CONSOLIDATED TEXT

ANTI-MONEY LAUNDERING AND TERRORIST FINANCING ACT
(Official Gazette No 108/17)

AMENDMENTS OF THE ANTI-MONEY LAUNDERING AND TERRORIST FINANCING ACT
(Official Gazette No 39/19)[1]

CHAPTER I

INTRODUCTORY PROVISIONS

Subject Matter of the Act

Article 1

(1) This Act shall prescribe measures, actions and procedures that reporting entities and competent state authorities undertake for the purpose of preventing and detecting money laundering and terrorist financing, and other preventive measures for the purpose of preventing the use of the financial system for money laundering and terrorist financing.

(2) The provisions contained in this Act pertinent to the money laundering prevention and detection shall adequately be applied to the prevention and the detection of terrorist financing for the purpose of preventing and detecting activities of individuals, legal persons, groups and organizations in relation to the terrorist financing.

Alignment of Regulations with the European Union Acquis Communautaire

Article 2

(1) This Act shall transpose following European Union directive into Croatian legislation:

1. Directive (EU) 2015/849 of the European Parliament and of 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 (Text with EEA relevance) (OJ L 141, 5.6.2015) (hereinafter referred to as: Directive (EU) 2015/849)

2. 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 (Text with EEA relevance) (OJ L 156, 19.6.2018) (hereinafter referred to as: Directive (EU) 2018/843).

(2) This Act shall ensure that the following regulations are implemented:

1. Regulation (EU) 2015/847 of the European Parliament and of the Council of 20 May 2015 on information accompanying transfers of funds and repealing Regulation (EC) No 1781/2006 (text with EEA relevance) (OJ L 309, 25.11.2005.) (hereinafter referred to as: Regulation (EU) 2015/847)

2. Regulation (EC) no. 1889/2005 of the European Parliament and of the Council of 26 October 2005 on controls of cash entering or leaving the Community (text with EEA relevance) (OJ L 309, 25.11.2005.) (hereinafter referred to as: Regulation (EU) 1889/2005)

[1] Please note that the Amendments of the AMLTF Act (OG 39/19) are marked in **bold**.

3. Commission Delegated Regulation (EU) 2018/1108 of 7 May 2018 supplementing Directive (EU) 2015/849 of the European Parliament and of the Council with regulatory technical standards on the criteria for the appointment of central contact points for electronic money issuers and payment service providers and with rules on their functions (Text with EEA relevance) (hereinafter referred to as: Commission Delegated Regulation (EU) 2018/1108).

Fundamental Terms on Money Laundering and Terrorist Financing

Article 3

(1) Money laundering shall mean as follows:

1. conversion or transfer of property, when it is known that the property has been derived from criminal activity or participation in such an activity, for the purpose of concealing or disguising the illicit origin of the property, or of assisting any person involved in the commission of such activity to evade the legal consequences of actions taken by that person;
2. concealment or disguise of the true nature, source, location, disposition, movement, rights with respect to, or ownership of, property, knowing that such property has been derived from criminal activity or from an act of participation in such an activity;
3. acquisition, possession or use of property, knowing, at the time of receipt, that such property has been derived from criminal activity or from an act of participation in such an activity;
4. participation in, association to commit, attempts to commit and aiding, abetting, facilitating and counselling the commission of any of the activities referred to in items 1, 2 and 3 of this paragraph.

(2) Money laundering shall be regarded as such even where the activities which generated the property to be laundered were carried out in the territory of another Member State or in that of a third country.

(3) Terrorist financing shall mean the provision or collection of, as well as an attempt to provide or collect, legal or illegal funds by any means, directly or indirectly, with the intention that they be used or in the knowledge that they are to be used, in full or in part, by a terrorist or a terrorist organization for any purpose including the commission of a terrorist criminal offence, or by persons financing the terrorism.

(4) Terrorist criminal offence shall be a criminal offence prescribed in Article 2 of the International Convention for the Suppression of the Financing of Terrorism (Official Gazette - International Agreements, no. 16/03) as well as a criminal offence of terrorism and criminal offences related to terrorism prescribed in the Title of the Criminal Code which prescribes criminal offences against humanity and dignity of person.

