280 of this Act, and the identified breaches cannot be rectified by implementing other supervisory measures;
 4. if the bank fails to comply with an order, and fails to rectify the breaches or implement the measures imposed by Banka Slovenije, and the identified breaches cannot be rectified by implementing other supervisory measures;
 5. it is no longer reasonable to expect that the bank will settle its obligations to creditors, and the bank no longer provides an appropriate guarantee for the assets entrusted to it by its depositors, particularly if the bank fails to perform its obligation to provide assets for the repayment of deposits covered by guarantee;
 6. if there are grounds for the withdrawal of the authorisation to acquire a qualifying holding from an entity that is the bank's direct or indirect parent undertaking; or
 7. if the given circumstances impede the effective supervision of the bank, and the breaches cannot be rectified by implementing other supervisory measures.
 8. A credit institution shall use the authorisation exclusively for pursuing the activities set out in point 1b of Article 4(1) of Regulation 575/2013, while its balance sheet total is less than the threshold value set out in the aforementioned article for five consecutive years.

(3) An authorisation to provide banking services may be also withdrawn from a bank if its parent bank, parent financial holding company or parent mixed financial holding company:

- fails to adopt the measures that would be necessary for compliance with the prudential requirements set out in Parts Three, Four, Six or Seven of Regulation 575/2013;
- fails to act in accordance with a decision referred to in Article 205 of this Act imposing an additional own funds requirement, or in accordance with an order pursuant to point 1 of the second paragraph of Article 280 of this Act; or
- fails to act in accordance with an order pursuant to the fourth paragraph of Article 280 of this Act imposing an additional requirement with regard to ensuring an adequate liquidity position.

(4) For the purposes of point 7 of the second paragraph of this article, effective supervision shall be considered impeded if the bank's business and ownership links with other undertakings or individuals are such that the mutual links between those entities make it impossible to comprehensively assess the risks to which the bank is exposed.

(5) If a bank fails to meet the technical, personnel, organisational and other conditions for executing specific types of transactions during the provision of banking services, it may be prohibited from executing those transactions in lieu of the withdrawal of the authorisation to provide banking services.

(6) Banka Slovenije shall inform the resolution authority without delay if it determines that the grounds set out in the second paragraph of this article exist at a bank or are likely to arise at a bank within six months.

(7) Notwithstanding the first paragraph of this article, the authorisation to provide banking services shall not be withdrawn if the resolution authority decides by a specific deadline to implement resolution measures at the bank, thereby rectifying the circumstances referred to in the first paragraph of this article.

Article 294

(withdrawal of authorisation to provide financial and ancillary financial services)

(1) Banka Slovenije may withdraw a bank's authorisation to provide financial services or ancillary financial services, if:

1. the bank obtained the authorisation by citing false information;
2. the bank fails to meet the conditions required to obtain the authorisation to provide services in accordance with this Act;
3. the bank fails to act in accordance with the requirement of Banka Slovenije or the European Central Bank, and fails to rectify breaches or implement measures to rectify breaches, or fails to avert breaches that arise as the result of its actions in the provision of those services; and
4. if the bank's actions in the provision of those services give rise to circumstances that impede the comprehensive assessment of the risks to which the bank is exposed, and the breaches cannot be rectified by implementing other supervisory measures.

(2) If a bank fails to meet the technical, personnel, organisational and other conditions to execute specific types of transactions during the provision of financial services or ancillary financial services, Banka Slovenije may prohibit the bank from executing those transactions in lieu of withdrawing the authorisation to provide financial or ancillary financial services.

(3) In connection with the identification of the grounds referred to in the first and second paragraphs of this article, Banka Slovenije shall be bound by the findings of the European Central Bank whenever the latter performs the tasks set out in Article 4(1) of Regulation 1024/2013 in the supervision of the bank in accordance with the aforementioned regulation.

(4) The provisions of this Act governing the withdrawal of an authorisation shall apply *mutatis mutandis* to procedures in connection with the prohibition of the execution of specific transactions during the provision of financial or ancillary financial services.

(5) Through the *mutatis mutandis* application of this article, Banka Slovenije may also impose the conditional withdrawal of the authorisation to provide financial services or ancillary financial services on the bank.

Article 295

(conditional withdrawal of authorisation)

(1) In its decision to withdraw an authorisation, Banka Slovenije may suspend the withdrawal of the authorisation, if, during a probationary period that shall be no less than six months and no more than two years from the day that the relevant decision was issued, the bank does not commit a new breach that would result in the withdrawal of the authorisation.

(2) Whenever Banka Slovenije imposes the conditional withdrawal of an authorisation in accordance with the previous paragraph, it may also decide to withdraw the authorisation, in addition to the cases referred to in the previous paragraph, if by a specific deadline the bank fails to rectify the breaches for which the conditional withdrawal of the authorisation was imposed. Banka Slovenije shall set the deadline for the performance of the aforementioned obligations within the limits of the probationary period.

(3) Banka Slovenije shall cancel the conditional withdrawal of an authorisation set out in the first paragraph of this article and withdraw the authorisation if the bank commits a new breach during the probationary period that would result in the withdrawal of the authorisation, or if it fails to satisfy the additional conditions set out in the previous paragraph.

9.4 Supervisory measures against qualifying holders

Article 296

(withdrawal of authorisation to acquire qualifying holding)

- (1) An authorisation to acquire a qualifying holding shall be withdrawn if:
1. the qualifying holder, as a parent undertaking, parent financial holding company, parent mixed financial holding company or parent mixed-activity holding company, breaches its obligations set out in this Act, and fails to rectify those breaches, despite an order from the competent authority or the supervisory authority of another Member State responsible for supervision on a consolidated basis; or
 2. other circumstances arise in connection with the qualifying holder based on which a request for the granting of an authorisation to acquire a qualifying holding may be refused in accordance with the provisions of this Act.

(2) The legal consequences set out in Article 80 of this Act shall arise when the order to withdraw an authorisation to acquire a qualifying holding becomes final.

Article 297

(order to dispose of shares)

(1) If an unauthorised holder fails to submit a request for the granting of an authorisation to acquire a qualifying holding within one month of the acquisition of shares in a bank, Banka Slovenije shall issue the holder with an order to dispose of shares that it holds in contravention of this Act (hereinafter: order to dispose of shares).

(2) In the order to dispose of shares Banka Slovenije shall set a deadline for the disposal of the shares, which may be no less three months and no more than six months.

(3) The first and second paragraphs of this article shall also apply *mutatis mutandis*, if:

1. an unauthorised holder submits a request for the granting of an authorisation to acquire a qualifying holding within one month of the acquisition of shares, and the request is denied, refused or withdrawn; or
2. the holder's authorisation to acquire a qualifying holding is withdrawn.

(4) The provisions of this Act governing orders shall apply to an order to dispose of shares.

Article 298

(report on disposal of shares and declaratory decision on rectification of breaches)

(1) An unauthorised holder shall submit a report on the disposal of shares to Banka Slovenije by the deadline set in the order to dispose of shares. The report shall include:

1. evidence of the disposal; and
2. information on the acquirer or acquirers of the shares.

(2) Banka Slovenije may require the acquirer referred to in the previous paragraph to clarify whether they acquired the shares on their own behalf and for their own account, and obtain other evidence in connection with whose account the acquirer acquired those shares for.

(3) The first and second paragraphs of Article 371 of this Act shall apply *mutatis mutandis* in the procedure set out in the previous paragraph.

(4) If, during supervision, Banka Slovenije determines that a holder acquired bank shares in contravention of this Act and failed to submit a request for the granting of an authorisation to acquire a qualifying holding within one month of the acquisition of the shares, but the holder disposed of the shares prior to the issue of an order to dispose of shares referred to in the previous article, Banka Slovenije may issue a declaratory decision, under the conditions set out in the fifth paragraph of this article, finding that the holder acquired those shares in contravention of this Act and that the holder has rectified that breach.

(5) Banka Slovenije shall issue the declaratory decision referred to in the previous paragraph if, given the nature of the breach and its significance to the sound and prudent governance of the bank, the issuance of such a decision and the publication of the information pursuant to Article 310 of this Act could contribute significantly to improving the governance practices of banks and to preventing conduct that would constitute a breach of this Act.

(6) Prior to issuing the declaratory decision referred to in the fourth paragraph of this article, Banka Slovenije shall inform the unauthorised holder in writing of its findings in connection with breaches of the regulations referred to in the second paragraph of Article 9 of this Act and of its intent to issue a declaratory decision on the rectification of breaches, and shall call on the unauthorised holder to issue a statement regarding the facts and circumstances relevant to a decision to issue a declaratory decision on the rectification of breaches.

Article 299 (periodic cash payment)

(1) If the unauthorised holder fails to dispose of the shares by the deadline set in the order to dispose of shares pursuant to Article 297 of this Act, via a decision Banka Slovenije may order the unauthorised holder to periodically pay a cash amount.

(2) The periodic cash payment shall be determined for each day until the unauthorised holder disposes of their shares. The daily amount may not exceed EUR 1,000, and shall be determined with regard to all the circumstances of the breach, in particular:

- the seriousness and duration of the breach;
- the financial position of the person who committed the breach;
- the gain earned or loss avoided by means of the breach, where they can be determined;
- the cooperation of the person who committed the breach in the proceedings;
- previous breaches and the potential systemic consequences of the breach.

(3) The total of the periodic cash payments may not exceed EUR 3,000,000 if the unauthorised holder is a legal person, or EUR 500,000 if the unauthorised holder is a natural person.

Article 300 **(decision prohibiting exercise of rights attached to shares)**

(1) If the unauthorised holder fails to dispose of the shares by the deadline set out in an order to dispose of shares, or if Banka Slovenije determines that the acquirer of the shares that were the subject of the aforementioned order holds those shares on their own behalf and for the account of the unauthorised holder (hereinafter: unauthorised acquirer), Banka Slovenije shall issue an order prohibiting the unauthorised holder and any potential unauthorised acquirer from exercising any of the rights attached to bank shares held in contravention of this Act (hereinafter: decision prohibiting the exercise of rights attached to shares).

(2) After a decision prohibiting the exercise of rights attached to shares has been issued, the unauthorised holder and any potential unauthorised acquirer may jointly exercise only those rights attached to the number of shares calculated *mutatis mutandis* in accordance with the second paragraph of Article 80 of this Act.

(3) The operational part of the decision prohibiting the exercise of rights attached to shares shall include:

1. information on the unauthorised holder and, if the latter sold those shares to an unauthorised acquirer, information on the unauthorised acquirer or acquirers; and
2. the number of shares whose attached rights may be exercised jointly by the unauthorised holder and any unauthorised acquirer.

(4) The decision prohibiting the exercise of rights attached to shares shall also be served on the bank. After the service of the aforementioned decision, the bank shall not allow the unauthorised holder and the unauthorised acquirer of the shares to which the decision relates to exercise any of the rights attached to those shares.

(5) If the bank paid dividends during the period between the service of the decision prohibiting the exercise of rights attached to shares and the date that the shares to which the decision relates are acquired by a new holder in accordance with this Act, the bank shall pay the new holder the dividends pertaining to those shares within eight days of the new holder's notification of the acquisition of those shares.

Article 301 **(decision on enforced sale of shares)**

(1) If the direct unauthorised holder fails to dispose of their shares within six months of the decision prohibiting the exercise of rights attached to shares referred to in the previous paragraph becoming final, Banka Slovenije shall issue a decision initiating proceedings for the enforced sale of the shares.

(2) On the basis of a final decision initiating proceedings for the enforced sale of shares, Banka Slovenije shall via a decision appoint a trustee for the sale of the shares. The trustee for the sale of the shares may be an investment firm, a law firm or attorney, an official receiver, a liquidator or another person qualified in the sale of shares.

(3) In the decision to appoint a trustee for the sale of shares Banka Slovenije shall set out:

- the shares that are the subject of the enforced sale;
- the scope of the rights attached to the shares that the trustee may exercise;
- the fee payable to the trustee for their work; and
- any other conditions and restrictions that the trustee must observe during the sale.

(4) The sale of the shares shall be undertaken on the basis of a transparent sale procedure, such that:

1. there is an assurance that the information in connection with the sale is complete and correct;
2. the undue favouring of or discrimination against individual purchasers is prevented;
3. the sale is executed under market terms, having regard for the circumstances of the case, and in accordance with applicable regulations;
4. potential conflicts of interest are averted;
5. the highest possible selling price is obtained.

(5) If a qualifying holding is being sold in accordance with the principles set out in the previous paragraph, only a person who has obtained an authorisation to acquire a qualifying holding in accordance with Article 77 of this Act may be the acquirer of the qualifying holding.

(6) The trustee shall regularly brief Banka Slovenije on the sale procedure.

9.5 Supervisory measures against a member of the management body

Article 302

(order imposed on member of management body and declaratory decision on rectification of breaches)

(1) If, during the supervision of a bank, Banka Slovenije determines that a member of the bank's management board is in breach of their duties set out in the first or third paragraphs of Article 47 of this Act or that a member of the supervisory board is in breach of their duties set out in the first paragraph of Article 62 of this Act and there are no grounds for the withdrawal of the authorisation to perform the function of a member of the bank's management board or supervisory board, the member of the management body shall be issued with an order to cease specific activities or rectify identified breaches.

(2) Banka Slovenije shall inform the bank's supervisory board and management board of the issuance of the order referred to in the previous paragraph.

(3) If, during supervision, Banka Slovenije determines that a member of the management body was in breach of their duties pursuant to this Act, but rectified the breach prior to the issuance of the order referred to in the first paragraph of this article, and there are no grounds for the withdrawal of the authorisation to perform the function in question, Banka Slovenije may issue a declaratory decision, under the conditions set out in the fourth paragraph of this article, finding that the member of the management body breached their duties pursuant to this Act and has rectified the identified breach.

(4) Banka Slovenije shall issue the declaratory decision referred to in the previous paragraph if, given the nature of the breach and its significance to the sound and prudent governance of the bank, the issuance of such a decision and the publication of the information pursuant to Article 310 of this Act could contribute significantly to improving the

governance practices of banks and to preventing conduct that would constitute a breach of the duties of members of the management bodies of banks.

(5) Prior to issuing the declaratory decision referred to in the third paragraph of this article, Banka Slovenije shall inform the member of the management body in writing of its findings in connection with breaches of the regulations referred to in the second paragraph of Article 9 of this Act and of its intent to issue a declaratory decision on the rectification of breaches, and shall call on the member of the management body to issue a statement regarding the facts and circumstances relevant to a decision to issue a declaratory decision on the rectification of breaches. Banka Slovenije shall also issue the declaratory decision referred to in the third paragraph of this article, if the function of the member of the bank's management body is terminated before the issuance of such a decision.

Article 303

(withdrawal of authorisation to perform function of member of bank's management board)

(1) An authorisation to perform the function of a member of a bank's management board shall be withdrawn if:

1. the authorisation to perform the function of a member of a bank's management board was obtained by citing false information, and this had a significant impact on the decision to grant the authorisation;
2. the board member accepts a directorship in contravention of Article 38 of this Act following their appointment to the bank's management board, or they no longer meet the conditions set out in Article 40 of this Act for appointment to the aforementioned function; or
3. the board member is in serious breach of the duties of a management board member set out in Article 47 of this Act.

(2) A breach by a management board member shall be deemed serious if:

1. the circumstances set out in the second paragraph of Article 279 of this Act arise at the bank or a breach set out in the first paragraph of Article 396 of this Act occurs as a result of the conduct of the management board member;
2. the management board member fails to comply with the order set out in the previous article; or
3. the management board member repeats the breach of duty set out in Article 47 of this Act through the same or similar conduct.

(3) In the case set out in the first paragraph of this article, Banka Slovenije shall consult with the competent authority of the other Member State prior to issuing a decision to withdraw the authorisation to perform the function of a member of the management board of a bank that is part of a group that includes other Member State banks, if Banka Slovenije's decision affects or could affect the performance of tasks by the competent authority of another Member State in connection with the supervision of a Member State bank.

Article 304

(conditional withdrawal of authorisation to perform function of member of bank's management board)

(1) If there are special mitigating circumstances in connection with the breaches by the management board member referred to in the first paragraph of the previous article, Banka Slovenije may suspend the withdrawal of the authorisation to perform the function of a member of the bank's management board, if, during a probationary period set by Banka

Slovenije that shall be no less than six months and no more than two years from the day that the relevant decision was issued, the management board member bank does not commit a new breach that would result in the withdrawal of the authorisation.

(2) Banka Slovenije shall cancel the conditional withdrawal of the authorisation and shall withdraw the authorisation if the management board member commits a new breach during the probationary period that would constitute grounds for the withdrawal of the authorisation.

Article 305 **(withdrawal of authorisation to perform function of member of bank's supervisory board)**

(1) Banka Slovenije shall withdraw an authorisation from a member of a bank's supervisory board if:

1. the authorisation to perform the function of a member of the bank's supervisory board was obtained by citing false information, and this had a significant impact on the decision to grant the authorisation;
2. at the time of appointment or following the assumption of their function, the supervisory board member no longer meets the conditions for appointment set out in the first paragraph of Article 55 of this Act;
3. the appointment of the supervisory board member is not in accordance with Article 35 of this Act; or
4. the supervisory board member is in serious breach of the duties of a member of a bank's supervisory board set out in Article 62 of this Act.

(2) The supervisory board member shall be deemed to be in serious breach of the duties set out in Article 62 of this Act if:

1. the circumstances set out in the second paragraph of Article 280 of this Act arise at the bank or a breach set out in the first paragraph of Article 396 of this Act occurs as a result of the conduct of the supervisory board member;
2. the supervisory board member repeats the breach of duty set out in Article 62 of this Act through the same or similar conduct; or
3. the supervisory board member fails to rectify the breaches in accordance with order set out in Article 302 of this Act.

(3) In the case set out in the first paragraph of this article, Banka Slovenije shall consult with the competent authority of the other Member State prior to issuing a decision to withdraw the authorisation to perform the function of a member of the supervisory board of a bank that is part of a group that includes other Member State banks, if Banka Slovenije's decision affects or could affect the performance of tasks by the competent authority of another Member State in connection with the supervision of a Member State bank.

9.6 Measures against financial holding companies and mixed financial holding companies

Article 306 **(order to restore compliance)**

(1) If Banka Slovenije as the consolidating supervisor determines that a financial holding company or mixed financial holding company no longer meets the conditions set out in Article 85 of this Act, it shall order the financial holding company or mixed financial holding

company to take measures to ensure or restore the continuity and integrity of consolidated supervision and ensure compliance with the requirements under this Act, Directive 2013/36/EU and Regulation 575/2013 on a consolidated basis.

