



***Permanent Representation of the Republic of Croatia to the EU***

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CLASS: 91018-03/15-23/91

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Brussels, 9 July 2015

**EUROPEAN SYSTEMIC RISK BOARD  
Sonnemannstrasse 20  
60314 Frankfurt am Main  
Germany**

Dear Mrs/Mr.,

Attached please find notifications on behalf of the Republic of Croatia regarding the exemption of small and medium-sized investment firms from the requirements to maintain a countercyclical capital buffer pursuant to **Article 130** of the CRD IV as well as from the requirements to maintain a capital conservation buffer pursuant to **Article 129** of the CRD IV.

Sincerely yours,



**Chargé d'affaires**

**Terezija Prskalo**



**REPUBLIC OF CROATIA**  
CROATIAN FINANCIAL SERVICES  
SUPERVISORY AGENCY

Class: 910-04/15-02/23  
Reference number: 326-01-330-15-4  
Zagreb, 10 June 2015

**EUROPEAN SYSTEMIC RISK BOARD**  
Sonnemannstrasse 20  
60314 Frankfurt am Main,  
GERMANY

**Subject: Notification on behalf of the Republic of Croatia regarding the exemption of small and medium-sized investment firms from the requirements to maintain a capital conservation buffer pursuant to Article 129 of the CRD IV**

Pursuant to article 129, paragraph 2 of the CRD IV, a Member State may exempt small and medium-sized investment firms from the requirements set out in Article 129, paragraph 1 of the CRD IV, if such an exemption does not threaten the stability of the financial system of that Member State.

Member States, which decide to apply such an exemption, shall notify the Commission, the ESRB, EBA and the competent authorities of the Member States concerned accordingly.

According to the article 279 b. paragraph 3 of the Capital Market Act (Official gazette No. 88/08, 146/08, 74/09, 54/13, 159/13 and 18/15), it has been decided to exempt small and medium-sized investment firms in the Republic of Croatia from maintaining a capital conservation buffer, pursuant to Article 129, paragraph 2 of the CRD IV.

Croatian small and medium-sized investment firms are defined according to the criteria set out in the European Commission Recommendation, 2003/361/EC, 6 May 2003, defining micro, small and medium-sized enterprises. Furthermore, according to the article 2. paragraph 4 of the Ordinance amending Ordinance on the implementation of Commission Implementing Regulation (EU) No. 680/2014 (Official gazette No. 52/15), small and medium-sized investment firm must therefore meet the following criteria:

- average amount of annual balance sheet at the end of the previous three financial years as shown in revised financial statements does not exceed 200 million HRK,
- average annual turnover for the previous three financial years as shown in revised financial statements does not exceed 50 million HRK.



Today there are 7 small and medium-sized investment firms in the Republic of Croatia.

Investment firms have a limited range of permitted activities and could therefore be wound up without causing considerable damage. Taking into account limited range of performed activities combined with falling into category of small and medium sized investment firms, the exemption is not deemed to create a threat to the stability of the financial system in the Republic of Croatia.

Yours sincerely,

**PRESIDENT OF THE BOARD**

**Petar-Pierre Matek**