(5) Terrorist shall mean any natural person who:

1. commits or attempts to commit a terrorist criminal offence by any means, directly or indirectly, unlawfully and wilfully,
2. participates in the commission of a terrorist criminal offence,
3. organizes or directs others to commit a terrorist criminal offence,
4. intentionally contributes to the commission of one or more terrorist criminal offences by an individual or a group of persons acting with a common purpose: with the aim of furthering the criminal activity or criminal purpose of the individual or the group, where such activity or purpose involves the commission of a terrorist criminal offence, or in the knowledge of the intention of the individual or the group to commit a terrorist criminal offence.

(6) Terrorist group or organization shall refer to all groups of terrorists that:

1. commit or attempt to commit a terrorist criminal offence by using any means, directly or indirectly, unlawfully and wilfully,
2. participate as accomplices in terrorist criminal offences,
3. organize or direct others to commit terrorist criminal offences,
4. contribute to the commission of terrorist criminal offences by an individual or a group of persons acting with a common purpose when the contribution is given intentionally and with the aim of

furthering the terrorist criminal offence or in the knowledge of the intention of the individual or the group to commit a terrorist criminal offence.

(7) The basic terms referred to in this Article shall be prescribed solely for the purpose of implementing measures, actions and procedures for the prevention of money laundering and terrorist financing carried out by reporting entities referred to in Article 9, paragraphs 2, 3, 4 and 5 of this Act.

Meaning of Other Terms

Article 4

Other terms, in the context of this Act, shall have the following meaning:

1. *Stock exchange and regulated market* shall be the terms bearing the same meaning as laid down in the act regulating the capital market
2. *Customs Administration* shall be the Ministry of Finance, Customs Administration
3. *Member state* shall be a European Union member state and a state signatory to the Agreement on the European Economic Area
4. *Electronic money* shall bear the same meaning as prescribed by the act regulating the electronic money
5. *European Supervisory Authorities* shall be the European Banking Authority (EBA) established by the 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; European Insurance and Occupational Pensions Authority (EIOPA) established by the 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; European Securities and Markets Authority (ESMA) established by the 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
6. *Shell bank* shall be a credit or financial institution, or an institution that carries out activities equivalent to those carried out by credit institutions and financial institutions, incorporated in a jurisdiction in which it has no physical presence, involving meaningful mind and management, and which is unaffiliated with a regulated financial group subject to efficient consolidated supervision
7. *Financial institution* shall be a term applicable to the reporting entities referred to in Article 9, paragraph 2, items 2, 3, 5, 6, 7, 8, 9, 10, 11, 12, 13, 14, 15, and 17 a), b), c), d), and e) of this Act, and their branches, whether its head office is situated in the European Union or in a third country
8. *Financial Inspectorate* shall be the Ministry of Finance, Financial Inspectorate of the Republic of Croatia
9. *Financial Intelligence Unit*:
   a) domestic Financial Intelligence Unit shall be Anti-Money Laundering Office (hereinafter referred to as: the Office),
   b) foreign Financial Intelligence Unit shall be an authority in charge of receiving and analysing suspicious transactions and other information relevant to the suspicion of money laundering and terrorist financing and of disseminating the results of the analysis to competent authorities in the member state or the third country (hereinafter referred to as: foreign FIU)
10. *FIU.net* shall be a secure decentralized computer network for international exchange of information and data among financial intelligence units of member states;
11. *Cash referred to in Article 121* of this Act shall have the same meaning as in the Regulation (EC) No. 1889/2005
12. *Cash* shall be banknotes and coins in circulation as legal means of payment
13. *Cash transaction* shall be any transaction in which the reporting entity physically receives cash from the customer, or physically hands over cash to the customer for customer's possession and disposal
14. *Group* shall mean a group of companies consisting of parent company, daughter company and company in which a parent company or a daughter company hold a participation, as well as

companies that are mutually related as prescribed by the act regulating companies and by the act regulating the accounting of entrepreneurs