(2) Banka Slovenije shall in particular impose the following measures on the financial holding company or mixed financial holding company:

1. the temporary prohibition of the exercise of voting rights attached to shares in subsidiary institutions held by the financial holding company or mixed financial holding company;
2. instructions or guidance for the financial holding company or mixed financial holding company to transfer its participating interests in its subsidiary institutions to its shareholders;
3. the temporary designation of another financial holding company, mixed financial holding company or institution in the group as responsible for ensuring compliance on a consolidated basis pursuant to this Act, Directive 2013/36/EU and Regulation 575/2013;
4. the restriction or prohibition of profit distributions and interest payments to shareholders;
5. a requirement for the financial holding company or mixed financial holding company to sell or reduce its participating interests in institutions or other financial sector entities;
6. a requirement for the financial holding company or mixed financial holding company to submit a plan to restore compliance.

(3) With regard to the measures in connection with a mixed financial holding company, Banka Slovenije shall take account of their impact on the financial conglomerate.

(4) The provisions of this Act governing the order on the rectification of breaches shall apply *mutatis mutandis* to the order to restore compliance.

9.7 Disclosures in connection with supervision

Article 307 (disclosure of general information on supervision)

(1) Banka Slovenije shall publish the following information on its website:

1. the texts of laws, other regulations, and guidelines and instructions applied in the Republic of Slovenia in connection with the operations and supervision of banks;
2. the manner in which the options and discretions set out in Directive 2013/36 and Regulation 575/2013 are exercised; and
3. the general criteria and methodologies used by Banka Slovenije in the review and evaluation referred to in Article 192 of this Act, including the criteria for applying the principle of proportionality referred to in the third paragraph of Article 192 of this Act.

(2) Notwithstanding the provisions of this Act governing the safeguarding of confidential information obtained during supervision, Banka Slovenije shall publish on its website aggregate statistical data on key aspects regarding arrangements and the implementation of rules on the sound and prudent management of risks to which banks are exposed, and aggregate information with regard to the number and nature of supervisory measures imposed by Banka Slovenije pursuant to this Act due to breaches of this Act or Regulation 575/2013, including sanctions imposed in misdemeanours proceedings.

(3) The disclosures referred to in the first and second paragraphs of this article shall be sufficient to facilitate a meaningful comparison of the approaches used by the competent authorities of different Member States.

(4) Banka Slovenije shall publish all of the disclosures referred to in the first and second paragraphs of this article as complete information, and shall supplement and update them regularly.

Article 308 **(disclosure of special information on supervision)**

(1) Banka Slovenije shall also publish the following information on its website in connection with the exercise of its powers pursuant to Part Five of Regulation 575/2013:

1. the general criteria and methodologies adopted to review compliance with Articles 405 to 409 of Regulation 575/2013; and
2. a summary of the outcome of the supervisory review and a description of measures imposed in cases of non-compliance with the requirements set out in Articles 405 to 409 of Regulation 575/2013 identified on an annual basis.

(2) If it exercises the discretion set out in Article 7(3) of Regulation 575/2013, Banka Slovenije shall also publish the following information on its website:

1. the criteria by which it determines that there is no current or foreseen material practical or legal impediment to the prompt transfer of own funds or repayment of liabilities;
2. the number of parent banks that Banka Slovenije has permitted to benefit from the exercise of the discretion set out in Article 7(3) of Regulation 575/2013, and the number of such parent banks with a subsidiary in a third country; and
3. on an aggregate basis for the Republic of Slovenia:
 - the total amount of own funds of parent banks on a consolidated basis that benefit from the exercise of the discretion set out in Article 7(3) of Regulation 575/2013 and that are held at subsidiaries established in third countries,
 - the proportion of total own funds on a consolidated basis of parent banks that benefit from the exercise of the discretion set out in Article 7(3) of Regulation 575/2013 represented by own funds held in subsidiaries established in third countries,
 - the proportion of total own funds required in accordance with Article 92 of Regulation 575/2013 on a consolidated basis of parent institutions that benefit from the exercise of the discretion set out in Article 7(3) of Regulation 575/2013 represented by own funds held in subsidiaries in a third country.

(3) If it exercises the discretion set out in Article 9(1) of Regulation 575/2013, Banka Slovenije shall also publish the following information on its website:

1. the criteria by which it determines that there is no current or foreseen material practical or legal impediment to the prompt transfer of own funds or repayment of liabilities;
2. the number of parent banks that Banka Slovenije has permitted to benefit from the exercise of the discretion set out in Article 9(1) of Regulation 575/2013, and the number of such parent banks with a subsidiary in a third country; and
3. on an aggregate basis for the Republic of Slovenia:
 - the total amount of own funds of parent banks that benefit from the exercise of the discretion set out in Article 9(1) of Regulation 575/2013 and that are held at subsidiaries established in third countries,
 - the proportion of total own funds of parent banks that benefit from the exercise of the discretion set out in Article 9(1) of Regulation 575/2013 represented by own funds held in subsidiaries established in third countries,
 - the proportion of total own funds required in accordance with Article 92 of Regulation 575/2013 on a consolidated basis of parent institutions that benefit from the exercise of the discretion set out in Article 9(1) of Regulation 575/2013 represented by own funds held in subsidiaries in a third country.

(4) Banka Slovenije shall disclose the information set out in the first to third paragraphs of this article in aggregate form or as a summary, from which an individual bank or other person to which the information relates cannot be identified.

Article 309 **(disclosure of information on granted authorisations)**

(1) On its website Banka Slovenije shall publish information on granted authorisations to provide banking services, to acquire a qualifying holding and to perform the function of member of a bank's management board or supervisory board.

(2) Notwithstanding the other provisions of this Act that set out the confidentiality of information in its possession, on its website Banka Slovenije shall publish the operational part of its decision to refuse a request for the granting of an authorisation to acquire a qualifying holding, including a summary of the reasons for that decision, at the applicant's request.

Article 310 **(disclosure of information on imposed measures)**

(1) With the aim of preventing and deterring conduct that constitutes a breach of this Act or Regulation 575/2013, Banka Slovenije shall publish the information referred to in the second paragraph of this article in connection with supervisory measures and sanctions for misdemeanours imposed because of breaches of this Act or Regulation 575/2013, after the proceedings for imposing measures or sanctions have been completed.

(2) The information referred to in the previous paragraph shall include information on:

1. the person responsible for the breach:
 - the name and registered office of a legal person, or
 - the name of a natural person;
2. the breach:
 - a description of the circumstances and conduct that constitute a breach of this Act or Regulation 575/2013, and
 - the nature of the identified breaches;
3. the operational part of the decision by which the relevant proceedings are completed; and
4. whether judicial review proceedings have been initiated against a decision in accordance with this Act.

(3) Notwithstanding the first and second paragraphs of this article, Banka Slovenije may publish an entire decision on the imposition of measures, or a summary of that decision, which, in addition to the information referred to in the previous paragraph, shall include additional information in connection with the supervisory measures imposed on a bank, if it deems such disclosure necessary for the effective prevention of breaches of this Act or Regulation 575/2013 or to ensure the appropriate protection of depositors.

(4) When publishing information pursuant to the previous paragraph, Banka Slovenije shall not disclose personal or other confidential data on a client or third party, except for the information set out in the second paragraph of this article. Prior to publishing a decision or summary of a decision, Banka Slovenije shall call on the person to whom the data in the decision or summary relates to identify the data that it deems to be confidential and to provide justification for the treatment of that data as such, by a specific deadline.

(5) The information referred to in the second and third paragraphs of this article shall be published on the Banka Slovenije website and shall remain accessible on the website for a minimum of five years following publication. Banka Slovenije shall forward the information referred to in the second and third paragraphs of this article to the European Banking Authority.

Article 311 **(disclosure of identity of person responsible for breach)**

(1) Notwithstanding the first and second paragraphs of the previous article, Banka Slovenije shall decide, *ex officio* or on the basis of the objection referred to in the third paragraph of this article, that information on the identity of the person responsible for a breach shall not be published if:

1. a supervisory measure is being imposed on a natural person, and the publication of personal data on the person responsible for a breach is not proportionate to the seriousness of the breach; or
2. the publication of information on the person responsible for the breach would jeopardise the stability of the financial markets or impede a criminal investigation; or
3. publication would likely result in disproportionate damage to the parties involved.

(2) If, when issuing a decision, Banka Slovenije assesses that the grounds set out in the previous paragraph exist in connection with the publication of the identity of the person responsible for a breach, it shall, at the same time as issuing the decision by which it imposes supervisory measures, decide not to publish the identity of the person responsible for the breach. If the grounds referred to in the previous paragraph exist, Banka Slovenije may also decide to temporarily withhold the publication of the identity of the person responsible for the breach, stating the date until which it shall withhold publication if it is likely that the grounds for withholding publication will cease to exist during that period.

(3) If, when issuing a decision, Banka Slovenije does not find the grounds referred to in the first paragraph of this article, its decision to impose supervisory measures issued pursuant to this Act shall warn the person responsible for the breach that information on the imposed measures and sanctions and on that person will be published on the Banka Slovenije website in accordance with the previous article. It shall also inform that person that, if the grounds referred to in the first paragraph of this article exist, they shall be stated in their objection, which shall be submitted by the deadline for lodging a legal remedy against the decision to impose supervisory measures set in accordance with this Act.

(4) Banka Slovenije shall issue a decision on the objection referred to in the previous paragraph.

(5) If, based on an objection lodged by the person responsible for a breach, Banka Slovenije determines that the grounds referred to in the first paragraph of this article exist, its decision in favour of the objection shall state that the identity of the person responsible for the breach is not to be published, or that publication is to be temporarily withheld, in which case it shall state the date until which publication is withheld.

(6) A person responsible for a breach may apply for judicial review under the conditions set out in this Act against Banka Slovenije's decision to refuse their objection or against its decision to temporarily withhold publication of that person's identity.

(7) Notwithstanding the fifth paragraph of the previous article, Banka Slovenije may decide to remove information on the person responsible for a breach from its website, at that person's request, when they are a natural person, before the five-year period has

passed. The provisions of this article governing the objection referred to in the third to sixth paragraphs of this article shall apply to the request of the person responsible for a breach.

CHAPTER 10: SPECIAL TYPES OF SUPERVISION

10.1 Supervision of a bank in connection with operations in the territory of another Member State

Article 312 (cooperation between competent authorities in connection with provision of services by bank in another Member State)

(1) Banka Slovenije shall cooperate with the competent authority of a Member State in which a bank provides services directly or via a branch, in particular with regard to the exchange of all information deemed crucial or important for the supervision of that bank, including information on liquidity, capital adequacy, deposit guarantees, restrictions on large exposures, recovery plans, internal control mechanisms and other factors that could impact the systemic risk that the bank poses.

(2) If the competent authority refuses Banka Slovenije's request for the cooperation referred to in the previous paragraph, in particular with regard to the exchange of information at its disposal that is required for monitoring the operations of the bank, or if it fails to respond to such a request in a reasonable amount of time, Banka Slovenije may notify the European Banking Authority in accordance with Article 19 of Regulation 1093/2010.

(3) Banka Slovenije shall forward to the competent authority of a Member State in which a bank provides services, without delay, all information and findings in connection with that bank regarding compliance with liquidity-related requirements in accordance with Part Six of Regulation 575/2013 and the provisions of this Act on the fulfilment of requirements on a consolidated basis that are material to the operations of the bank's branch in the Member State, in particular for the protection of depositors in the Member State.

(4) If Banka Slovenije determines that a bank has liquidity difficulties or it is reasonable to expect that such difficulties will arise, it shall inform the competent authority of the Member State in which the bank provides services of these findings without delay. It shall also provide information regarding implemented and planned recovery measures to rectify these difficulties, including supervisory measures that it has imposed.

(5) If Banka Slovenije receives information from the competent authority of the Member State in which a bank provides services in connection with the bank's operations, it shall communicate and clarify, at the competent authority's request, how the aforementioned information and findings have been taken into account.

(6) If Banka Slovenije receives information from the competent authority of a Member State with regard to breaches by a bank in its operations in the Member State, in particular that the bank is in breach of or is likely to breach the requirements set out in this Act or Regulation 575/2013, it shall provide clarifications, at the competent authority's request, with regard to the measures that Banka Slovenije has imposed on the bank to rectify or prevent such breaches in connection with the bank's operations in the Member State.

(7) If, despite Banka Slovenije's measures and clarifications referred to in the previous paragraph, the competent authority of a Member State imposes measures on a bank in connection with its operations in the Member State, and Banka Slovenije assesses that those measures are insufficient to prevent further breaches by the bank in the Member State or to protect the interests of depositors, investors and other persons to whom the bank provides services in the Member State, or to ensure the stability of the financial system of the Member State, Banka Slovenije may refer the matter to the European Banking Authority and request the latter's assistance in accordance with Article 19 of Regulation 1093/2010.

(8) If it does not agree with the temporary measures adopted by the competent authority of a Member State in which a bank provides services, Banka Slovenije may refer the matter to the European Banking Authority and request the latter's assistance in accordance with Article 19 of Regulation 1093/2010.

Article 313 **(designation of bank branch in Member State as significant)**

(1) Whenever the competent authority of a Member State in which a bank provides services via a branch requests that Banka Slovenije designate the branch as significant, Banka Slovenije shall work with the competent authority and shall endeavour to reach a joint decision with regard to the designation of the bank branch in the Member State as significant.

(2) The joint decision referred to in the previous paragraph shall be set out in a document that includes reasoning, and shall be forwarded to the competent authorities of the Member States concerned.

(3) If a joint decision designating a branch as significant is not reached within two months of the submission of the request by the competent authority of a Member State referred to in the first paragraph of this article and the competent authority of the Member State concerned adopts a decision during the next two months, that decision shall be binding on Banka Slovenije.

Article 314 **(cooperation in connection with supervision of significant bank branches in other Member States)**

(1) Banka Slovenije shall cooperate with the competent authority of a Member State with regard to the operations of a significant bank branch in the Member State by forwarding to the competent authority, at its own initiative, the following information on the bank's operations:

1. on unfavourable developments in the operations of the bank or other group entities that could have a serious impact on institutions in that Member State;
2. on significant sanctions and supervisory measures imposed on the bank by Banka Slovenije in accordance with this Act, in particular any requirement to provide own funds in accordance with point 1 of the second paragraph of Article 280 of this Act and measures to limit the use of the advanced measurement approach for the calculation of own funds requirements in accordance with Article 312(2) of Regulation 575/2013; and
3. on findings based on the bank's risk assessment conducted in accordance with Article 192 of this Act, the joint decisions of competent authorities in accordance with Article 327 of this Act, and decisions on supervisory measures, if those assessments and decisions are material in terms of the significant bank branch's operations in other Member States.

(2) Banka Slovenije shall consult with the competent authority of a Member State in which a bank has a significant branch with regard to the appropriateness of operational procedures set out by the bank in its plan to restore liquidity in accordance with Article 180 of this Act, if that information is material in terms of liquidity risks in the Member State.

(3) In connection with the supervision of a bank with significant branches in other Member States, Banka Slovenije shall plan and coordinate its supervisory tasks and measures in cooperation with the competent authorities of those Member States and, as necessary, the competent ESCB central banks, in particular with regard to drawing up and implementing measures in emergency situations and in the event of unfavourable developments in the operations of the bank or on the financial markets.

(4) For the purposes of the previous paragraph, Banka Slovenije shall establish and chair a college of competent authorities, if such a college has not yet been established pursuant to Article 328 of this Act.

(5) The establishment and functioning of the college referred to in the previous paragraph shall be based on a written agreement concluded by the competent authorities involved. Banka Slovenije shall decide which competent authorities will participate at an individual meeting or in the activities of the college, having regard for the importance of the supervisory activity to be discussed at the meeting of the college to those competent authorities, in particular the potential impact on the stability of the financial system in those Member States. Banka Slovenije shall inform all members of the college of planned meetings and the matters to be discussed, and of the decisions made at the meetings and the activities carried out.

Article 315 **(inspection of bank branch in Member State)**

(1) When Banka Slovenije conducts an inspection of a bank branch in a Member State, it shall inform the competent authority of the Member State in which the bank provides mutually recognised services in advance.

(2) Notwithstanding the previous paragraph, Banka Slovenije may request that the competent authority of the Member State in which the bank provides services via a branch conduct an inspection of the branch in that Member State, or that it authorise an auditor or other qualified person to do so. Banka Slovenije's authorised persons may participate in supervision conducted by the competent authority of the Member State.

(3) When defining its supervisory examination programme, Banka Slovenije shall take into account the information and findings with regard to the operations of the branch provided by the competent authority of the Member State based on the inspection of the branch, and also the stability of the financial system in the Member State.

Article 316 **(supervisory measures imposed on bank that provides services in Member State)**

(1) If Banka Slovenije receives information from the competent authorities of a Member State in which a bank provides services directly or via a branch that the aforementioned bank is in breach of or that there is significant risk that the bank will breach the regulations of the Member State transposing Directive 2013/36/EU, or Regulation 575/2013, Banka Slovenije shall adopt supervisory measures in accordance with this Act without delay with the aim of ensuring that the bank rectifies those breaches.

(2) Banka Slovenije shall notify the competent authority of the Member State without delay regarding the measures that it has adopted.

Article 317
(notification of competent authority of Member State of withdrawal of authorisation from bank)

If Banka Slovenije withdraws a bank's authorisation to provide banking services or prohibits the bank from providing specific services, it shall without delay notify the competent authorities of the Member States in which the bank provides those services.

10.2 Supervision of a Member State bank in the territory of the Republic of Slovenia

Article 318
(cooperation in connection with supervision of provision of services by Member State bank in Republic of Slovenia)

(1) Banka Slovenije shall cooperate with the competent authority of a Member State for the purpose of conducting supervision of the operations of a Member State bank that provides services directly or via a branch in the Republic of Slovenia, in particular through the exchange of information that is vital or material to the supervision of the Member State bank, including information regarding liquidity, capital adequacy, deposit guarantees, restrictions on large exposures, internal control mechanisms and other factors that could impact the systemic risk that the Member State bank poses in the Republic of Slovenia.

(2) If the competent authority of the Member State refuses Banka Slovenije's request for the cooperation referred to in the previous paragraph, in particular with regard to the exchange of information at its disposal that is required for monitoring the operations of the bank, or if it fails to respond to such a request in a reasonable amount of time, Banka Slovenije may notify the European Banking Authority in accordance with Article 19 of Regulation 1093/2010.

(3) Whenever the competent authority of a Member State or the consolidating supervisor of a bank that has a significant branch in the Republic of Slovenia fails to consult with Banka Slovenije regarding the appropriateness of the operational procedures set out by the bank in its plan to restore liquidity, or whenever, following consultation, Banka Slovenije considers the operational procedures to be inappropriate, Banka Slovenije may refer the matter to the European Banking Authority and request the latter's assistance in accordance with Article 19 of Regulation 1093/2010.

Article 319
(designation of significant branch of Member State bank)

(1) Banka Slovenije may propose to the competent authority of the Member State responsible for the supervision of a Member State bank that provides services in the Republic of Slovenia via a branch, or to the consolidating supervisor, that the branch of the Member State bank be designated as significant.

