

Disclosure of information on measure imposed on credit institution

Supervisory measure against Hranilnica Lon d.d. owing to breaches identified in the area of the prevention of money laundering and terrorist financing (hereinafter: AML/CFT)

Information on person responsible for breach	
Business name and registered office of legal person	Hranilnica Lon d.d., Žanova ulica 3, 4000 Kranj, registration number 5624908000 (savings bank)
Information on breach	
Description of circumstances and conduct entailing a breach of the Prevention of Money Laundering and Terrorist Financing Act (Official Gazette of the Republic of Slovenia, No. 68/16; hereinafter: the ZPPDFT-1)	In December 2017 and January 2018 the Bank of Slovenia conducted a follow-up review of the savings bank in the area of AML/CFT for the purpose of determining whether the savings bank had rectified the deficiencies identified in the previous review and cited in the supervisory letter issued to the savings bank by the Bank of Slovenia on 7 March 2017. The savings bank failed to rectify the deficiencies cited in the supervisory letter, for which reason the Bank of Slovenia issued it with an order for the rectification of breaches on 22 May 2018.
Nature of identified breaches	Having regard for the penal provisions of the ZPPDFT-1, of the five breaches identified, three were most serious in nature, while one was minor in nature.
Operational part of order for rectification of breaches	
<p>1. On the basis of a follow-up supervisory review of Hranilnica Lon d.d., Kranj, of Žanova 3, 4000 Kranj (hereinafter: the savings bank), which was conducted between 20 November and 1 December 2017 and between 22 and 31 January 2018 in the area of prevention of money laundering and terrorist financing (hereinafter: AML/CFT), the Bank of Slovenia finds that the savings bank had failed to rectify certain breaches cited in the supervisory letter referenced PBH-24.70-010/16-003 of 7 March 2017 (hereinafter: the letter), for which reason the Bank of Slovenia is issuing it with an Order for the rectification of breaches (hereinafter: the order) in accordance with Article 249 of the ZBan-2.</p> <p>2. It was found that the savings banks is in breach of the following provisions of the ZPPDFT-1:</p> <ul style="list-style-type: none">a) the second paragraph of Article 78 of the ZPPDFT-1, by failing to ensure deputisation for the AML/CFT officer in the full scope of his tasks;b) Article 81 of the ZPPDFT-1 in connection with Articles 2, 3 and 4 of the Rulebook on the Implementation of Internal Controls, the Authorised Person, the Storage and Protection of Data, Professional Training and the Administration of Records at Liable Persons (Official Gazette of the Republic of Slovenia, No. 54/17; hereinafter: the internal control rulebook), by failing to put in place a comprehensive system of internal controls in the area of AML/CFT;c) the first paragraph of Article 48 in connection with point 4 of the first paragraph of Article 137 of the ZPPDFT-1, by failing to ensure the consistent collection of data on the purpose of the business relationship;d) the fourth paragraph of Article 43 of the ZPPDFT-1 in connection with the first paragraph of Article 17 of the ZPPDFT-1 and the first paragraph of Article 16 of the ZPPDFT-1, by failing to ensure the adequate identification of the client's ultimate beneficial owner;e) the first and fourth paragraphs of Article 49 of the ZPPDFT-1, by failing to provide for regular updates to the documentation collected on the client. <p>To rectify the aforementioned breaches, the savings bank must:</p>	

<ul style="list-style-type: none"> a) ensure that deputisation for the AML/CFT officer is provided for in the full scope of his tasks; b) put in place a comprehensive and effective system of internal controls in the area of AML/CFT, and adequate internal reporting to the AML/CFT officer by business units; c) ensure without delay that (higher-quality) data on the purpose of the business relationship is collected when new business relationships are being entered into. By the stipulated deadline the savings bank must also improve the quality of the data collected from existing clients, as part of its regular updating of data and documentation collected on the client, and in so doing must focus in particular on clients that entail a high risk from the perspective of AML/CFT; d) without delay apply the appropriate procedure for consistently determining the ultimate beneficial owner in the manner set out by the ZPPDFT-1 when new business relationships are being entered into; e) conduct a review of all legal entities that entail a high risk from the perspective of AML/CFT, and verify the adequacy of the data and documentation collected on the client. In the event of deficiencies being identified, by the stipulated deadline the savings bank must obtain the missing data or must update the collected data, including the corresponding documentation. <ol style="list-style-type: none"> 3. The savings bank must rectify the breaches set out in point 2 of the order by 30 September 2018. The savings bank must also submit a written report to the Bank of Slovenia by 30 September 2018 describing the measures taken to rectify the breaches set out in the order in accordance with the first paragraph of Article 251 of the ZBan-2. 4. The savings bank must submit an action plan for the rectification of the breaches set out in point 2 of the order to the Bank of Slovenia by 15 June 2018. 5. The bank must report the names of the persons at the savings bank responsible for the rectification of the breaches set out in point 2 of the order to the Bank of Slovenia within five days of receiving the order. 6. An objection to this order shall not stay its enforcement.
<p>Information on any rectification of breach or implementation of ordered measure:</p> <p>The savings bank submitted an action plan for the rectification of breaches to the Bank of Slovenia on time. The deadline for the rectification of breaches had not passed as at the day of the publication of the measure.</p>