15. *Identification number* shall be a personal identification number of the person obliged to have a personal identification number, determined by the act regulating the personal identification number (hereinafter referred to as: OIB), or other identification number for persons that are not obliged to have OIB
16. *Property* shall be assets of every kind, whether corporeal or incorporeal, movable of immovable, tangible or intangible, and legal documents or instruments, in any form, including electronic or digital, evidencing title to or an interest in such assets
17. *Information on the activity of a customer who is a natural person* shall be any data representing the basis for the establishment and monitoring of a business relationship, whether it is about a private or a professional status, or the activity of a customer
18. *Delivery channel* shall be a channel used for the delivery of products and services to the final beneficiary
19. *Correspondent relationship* shall be considered a relationship:
    a) in which one bank as the correspondent provides banking services to another bank as the respondent, including the current or other liability account and related services, such as cash management, international funds, cheque clearing, payable-through accounts and foreign exchange services;
    b) between and among credit institutions and financial institutions, including where similar services are provided via a correspondent institution to a respondent institution, and including relationships established for securities transactions or funds transfers;
20. *Credit institution* shall be a term applicable to the reporting entities referred to in Article 9, paragraph 2, item 1 of this Act, within the same meaning as defined in Article 4 paragraph 1 item 1 of the 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, including its branches as defined in Article 4 paragraph 1 item 17 of this Regulation, situated in the European Union, whether its headquarters is situated in the European Union or in a third country
21. *Criminal activity* shall be every involvement in the commission of a criminal offence, prescribed by the Criminal Code and other Acts prescribing criminal offences, including tax crimes related to direct taxes and indirect taxes
22. *Qualified certificate for electronic signature or electronic seal* shall be a certificate for electronic signatures issued by a qualified trust service provider that meets the requirements determined by the Regulation (EU) No. 910/2014 of the European Parliament and of the Council of 23 July 2014 on electronic identification and trust services for electronic transactions in the internal market and repealing Directive 1999/93/EC (hereinafter referred to as: Regulation (EU) 910/2014)
23. *Inter-institutional working group for the prevention of money laundering and terrorist financing* shall be an expert working group composed of the representatives of state authorities and institutions in charge of the prevention and the detection of money laundering and terrorist financing
24. *National risk assessment* shall be a comprehensive process of identification and analysis of main risks of money laundering and terrorist financing at a national level
25. *Supranational risk assessment* shall be an assessment of risks of money laundering and terrorist financing affecting the internal market and relating to cross-border activities, carried out by the European Commission
26. *Non-profit organizations* shall be associations, funds, foundations, religious communities and other legal persons which do not perform an economic activity for the purpose of gaining profit
27. *Reporting entities* shall be legal and natural persons that are obliged to undertake measures and actions for the purpose of preventing and detecting money laundering and terrorist financing in accordance with this Act
28. *Persons performing a professional activity* shall be legal or natural persons acting within the framework of their respective professional activities, including lawyers, law firms, notaries public, auditing firms, independent auditors, tax advisory firms, tax advisers, external accountant that is a natural or a legal person involved in the performance of accounting services
29. *Authorized persons and their deputies* shall be persons appointed by reporting entities and authorized and responsible for implementing measures and actions that are undertaken for the

purpose of preventing and detecting money laundering and terrorist financing and prescribed by this Act and sub-legal acts adopted on its basis