(2) In the proposal referred to in the previous paragraph, Banka Slovenije shall justify the significance of the branch of the Member State bank in the Republic of Slovenia, having particular regard for whether:

1. its market share in terms of deposits collected in the Republic of Slovenia exceeds 2%;

2. the suspension or closure of the operations of the branch of the Member State bank would have negative consequences for systemic liquidity, and for payment, clearing and settlement systems in the Republic of Slovenia; and
3. the branch of the Member State bank is significant to the banking or financial system of the Republic of Slovenia due to its size in terms of the number of clients.

(3) Banka Slovenije shall cooperate with the competent authority of the Member State and shall endeavour to reach a joint decision regarding the designation of the branch as significant.

(4) If a joint decision designating a branch as significant is not reached within two months of the submission of Banka Slovenije's proposal to designate the branch of the Member State bank as significant, Banka Slovenije shall make its own decision during the next two months on the designation of the branch as significant.

(5) In the decision referred to in the previous paragraph, Banka Slovenije shall take account of the views of the competent authority of the Member State to the greatest extent possible. Banka Slovenije shall inform the competent authority of the Member State in writing of its decision to designate the branch of the Member State bank as significant, stating the reasons for that decision.

(6) If a consolidating supervisor is appointed to perform the tasks set out in Article 326 of this Act, all of the provisions of this article relating to the competent authority of the Member State shall apply to the consolidating supervisor.

(7) The designation of a bank branch as significant shall not impact the competences and responsibilities of Banka Slovenije under this Act.

Article 320 **(inspection of branch of Member State bank)**

(1) An inspection of a branch of a Member State bank in the territory of the Republic of Slovenia may be conducted in accordance with Slovenian law by the competent authority of the Member State or by persons authorised thereby. The competent authority of the Member State shall inform Banka Slovenije in advance of the intended inspection referred to in the previous sentence. Banka Slovenije may also participate in the inspection.

(2) In the case referred to in the previous paragraph, the competent authority of the Member State or the persons authorised thereby shall have the same competences as Banka Slovenije pursuant to Articles 272 to 277 of this Act.

(3) An inspection of a branch of a Member State bank in the territory of the Republic of Slovenia may be conducted by Banka Slovenije at the request of the competent authority of the Member State. If it so requests, the competent authority of the Member State may participate in the inspection.

(4) Notwithstanding the first to third paragraphs of this article, Banka Slovenije shall be responsible for conducting an inspection of a branch of a Member State bank in the Republic of Slovenia to verify whether the branch acts in accordance with the regulations referred to in the first and second paragraphs of Article 134 of this Act.

(5) Following prior consultation with the competent authority of the Member State, Banka Slovenije may conduct an inspection of the branch, and require the branch to also provide all information regarding its operations if that information is material to the

assessment of the risk that the branch poses to the stability of the financial system in the Republic of Slovenia. After conducting the inspection, Banka Slovenije shall forward to the competent authority of the Member State the information and findings that are material to the bank's risk assessment or to the stability of the financial system in the Republic of Slovenia.

Article 321 (reporting by Member State bank)

A Member State bank that provides services in the Republic of Slovenia via a branch shall, at Banka Slovenije's request, forward information regarding all matters relevant to supervision and to the exercise of Banka Slovenije's other powers and the tasks in connection with the provision of services by the Member State bank in the Republic of Slovenia, including the information required to designate the branch as significant.

Article 322 (supervisory and other measures in connection with operations of Member State bank and branch of Member State bank)

(1) If a Member State bank that provides services in the territory of the Republic of Slovenia breaches the provisions of the regulations referred to in Article 134 of this Act, Banka Slovenije shall, for the purpose of protecting the general good, order the bank to rectify the breaches or impose other measures on it in accordance with this Act, and shall inform the competent authority of the bank's home Member State.

(2) If Banka Slovenije forwarded information and findings to the competent authority of the Member State on breaches in connection with the operations of a Member State bank in the territory of the Republic of Slovenia, and in particular that the bank is in breach of or is likely to breach the requirements set out by this Act or Regulation 575/2013, and it determines on the basis of clarifications provided by the competent authority of the Member State that the competent authority did not impose measures on the bank or adopted measures that it deems inappropriate, Banka Slovenije may, after informing the competent authority of the Member State and the European Banking Authority, adopt measures in accordance with this Act with the aim of preventing further breaches by the Member State bank in its operations in the Republic of Slovenia and protecting the interests of depositors, investors and other persons for whom services are provided, or with the aim of ensuring the stability of the financial system.

(3) In urgent cases Banka Slovenije may adopt temporary measures and require or prohibit certain activities by a Member State bank that provides services in the Republic of Slovenia, prior to forwarding information to the competent authority of the Member State in accordance with the previous paragraph, or before the competent authority of the Member State, based on information provided by Banka Slovenije, imposes measures on the Member State bank, or before measures are adopted to stabilise the bank's operations, if so required to protect the stability of the financial system or to prevent threats to the collective interests of depositors, investors or other persons in the Republic of Slovenia.

(4) The temporary measures referred to in the previous paragraph shall be proportionate to the purpose of protecting against financial instability, and may not facilitate discrimination against the creditors of other Member States. They may also include a prohibition on payments and the other measures set out in Article 292 of this Act.

(5) Banka Slovenije shall remove the temporary measures referred to in the third paragraph of this article when it judges that the purpose for which the measures were

adopted has been achieved, in particular when the competent authority of the Member State has adopted appropriate measures or after appropriate measures to stabilise the operations of the bank have been adopted.

(6) Banka Slovenije shall inform the European Banking Authority, the Commission and the competent authority of the other Member State, without delay, of the adoption and removal of the temporary measures referred to in the third paragraph of this article.

(7) If the Member State bank fails to rectify the breaches despite the measures imposed by the competent authority of the Member State or because the measures are ineffective or cannot be imposed in the bank's home Member State, or fails to rectify the breaches despite Banka Slovenije's measures referred to in the first paragraph of this article, Banka Slovenije may prohibit the bank from providing services in the territory of the Republic of Slovenia.

(8) Banka Slovenije shall inform the competent authority of the Member State before imposing the measures referred to in the previous paragraph, unless the imposition of measures cannot be delayed given the need to protect the interests of the bank's clients or to protect the general good. In this case Banka Slovenije shall inform the competent authority of the Member State, the European Banking Authority and the Commission of the prohibition of the provision of services as soon as possible.

Article 323

(measures due to withdrawal of authorisation from Member State bank)

If the competent authority of the bank's home Member State notifies Banka Slovenije that the authorisation to provide banking services has been withdrawn from a bank that provides services directly or via a branch in the Republic of Slovenia, or that it has prohibited the bank from providing specific services, Banka Slovenije shall without delay adopt measures pursuant to this Act to prevent the bank from continuing to provide the services and to protect the interests of the bank's clients.

10.3 Supervision on a consolidated basis

Article 324

(Banka Slovenije's responsibility for supervision on consolidated basis)

(1) Banka Slovenije shall be responsible for supervision on a consolidated basis as the consolidating supervisor if:

1. a bank is a parent bank of the Republic of Slovenia or an EU parent bank, and Banka Slovenije is responsible for conducting supervision of the bank on an individual basis; or
2. a bank is a subsidiary of:
 - a parent investment firm of the Republic of Slovenia or another Member State,
 - an EU parent investment firm,
 - a parent financial holding company of the Republic of Slovenia or another Member State, or a mixed financial holding company of the Republic of Slovenia or another Member State, or
 - an EU parent financial holding company or an EU parent mixed financial holding company.

(2) When banks or credit institutions of other Member States are subsidiaries of the same parent investment firm or EU investment firm as the bank, Banka Slovenije shall be

responsible for supervision on a consolidated basis, if the total assets of the bank exceed the total assets of the other subsidiary banks or credit institutions of another Member State.

(3) When two or more banks or credit institutions of other Member States, including the bank, are subsidiaries of the same parent financial holding company of the Republic of Slovenia, parent mixed financial holding company of the Republic of Slovenia, EU parent financial holding company or EU parent mixed financial holding company, Banka Slovenije shall be responsible for supervision on a consolidated basis if:

- it is the only bank in the group; or
- if the group contains multiple subsidiary credit institutions established in other Member States including the bank, and the total assets of the bank exceed the total assets of the other subsidiary banks or credit institutions of other Member States.

(4) Banka Slovenije shall also be responsible for supervision on a consolidated basis in cases when consolidation is required pursuant to Article 18(3) or Article 18(6) of Regulation 575/2013 and the bank has the largest total assets.

(5) Notwithstanding the first and second indents of point 2 of the first paragraph in connection with the second paragraph, the second indent of the third paragraph, and the fourth paragraph of this article, Banka Slovenije shall also be responsible for supervision on a consolidated basis when in accordance with this Act it is competent for supervising one or more subsidiary banks in the group, and the sum of the total assets of the supervised banks is greater than the total assets of the subsidiary banks or credit institutions of other Member States in the group supervised by any other competent authority.

(6) Banka Slovenije shall also be responsible for supervision on a consolidated basis in cases where it assumed responsibility for such supervision based on an agreement with the competent authority of another Member State that would otherwise be responsible for that supervision, having regard for the criteria and procedure set out in Article 325 of this Act.

(7) Notwithstanding the provisions of this article, Banka Slovenije shall not be responsible for supervision on a consolidated basis if:

1. a parent financial holding company of the Republic of Slovenia, a parent mixed financial holding company of the Republic of Slovenia, an EU parent financial holding company or an EU parent mixed financial holding company holds the position of an investment firm; and
2. there is no subsidiary bank in the group.

(8) Financial holding companies and mixed financial holding companies that have obtained approval in accordance with Article 83 of this Act and have a bank as a subsidiary shall be included in Banka Slovenije's consolidated supervision, unless provided otherwise by law.

Article 325

(transfer of responsibility for supervision on consolidated basis)

(1) In agreement with the competent authorities of other Member States, Banka Slovenije may transfer its competence and responsibility for supervision on a consolidated basis referred to in the second, third or fourth paragraphs of the previous article to the competent authority of the home Member State of another subsidiary bank, if this is appropriate having regard for the activities of the banks in other Member States.

(2) Before making the decision referred to in the previous paragraph, Banka Slovenije shall give the EU parent bank, EU parent financial holding company, EU parent mixed financial holding company or subsidiary bank with the highest total assets the opportunity to make a statement in this regard.

(3) Banka Slovenije shall notify the Commission and the European Banking Authority of every transfer of responsibility for supervision on a consolidated basis referred to in the first paragraph of this article.

Article 326 **(additional tasks of supervision on consolidated basis)**

(1) When Banka Slovenije is the consolidating supervisor in accordance with Article 324 of this Act, in addition to its general supervisory tasks, it shall also perform the following tasks:

1. coordination of the gathering and dissemination of essential information between competent authorities included in the supervision on a consolidated basis in going-concern situations and in emergency situations;
2. planning and coordination of supervisory tasks in going-concern situations, including supervision on a consolidated basis in cooperation with other competent authorities involved in that process; and
3. planning and coordination of supervisory tasks in cooperation with other competent authorities involved in supervision on a consolidated basis and, where necessary, with ESCB central banks, in preparation for and during emergency situations, including unfavourable developments at banks or on the financial markets, using existing channels of communication for effective crisis management.

(2) The planning and coordination of the supervisory tasks referred to in point 3 of the previous paragraph shall include the measures set out in Article 280 of this Act, and the establishment of limitations on the use of the advanced measurement approach for the calculation of own funds requirements for operational risk, the preparation of joint assessments, the implementation of contingency plans and communication to the public.

(3) If Banka Slovenije determines that competent authorities included in supervision on a consolidated basis are failing to perform their supervisory tasks to the extent set out in the first paragraph of this article or are failing to cooperate with Banka Slovenije to the extent required to adequately perform the supervisory tasks set out in the first paragraph of this article, Banka Slovenije may refer the matter to the European Banking Authority and request its assistance in accordance with Article 19 of Regulation 1093/2010.

(4) When the consolidating supervisor is the competent authority of another Member State and Banka Slovenije determines that the aforementioned authority is failing to adequately perform the tasks of supervision on a consolidated basis set out in the first paragraph of this article, Banka Slovenije may refer the matter to the European Banking Authority and request its assistance in accordance with Article 19 of Regulation 1093/2010.

(5) Banka Slovenije may request the submission of financial and other reports in connection with a group or banking group, and may set out the detailed content of the reports and the method and deadline for their submission.

Article 327 **(cooperation with other competent authorities in joint decisions)**

(1) During supervision on a consolidated basis, as the consolidating supervisor Banka Slovenije shall, together with the other competent authorities responsible for supervision of the subsidiaries of an EU parent bank or an EU parent financial holding company or EU parent mixed financial holding company, endeavour to reach a joint decision on:

1. the assessment of capital adequacy on a consolidated basis for the group, having regard for its financial position and risk profile, and the required level of own funds pursuant to Article 203 and point 1 of the second paragraph of Article 280 of this Act, for each entity in the group, and on a consolidated basis;
2. measures to address any significant matters and material findings relating to liquidity supervision, having regard for the adequacy of the organisation and the management of liquidity risk referred to in Subsection 6.3.5 of this Act and the need for bank-specific liquidity requirements in accordance with the fourth paragraph of Article 280 of this Act; and
3. any guidance on additional own funds set out in Article 204 of this Act.

(2) Banka Slovenije and the other competent authorities shall endeavour to reach a joint decision:

1. in the case referred to in point 1 of the previous paragraph: within four months of the submission of the consolidating supervisor's report containing the group's risk assessment in accordance with Article 203 of this Act or Article 104a of Directive 2013/36/EU to the other competent authorities;
2. in the case referred to in point 2 of the previous paragraph: within four months of the submission of the consolidating supervisor's report containing an assessment of the group's liquidity risk profile in accordance with Subsection 6.3.5 of this Act, the fourth paragraph of Article 280 of this Act or Articles 86 and 105 of Directive 2013/36/EU to the other competent authorities;
3. in the case referred to in point 3 of the previous paragraph: within four months of the submission of the consolidating supervisor's report containing the group's risk assessment in accordance with Article 204 of this Act or Article 104b of Directive 2013/36/EU to the other competent authorities.

(3) In addition to the group's risk assessment and the assessment of the group's liquidity risk profile referred to in the previous paragraph, the joint decision referred to in the first paragraph of this article shall also include risk assessments of subsidiaries conducted by the competent authorities involved.

(4) Banka Slovenije as the consolidating supervisor shall forward the reasoned joint decision referred to in points 1 and 2 of the first paragraph of this article to the EU parent bank.

(5) At its own initiative, or in the event of disagreement with a request by any other competent authority involved in supervision on a consolidated basis, in connection with the joint decision set out in points 1 and 2 of the first paragraph of this article or the decision of a competent authority in accordance with the sixth or seventh paragraphs of this article, Banka Slovenije may submit a request to the European Banking Authority in accordance with Article 19 of Regulation 1093/2010 before the deadline referred to in the second paragraph of this article passes, and in any case before the adoption of a decision by the competent authority.

(6) The consolidating supervisor shall make a decision itself if:

1. the joint decision referred to in the first paragraph of this article is not made by the deadline set out in the second paragraph of this article; or
2. the European Banking Authority fails to make a decision within one month of the submission of the request set out in the previous paragraph.

(7) If Banka Slovenije adopts a decision in accordance with the previous paragraph as the consolidating supervisor, it shall at its own discretion take account of the risk assessments of subsidiaries drawn up by the competent authorities involved. As the consolidating supervisor Banka Slovenije shall explain its decision in writing, and shall forward it to the EU parent bank and the competent authorities involved. The explanation shall include detailed reasons for the decision that take account of the risk assessments of subsidiaries conducted by the competent authorities involved, and Banka Slovenije's position with regard to the views and reservations of other competent authorities.

(8) When the bank is part of a group subject to supervision by the competent authority of another Member State as the consolidating supervisor, Banka Slovenije shall adopt the decision referred to in the first paragraph of this article itself on an individual or subconsolidated basis for a bank that is a subsidiary of an EU parent bank, or an EU parent financial holding company or EU parent mixed financial holding company, having regard for the joint decision, or the views and reservations of the consolidating supervisor whenever the joint decision referred to in the first paragraph of this article has not been adopted by the deadline set out in the second paragraph of this article. Banka Slovenije shall explain its decision in writing and shall forward it to the bank and the consolidating supervisor. The explanation shall include detailed reasons for the decision that take account of Banka Slovenije's position with regard to the views and reservations of the consolidating supervisor.

(9) If the request set out in the fifth paragraph of this article is submitted, Banka Slovenije shall halt the decision-making process referred to in the seventh or eighth paragraphs of this article until the European Banking Authority issues its own decision. If pursuant to Article 19(3) of Regulation 1093/2010 the European Banking Authority adopts its own decision on the matter, Banka Slovenije shall take that decision into account in its decision pursuant to the seventh or eighth paragraphs of this article, and shall explain any major deviation from the European Banking Authority's decision. As the consolidating supervisor Banka Slovenije shall forward a reasoned decision to the EU parent bank and the competent authorities involved, or to the subsidiary bank and the consolidating supervisor if Banka Slovenije is a competent authority involved.

(10) As a competent authority involved in the supervision of a bank on an individual or subconsolidated basis, Banka Slovenije shall treat the joint decision referred to in the first paragraph of this article and the decision of the consolidating supervisor referred to in the sixth paragraph of this article as final.

(11) As the consolidating supervisor Banka Slovenije shall ensure that the joint decision referred to in the first paragraph of this article and the decision referred to in the sixth and ninth paragraphs of this article are updated at least once a year. Banka Slovenije shall also ensure that the decision is updated whenever the authority competent for the supervision of subsidiaries of an EU parent bank, an EU parent financial holding company or an EU parent mixed financial holding company submits a written, reasoned request to update the decision to Banka Slovenije as the consolidating supervisor. In the case referred to in the previous sentence, the updating of the decision may be based on a bilateral agreement between Banka Slovenije and the competent authority that submitted the request.

(12) If the consolidating supervisor is the competent authority of another Member State, Banka Slovenije may submit a written, reasoned request to update the joint decisions referred to in the first paragraph of this article.

Article 328
(college of competent authorities and Banka Slovenije's participation in college)

(1) As the consolidating supervisor Banka Slovenije shall, based on the written arrangements set out in Article 331 of this Act, establish a college of competent authorities of Member States (hereinafter: college) to facilitate effective cooperation in the performance of the tasks set out in Articles 326, 327 and 329 of this Act.

(2) The college shall provide a framework for the consolidating supervisor and other competent authorities involved, including the European Banking Authority, to perform their tasks and exercise their powers, in particular:

1. the exchange of information between members of the college, including the European Banking Authority, in accordance with Article 21 of Regulation 1093/2010;
2. the drafting of agreements on the allocation of tasks and transfer of responsibilities between members of the college;
3. the definition of a supervisory examination programme based on the risk assessment of a banking group;
4. the prevention and elimination of duplicated supervisory requirements, including requests for the information set out in Article 330 and the third paragraph of Article 332 of this Act, for the purpose of improving the effectiveness of supervision;
5. the consistent application of the prudential requirements set out in this Act and Regulation 575/2013 across all entities of a banking group, without prejudice to the options and discretions available under this Act and Regulation 575/2013; and
6. the performance of the tasks set out in point 3 of the first paragraph of Article 326 of this Act, having regard for the work of other forums that might be established for that purpose.

(3) Notwithstanding the first paragraph of this article, as the consolidating supervisor Banka Slovenije shall also establish a college, for the easier performance of the tasks set out in the first paragraph of Article 326, the first paragraph of Article 329 and the first paragraph of Article 331 of this Act, when all the cross-border subsidiaries of an EU parent bank, an EU parent financial holding company or an EU parent mixed financial holding company are established in third countries, provided that the confidentiality requirements applying to the competent authorities involved from third countries are equivalent to those set out in Articles 14, 15, 16 and 20 of this Act and, as necessary, Articles 76 and 81 of Directive 2015/65/EU.

(4) The following may participate in the college: the competent authorities responsible for the supervision of subsidiaries of an EU parent bank, an EU parent financial holding company or an EU parent mixed financial holding company, the competent authorities of the Member State in which the significant branches referred to in Article 319 of this Act are established, and, as necessary, central banks of the ESCB and the competent authorities of third countries (members of the college), provided that they are subject to confidentiality requirements that are equivalent to the obligations set out in Subsection 2.2.1 of this Act.

(5) The competent authority of the Member State where a financial holding company or a mixed financial holding company that has obtained approval in accordance with Article 83 of this Act or Article 21a of Directive 2013/36/EU is established may also participate in the college.

(6) Banka Slovenije shall chair the college referred to in the first paragraph of this article, and in this connection shall in particular:

1. decide on the participation of members of the college in a particular meeting, and in the activities of the college;
2. inform members of the college of meetings and the main issues to be discussed, and of the decisions made at meetings of the college and the activities carried out; and

3. inform the European Banking Authority of the activities of the college, including in emergency situations, and submit to the European Banking Authority information material to the convergence of supervisory practices.

(7) In chairing the college Banka Slovenije shall take into account the potential impact of adopted decisions on supervision by other competent authorities involved, in particular the impact on the stability of the financial system in the Member States of those competent authorities, especially in emergency situations. It shall also take into account the fulfilment of the obligations set out in the fifth paragraph of Article 314 of this Act.

(8) The establishment and functioning of the college shall not impact Banka Slovenije's competences and responsibilities under this Act and Regulation 575/2013.

(9) If, as the consolidating supervisor, the competent authority of another Member State is responsible for establishing a college, Banka Slovenije shall participate in the college on the basis of the written arrangements set out in Article 331 of this Act.

Article 329 **(notification and information in emergency situations)**

(1) In the event of an emergency situation, including a situation referred to in Article 18 of Regulation 1093/2010, or in the event of adverse developments on the markets that could jeopardise market liquidity and the stability of the financial system in any of the Member States in which the entities of a banking group or the significant branches referred to in Article 313 of this Act included in the group are established, as the consolidating supervisor Banka Slovenije shall, having regard for Article 19 of this Act, provide notification and information as soon as possible to the European Banking Authority, the European Systemic Risk Board, the competent authorities of the Member States included in the supervision of the group, and the following authorities of each of those Member States when such information is deemed material:

1. central banks of the ESCB, whenever the information is material to the performance of their legally prescribed tasks, including the pursuit of monetary policy and the associated provision of liquidity, the oversight of payments, clearing systems and settlement systems, and the safeguarding of the stability of the financial system; and
2. the ministries responsible for finance and the government authorities of other Member States responsible for the implementation of laws governing the supervision of credit institutions, financial institutions, investment firms or insurance undertakings.

(2) If the consolidating supervisor is the competent authority of another Member State, in the event of an emergency situation referred to in the previous paragraph, Banka Slovenije shall notify the consolidating supervisor, the other competent authorities of Member States included in the supervision of the banking group on a consolidated or subconsolidated basis and the European Banking Authority accordingly as soon as possible.

Article 330 **(obtaining information from other competent authorities)**

If Banka Slovenije as the consolidating supervisor requires information about a banking group that has already been provided to another competent authority, where possible it shall obtain that information from the aforementioned competent authority with the aim of preventing the duplication of reporting by banks to various competent authorities involved in supervision.

Article 331
(cooperation arrangements with competent authorities for supervision on consolidated basis)

(1) With the aim of ensuring effective supervision on a consolidated basis, Banka Slovenije and other competent authorities involved in supervision shall conclude appropriate written coordination and cooperation arrangements.

(2) Under the arrangements referred to in the previous paragraph, additional tasks may be entrusted to the consolidating supervisor, and procedures for decision-making and cooperation with other competent authorities may be defined.

(3) Banka Slovenije may, in accordance with Article 28 of Regulation 1093/2010 and on the basis of a bilateral agreement, delegate its competences and responsibilities for the supervision of a subsidiary bank to the competent authority of the other Member State that granted the authorisation and supervises the Member State parent bank, such that the aforementioned competent authority assumes responsibility for the supervision of the subsidiary bank.

(4) When it is responsible for the supervision of a parent bank, Banka Slovenije may, in accordance with Article 28 of Regulation 1093/2010 and on the basis of a bilateral agreement with the competent authority of the other Member State responsible for the supervision of a subsidiary bank, assume the competences and responsibilities for the supervision of the subsidiary bank. Banka Slovenije shall inform the European Banking Authority accordingly.

(5) For the purposes of supervision on a consolidated basis in connection with an approved financial holding company or mixed financial holding company, Banka Slovenije shall conclude the arrangements referred to in the first paragraph of this article with:

1. the competent authority of the Member States where the approved financial holding company or mixed financial holding company is established;
2. the consolidating supervisor, if the approved financial holding company or mixed financial holding company is established in the Republic of Slovenia, but Banka Slovenije is not the consolidating supervisor.

(6) When Banka Slovenije is the consolidating supervisor of a group with a parent mixed financial holding company, but is not the coordinator in accordance with the law governing financial conglomerates, Banka Slovenije shall cooperate with the coordinator for the purposes of the application of this Act and Regulation 575/2013 on a consolidated basis, and shall conclude the arrangements referred to in the first paragraph of this article with it for the purposes of effective supervision.

Article 332
(exchange of information with competent authorities of Member States during supervision on consolidated basis)

(1) Banka Slovenije shall cooperate with the competent authorities of other Member States in connection with supervision on a consolidated basis and, having regard for Article 23 of this Act, shall provide those authorities information on:

1. the legal structure of the group and its governance structure, including the organisational structure, covering all of the supervised entities, non-supervised entities, non-supervised subsidiaries and significant branches belonging to the group, and parent undertakings, with a description of the internal governance arrangements in accordance with Article 148 of this Act, the arrangements with regard to close links, and the governance

- arrangements at subsidiaries in accordance with the fourth paragraph of Article 154 of this Act, and a list of all competent authorities of the supervised entities in the group;
2. the processes for collecting information from institutions in the group and verifying the accuracy of that information;
 3. adverse developments at a bank or other entities in the group that could seriously impact other banks in the group; and
 4. significant measures imposed on a bank, including the requirement to provide own funds set out in point 1 of the second paragraph of Article 280 of this Act, and the imposition of any limitations on the use of an advanced measurement approach for operational risk.

(2) When Banka Slovenije is responsible for the supervision of a bank controlled by an EU parent credit institution, if it requires information with regard to the use of approaches and methodologies referred to in this Act and Regulation 575/2013, it shall check, where possible, whether that information is available from the consolidating supervisor, before addressing a request to the bank for the submission of that information.

(3) If the consolidating supervisor or the competent authority of the other Member State fails to provide Banka Slovenije with all of the essential information referred to in the first paragraph of this article or fails to respond to a request to provide that information within a reasonable period of time, Banka Slovenije may refer the matter to the European Banking Authority in accordance with Article 19 of Regulation 1093/2010.

Article 333

(consultation with competent authorities of Member States included in supervision on consolidated basis)

(1) Before making any decision material to the performance of supervisory tasks by the competent authorities of other Member States, Banka Slovenije shall consult with them on the following:

1. changes in the shareholder, organisational or governance structure of a bank in a group that require the authorisation of the competent authority; and
2. significant measures that it intends to impose on a bank, including the requirement to provide own funds set out in the third paragraph of Article 280 of this Act, and the imposition of any limitation on the use of the advanced measurement approach for operational risk in accordance with Article 312(2) of Regulation 575/2013.

(2) In the cases referred to in point 2 of the previous paragraph, Banka Slovenije shall always consult with the consolidating supervisor.

(3) Notwithstanding the first and second paragraphs of this article, Banka Slovenije shall not be obliged to consult in advance, if the implementation of a measure is urgent or if such consultation could jeopardise the effectiveness of planned measures. In such cases Banka Slovenije shall inform the competent authority of the Member State of the adoption of the measure without delay.

Article 334

(obligations of subsidiaries and parent financial holding company or parent mixed financial holding company with regard to supervision on consolidated basis)

(1) Subsidiaries shall forward to the parent bank in a banking group or to the bank that is controlled by the parent financial holding company or parent mixed financial holding company all information that the latter requires to perform its obligations on a consolidated basis.

(2) A parent financial holding company or parent mixed financial holding company shall forward to its subsidiary bank all information that the latter requires to perform its obligations on a consolidated basis.

(3) If a parent financial holding company or parent mixed financial holding company fails to forward the information referred to in the previous paragraph to a bank, the latter shall inform Banka Slovenije accordingly without delay.

(4) Subsidiaries and the parent financial holding company or parent mixed financial holding company shall allow Banka Slovenije or another competent authority responsible for supervision on a consolidated basis to conduct an inspection for the purpose of verifying the information referred to in the first or second paragraph of this article.

(5) The obligations set out in the first to fourth paragraphs of this article shall also arise if the parent bank, parent financial holding company, parent mixed financial holding company or bank that is a subsidiary of a parent financial holding company or mixed financial holding company is not established in the Republic of Slovenia.

(6) An undertaking that is a subsidiary of a bank, financial holding company or mixed financial holding company, but is not included in the supervision of the bank, financial holding company or mixed financial holding company on a consolidated basis, shall:

1. forward to the competent authority responsible for the supervision of the bank, financial holding company or mixed financial holding company on a consolidated basis, at the latter's request, all information that it requires for the supervision of individual banks in the banking group; and
2. allow the competent authority responsible for the supervision of the bank, financial holding company or mixed financial holding company on a consolidated basis to conduct an inspection to verify the information referred to in the previous point.

(7) If the undertaking referred to in the previous paragraph is an insurance undertaking or investment firm, information may also be obtained and verified through cooperation with the supervisory authorities referred to in Article 339 of this Act.

(8) If the undertaking referred to in the sixth paragraph of this article is established in another Member State, the inspection referred to in point 2 of the sixth paragraph of this article may also be conducted in the manner set out in Article 341 of this Act.

(9) If the subsidiary bank is not included in supervision on a consolidated basis in accordance with one of the cases set out in Article 19 of Regulation 575/2013, Banka Slovenije may request information from the parent undertaking to facilitate the supervision of the subsidiary bank.

Article 335

(fulfilment of obligations on consolidated basis in connection with mixed financial holding company)

(1) If a mixed financial holding company is subject to equivalent provisions under this Act and the ZFK, in particular with regard to supervision of risk management, Banka Slovenije as the consolidating supervisor may only apply the relevant provisions of the ZFK to the mixed financial holding company, after consulting with the other competent authorities or supervisory authorities responsible for the supervision of the subsidiaries.

(2) If a mixed financial holding company is subject to equivalent provisions under this Act and the law governing the insurance industry, in particular with regard to the

supervision of risk management, Banka Slovenije as the consolidating supervisor may, in agreement with the supervisory authority responsible for the supervision of the insurance group, apply to the mixed financial holding company only the provisions of this Act governing the banking sector as the most significant sector in the financial sector of a financial conglomerate, as set out in Articles 9 and 10 of the ZFK.

(3) As the consolidating supervisor Banka Slovenije shall inform the European Banking Authority and the European Insurance and Occupational Pensions Authority of decisions adopted pursuant to the first and second paragraphs of this article.

Article 336
(obligations of mixed-activity holding company and its subsidiaries with regard to supervision)

(1) If the parent undertaking of one or more banks is a mixed-activity holding company, the mixed-activity holding company and its subsidiaries shall provide subsidiary banks, Banka Slovenije and other competent authorities with all information relevant to the supervision of the subsidiary banks.

(2) The parent mixed-activity holding company and its subsidiaries shall allow Banka Slovenije or another competent authority responsible for the supervision of the subsidiary banks to conduct an inspection for the purpose of verifying the information referred to in the previous paragraph.

(3) If the mixed-activity holding company or one of its subsidiaries is established in another Member State, the verification of information shall be carried out in accordance with Article 341 of this Act.

Article 337
(supervision of transactions between mixed-activity holding company and its subsidiaries)

(1) If the parent undertaking of one or more banks is a mixed-activity holding company, Banka Slovenije, in the scope of its competences and responsibilities for the supervision of those banks, shall also be responsible for the supervision of transactions between those banks and the mixed-activity holding company and its other subsidiaries.

(2) In the case referred to in the previous paragraph, the bank shall put in place and consistently implement appropriate internal risk management processes and internal control mechanisms, including reliable reporting and accounting procedures, with the aim of identifying, measuring, monitoring and controlling transactions with its parent mixed-activity holding company and the latter's subsidiaries.

(3) The bank shall report to Banka Slovenije on all material transactions with the mixed-activity holding company and the latter's other subsidiaries that are not included in reporting pursuant to Article 394 of Regulation 575/2013.

(4) Banka Slovenije may prescribe in detail the method, content and frequency of the reporting referred to in the previous paragraph.

Article 338
(exchange of information for purpose of supervision on consolidated basis)

When a parent undertaking or any of its subsidiary banks are established in different Member States, Banka Slovenije and the competent authorities of those Member States shall exchange all relevant information that may facilitate or aid supervision on a consolidated basis.

Article 339
(cooperation between competent authorities when subsidiary is insurance undertaking or investment firm)

(1) If a bank, financial holding company, mixed financial holding company or mixed-activity holding company controls one or more subsidiaries that are insurance undertakings or other undertakings that provide investment services that have obtained an authorisation to provide services, Banka Slovenije shall also cooperate with the supervisory authorities responsible for the supervision of those undertakings.

(2) Banka Slovenije shall exchange all information with the supervisory authorities referred to in the previous paragraph that could simplify their tasks and facilitate their supervision of the operations and the general financial position of the undertakings that they supervise.

(3) If the mixed-activity holding company or its subsidiary is an insurance undertaking, the inspection referred to in the second paragraph of Article 336 of this Act shall be conducted in cooperation with the supervisory authority responsible for the supervision of the insurance undertaking.

(4) Requirements with regard to the safeguarding of professional secrecy that are at least equivalent to those referred to in Article 14 of this Act and in accordance with the regulations governing prudential supervision of investment firms shall apply to the information obtained within the framework of supervision of a consolidated basis, in particular to any exchange of information between competent authorities.

Article 340
(list of parent financial holding companies and parent mixed financial holding companies)

Banka Slovenije shall compile lists of parent financial holding companies and parent mixed financial holding companies of the Republic of Slovenia referred to in Article 11 of Regulation 575/2013, and shall communicate the lists to the competent authorities of other Member States, the European Banking Authority and the Commission.

Article 341
(inspection to verify information)

(1) If, for the purpose of supervision for which it is responsible pursuant to this Act or Regulation 575/2013, Banka Slovenije wishes to verify information relating to a bank, financial holding company, mixed financial holding company, financial institution, ancillary services undertaking, mixed-activity holding company or subsidiary referred to in the first paragraph of Article 336 of this Act that is established in another Member State, it shall ask the competent authority of that Member State to conduct an inspection of the undertaking for the purpose of verifying the information, or to allow Banka Slovenije to conduct the inspection itself.

(2) A competent authority responsible for supervision on a consolidated basis or for supervision of a Member State bank may, for the purpose of verifying information relating to a bank, financial holding company, mixed financial holding company, financial institution, ancillary services undertaking, mixed-activity holding company or a subsidiary referred to in the first paragraph of Article 336 of this Act that is established in the Republic of Slovenia, conduct an inspection of that undertaking. The competent authority of the Member State shall inform Banka Slovenije in advance of the intended inspection referred to in the previous sentence. Banka Slovenije may also participate in the inspection.

(3) In the case referred to in the previous paragraph, the competent authority of the Member State or the persons authorised thereby shall have the same competences as Banka Slovenije pursuant to Article 278 of this Act.

(4) At the request of the competent authority of the Member State, Banka Slovenije shall conduct an inspection of the undertaking referred to in the second paragraph of this article. If it so requests, the competent authority of the Member State may participate in the inspection referred to in the previous sentence.

Article 342 **(management body of parent financial holding company or parent mixed financial holding company)**

(1) A parent financial holding company or parent mixed financial holding company shall ensure that the members of its management body meet the conditions set out in Articles 40 and 55 of this Act.

(2) If a parent financial holding company or parent mixed financial holding company does not have a management body in the sense of point 32 of the first paragraph of Article 7 of this Act, the previous paragraph shall apply *mutatis mutandis* to the senior management or the persons who effectively manage the financial holding company or mixed financial holding company.

Article 343 **(supervision when parent undertaking is established in third country)**

(1) If a bank that is a subsidiary of another bank or a financial holding company or mixed financial holding company established in a third country is not subject to supervision on a consolidated basis for which Banka Slovenije is responsible pursuant to Article 324 of this Act or for which the competent authority of another Member State is responsible, Banka Slovenije shall, either at the request of the parent undertaking or other supervised entity in the banking group or on its own initiative, verify whether the bank is subject to supervision on a consolidated basis by the competent authority of the third country that is equivalent to supervision on a consolidated basis pursuant to this Act and Chapter 2 of Title II of Part One of Regulation 575/2013.

(2) During the verification pursuant to the previous paragraph, Banka Slovenije shall take account of any general guidance issued by the European Banking Committee with regard to consolidated supervision arrangements with the supervisory authorities of a third country, and shall consult with the European Banking Authority and the other competent authorities of Member States included in the supervision of group entities.

(3) In the absence of equivalent supervision on a consolidated basis in the third country, the provisions of this Act and Regulation 575/2013 shall apply *mutatis mutandis* to

the bank referred to in the first paragraph of this article, or Banka Slovenije shall define and apply other appropriate supervisory procedures and measures that can achieve the purpose of supervision of the bank on a consolidated basis. In particular Banka Slovenije may require the establishment of a financial holding company or mixed financial holding company in the European Union, and the application of rules on consolidated supervision to the consolidated position of that financial holding company or mixed financial holding company.