30. *Tax Administration* shall be the Ministry of Finance, Tax Administration
31. *Business relationship* shall be any business, professional or commercial relationship linked with professional activities carried out by the reporting entity, for which it is expected that it has, at the moment of its establishment, an element of duration. Business relationship in terms of this Act shall also be the registration of players in line with the regulations arranging the organization of online betting games
32. *Occasional transaction* shall be a transaction that is not performed within the framework of the established business relationship
33. *Predicate criminal offence* shall be any criminal offence by the commission of which an illegal profit has been realized which many be a subject to the criminal offence of money laundering
34. *FATF Recommendations* shall be international standards on the prevention of money laundering and terrorist financing issued by the Financial Action Task Force (hereinafter referred to as: FATF) which is an inter-governmental body established for the purpose of determining standards and promoting efficient implementation of setting standards and promoting effective implementation of legal, regulatory and operational measures for combating money laundering and terrorist financing at international level
35. *Transfer of financial funds* shall bear the same meaning as defined in Article 3 item 9 of the Regulation (EU) 2015/847
36. *Trust or company service provider* shall be any person that, by way of its business, provides to third parties any of the following services:
    a) formation of companies or other legal persons;
    b) performing the role or appointing another person to perform the role of a director or a secretary of a company, a partner in partnership or similar role in relation to other legal persons;
    c) providing the service of registered headquarters, business address, correspondence or administrative address and other related services to a company, partnership or other legal person or arrangement;
    d) performing the role or appointing another person to perform the role of a trustee of an express trust or a similar legal arrangement;
    e) performing the role or appointing another person to perform the role of a nominee shareholder on behalf of another person, except a company listed on the regulated market subject to the disclosure requirements in line with the European Union Act or equivalent international standards
37. *Reasonable measures* shall be appropriate measures undertaken by reporting entities that are commensurate with the money laundering and terrorist financing risks
38. *Register of beneficial owners* shall be a central electronic database on beneficial owners of legal entities established on the territory of the Republic of Croatia and trusts and entities equal to them, incorporated under the foreign Act, and having received the personal identification number, *OIB* (hereinafter referred to as: the Register)
39. *Official personal document* shall be any public document with a photograph of a person issued by a competent state domestic of foreign authority, for the purpose of determining a person's identity
40. ***Funds* shall be assets and financial resources and benefits of any kind, including virtual assets, economic resources (including oil and other natural resources) and including the following:**
    a) cash, cheques, cash claims, bills of exchange, cash remittances and other means of payment,
    b) funds invested with reporting entities,
    c) financial instruments defined by the act regulating the market of the capital traded through public or private offers, including shares and stakes, certificates, debt instruments, bonds, guarantees and derived financial instruments,
    d) other documents evidencing rights over financial resources or other financial sources,
    e) interests, dividends or other capital gains,
    f) receivables, loans and letters of credit
41. *Customer* shall be a person establishing or having established a business relationship at the reporting entity or performing an occasional transaction

42. *Beneficial owner of the customer* shall be any natural person (persons) who ultimately owns the customer or controls the customer or in any other way manages it, and/or any natural person (persons) on whose behalf the transaction is being conducted, including a natural person (persons) exercise ultimate effective control over a legal person or legal arrangement
43. *Transaction* shall be any receipt, expenditure, transfer between accounts, conversion, keeping, disposition and other dealings with money or other property, performed at the reporting entity
44. *Third country* shall be a state which is not a member state of the European Union nor a state signatory to the Agreement on the European Economic Area
45. *Service of organizing games of chance* shall be a service including the receiving of payments within games of chance, including the ones with the element of skill, such as lottery games of chance, games of chance on automatic slot machines, casino games and betting games played on a physical location or online, via telephone or some other interactive communication devices via which a player may play a game independently, through the interaction with the system
46. *Customer identification and verification of the customer's identity* shall be a procedure of collecting data and information on the customer and verification thereof by using documents, data and information received from reliable and independent source
47. *Senior management of the reporting entity* shall mean an employee of the reporting entity having sufficient knowledge about the exposure of the institution to the risk of money laundering and terrorist financing, and of an adequate level to take decisions affecting its exposure to risk, and it does not have to be, in all cases, a member of the management board or another managerial body
48. ***Virtual asset* shall be a digital representation of value that can be digitally traded, or transferred, or can be used for payment or investment purposes and which has not been issued and is not guaranteed by the central bank or any other public authority and which is not necessarily linked to a legally established currency and does not have the legal status of currency or money**
49. ***Virtual currencies* shall be a digital representation of value that is not issued or guaranteed by a central bank or a public authority, is not necessarily attached to a legally established currency and does not possess a legal status of currency or money, but is accepted by natural or legal persons as a means of exchange and which can be transferred, stored and traded electronically**
50. ***Custodian wallet provider* shall be a legal or natural person that provides service to safeguard private cryptographic keys on behalf of its customers, to hold, store and transfer virtual currencies**
51. **Trust shall be a trust and similar entity of foreign law referred to in Article 32 paragraph 1 item b) of the Act, and it shall include express trust, fiduciary, treuhand, fideicomiso and other similar legal forms of foreign law.**