(4) Following prior consultation with the other competent authorities of Member States included in supervision, the supervisory procedures and measures referred to in the previous paragraph shall be subject to the consent of the competent authority of the Member State that would be responsible for supervision on a consolidated basis.

(5) Banka Slovenije shall inform the other competent authorities of Member States involved, the European Banking Authority and the Commission of the supervisory procedures and measures referred to in the third paragraph of this article.

Article 344 **(exclusion of responsibility for supervision on individual basis)**

None of Banka Slovenije's powers set out in this section vis-à-vis a financial holding company, a mixed financial holding company, financial institutions, ancillary services undertakings or other undertakings that are not banks shall imply that Banka Slovenije is responsible for the supervision of such undertakings on an individual basis.

10.4 Supervision of other persons

Article 345 **(order on cessation of activity of accepting deposits from public and pursuit of other activities as bank)**

(1) If an entity accepts deposits from the public in contravention of the prohibition set out in Article 112 of this Act, Banka Slovenije shall issue an order requiring that entity to cease the aforementioned activity (hereinafter: order on the cessation of the activity of accepting deposits from the public).

(2) Before issuing an order on the cessation of the activity of accepting deposits from the public, Banka Slovenije may review the entity's books of account and other documentation, conduct an inspection, and collect other evidence to determine whether the entity accepts deposits from the public. The provision of Articles 270 to 277 of this Act shall apply *mutatis mutandis* to the collection of information and the inspection of a legal person.

(3) In its order on the cessation of the activity of accepting deposits from the public, Banka Slovenije shall require the entity to submit, within a deadline period of no less than eight days and no more than 15 days, a report in which the entity describes the measures it has implemented in connection with the cessation of the collection of deposits from the public and in which the entity may make a statement regarding the grounds for the issuance of the order. The entity's report shall attach evidence from which it is clear that it has implemented measures in connection with the cessation of the collection of deposits from the public.

(4) If an entity that has not obtained an authorisation to provide banking services presents itself as a bank in the provision of services or pursues one of the activities set out in point 1b of Article 4(1) of Regulation 575/2013 and reaches the threshold set out in the

aforementioned article, and this is not a case covered by the second paragraph of Article 27 of this Act, Banka Slovenije shall issue an order requiring that entity to cease such actions (hereinafter: order on the cessation of the pursuit of activities as a bank).

(5) The second and third paragraphs of this article shall apply *mutatis mutandis* to the order on the cessation of the pursuit of activities as a bank.

(6) If Banka Slovenije determines that the circumstances referred to in the first or fourth paragraphs of this article exist in connection with an entity that has not obtained an authorisation to provide banking services, but that the entity rectified the breaches prior to the issuance of the order referred to in the first or fourth paragraphs of this article, Banka Slovenije may issue a declaratory decision, under the conditions set out in the eighth paragraph of this article, finding that the entity breached the provisions of this Act and that it has rectified the identified breaches.

(7) Banka Slovenije shall issue the declaratory decision referred to in the previous paragraph if, given the nature of the breaches referred to in the first or fourth paragraphs of this article and their significance to ensuring legal certainty and the protection of depositors, the issuance of such a decision and the publication of the information pursuant to Article 310 of this Act contributes significantly to improving the governance practices of banks and to preventing conduct that would constitute a breach of the duties of members of the management bodies of banks.

(8) Prior to issuing the declaratory decision referred to in the sixth paragraph of this article, Banka Slovenije shall inform the person responsible for the breach in writing of its findings in connection with the breaches referred to in the first or fourth paragraphs of this article and of its intent to issue a declaratory decision on the rectification of breaches, and shall call on the person responsible for the breach to issue a statement regarding the facts and circumstances relevant to a decision to issue a declaratory decision on the rectification of breaches.

Article 346 **(decision establishing grounds for initiating compulsory liquidation proceedings against legal person)**

(1) If a legal person fails to comply with the order referred to in the first or fourth paragraphs of the previous article, Banka Slovenije shall issue a decision establishing that there are grounds for initiating compulsory liquidation proceedings against that entity (hereinafter: decision establishing grounds for initiating compulsory liquidation proceedings). Banka Slovenije may also issue the decision referred to in the previous sentence if a legal person does not allow an authorised person of Banka Slovenije to conduct an inspection or if it otherwise impedes the supervision referred to in the second paragraph of the previous article.

(2) The decision establishing grounds for initiating compulsory liquidation proceedings shall be reasoned.

(3) On the basis of a final decision establishing grounds for initiating compulsory liquidation proceedings, Banka Slovenije shall propose that the competent court initiate compulsory liquidation proceedings against the legal person in accordance with the law governing the compulsory winding-up of undertakings.

(4) The court shall issue a decision on the initiation of compulsory liquidation proceedings against the legal person based on Banka Slovenije's proposal referred to in the

previous paragraph, without re-examining the conditions for the initiation of those proceedings, within three working days of the submission of the aforementioned proposal.

(5) No appeal shall be allowed against the decision on the initiation of compulsory liquidation proceedings referred to in the previous paragraph.

(6) Banka Slovenije shall be exempt from the payment of fees in compulsory liquidation proceedings initiated at its proposal referred to in the third paragraph of this article.

CHAPTER 11: SAVINGS BANKS

Article 347 (application of provisions on banks)

(1) The provisions of the other chapters of this Act applying to banks shall apply to savings banks, unless provided otherwise in this chapter.

(2) A savings bank may transfer internal auditing tasks by contract to another entity that meets the conditions for the performance of these tasks.

Article 348 (activities of savings bank)

A savings bank may take up foreign exchange transactions after it has obtained the relevant authorisation in accordance with this Act.

Article 349 (initial capital)

The minimum amount of a savings bank's initial capital shall be EUR 1,000,000.

CHAPTER 12: EXTRAJUDICIAL RESOLUTION OF DISPUTES

Article 350 (resolution of disputes between service providers and consumers)

(1) Banks shall offer consumers the possibility of extrajudicial resolution of disputes in connection with banking services before an independent entity.

(2) A bank that authorises an independent entity to decide on disputes in accordance with the previous paragraph shall publish, on its website and in a visible position in all premises in which it transacts with clients, information regarding the entity authorised to resolve disputes, the form and composition of the body responsible for the resolution of disputes at the authorised entity, and the decision-making method and procedures of the aforementioned body.

CHAPTER 13:
BANKA SLOVENIJE'S DECISION-MAKING PROCEDURE IN SPECIFIC MATTERS AND
JUDICIAL REVIEW PROCEEDINGS

13.1 General provisions

Article 351
(application of provisions on procedures)

(1) Banka Slovenije shall make decisions on specific matters for which it is competent under this Act and Regulation 1024/2013, and shall perform procedural acts in procedures for which the European Central Bank is responsible in accordance with Regulation 1024/2013, pursuant to the procedure set out in Chapter 13 of this Act, unless provided otherwise for a specific type of procedure by this Act, Regulation 1024/2013 or regulations issued on the basis thereof.

(2) Unless provided otherwise by this Act, the provisions of the ZUP shall apply to Banka Slovenije's decision-making procedure.

Article 352
(conducting procedures and decision-making authorisations)

(1) The Governing Board of Banka Slovenije shall make decisions as a collegiate body with regard to matters for which Banka Slovenije is competent under this Act or Regulation 1024/2013.

(2) The procedure until the issuance of a decision shall be conducted by a Banka Slovenije employee who meets the conditions set out in Article 31 of the ZUP and who is authorised by the Governor of Banka Slovenije for that purpose.

Article 353
(statements by parties to procedures)

(1) Parties shall make their statements in writing.

(2) Parties may also make an oral statement at a hearing in the case set out in the second paragraph of Article 356 of this Act.

Article 354
(opportunity to make statement)

(1) Before issuing a decision *ex officio*, Banka Slovenije shall call on the party in question to make a statement of the facts and circumstances material to that decision, if in a particular case the party was not given another opportunity to make a statement regarding the facts and circumstances.

- (2) The call referred to in the previous paragraph shall contain the following:
1. an explicit indication of the facts and circumstances regarding which the party should make a statement, and evidence from which those facts are clear;
 2. the deadline for making a statement, which shall be no less than eight days; and

3. instruction to the party in question that its statement must be accompanied by documentary evidence, if referenced, and that it will have no right to cite new facts or to produce new evidence after the deadline for making the statement has passed.

(3) In its statement, the party in question may provide facts from which it is clear that the facts and circumstances stated in the call referred to in the first paragraph of this article do not exist, and may present evidence proving the existence of the asserted facts. If the party references documentary evidence in its statement, the evidence shall be attached to the statement.

(4) If the party fails to attach documentary evidence to the statement, the provisions governing incomplete applications shall not apply; instead Banka Slovenije shall only take account of the evidence attached to the statement when making its decision.

(5) After the deadline for making a statement has passed, a party shall have no right to cite new facts or to produce new evidence.

Article 355 (service)

(1) In procedures under this Act, service on a legal person or sole trader shall be effected by serving the documents on a person authorised to receive such documentation or, if no such person exists, another employee found in the office or business premises.

(2) Service on members of a bank's management board and supervisory board shall be effected by serving the bank. The members of the bank's management board and supervisory board shall be deemed served when the bank is served.

(3) When a party to a procedure is represented by an attorney, that party shall be deemed served if the document in question is served on the attorney or an employee at the law office.

Article 356 (hearing)

(1) Banka Slovenije shall handle matters without a hearing.

(2) Notwithstanding the previous paragraph, Banka Slovenije shall call an oral hearing in the following cases:

1. if necessary to hear witnesses or experts;
2. if the procedure involves two or more parties with conflicting interests;
3. if an oral interview is required pursuant to Article 43 of this Act; or
4. in other cases when deemed useful to clarify a matter.

Article 357 (decision-making)

(1) Banka Slovenije shall decide on matters in the form of decisions, resolutions and orders (hereinafter: acts).

(2) The granting or withdrawal of authorisations, and other matters except those that are decided on by resolutions or orders according to law shall be decided on by Banka Slovenije via a decision.

(3) Matters relating to a procedure or that arise in connection with a procedure shall be decided on by Banka Slovenije via a resolution.

(4) Unless provided otherwise by this Act or another law, acts issued by Banka Slovenije shall be reasoned.

(5) The operational part of an act referred to in the first paragraph of this article shall include:

1. the personal data of the supervised entity when it is a natural person (full name, personal ID number (EMŠO) and, if the natural person is a non-resident, data in connection with place and date of birth, citizenship, temporary or permanent residence, etc.), or the business name, registered office and registration number for a legal person; if that data is not available, data on the supervised entity that was stated or established during the procedure; and
2. a brief description of the facts and circumstances constituting a breach of the regulations referred to in the second paragraph of Article 9 of this Act (place and time that the regulations were breached, manner in which the regulations were breached, decisive circumstances), with an indication of the regulation that sets out the obligation or requirement that was breached.

(6) The reasoning of a decision or resolution that concludes the Banka Slovenije decision-making procedure shall include a brief statement from the supervised entity regarding its actions whenever, in accordance with this Act, the entity is called on to make a statement. It shall also include the facts and evidence on which the decision was based.

(7) The notice of legal remedy shall include information on the right to legal remedy, the deadline and method for lodging a legal remedy and an indication of the authority with which the legal remedy is to be lodged.

Article 358 **(legal remedy in Banka Slovenije procedure)**

(1) An objection may be lodged against an order in the cases and under the conditions set out by this Act.

(2) No appeal shall be allowed against acts issued by Banka Slovenije in accordance with this Act.

(3) A request for *restitutio ad integrum* shall not be allowed in Banka Slovenije's decision-making procedure.

(4) Judicial review against acts issued by Banka Slovenije in accordance with this Act shall be provided for in the proceedings set out in this Act (hereinafter: judicial review proceedings).

Article 359 **(enforceability)**

(1) Banka Slovenije decisions shall become enforceable when they become final, while decisions that impose fines or financial obligations on a bank shall become enforceable when they become *res judicata*.

(2) Banka Slovenije orders cannot be forcibly executed.

Article 360
(review of documents and access to confidential information)

(1) The supervised entity shall have the right to review the documents of the matter in a Banka Slovenije decision-making procedure, and shall transcribe or copy documents in physical or electronic form at its own expense. The review, transcription and copying of documents shall be overseen by an appointed official.

(2) The right referred to in the previous paragraph may also be exercised by anyone else who proves on the balance of probabilities that they enjoy a legal benefit therefrom.

(3) The review and transcription of documents pursuant to the first and second paragraphs of this article shall be requested in writing. In case of doubt, Banka Slovenije may require the person referred to in the previous paragraph to justify its legal benefit in writing and to submit the appropriate evidence.

(4) If documents were used during a procedure that contain data deemed to be a trade secret of a person who is not the supervised entity in the procedure in question, Banka Slovenije shall call on the person to whom that data relates to identify, by a specific deadline, the data in the documents that it deems to be confidential and to provide reasoning for the treatment of that data as such. Before disclosing the documents Banka Slovenije shall redact the personal data and the other confidential data referred to in the previous sentence.

(5) A document shall be disclosed to the person referred to in the first and second paragraphs of this article without the personal or other confidential data referred to in the previous paragraph to an extent that takes account of the legal interests of persons who are not supervised entities in the Banka Slovenije procedure. The right referred to in the first and second paragraphs of this article shall not include the right to access confidential information, unless the conditions set out in Subsection 2.2.1 of this Act regarding the disclosure and use of confidential information by the person referred to in the first and second paragraphs of this article are met.

(6) If, in connection with the request of a supervised entity or other person to review the documents of the matter, the conditions set out in the first to fifth paragraphs of this article are not met, Banka Slovenije shall issue a decision refusing the request. The supervised entity or other person who requested a review of the documents of the matter may initiate judicial review proceedings pursuant to this Act against the decision refusing the request.

(7) In its tariff Banka Slovenije shall set the fees that it charges the person referred to in the first and second paragraphs of this article for the review, transcription and copying of documents. The fees shall reflect the actual costs incurred in connection with those actions.

13.2 Procedure for deciding on the granting of authorisations and consents

Article 361
(application of provisions)

(1) The provisions of this section shall apply in the procedure for deciding on the granting of authorisations and consents (hereinafter: authorisations) on which Banka Slovenije decides pursuant to this Act and Regulation 1024/2013, unless provided otherwise by this Act for a specific procedure for the granting of an authorisation.

(2) The provisions of Section 13.1 of this Act shall apply in the procedure for deciding on the granting of authorisations, unless provided otherwise by this section.

Article 362 (fees for decisions)

(1) The applicants or the recipients of the authorisations shall pay the fees set out by the Banka Slovenije tariff for decisions on requests submitted to Banka Slovenije for the granting of authorisations granted pursuant to this Act or Regulation 575/2013, and for decisions on the granting of authorisations granted *ex officio* by Banka Slovenije.

(2) When Banka Slovenije is responsible for specific actions in a procedure for deciding on matters for which the European Central Bank is responsible pursuant to Regulation 1024/2013, Banka Slovenije shall set a fee in its tariff for the actions that it performs in the procedure.

Article 363 (parties to procedure for deciding on request for granting of authorisation)

(1) The entity who submits a request for the granting of an authorisation shall be a party to the procedure (hereinafter: the applicant).

(2) Members of the bank's supervisory board and the holders of qualifying holdings may also participate in a procedure for deciding on a request for the granting of an authorisation to a bank, if Banka Slovenije rules that such participation is crucial or appropriate to achieving the objectives of supervision of the bank in accordance with this Act or Regulation 1024/2013, and if, based on Banka Slovenije's call, that person confirms their participation in the procedure in writing by a specific deadline. A member of the supervisory board or a qualifying holder who is entitled to participate in a procedure in accordance with this Act may be present or may be informed of actions, but shall not be entitled to carry out actions independently in the procedure.

(3) A bank, another member of the management board, another member of the supervisory board or another qualifying holder may also participate in a procedure for deciding on a request for the granting of an authorisation to a member of the management board, a member of the supervisory board or a qualifying holder, if Banka Slovenije rules that such participation is crucial or appropriate to achieving the objectives of supervision of the bank in accordance with this Act or Regulation 1024/2013 and if, based on Banka Slovenije's call, that person confirms their participation in the procedure in writing by a specific deadline. A person who is entitled to participate in a procedure in accordance with this Act may be present or may be informed of actions, but shall not be entitled to carry out actions independently in the procedure.

(4) In addition to the supervised entity and the persons referred to in the second and third paragraphs of this article, a person whom Banka Slovenije invites to participate on the basis of a proposal by the supervised entity may also participate in the procedure for granting the authorisation, if it is determined that their legal interests could be affected by the granting of the authorisation. A person who is entitled to participate in a procedure in accordance with this paragraph may submit a written statement in the procedure, but shall not be entitled to perform other procedural actions independently in the procedure until a decision on the request for the granting of the authorisation is issued.

(5) The provisions of Articles 43, 44, 45, 142 and 143 of the ZUP shall not apply in the supervisory process or in the procedure for issuing a supervisory measure with regard to participants.

(6) Article 360 of this Act shall apply to the persons referred to in the second to fourth paragraphs of this article with regard to a review of the documents of the matter and access to confidential information and data. A decision or resolution that concludes the Banka Slovenije decision-making procedure shall be served on those persons in such a way that the data and information to which those persons are not entitled is redacted.

(7) Each party and participant shall bear their own costs in the procedure.

Article 364 (initiation of procedure)

(1) A Banka Slovenije decision-making procedure shall be initiated by the submission to Banka Slovenije of a request for the granting of an authorisation (hereinafter: request).

(2) Banka Slovenije shall initiate the procedure for granting an authorisation *ex officio* or at the proposal of another competent authority, only when so provided by law, Regulation 575/2013, Regulation 1024/2013 or other European Union regulations.

Article 365 (content of request)

(1) A request for the granting of an authorisation submitted to Banka Slovenije shall include:

1. the applicant's personal data;
2. a specific request for the granting of the authorisation or consent; and
3. other data set out by law, Regulation 575/2013 or Regulation 1024/2013 and regulations issued on the basis thereof.

(2) The documents required by law or by European Union regulation, other documents supporting the request for the granting of the authorisation, and proof of payment of the fee for the relevant decision shall be attached to the request.

Article 366 (procedural prerequisites for decision-making)

(1) In the preliminary examination of a request, Banka Slovenije shall examine whether the following procedural prerequisites for deciding on a request have been met:

1. whether the request was submitted by an eligible person;
2. whether the request contains all the required data;
3. whether the prescribed documents are attached to the request;
4. whether proof of payment of the fee for Banka Slovenije's work is attached to the request; and
5. whether other procedural prerequisites for deciding on each request have been met.

(2) If Banka Slovenije finds that the procedural prerequisites for deciding on request have not been met, and the deficiencies cannot be rectified, it shall issue a resolution denying the request.

(3) If Banka Slovenije finds that the procedural prerequisites for deciding on a request have not been met, and the deficiencies can be rectified, it shall call on the applicant to rectify the deficiencies within a deadline period of no less than eight days and no more than 15 days.

(4) If the applicant fails to rectify the deficiencies by the deadline set out in the resolution on the rectification of deficiencies, Banka Slovenije shall issue a resolution denying the request.

(5) A resolution on the rectification of deficiencies may not be referred for special judicial review.

(6) Banka Slovenije shall issue a resolution on the rectification of deficiencies within two months of receiving the request when the request relates to the granting of an authorisation to provide banking services or an authorisation for a merger or demerger, or within one month of receiving the request in other cases.

Article 367 **(collection of evidence and decision-making)**

(1) In the procedure for deciding on a request Banka Slovenije may also collect evidence that was not provided by the applicant, if that evidence is required to determine the facts relevant to the decision. To this end Banka Slovenije may request that the applicant:

1. submit additional information and documents within a deadline period of no less than eight days; and
2. allow an inspection to be conducted.

(2) The provisions of Articles 272 to 277 of this Act shall apply *mutatis mutandis* to the inspection referred to in point 2 of the previous paragraph.

(3) Banka Slovenije shall refuse the request, if the applicant:

1. fails to submit the required information or documents by the deadline set out in the request referred to in point 1 of the first paragraph of this article; or
2. refuses Banka Slovenije's request referred to in point 2 of the first paragraph of this article, or otherwise impedes the inspection.

Article 368 **(opportunity to make statement on refusal of request for authorisation)**

(1) If Banka Slovenije intends to refuse a request for the granting of an authorisation on the basis of facts or evidence that were not provided by the applicant, before issuing the decision on the refusal of the request it shall give the applicant the opportunity to provide a statement on facts and circumstances relevant to the decision.

(2) The first to fifth paragraphs of Article 354 of this Act shall apply *mutatis mutandis* to the opportunity to provide a statement referred to in the previous paragraph, except that the deadline period for providing a statement may be no less than 15 days.

Article 369 **(deadline for decision)**

(1) Banka Slovenije shall make a decision on a request for the granting of the following authorisations within six months of receiving the request:

1. an authorisation to provide banking, financial and ancillary financial services; and
2. an authorisation for a merger or demerger.

(2) Banka Slovenije shall make a decision on a request for the granting of other authorisations and consents within three months of receiving the request, unless this Act, Regulation 575/2013 or another regulation explicitly provides for a different deadline for deciding on a particular authorisation or consent.

(3) If Banka Slovenije has called on a party to rectify deficiencies in accordance with the sixth paragraph of Article 366 of this Act, the deadline period set out in the first or second paragraphs of this article shall be counted from the moment that the deficiencies are rectified.

(4) If prior to the deadline set out in the first paragraph of this article Banka Slovenije called on the applicant to make a statement on the grounds for the refusal of its request in accordance with the previous article, the deadline period set out in the first or second paragraphs of this article shall not be counted during the period between the service of Banka Slovenije's call and the deadline for the submission of the aforementioned statement, or the receipt of the statement if it was submitted by the deadline set out in the call.

13.3 Supervisory process

13.3.1 General provisions

Article 370 (application of provisions)

(1) The provisions of Section 13.3 of this Act governing the supervisory process shall apply to all supervisory processes conducted by Banka Slovenije in accordance with this Act or another law, unless provided otherwise by law for a specific supervisory process.

(2) The provisions of Section 13.1 of this Act shall apply to the supervisory process, unless provided otherwise by Section 13.3 of this Act.

(3) The third paragraph of Article 20 and the second and third paragraphs of Article 23 of the ZIN shall apply *mutatis mutandis* to the supervisory process.

Article 371 (participants in supervisory process and issuance of supervisory measures)

(1) The party to the supervisory process and the procedure for issuing a supervisory measure shall be a supervised entity over which Banka Slovenije conducts supervision in accordance with this Act and Regulation 1024/2013.

(2) A member of the bank's supervisory board may also participate in the supervisory process over a bank alongside the party to the process, if Banka Slovenije rules that such participation is crucial or appropriate to achieving the objectives of supervision of the bank in accordance with this Act or Regulation 1024/2013, and if, based on Banka Slovenije's call, that person confirms their participation in the process in writing by a specific deadline. A member of the supervisory board who is entitled to participate in the supervisory process in accordance with this Act may be present or may be informed of actions in the

supervisory process, and may submit written statements and produce evidence, but shall not be entitled to carry out actions independently in the supervisory process.

(3) In addition to the supervised entity and the persons referred to in the previous paragraph, a person whom Banka Slovenije invites to participate on the basis of a request by the supervised entity may also participate in a procedure for issuing a supervisory measure, if it is determined that their legal interests could be affected by the supervisory measure. A person who is entitled to participate in a procedure for issuing a supervisory measure in accordance with this paragraph may submit a written statement and submit evidence, but shall not be entitled to perform other procedural actions independently until the act by virtue of which Banka Slovenije imposes the supervisory measure has been issued.

(4) The provisions of Articles 43, 44, 45, 142 and 143 of the ZUP shall not apply in the supervisory process or in the procedure for issuing a supervisory measure with regard to participants.

(5) Article 360 of this Act shall apply to the persons referred to in the second, third and fourth paragraphs of this article with regard to a review of the documents of the matter and access to confidential information and data. Acts issued in a procedure for issuing a supervisory measure shall be served on those persons in such a way that the data and information to which those persons are not entitled is redacted.

Article 372 **(conducting of process and imposition of supervisory measure)**

(1) Banka Slovenije shall conduct the supervisory process and impose supervisory measures *ex officio*.

(2) Banka Slovenije shall initiate the supervisory process over another person referred to in Article 12 of this Act, either on the basis of notification from a market inspector or another competent government authority, or *ex officio* whenever information that it receives during the supervision of banks or in connection with the exercise of its other powers indicates that there are grounds for initiating supervision of this type.

13.3.2 Order

Article 373 **(application of provisions on order)**

The provisions of this subsection shall apply whenever this Act stipulates that Banka Slovenije decides via an order.

Article 374 **(content of order)**

The operational part of an order shall include:

1. an explicit description of the breaches whose rectification is ordered by the order;
2. the deadline by which the supervised entity must rectify the breaches and submit a report on the rectification of the breaches;
3. the method used to rectify breaches, whenever Banka Slovenije imposes additional measures on the supervised entity to rectify the breaches in a specific manner; and

4. documents or evidence of the rectification of breaches, whenever Banka Slovenije orders the supervised entity to submit specific documents or other evidence of the rectification of breaches.

Article 375 (objection to order)

(1) The supervised entity and any other person who participated in the procedure for issuing a supervisory measure in accordance with this Act shall have the right to lodge an objection against an order within eight days of the service thereof.

(2) If a person entitled to do so lodges an objection in a timely manner, the deadline for the rectification of the breaches set out in the order shall be extended by the period from the lodging of the objection until the service of the decision on the objection.

(3) Notwithstanding the previous paragraph, Banka Slovenije may rule in an order that an objection to the order shall not stay its enforcement, if the enforcement of the order cannot be delayed owing to the nature of the breach.

Article 376 (grounds for objection)

- (1) An objection shall be allowed if:
1. there is no breach whose rectification is imposed by the order;
 2. the act or omission constituting the grounds for issuing the order does not have the characteristics of a breach;
 3. the order cannot be enforced or cannot be enforced by the deadline and in the manner set out in the order;
 4. the enforcement of the order would cause an act that is in contravention of forcible regulations;
 5. the order imposed the rectification of breaches on a person over whom Banka Slovenije is not responsible for supervision;
 6. the facts of the matter have been identified erroneously or incompletely in the order; or
 7. the rules of the procedure have been breached.

(2) The following shall be deemed a material breach of the rules of procedure pursuant to this Act:

1. the order was issued by a person or body at Banka Slovenije that is not responsible for issuing orders;
2. someone who is not a supervised entity has appeared as a party to the procedure;
3. a person who by law should have been excluded was involved in making the decision or conducting the procedure; or
4. the order cannot be tested.

(3) A person who participated in the procedure for issuing a measure in accordance with this Act and a person entitled pursuant to the second paragraph of Article 375 of this Act may only lodge an objection against an order if their legal interests are affected for the reasons set out in the first paragraph of this article.

Article 377 (content of objection)

- (1) An objection shall include:

1. an indication of the order against which the objection is being lodged;
2. a statement as to whether the order is being contested in its entirety or in a specific part;
3. the grounds for the objection; and
4. other information that must be included in every petition.

(2) The applicant shall pay the fee set out in the Banka Slovenije tariff for deciding on an objection.

(3) In its objection the supervised entity may provide facts from which it follows that the breaches whose rectification was imposed by the order do not exist, and may present evidence proving the existence of the asserted facts. If the supervised entity references documentary evidence in its objection, the evidence shall be attached to the objection.

(4) If the supervised entity fails to attach the documentary evidence to the objection, the provisions governing incomplete applications shall not apply; instead Banka Slovenije shall only take account of the evidence attached to the objection when making its decision.

(5) After the deadline for lodging an objection has passed, the supervised entity shall have no right to cite new facts or to produce new evidence.

Article 378 **(limits of testing of order)**

Banka Slovenije shall test an order in the part in which it is contested by the objection, and within the limits of the grounds stated and reasoned in the objection.

Article 379 **(decision on objection)**

(1) The Governing Board of Banka Slovenije shall decide on an objection via a decision.

(2) In its decision on an objection, the Governing Board of Banka Slovenije may deny or refuse the objection, or amend or vacate the order to which the objection relates.

(3) The Governing Board of Banka Slovenije shall deny the objection if no objection is allowed, if the objection was not submitted on time, or if the objection was lodged by an unauthorised person.

(4) If the Governing Board of Banka Slovenije finds that the grounds set out in points 1, 2 or 5 of the first paragraph of Article 376 of this Act exist, it shall vacate the order.

(5) If the Governing Board of Banka Slovenije finds that the grounds set out in points 3, 4, 6 or 7 of the first paragraph of Article 376 of this Act exist, it shall vacate or amend the order, depending on the nature of the breach.

13.3.3 Withdrawal of an authorisation

Article 380 **(initiation of procedure for withdrawing authorisation)**

(1) Banka Slovenije shall initiate a procedure for withdrawing an authorisation if from the information at its disposal it is reasonable to suspect that there are grounds for withdrawing an authorisation set out in this Act, unless the European Central Bank is responsible for deciding on the withdrawal of an authorisation in the supervision of a bank in accordance with Regulation 1024/2013.

(2) Banka Slovenije shall rule on the initiation of a procedure for withdrawing an authorisation via a decision (hereinafter: decision to initiate a procedure for withdrawing an authorisation).

- (3) A decision to initiate a procedure for withdrawing an authorisation shall include:
1. an explicit description of the actions, conduct or circumstances that constitute the grounds for initiating proceedings;
 2. an indication of the documents and other evidence on the basis of which Banka Slovenije has concluded that there is a reasonable suspicion referred to in the first paragraph of this article; and
 3. the reasoning of the decision to initiate a procedure.

(4) In its decision to initiate a procedure for withdrawing an authorisation, Banka Slovenije shall set a deadline of no less than 15 days and no more than 30 days from the date of service of the decision on the supervised entity, during which time the supervised entity may issue a statement with regard to the grounds for initiating the procedure (hereinafter: statement on the grounds for withdrawing an authorisation).

Article 381 **(statement on grounds for withdrawing authorisation)**

(1) In its statement on the grounds for withdrawing an authorisation, the supervised entity may provide facts from which it is evident that the withdrawal is groundless, and may present evidence proving the existence of the asserted facts. If the supervised entity references documentary evidence in its objection, the evidence shall be attached to the statement.

(2) If the supervised entity fails to attach documentary evidence to the statement on the grounds for withdrawing an authorisation, the provisions of this Act governing incomplete applications shall not apply; instead Banka Slovenije shall only take account of the evidence attached to the statement when making its decision.

(3) After the deadline for issuing a statement on the grounds for withdrawing an authorisation has passed, the supervised entity shall have no right to cite new facts or to produce new evidence.

Article 382 **(decision-making on withdrawal of authorisation)**

(1) Banka Slovenije shall decide on the withdrawal of an authorisation within 30 days of receiving the statement on the grounds for withdrawing an authorisation, or the deadline for submitting the statement passing.

(2) Banka Slovenije may only decide to withdraw an authorisation for reason of the actions, conduct or circumstances for which it issued the decision to initiate a procedure for withdrawing the authorisation, and only on the basis of those documents and other evidence

that were cited in its decision to initiate a procedure and that were attached to the statement on the grounds for withdrawing the authorisation by the supervised entity.

Article 383 (halting of procedure)

Banka Slovenije shall halt the procedure to withdraw an authorisation if based on the evidence referred to in the second paragraph of the previous article it determines that the actions, conduct and circumstances for which it issued the decision to initiate a procedure to withdraw the authorisation do not have the characteristics of grounds for withdrawing the authorisation.

Article 384 (decision to withdraw authorisation)

- (1) The operational part of a decision to withdraw an authorisation shall include:
1. the decision on the withdrawal of the authorisation, with an indication of the number and date of granting of the authorisation in question;
 2. the business name and registered office or the full name and date of birth of the supervised entity whose authorisation is being withdrawn; and
 3. an explicit description of the actions, conduct or circumstances that constitute the grounds for withdrawing the authorisation.

(2) The decision to withdraw the authorisation shall be reasoned.

Article 385 (application of provisions on procedure for withdrawing authorisation)

The provisions of this subsection shall also apply *mutatis mutandis* to:

1. the procedure for cancelling the conditional withdrawal of an authorisation; and
2. the withdrawal of consent granted by Banka Slovenije.

13.4 Judicial review proceedings

Article 386 (judicial review proceedings)

(1) The provisions of the ZUS-1 shall apply to judicial review proceedings against decisions issued by Banka Slovenije, unless provided otherwise by this Act.

(2) The Administrative Court of the Republic of Slovenia shall rule, in a panel of three judges, on judicial review proceedings against decisions issued by Banka Slovenije.

Article 387 (right to judicial review)

(1) Only the supervised entity may lodge a lawsuit against acts issued by Banka Slovenije in the supervisory process, under the conditions set out in this Act.

(2) A party who has not passed the national bar exam may only perform actions during judicial review proceedings in accordance with this Act through a representative who has passed the national bar exam.

Article 388 **(contesting of acts issued by Banka Slovenije)**

(1) Judicial review proceedings may be initiated by lodging a lawsuit against a decision issued by Banka Slovenije, unless provided otherwise by this Act.

(2) Notwithstanding the previous paragraph, no special judicial review proceedings may be initiated against the following decisions:

1. a decision by which Banka Slovenije initiates a procedure for withdrawing an authorisation; or
2. a decision by which Banka Slovenije rules on an objection to an order, and denies or refuses the objection, or amends the order.

(3) A decision referred to in point 1 of the previous paragraph may be challenged through a lawsuit in judicial review proceedings against the decision to withdraw the authorisation.

(4) A decision referred to in point 2 of the second paragraph of this article may be challenged through a lawsuit in judicial review proceedings against the decision by which Banka Slovenije refused an objection against an order.

(5) Judicial review proceedings may be initiated against a resolution that concludes a decision-making process initiated at the request of a party involved, and in other cases when this Act expressly provides that special judicial review proceedings may be initiated against a resolution.

(6) No special judicial review proceedings may be initiated against an order issued by Banka Slovenije.

Article 389 **(priority ruling)**

Matters in judicial review proceedings pursuant to this Act shall be deemed urgent, and the court shall therefore rule on them as a priority.

Article 390 **(lawsuit and response)**

(1) A lawsuit shall be lodged in judicial review proceedings within 15 days.

(2) The deadline set out in the previous paragraph shall be counted from the date of service of the decision. If the decision was not served on the plaintiff, the deadline set out in the previous paragraph shall be counted from the date of the publication of the decision in accordance with Articles 309 and 310 of this Act.

(3) A lawsuit in judicial review proceedings against a decision issued by Banka Slovenije shall not stay the enforcement of the decision.

(4) Notwithstanding the previous paragraph, Banka Slovenije may decide *ex officio*, via a resolution, to stay the enforcement of a decision against which a lawsuit has been lodged in judicial review proceedings. The resolution may not be referred for judicial review.

(5) The deadline for the responding to a lawsuit shall be 15 days.

Article 391 (new facts and evidence)

The plaintiff in judicial review proceedings may not cite new facts or produce new evidence, unless it is proven that they were unable to be used in the procedure before Banka Slovenije through no fault of the plaintiff.

Article 392 (limits of testing)

(1) The court shall test a Banka Slovenije decision within the limits of the claim and within the limits of the grounds stated in the lawsuit, and shall give attention *ex officio* to material breaches of the provisions of the procedure.

(2) The following shall be deemed a material breach of the rules of procedure in the issuance of a decision by Banka Slovenije:

1. the decision was issued by a person or body at Banka Slovenije that is not responsible for issuing decisions;
2. the subject of supervision was not afforded the opportunity to make a statement on the facts and circumstances material to the issuance of the decision, unless so provided by this Act;
3. someone who is not a supervised entity has appeared as a party to the procedure;
4. the supervised entity was not represented by a legitimate statutory representative, or the representative did not have the relevant authorisation;
5. a person who by law should have been excluded was involved in making the decision or conducting the procedure; or
6. the decision cannot be tested.

Article 393 (session)

(1) The court may issue a ruling without a main hearing, if the facts that were the basis for issuing a decision are not disputed by the plaintiff or Banka Slovenije.

(2) The parties may also waive a main hearing. In this event the court shall rule at a session, having regard for the facts that were determined in the procedure for issuing the administrative act, and any new facts and evidence that are provided by the parties and may be taken into account by the court in accordance with Article 391 of this Act.

Article 394 (decision of court)

When the supervised entity has predominantly or fully implemented the decision issued by Banka Slovenije, the court may, if it finds grounds for vacating or nullifying the

contested act in the judicial review proceedings, decide not to vacate the contested act, but merely to establish its unlawfulness.

CHAPTER 14: IMPLEMENTATION OF EXTRAORDINARY MEASURES BY BANKA SLOVENIJE

Article 395 **(application of provisions regarding implementation of extraordinary measures)**

The provisions of Chapter 7.7 of the Banking Act (Official Gazette of the Republic of Slovenia, Nos. 99/10 [official consolidated version], 9/11 [ZPlaSS-B], 35/11, 59/11, 85/11, 48/12, 105/12, 56/13, 63/13 [ZS-K], 96/13, 25/15 [ZBan-2], 27/16 [ZSJV] and 44/16 [ZRPPB]), the law governing the bank resolution authority and fund, and this Act shall apply to the implementation of extraordinary measures to ensure the stability of the financial system.