CHAPTER II

NATIONAL MONEY LAUNDERING AND TERRORIST FINANCING RISK ASSESSMENT

National Money Laundering and Terrorist Financing Risk Assessment

Article 5

(1) For the purpose of identifying, assessing, understanding and mitigating the money laundering and terrorist financing risks, the Republic of Croatia shall carry out the national money laundering and terrorist financing risk assessment, whereby it shall take into consideration the regulations arranging the protection of personal data and the protection of data confidentiality, which shall be updated regularly every four years after the previously carried out national risk assessment, or earlier if necessary.

(2) When carrying out the national risk assessment referred to in paragraph 1 of this Article, *inter alia,* money laundering and terrorist financing threats and vulnerabilities shall be assessed, while special attention shall be paid to each financial activity which is considered, due to its nature, suitable for the use or misuses for the purpose of money laundering or terrorist financing.

(3) The national money laundering and terrorist financing risk assessment shall be coordinated by the work of the Inter-institutional Working Group for the Prevention of Money Laundering and Terrorist Financing referred to in Article 120 paragraph 2 of this Act, the tasks of which shall consist, *inter alia*, of:

1. implementation of the national money laundering and terrorist financing risk assessment in the Republic of Croatia;
2. preparation of the report on the national money laundering and terrorist financing risk assessment carried out in the Republic of Croatia;
3. preparation of the proposition of the Action plan with the measures for mitigating the money laundering and terrorist financing risks identified in the Republic of Croatia;
4. implementation of other analyses which require the cooperation and coordination between different state authorities and public bodies and other relevant institutions, including the private sector.

(4) The national risk assessment shall also include:

1. information on the institutional structure and general procedures of the anti-money laundering and terrorist financing systems, including, inter alia, information on the Office, the Tax Administration and State Attorney's Offices, and information on the financial resources and personnel capacity of those bodies, to the extent that this information available

2. information on activities undertaken at the national level and information on financial resources and human resources allocated for combating money laundering and terrorist financing by public and other bodies referred to in Article 120 of this Act

3. information on the characteristics used to determine whether legal persons or legal arrangements in the Republic of Croatia have structures or functions similar to trusts.

(5) The Office shall direct and coordinate the performance of tasks of the Inter-institutional Working Group referred to in paragraph 3 of this Article and shall inform the European Commission, European supervisory authorities and other member states of paragraph 3 of this Article.

Results of National Risk Assessment

Article 6

(1) The Government of the Republic of Croatia shall adopt the National Money Laundering and Terrorist Risk Assessment in the Republic of Croatia and on its basis adopt the Action Plan for mitigating the identified money laundering and terrorist financing risks.

(2) The findings of the National Risk Assessment shall be intended for:

1. the improvement of the system of preventing and detecting money laundering and terrorist financing by identifying sectors or activities within which reporting entities have to apply enhanced measures and, if necessary, for the determination of measures that reporting entities are obliged to undertake
2. where appropriate, the determination of sectors or areas of lower or higher money laundering and terrorist financing risk
3. the provision of assistance to reporting entities in carrying out their money laundering and terrorist financing risk assessments
4. the identification, as assisting tool, at the reporting entities referred to in Article 9 of this Act and at competent state authorities referred to in Article 120 of this Act, of the priorities in the distribution of resources and funds designated for the prevention of money laundering and terrorist financing
5. the preparation of appropriate regulations for individual sectors and activities in line with the identified risks of money laundering and terrorist financing.

(3) The Office shall be obliged, without any delay, to make results of the national Money Laundering and Terrorist Financing Risk Assessment available to all reporting entities referred to in Article 9 of this Act and to competent state authorities referred to in Article 120 of this Act.