CHAPTER 15: PENAL PROVISIONS

Article 396 **(fine for breaches by bank)**

(1) A fine of between EUR 25,000 and EUR 250,000 for a misdemeanour shall be imposed upon a bank that:

1. obtained an authorisation or a consent set out by this Act or Regulation 575/2013 by citing false information or on the basis of other misleading actions;
2. in contravention of the fifth paragraph of Article 31 of this Act provides services that it is not allowed to provide;
3. lends or provides guarantees for the purchase of shares in contravention of the first paragraph of Article 32 of this Act;
4. fails to put in place or fails to pursue an appropriate policy for the selection of candidates for the management body in accordance with the second paragraph of Article 35 of this Act;
5. fails to ensure that its supervisory board appoint committees in accordance with Article 51 of this Act, or fails to ensure the functioning of these committees in accordance with Articles 52, 53 and 54 of this Act;
6. allowed one person or several persons who fail to meet the conditions set out by this Act to perform the function of a member of the management body, including its supervisory function, or of its senior management;
7. fails to inform Banka Slovenije of any change in the holding of an individual shareholder in accordance with Article 81 of this Act;
8. keeps books of account, draws up bookkeeping documents, values bookkeeping items or prepares reports in contravention of the second paragraph of Article 102 of this Act;
9. fails to report financial information in connection with the financial statements in accordance with the third paragraph of Article 103 of this Act;
10. with regard to the disclosure of additional information fails to act in accordance with Article 104 of this Act;
11. fails to submit an annual report, a consolidated annual report, an auditor's report or an additional auditor's report in accordance with Article 105 of this Act;
12. fails to publish on its official website an annual report or a consolidated annual report, or an auditor's report on the auditing of the annual report referred to in the second

- paragraph of Article 57 of the ZGD-1 by the deadlines set out in the first and third paragraphs of Article 108 of this Act;
13. fails to ensure that the annual report and the auditor's report referred to in the second paragraph of Article 57 of the ZGD-1 are available on its official website for at least five years following their publication in accordance with the fourth paragraph of Article 108 of this Act;
 14. after the invalidation of the authorisation to provide services concludes new transactions in contravention of the prohibition set out in the fifth paragraph of Article 122 of this Act;
 15. establishes a branch in a Member State without notifying Banka Slovenije in advance of this intention in accordance with the first paragraph of Article 126 of this Act, or begins executing transactions via a branch in another Member State in contravention of Article 128 of this Act;
 16. begins directly providing mutually recognised financial services in a Member State without notifying Banka Slovenije in accordance with the first paragraph of Article 130 of this Act;
 17. establishes a branch in a third country without obtaining an authorisation to establish a branch in accordance with Article 131 of this Act;
 18. breaches the duty to safeguard confidential data in accordance with Article 146 of this Act;
 19. fails to put in place the internal governance arrangements in accordance with Article 148 of this Act, or fails to provide adequate internal capital in accordance with Article 151 of this Act;
 20. obtains a qualifying holding in contravention of the second paragraph of Article 223 of this Act;
 21. fails to act in accordance with the order set out in Article 226 of this Act;
 22. fails to put in place appropriate risk management procedures or internal control mechanisms, including the requisite reporting and accounting procedures, for the purpose of identifying, measuring, monitoring and controlling transactions with its parent mixed financial holding company and the latter's subsidiaries in accordance with the second paragraph of Article 337 of this Act;
 23. makes distributions to holders of instruments taken into account in the calculation of own funds in contravention of Article 254 of this Act, or distributions in contravention of Articles 28, 51 or 63 of Regulation 575/2013;
 24. fails to allow an authorised person from Banka Slovenije to conduct an inspection, or impedes the execution of their tasks and authorisations in the manner set out in Articles 272, 275, 276, 277 and 278 of this Act;
 25. fails to act in accordance with the order referred to in Articles 283 and 288 of this Act;
 26. fails to allow the temporary administrator referred to in Article 289 of this Act to perform their tasks and exercise their powers in accordance with Articles 289 and 291 of this Act, or impedes them in so doing;
 27. fails to report information with regard to compliance with the own funds requirements set out in accordance with Article 92 of Regulation 575/2013, in accordance with Article 99(1) of Regulation 575/2013, or provides incomplete or incorrect information or fails to report financial information in accordance with Article 99(2) of Regulation 575/2013;
 28. fails to report information in accordance with Article 101 of Regulation 575/2013 or provides incomplete or incorrect information;
 29. fails to report information on large exposures in accordance with Article 394(1) of Regulation 575/2013 or provides incomplete or incorrect information;
 30. incurs an exposure that exceeds the limits set out in Article 395 of Regulation 575/2013;
 31. fails to hold liquid assets in accordance with Article 412 of Regulation 575/2013;
 32. fails to report information on liquidity and on stable funding in accordance with Articles 415(1) and 415(2) of Regulation 575/2013 or provides incomplete or incorrect information;
 33. fails to report information on the leverage ratio in accordance with Article 430(1) of Regulation 575/2013 or provides incomplete or incorrect information;

34. fails to disclose information in accordance with Articles 431(1), 431(2) and 431(3) or Article 451(1) of Regulation 575/2013 or provides incomplete or incorrect information.

(2) A fine of between EUR 80,000 and EUR 500,000 shall be imposed upon a bank classed as a medium-sized or large enterprise pursuant to the ZGD-1 for a misdemeanour referred to in the previous paragraph.

(3) When the nature of the committed misdemeanour referred to in the first paragraph of this article is particularly severe on account of the amount of damage caused, the amount of unlawful material benefit gained, the intent of the perpetrator or the intended self-interest, a fine of up to following amounts shall be imposed upon the bank:

1. 10% of the total annual net turnover, including gross income in the previous financial year in the form of interest income and similar income, income from shares and other variable/fixed-yield securities, and fees and commissions received in accordance with Article 316 of Regulation 575/2013; or
2. double the amount of the gain earned or the loss avoided by means of the breach, when such gain or loss is definable, if that amount exceeds the amount referred to in the previous point.

(4) A fine of between EUR 2,500 and EUR 10,000 for a misdemeanour shall be imposed upon a management board member who breaches the duties of a member of the management board referred to in the first or second paragraph of Article 47 of this Act for which reason a breach referred to in the first paragraph of this article has been committed.

(5) A fine of between EUR 2,500 and EUR 10,000 for a misdemeanour shall be imposed upon a member of the supervisory board of a bank who breaches the duties of a member of the supervisory board of a bank referred to in the first paragraph of Article 62 of this Act thereby causing the bank to commit a breach referred to in the first paragraph of this article.

(6) When the nature of the committed misdemeanour referred to in the fourth or fifth paragraph of this article is particularly severe on account of the amount of damage caused, the amount of unlawful material benefit gained, the intent of the perpetrator or the intended self-interest, a fine of up to EUR 5,000,000 shall be imposed upon the member of the management board or supervisory board.

(7) For a misdemeanour referred to in the first paragraph of this article, a fine of between EUR 800 and EUR 10,000 shall be imposed on the responsible person of the bank who is not a member of the management board or supervisory board. When the nature of the committed misdemeanour referred to in the previous sentence is particularly severe on account of the amount of damage caused, the amount of unlawful material benefit gained, the intent of the perpetrator or the intended self-interest, a fine of between EUR 2,500 and EUR 30,000 shall be imposed upon the bank's responsible person.

Article 397 **(fine for breaches by qualifying holder)**

(1) A fine of between EUR 25,000 and EUR 250,000 for a misdemeanour shall be imposed upon a legal person that as an unauthorised holder fails to dispose of its shares in accordance with the order to dispose of shares referred to in Article 297 of this Act. A fine of between EUR 80,000 and EUR 500,000 shall be imposed upon a legal person classed as a medium-sized or large enterprise pursuant to the ZGD-1 for a misdemeanour referred to in the previous sentence.

(2) When the nature of the committed misdemeanour referred to in the previous paragraph is particularly severe on account of the amount of damage caused, the amount of unlawful material benefit gained, the intent of the perpetrator or the intended self-interest, a fine of up to following amounts shall be imposed upon the legal person:

1. 10% of the total annual net turnover, including gross income in the previous financial year in the form of interest income and similar income, income from shares and other variable/fixed-yield securities, and fees and commissions received in accordance with Article 316 of Regulation 575/2013; or
2. double the amount of the gain earned or the loss avoided by means of the breach, when such gain or loss is definable, if that amount exceeds the amount referred to in the previous point.

(3) A fine of between EUR 2,500 and EUR 10,000 for a misdemeanour shall be imposed upon a natural person who as an unauthorised holder fails to dispose of their shares in accordance with the order to dispose of shares referred to in Article 297 of this Act.

(4) When the nature of the committed misdemeanour referred to in the previous paragraph is particularly severe on account of the amount of damage caused, the amount of unlawful material benefit gained, the intent of the perpetrator or the intended self-interest, a fine of up to following amounts shall be imposed upon the natural person:

1. EUR 5,000,000, or
2. double the amount of the gain earned or the loss avoided by means of the breach, when such gain or loss is definable, if double the determined amount of gain or loss exceeds the amount referred to in the previous point.

(5) A fine of between EUR 800 and EUR 10,000 for a misdemeanour shall be imposed upon the responsible person of a legal person that commits a misdemeanour referred to in the first paragraph of this article as an unauthorised holder. When the nature of the committed misdemeanour referred to in the previous sentence is particularly severe on account of the amount of damage caused, the amount of unlawful material benefit gained, the intent of the perpetrator or the intended self-interest, a fine of between EUR 2,500 and EUR 30,000 shall be imposed upon the legal person's responsible person.

Article 398

(fine for breaches by financial holding company or mixed financial holding company)

(1) A fine of between EUR 25,000 and EUR 250,000 for a misdemeanour shall be imposed upon a financial holding company or mixed financial holding company that:

1. fails to obtain an approval in accordance with Article 83 of this Act;
2. fails to notify Banka Slovenije in accordance with Article 87 of this Act;
3. fails to submit to Banka Slovenije the required information in accordance with the first paragraph of Article 88 of this Act;
4. fails to restore compliance by the deadline set in the order to restore compliance in accordance with Article 306 of this Act.

(2) A fine of between EUR 80,000 and EUR 500,000 shall be imposed upon a financial holding company or mixed financial holding company classed as a medium-sized or large enterprise pursuant to the ZGD-1 for a misdemeanour referred to in the previous paragraph.

(3) When the nature of the committed misdemeanour referred to in the first paragraph of this article is particularly severe on account of the amount of damage caused, the amount of unlawful material benefit gained, the intent of the perpetrator or the intended

self-interest, a fine of up to the following amounts shall be imposed upon the financial holding company or mixed financial holding company:

1. 10% of the total annual net turnover, including gross income in the previous financial year in the form of interest income and similar income, income from shares and other variable/fixed-yield securities, and fees and commissions received in accordance with Article 316 of Regulation 575/2013; or
2. double the amount of the gain earned or the loss avoided by means of the breach, when such gain or loss is definable, if that amount exceeds the amount referred to in the previous point.

(4) A fine of between EUR 2,500 and EUR 10,000 shall be imposed upon a member of the management body of the financial holding company or mixed financial holding company for a misdemeanour referred to in the first paragraph of this article.

(5) When the nature of the committed misdemeanour referred to in the previous paragraph is particularly severe on account of the amount of damage caused, the amount of unlawful material benefit gained, the intent of the perpetrator or the intended self-interest, a fine of up to EUR 5,000,000 shall be imposed upon the member of the management body.

(6) A fine of between EUR 800 and EUR 10,000 shall be imposed upon a responsible person who is not a member of the management body of the financial holding company or mixed financial holding company for a misdemeanour referred to in the first paragraph of this article. When the nature of the committed misdemeanour referred to in the previous sentence is particularly severe on account of the amount of damage caused, the amount of unlawful material benefit gained, the intent of the perpetrator or the intended self-interest, a fine of between EUR 2,500 and EUR 30,000 shall be imposed upon the responsible person of the financial holding company or mixed financial holding company.

Article 399 (breaches by other persons)

(1) A fine of between EUR 80,000 and EUR 250,000 for a misdemeanour shall be imposed upon a legal person that:

1. accepts deposits from the public in contravention of the prohibition referred to in Article 112 of this Act; or
2. fails to submit information to an authorised person of Banka Slovenije or fails to allow them to conduct an inspection in the manner set out in Articles 272, 275, 276, 277 and 278 of this Act, or otherwise impedes the supervision referred to in the second paragraph of Article 345 of this Act.

(2) A fine of between EUR 2,500 and EUR 10,000 for a misdemeanour shall be imposed upon the responsible person of a legal person that commits a misdemeanour referred to in the previous paragraph.

(3) A fine of between EUR 400 and EUR 150,000 for a misdemeanour shall be imposed on a sole trader or an individual independently pursuing registered business activities who:

1. accepts deposits from the public in contravention of the prohibition referred to in Article 112 of this Act; or
2. fails to submit information to an authorised person of Banka Slovenije or fails to allow them to conduct an inspection in the manner set out in Articles 272, 275, 276, 277 and 278 of this Act, or otherwise impedes the supervision referred to in the second paragraph of Article 345 of this Act.

(4) A fine of between EUR 400 and EUR 5,000 for a misdemeanour shall be imposed on an individual who:

1. accepts deposits from the public in contravention of the prohibition referred to in Article 112 of this Act; or
2. fails to submit information to an authorised person of Banka Slovenije or fails to allow them to conduct an inspection in the manner set out in Articles 272, 275, 276, 277 and 278 of this Act, or otherwise impedes the supervision referred to in the second paragraph of Article 345 of this Act.

(5) A fine of between EUR 80,000 and EUR 250,000 for a misdemeanour shall be imposed upon a legal person that is a shareholder in a bank and:

1. acquires shares in the bank without first obtaining the authorisation referred to in the first paragraph of Article 77 of this Act;
2. fails to notify Banka Slovenije of the conclusion of a shareholders' agreement referred to in Article 66 of this Act.

(6) A fine of between EUR 2,500 and EUR 10,000 for a misdemeanour shall be imposed upon the responsible person of a legal person that commits a misdemeanour referred to in the previous paragraph.

(7) A fine of between EUR 400 and EUR 3,500 for a misdemeanour shall be imposed on an individual who is a shareholder in a bank or savings bank and who commits a misdemeanour referred to in the fifth paragraph of this article.

(8) A fine of between EUR 80,000 and EUR 250,000 for a misdemeanour shall be imposed upon a legal person that concludes an agreement based on corporate law or another legal transaction on the basis of which it obtains the position of the parent entity of a bank or savings bank without first obtaining an authorisation from Banka Slovenije referred to in Article 77 of this Act.

(9) A fine of between EUR 2,500 and EUR 10,000 for a misdemeanour shall be imposed upon the responsible person of a legal person that commits a misdemeanour referred to in the previous paragraph.

(10) A fine of between EUR 1,000 and EUR 150,000 for a misdemeanour shall be imposed on a sole trader or an individual independently pursuing registered business activities who commits a misdemeanour referred to in the eighth paragraph of this article.

(11) A fine of between EUR 400 and EUR 3,500 for a misdemeanour shall be imposed on an individual who commits a misdemeanour referred to in the eighth paragraph of this article.

(12) A fine of between EUR 12,000 and EUR 120,000 for a misdemeanour shall be imposed upon a legal person in which a bank has acquired a qualifying holding should it fail to report to Banka Slovenije in accordance with the first paragraph of Article 227 of this Act.

(13) A fine of between EUR 2,500 and EUR 10,000 for a misdemeanour shall be imposed upon the responsible person of a legal person that commits a misdemeanour referred to in the previous paragraph.

(14) A fine of between EUR 25,000 and EUR 500,000 for a misdemeanour referred to in the first, fifth, eighth or twelfth paragraphs of this article shall be imposed upon a legal person classed as a medium-sized or large enterprise pursuant to the ZGD-1 that

commits a misdemeanour referred to in the first, fifth, eighth or twelfth paragraphs of this article.

(15) When the nature of the committed misdemeanour referred to in the previous paragraphs is particularly severe on account of the amount of damage caused, the amount of unlawful material benefit gained, the intent of the perpetrator or the intended self-interest, a fine of between EUR 41,000 and EUR 750,000 shall be imposed upon a legal person, a fine of between EUR 41,000 and EUR 1,500,000 shall be imposed upon a legal person classed as a medium-sized or large enterprise pursuant to the ZGD-1, a fine of between EUR 2,500 and EUR 30,000 shall be imposed upon the legal person's responsible person, a fine of between EUR 41,000 and EUR 450,000 shall be imposed upon a sole trader or an individual independently pursuing registered business activities, and a fine of between EUR 400 and EUR 15,000 shall be imposed upon an individual.

Article 400

(breaches in connection with notification of agency responsible for financial markets)

(1) A fine of between EUR 15,000 and EUR 250,000 for a misdemeanour shall be imposed upon a bank if within three working days of acquiring or disposing of the securities of a target company pursuant to the first paragraph of Article 94 of this Act it fails to notify the agency responsible for financial markets (second paragraph of Article 94 of this Act).

(2) A fine of between EUR 25,000 and EUR 500,000 for a misdemeanour referred to in the previous paragraph shall be imposed upon a bank classed as a medium-sized or large enterprise pursuant to the ZGD-1 that commits a misdemeanour referred to in the previous paragraph.

(3) A fine of between EUR 1,000 and EUR 10,000 for a misdemeanour shall be imposed upon the responsible person of a bank that commits a misdemeanour referred to in the first paragraph of this article.

(4) When the nature of the committed misdemeanour referred to in the first paragraph of this article is particularly severe on account of the amount of damage caused, the amount of unlawful material benefit gained, the intent of the perpetrator or the intended self-interest, a fine of between EUR 41,000 and EUR 750,000 shall be imposed upon a bank, a fine of between EUR 41,000 and EUR 1,500,000 shall be imposed upon a bank classed as a medium-sized or large enterprise pursuant to the ZGD-1, and a fine of between EUR 2,500 and EUR 30,000 shall be imposed upon the bank's responsible person.

(5) The provisions of the ZPre-1 shall apply to the imposition of the fine, the proceedings and the statute of limitations.

Article 401

(breaches by persons in banking group)

(1) A fine of between EUR 80,000 and EUR 250,000 for a misdemeanour shall be imposed upon:

1. a subsidiary that fails to forward to the parent bank in the banking group or to a bank that is controlled by the parent financial holding company or parent mixed financial holding company all the information that the latter requires to perform its obligations on a consolidated basis (first paragraph of Article 334);

2. a parent financial holding company or parent mixed financial holding company that fails to forward to its subsidiary bank all the information that the latter requires to perform its obligations on a consolidated basis (second paragraph of Article 334);
3. a subsidiary, parent financial holding company or parent mixed financial holding company that fails to allow Banka Slovenije or another competent authority responsible for supervision on a consolidated basis to conduct an inspection (fourth paragraph of Article 334);
4. a mixed-activity holding company or its subsidiary that fails to forward to subsidiary banks, Banka Slovenije or other competent authorities responsible for the supervision of such banks all information relevant to the supervision of the subsidiary banks (first paragraph of Article 336);
5. a subsidiary or parent mixed-activity holding company that fails to allow Banka Slovenije or another competent authority responsible for the supervision of subsidiary banks to conduct an inspection (second paragraph of Article 336).