Supranational Risk Assessment

Article 7

(1) When implementing the national risk assessment referred to in Article 5 paragraph 1 of this Act, the following shall be taken into account: Supranational Risk Assessment and recommendations of the European Commission on the measures suitable for addressing the identified risks as well as Joint Opinion of the European Supervisory Authorities on money laundering and terrorist financing risks affecting the reporting entities performing financial activity.

(2) Should the Republic of Croatia decide not to apply any of the recommendations of the European Commission referred to in paragraph 1 of this Article, it shall inform the European Commission on that in written form, and it shall provide an explanation for such a decision.

Informing European Institutions, Member States and Public

Article 8

(1) The Office shall inform the European Commission, the European Supervisory Authorities and other Member States on the results of money laundering and terrorist financing National Risk Assessment.

(2) The Office shall, upon the request of a competent authority of another Member State that is conducting a money laundering and terrorist financing national risk assessment, provide that competent authority with the additional information necessary to conduct a money laundering and terrorist financing national risk assessment.

(3) The Office shall make available to the public the full text or summary of the money laundering and terrorist financing National Risk Assessment, without providing classified information.

CHAPTER III

MEASURES, ACTIONS AND PROCEDURES UNDERTAKEN BY REPORTING ENTITIES FOR THE PURPOSE OF MONEY LAUNDERING AND TERRORIST FINANCING PREVENTION AND DETECTION

I. GENERAL PROVISIONS

Reporting Entities Subject to the Implementation of Measures

Article 9

(1) Measures, actions and procedures for the detection and prevention of money laundering and terrorist financing laid down in this Act shall be carried out before and/or during each transaction, as well as upon entering into legal arrangements aimed at obtaining or using the property, and in other forms of disposing of monies, rights and other property, which may serve for money laundering and terrorist financing purposes.

(2) Reporting entities obliged to carry out measures and actions referred to in paragraph 1 of this Article shall be:

1. credit institutions,
2. credit unions,
3. Croatian Bank for Reconstruction and Development,
4. HP - Croatian Post, in the part of business operations referring to postal money orders
5. institutions for payment operations,
6. investment funds management companies and investment funds having a legal status and internal management,

7. pension companies in the part of business operations relating to voluntary pension funds and pension insurance companies in the part of business operations relating to direct one-off payments by persons to such companies and companies for supplemental pension purchase,
8. companies authorized to provide investment services and performance of investment activity,
9. insurance companies authorized for the performance of life insurance matters and other investment-related insurance,
10. legal and natural persons acting as insurance agents representing clients when entering into life insurance agreements and other investment-related insurance
11. legal and natural persons dealing with the insurance intermediation activity when entering into life insurance agreements and other investment-related insurance
12. factoring companies
13. leasing companies
14. institutions for the issuance of electronic money,
15. authorized exchange offices,
16. organizers of games of chance for:
    a) lottery games,
    b) casino games,
    c) betting games,
    d) slot-machine gaming,
    e) games of chance via Internet, telephone or other interactive communication means (*on-line* gaming),
17. legal and natural persons performing business in relation to the activities listed hereunder:
    a) approving credits and loans, including consumer credits, if it is allowed by a special regulation, and commercial financing, including forfeiting and repurchase of **due claims**
    b) other payment instruments issuance and management (traveller's cheques and bank bills), if such activity is not considered as a payment service according to the act regulating payment operations,
    c) issuance of guarantees and security instruments,
    d) investment management on behalf of third parties and providing advisory services in that regard,
    e) rental of safe deposit boxes,
    f) trust and company service providers,
    g) trade in precious metals and precious stones,
    h) trading or acting as intermediaries in the trade of works of art, including when this is carried out by art galleries and auction houses, where the value of the transaction or a series of linked transactions amounts to HRK 75.000,00 and more,
    i) storing, trading or acting as intermediaries in the trade of works of art when this is carried out by free ports, where the value of the transaction or a series of linked transactions amounts to HRK 75.000,00 and more,
    j) estate agents including when acting as intermediaries in the letting of immovable property, but only in relation to transactions for which the monthly rent amounts HRK 75.000,00 and more,
    k) providers engaged in exchange services between virtual currencies and fiat currencies,
    l) custodian wallet providers
18. legal and natural persons performing the following professional activities:
    a) auditing firms, independent auditors, external accountants that are either natural or legal persons performing accounting services, tax advisors, tax advisory companies and other persons that undertake to provide, directly or by means of other persons to which that other person is related, material aid, assistance or advice on tax matters as principal business or professional activity
    b) lawyers, law firms and notaries public, if they participate, whether by acting on behalf of and for their client, in any kind of financial transactions or transactions including real estates or, by assisting in the planning or carrying out of the transaction for their client, concerning the:
        1. buying or selling of real property or business entities,
        2. managing of client money, securities or other assets,

3. opening or management of bank accounts, saving deposits accounts or securities accounts,
4. organisation of contributions necessary for the establishment, operation or management of a company,
5. establishment, operation or management of trusts, companies, foundations or similar legal structures.

(3) Branches of credit and financial institutions and of other reporting entities from other member states and third countries, established in the Republic of Croatia, in line with the act regulating their work, shall be reporting entities subject to the implementation of measures and actions referred to in paragraph 1 of this Article.

(4) Representatives of the institutions for payment operations and distributors of the issuers of electronic money from another member state shall be reporting entities subject to the implementation of measures and actions referred to in paragraph 1 of this Article.

(5) The reporting entities referred to in paragraphs 2, 3 and 4 of this Article when undergoing bankruptcy or when a liquidation procedure has been initiated for them shall also be considered reporting entities subject to the implementation of measures and actions referred to in paragraph 1 of this Article

(6) The Republic of Croatia shall inform the European Commission of the extensions in the areas of application of this Act in relation to the Directive (EU) 2015/849 as well as of the exemptions for certain sectors of reporting entities in accordance with the provisions of this Act, along with the explanation in line with the risk assessment that has been carried out.

(7) The reporting entities referred to in paragraph 2, item 17, subitem k) and l) of this Article shall notify the competent supervisory authority referred to in Article 82, paragraph 5 of this Act by 31 January 2020 or at the latest within 30 days from the date of establishment or registration of exchange services between virtual currencies and fiat currencies and/or providing custodian wallet business activity.

Exemptions in Relation to Legal and Natural Persons Performing Financial Activity on a Temporary or Very Limited Basis

Article 10

(1) Reporting entities referred to in Article 9 of this Act, that engage in a financial activity on an occasional or limited basis, for which there is a low risk of money laundering or terrorist financing determined by the National Risk Assessment, shall not be obliged to apply the measures prescribed in this Act, if all of the following conditions are met:

1. annual turnover of the secondary financial activity does not exceed HRK 750,000.00 annually,
2. transaction does not exceed the value of HRK 7,500.00, whether that transaction is carried out in a single operation or in several transactions that are apparently mutually linked,
3. financial activity is not the main activity and annual turnover of the secondary financial activity does not exceed 5% of total annual turnover
4. financial activity is secondary, and directly connected with the main activity, and
5. financial activity is carried out only in relation to the persons that are customers in terms of the performance of the main activity, and is generally not offered to the public.

(2) Reporting entity referred to in paragraph 1 of this Article shall be obliged to inform the competent supervisory authority referred to in Article 82 of this Act on the fulfilment of the conditions referred to in paragraph 1 of this Article. Competent supervisory authority shall establish appropriate monitoring measures that are based on the risk assessment or other appropriate measures for the purpose of disabling the misuse of this exemption.

(3) Exemptions to paragraph 1 of this Article shall not be applied to postal money orders service providers referred to in Article 9 of this Act nor to other reporting entities referred to in Article 9 paragraph 2 items 16, 17 f) and j) and 18 a) and b) of this Article.

(4) The Republic of Croatia shall inform the European Commission of the changes in the conditions prescribed for the use of the exemptions referred to in paragraph 1 of this Article.