(2) A fine of between EUR 25,000 and EUR 500,000 for a misdemeanour referred to in the previous paragraph shall be imposed upon a person referred to in the previous paragraph that is classed as a medium-sized or large enterprise pursuant to the ZGD-1 and that commits a misdemeanour referred to in the previous paragraph.

(3) A fine of between EUR 2,500 and EUR 10,000 for a misdemeanour shall be imposed upon the responsible person of a legal person that commits a misdemeanour referred to in the previous paragraph.

(4) When the nature of the committed misdemeanour referred to in the first paragraph of this article is particularly severe on account of the amount of damage caused, the amount of unlawful material benefit gained, the intent of the perpetrator or the intended self-interest, a fine of between EUR 41,000 and EUR 750,000 shall be imposed upon a person referred to in the first paragraph of this article, a fine of between EUR 41,000 and EUR 1,500,000 shall be imposed upon a person referred to in the second paragraph of this article, and a fine of between EUR 2,500 and EUR 30,000 shall be imposed upon a responsible person referred to in the previous paragraph.

Article 402

(breaches by audit firm and certified auditor)

(1) A fine of between EUR 25,000 and EUR 250,000 for a misdemeanour shall be imposed upon an audit firm that:

1. fails to conduct an audit or fails to prepare reports in accordance with the first paragraph of Article 106 of this Act or the regulations referred to in Article 109 of this Act;
2. fails to provide additional clarifications to Banka Slovenije at its request in accordance with the third paragraph of Article 107 of this Act;
3. fails to supplement or revise its reports in accordance with a Banka Slovenije requirement referred to in the fourth paragraph of Article 106 of this Act;
4. fails to notify Banka Slovenije without delay of facts and circumstances referred to in the first paragraph of Article 107 of this Act.

(2) A fine of between EUR 25,000 and EUR 500,000 shall be imposed upon an audit firm classed as a medium-sized or large enterprise pursuant to the law governing companies for a misdemeanour referred to in the previous paragraph.

(3) A fine of between EUR 2,500 and EUR 10,000 for a misdemeanour shall be imposed upon a certified auditor who commits a misdemeanour referred to in the first paragraph of this article.

(4) When the nature of the committed misdemeanour referred to in the first paragraph of this article is particularly severe on account of the amount of damage caused, the amount of unlawful material benefit gained, the intent of the perpetrator or the intended self-interest, a fine of between EUR 41,000 and EUR 750,000 shall be imposed upon an audit firm, a fine of between EUR 41,000 and EUR 1,500,000 shall be imposed upon an audit firm classed as a medium-sized or large enterprise pursuant to the ZGD-1, and a fine of between EUR 2,500 and EUR 30,000 shall be imposed upon the audit firm's responsible person.

Article 403 (misdemeanours authority)

(1) In accordance with the law governing misdemeanours, the misdemeanours authority that decides on misdemeanours committed pursuant to this Act and imposes fines pursuant to this Act is Banka Slovenije.

(2) The previous paragraph notwithstanding, the misdemeanours authority for misdemeanours referred to in Article 400 of this Act is the agency responsible for financial markets.

Article 404 (misdemeanours proceedings)

(1) Misdemeanours proceedings shall be conducted and ruled on by an authorised official of Banka Slovenije who meets the conditions pursuant to the law governing misdemeanours and regulations issued on its basis.

(2) Banka Slovenije shall, by virtue of a bylaw regulating organisation and the job classification system, set out the conditions and method for conferring the authorisation on the person deemed the authorised official of Banka Slovenije referred to in the previous paragraph, and for withdrawing it.

(3) Article 351 of this Act notwithstanding, the law governing misdemeanours shall apply to misdemeanours proceedings.

Article 405 (fine imposed in fast-track procedure)

For misdemeanours referred to in this Act, a fine imposed in a fast-track procedure may also be higher than the minimum fine set out by this Act.

Article 406 (application of misdemeanours provisions)

The amounts and ranges of fines set out in this Act shall apply, notwithstanding the provisions of the law governing misdemeanours.

The Banking Act (ZBan-3; Official Gazette of the Republic of Slovenia, No. [92/21](#)) contains the following transitional and final provisions:

“CHAPTER 16: TRANSITIONAL PROVISIONS

Article 407 (maintenance of validity of authorisations)

(1) Banks' authorisations to provide banking services or other services, to perform the function of a member of the management board of a bank, to acquire a qualifying holding and to acquire a qualifying holding, and other authorisations and consents that pursuant to the Banking Act (Official Gazette of the Republic of Slovenia, Nos. 25/15, 44/16 [ZRPPB], 77/16 [ZCKR], 41/17, 77/18 [ZTFI-1], 22/19 [ZIUDSOL] and 44/19 [constitutional court decision]; hereinafter: the ZBan-2) are valid upon the entry into force of this Act shall be deemed authorisations and consents granted pursuant to this Act or Regulation 575/2013 as of the entry into force of this Act. Should the conditions for maintaining an authorisation or consent set out by this Act or Regulation 575/2013 not be met, the authorisation or consent shall be withdrawn or invalidated in accordance with the provisions of this Act.

(2) Banka Slovenije decisions with regard to a bank's status attributes or position, in particular with regard to the definition of a bank as significant, as a systemically important institution or as a small and non-complex bank or in connection with the establishment of simplified obligations for recovery plans set out by the ZBan-2 or Regulation 575/2013 and pursuant to the ZBan-2 shall apply after the entry into force of this Act, and as of the entry into force of this Act shall be deemed decisions issued pursuant to this Act or Regulation 575/2013. Should the conditions for maintaining the status attributes or position of a bank set out by this Act or Regulation 575/2013 not be met, the decision shall be revoked or cancelled in accordance with the provisions of this Act.

Article 408 (transitional provisions for members of supervisory board)

(1) A member of a supervisory board who on the day of the entry into force of this Act performs the function of a member of a supervisory board, where Banka Slovenije or the European Central Bank has already informed the bank of a positive suitability assessment, shall be deemed to hold an authorisation to perform the function of a member of a supervisory board. Should the conditions for maintaining an authorisation set out by this Act not be met, the authorisation shall be withdrawn in accordance with Article 305 of this Act.

(2) A member of a supervisory board who on the day of the entry into force of this Act performs the function of a member of a supervisory board, where Banka Slovenije or the European Central Bank has not yet decided on their suitability on the day of the entry into force of this Act, shall continue performing the function until a decision is made in the procedure for assessing the suitability of the supervisory board member. Procedures for assessing the suitability of supervisory board members in these cases shall be completed pursuant to the provisions of the ZBan-2. In the event of a positive suitability assessment, the previous paragraph shall apply *mutatis mutandis*, whereby the supervisory board member shall be deemed to have obtained the authorisation to perform the function of a member of a supervisory board when Banka Slovenije or the European Central Bank informed the bank of the positive suitability assessment. In the event of a negative suitability assessment, Banka Slovenije or the European Central Bank shall prohibit the supervisory board member from performing the function of a member of a supervisory board in accordance with the ZBan-2. In this event the supervisory board member shall perform the function of a member of a supervisory board until the service of the decision on the prohibition of the performance of the function pursuant to Article 273 of the ZBan-2.

Article 409

(transitional provision for financial holding companies and mixed financial holding companies)

(1) Parent financial holding companies and parent mixed financial holding companies referred to in Article 83 of this Act that were already in existence as at 27 June 2019 shall request an approval in accordance with Article 83 of this Act by 28 June 2021. If a financial holding company or mixed financial holding company fails to request an approval by 28 June 2021, Banka Slovenije or the European Central Bank shall adopt measures pursuant to Article 306 of this Act.

(2) Notwithstanding the previous paragraph, until 28 June 2021 Banka Slovenije and the European Central Bank shall have all the necessary supervisory powers pursuant to this Act in connection with financial holding companies or mixed financial holding companies that were already in existence as at 27 June 2019 and for which an approval is necessary in accordance with Article 83 of this Act for the purposes of consolidated supervision.

Article 410

(transitional provision for intermediate EU parent undertaking)

Notwithstanding Article 142 of this Act, groups from third countries whose total assets were equal to or more than EUR 40 billion as at 27 June 2019 shall establish one or two intermediate EU parent undertakings by 30 December 2023.

Article 411

(transitional provision for decision on additional own funds requirement and decision on guidance on additional own funds)

(1) Until the issuance of a decision on the additional own funds requirement pursuant to the first paragraph of Article 205 of this Act, for the purposes of providing an own funds requirement that exceeds the minimum own funds requirement set out in Article 92(1) of Regulation 575/2013 a bank shall take account of the written notification referred to in the first paragraph of Article 183 of the ZBan-2 or in accordance with Regulation 1024/2013.

(2) Until the issuance of a decision on guidance on additional own funds pursuant to the third paragraph of Article 205 of this Act, a bank shall take account of the written notification referred to in the first paragraph of Article 183 of the ZBan-2 or in accordance with Regulation 1024/2013.

Article 412

(consideration of annual fee already paid)

When issuing a decision on the payment of the annual fee referred to in the third paragraph of Article 268 of this Act, Banka Slovenije shall take account of any payments already ordered and received by the entry into force of this Act, and shall order a bank to merely pay the shortfall on the full amount of the annual fee.

Article 413

(pending procedures)

(1) Procedures for granting an authorisation and other procedures initiated at the request of a party in which Banka Slovenije has yet to rule by the entry into force of this Act shall be completed pursuant to the provisions of the ZBan-2.

(2) Other Banka Slovenije procedures initiated before the entry into force of this Act in which Banka Slovenije has yet to rule by the entry into force of this Act shall be completed pursuant to the provisions of this Act.

(3) Judicial review procedures against Banka Slovenije decisions issued before the entry into force of this Act shall be completed pursuant to the provisions of this Act.

Article 414

(application of provisions to investment firms)

Until the entry into force of a law governing the prudential supervision of investment firms, the provisions of this Act shall apply *mutatis mutandis* to the prudential supervision of investment firms.

Article 415

(manner of application of first paragraph of Article 184 of this act)

Until 28 June 2021, a bank's eligible capital referred to in point 71(b) of Article 4(1) of Regulation 575/2013 shall be taken into account instead of the bank's Tier 1 capital in the first paragraph of Article 184 of this Act.

CHAPTER 17: FINAL PROVISIONS

Article 416

(cessation of validity of regulations)

(1) On the day that this Act enters into force, the Banking Act (Official Gazette of the Republic of Slovenia, Nos 25/15, 44/16 [ZRPPB], 77/16 [ZCKR], 41/17, 77/18 [ZTFI-1], 22/19 [ZIUDSOL] and 44/19 [constitutional court decision]) shall cease to be in force.

(2) On the day that this Act enters into force, the Regulation on the content of recovery plans of banks and savings banks (Official Gazette of the Republic of Slovenia, No. 63/15) shall cease to be in force.

(3) On the day that this Act enters into force, the Rulebook setting out the criteria for determining the principal pursuit of the business activity of obtaining capital assets or the principal provision of mutually recognised financial services referred to in points 2 to 12 and point 15 of Article 10 of the Banking Act (Official Gazette of the Republic of Slovenia, Nos. 55/07 and 25/15 [ZBan-2]) shall cease to be applied.

(4) Notwithstanding the first paragraph of this article, the ZBan-2 shall be applied when referred to by the Financial Instruments Market Act (Official Gazette of the Republic of Slovenia, Nos. 77/18, 17/19 [corrigendum] and 66/19; hereinafter: the ZTFI-1) until the entry into force of amendments and additions to the ZTFI-1.

Article 417

(continuing validity of regulations)

(1) The Regulation on the criteria for designation of a significant bank (Official Gazette of the Republic of Slovenia, No. 17/18) shall remain in force as regulations issued on the basis of the third paragraph of Article 7 of this Act.

(2) The Regulation on the exercise of options and discretions under European Union law (Official Gazette of the Republic of Slovenia, Nos. 28/16, 81/18 and 126/20) shall remain in force as regulations issued on the basis of Article 9 of this Act.

(3) The Regulation on the data and information for defining a bank as small and non-complex (Official Gazette of the Republic of Slovenia, No. 21/21) shall remain in force as regulations issued on the basis of Article 9 of this Act.

(4) The Regulation on credit risk management at banks and savings banks (Official Gazette of the Republic of Slovenia, Nos. 68/17 and 78/19) shall remain in force as regulations issued on the basis of Article 9, point 3 of the first paragraph of Article 109 and point 1 of Article 155 of this Act.

(5) The Rulebook on mutual cooperation by supervisory authorities in the area of microprudential supervision (Official Gazette of the Republic of Slovenia, No. 78/15) shall remain in force as regulations issued on the basis of the fifth paragraph of Article 22 of this Act.

(6) The Regulation on the criteria for a non-cash contribution to increase the share capital of banks and savings banks (Official Gazette of the Republic of Slovenia, No. 55/15) shall remain in force as regulations issued on the basis of the seventh paragraph of Article 29 and the second paragraph of Article 284 in connection with Article 286 of this Act.

(7) The Regulation on internal governance arrangements, the management body and the internal capital adequacy assessment process for banks and savings banks (Official Gazette of the Republic of Slovenia, Nos. 73/15, 49/16, 68/17, 33/18, 81/18 and 45/19) shall remain in force as regulations issued on the basis of point 1 of Article 65 and points 1, 2 and 3 of Article 155 of this Act.

(8) The Regulation on the documentation for demonstrating fulfilment of the conditions for appointment as a member of the management body of a bank or savings bank (Official Gazette of the Republic of Slovenia, No. 33/17) shall remain in force as regulations issued on the basis of points 2 and 3 of Article 65 of this Act.

(9) The Regulation on the holders of qualifying holdings of banks and savings banks (Official Gazette of the Republic of Slovenia, No. 50/17) shall remain in force as regulations issued on the basis of Article 82 of this Act.

(10) The Regulation on the books of account and annual reports of banks and savings banks (Official Gazette of the Republic of Slovenia, Nos. 69/17, 73/19 and 164/20) shall remain in force as regulations issued on the basis of the first paragraph of Article 109 of this Act.

(11) The Regulation on reporting by monetary financial institutions (Official Gazette of the Republic of Slovenia, Nos. 44/18 and 140/20) shall remain in force as regulations issued on the basis of point 4 of the first paragraph of Article 109 of this Act.

(12) The Regulation on the deferral and termination of reporting requirements for banks, savings banks, branches of Member State banks, payment institutions, electronic

money institutions, currency exchange operators and other obliged entities (Official Gazette of the Republic of Slovenia, Nos. 49/20 and 58/20) shall remain in force as regulations issued on the basis of point 4 of the first paragraph of Article 109, point 3 of Article 155, the fourth paragraph of Article 169, the fifth paragraph of Article 170 and Article 228 of this Act.

(13) The Regulation on the minimum scope and content of the additional audit and the additional auditor's report of compliance with risk management rules at banks and savings banks (Official Gazette of the Republic of Slovenia, No. 72/17) shall remain in force as regulations issued on the basis of the second paragraph of Article 109 of this Act.

(14) The Regulation on the documentation for the granting of authorisations to provide banking and financial services and for status changes (Official Gazette of the Republic of Slovenia, No. 73/15) shall remain in force as regulations issued on the basis of Article 123 of this Act.

(15) The Regulation on the conditions for the provision of services of consumer credit for real estate (Official Gazette of the Republic of Slovenia, No. 9/17) shall remain in force as regulations issued on the basis of point 2 of Article 123 of this Act.

(16) The Regulation on reporting by branches of Member State banks (Official Gazette of the Republic of Slovenia, Nos. 97/20 and 189/20) shall remain in force as regulations issued on the basis of the seventh paragraph of Article 133 of this Act.

(17) The Regulation on the documentation for the granting of an authorisation to establish a branch of a third-country bank (Official Gazette of the Republic of Slovenia, No. 73/15) shall remain in force as regulations issued on the basis of the eleventh paragraph of Article 137 of this Act.

(18) The Regulation on the documentation for the granting of an authorisation to include a capital instrument in the calculation of the capital of banks and savings banks and the documentation on subsequent issuances of instruments (Official Gazette of the Republic of Slovenia, No. 21/21) shall remain in force as regulations issued on the basis of the fourth paragraph of Article 149 of this Act.

(19) The Regulation on the reporting of individual facts and circumstances of banks and savings banks (Official Gazette of the Republic of Slovenia, Nos. 63/15, 104/15, 42/16, 68/17 and 33/18) shall remain in force as regulations issued on the basis of point 3 of Article 155, the fourth paragraph of Article 169, the fifth paragraph of Article 170 and Article 228 of this Act.

(20) The Regulation on the documentation for the granting of authorisation to acquire a qualifying holding to banks and savings banks (Official Gazette of the Republic of Slovenia, No. 47/15) shall remain in force as regulations issued on the basis of the eighth paragraph of Article 223 of this Act.

(21) The Regulation on the calculation of an institution-specific countercyclical capital buffer rate for banks and savings banks (Official Gazette of the Republic of Slovenia, Nos. 55/15, 42/16 and 9/17) shall remain in force as regulations issued on the basis of the third paragraph of Article 232 and Article 262 of this Act.

(22) The Regulation on annual fees for supervision and fees in connection with decision-making procedures of Banka Slovenije (Official Gazette of the Republic of Slovenia, Nos. 47/15, 72/17 and 173/20) shall remain in force as regulations issued on the basis of the sixth paragraph of Article 268 and Article 362 of this Act.

(23) The Regulation on reporting by banks and savings banks in connection with a group (Official Gazette of the Republic of Slovenia, No. 63/15) shall remain in force as regulations issued on the basis of the fifth paragraph of Article 326 of this Act.

Article 418
(amendment of regulations)

(1) In the Consumer Credit Act (Official Gazette of the Republic of Slovenia, No. 77/16), in Article 76 the words “Articles 319 to 362 of the Banking Act (Official Gazette of the Republic of Slovenia, Nos. 25/15 and 44/16 [ZRPPB])” shall be replaced with the words “Articles 351 to 394 of the Banking Act (Official Gazette of the Republic of Slovenia, No. 92/21; hereinafter: the Banking Act)”.

(2) In the first paragraph of Article 84, the words “Articles 242 to 247” shall be replaced with the words “Articles 272 to 277”.

Article 419
(entry into force)

This Act shall enter into force fifteen days after its publication in the Official Gazette of the Republic of Slovenia.”

The Prudential Supervision of Investment Firms Act (Official Gazette of the Republic of Slovenia, No. [123/21](#); the ZBNIP) contains the following final provision:

“Article 89
(entry into force)

This Act shall enter into force fifteen days after its publication in the Official Gazette of the Republic of Slovenia.”