Reporting Entities' Duties

Article 11

(1) For the purpose of preventing and detecting money laundering and terrorist financing, reporting entities referred to in Article 9 of this Act shall be obliged to fulfil the duties prescribed by this Act and regulations passed on the basis of this Act during the course of the performance of their activities.

(2) The duties referred to in paragraph 1 of this Article shall encompass as follows:

1. money laundering and terrorist financing risk assessment preparation,
2. establishment of policies, controls and procedures for efficient mitigation and effective management of money laundering and terrorist financing risks,
3. carrying out customer due diligence measures in the manner and under the conditions prescribed by this Act,
4. conducting money laundering and terrorist financing prevention measures in business units and companies in which the reporting entity holds majority share or exercises predominant decision-making rights, having headquarters in another member state or third country,
5. appointment of an authorised person and his/her deputy for the implementation of money laundering and terrorist financing prevention measures, considering the organizational structure of the reporting entity, sufficient number of his/her deputies, and providing adequate conditions for the performance of their work,
6. enabling regular professional training and education of employees of reporting entities, and ensuring regular internal audits of the money laundering and terrorist financing prevention system at reporting entities,
7. production and regular updating of a list of indicators for the detection of customers and suspicious transactions and funds for which there are reasons for the suspicion of money laundering or terrorist financing,
8. reporting and submitting the prescribed and required data, information and documentation on transactions, funds and persons to the Office,
9. ensuring data storage and protection, and keeping the records of data as prescribed by this Act,
10. obligation of credit and financial institutions concerning the establishment of an adequate information system relevant to their respective organisational structure and money laundering and terrorist financing risk exposure for the purpose of fully assessing customer, business relationship and transaction risks, and ongoing monitoring of business relationships, in order to timely and fully report to the Office,
11. carrying out other duties and measures prescribed by this Act and regulations passed on the basis of this Act.

(3) Reporting entities shall not be allowed to externalize the authorized person and his/her deputy's duties referred to in Article 69 of this Act.

Money Laundering and Terrorist Financing Risk Analysis

Article 12

(1) Reporting entities referred to in Article 9 of this Act shall be obliged to draw up a money laundering and terrorist financing risk analysis in order to identify, assess, understand and mitigate the money laundering and terrorist financing risks, taking into consideration the risk factors referring to:

a) customers,
b) countries or geographic areas,

c) products, services or transactions, and
d) delivery channels.

(2) The risk analysis referred to in paragraph 1 of this Article must also include an assessment of the measures, actions and procedures undertaken by the reporting entity referred to in Article 9 of this Act to prevent and detect money laundering and terrorist financing.

(3) The risk analysis referred to in paragraph 1 of this Article shall have to be documented and proportionate to the size of the reporting entity, type, scope and complexity of their business operations, and it shall also have to be updated regularly by the reporting entity and submitted to the competent supervisory authorities referred to in Article 82 of this Act at their request.

(4) Competent supervisory authorities may issue guidelines in which they may prescribe that individual documented risk assessments referred to in paragraph 1 of this Article shall not be necessary for a specific sector of the reporting entity if certain risks characteristic for that sector are clear and understood by that sector of the reporting entities.

(5) The reporting entity shall be obliged to align the risk analysis referred to in paragraph 1 of this Article with Rulebooks and decisions and the guidelines to be issued by competent supervisory authorities and it shall be obliged to take into account the National Risk Assessment and the Supranational Risk Assessment.

(6) Before any important changes in business processes and business practice that may have an impact on the measures to be undertaken for the purpose of preventing money laundering and terrorist financing, and when introducing a new product, an externalized activity or a delivery channel, as well as when introducing new technologies for new and existing products, reporting entities shall be obliged to carry out a risk assessment for the purpose of determining and assessing the way these changes affect the money laundering and terrorist financing risk exposure, and to apply appropriate measures for the mitigation and efficient management of these risks.

Money Laundering and Terrorist Financing Risk Management

Article 13

(1) Reporting entities referred to in Article 9 of this Act shall be obliged to establish and carry out an efficient internal control system and to adopt written policies, controls and procedures for the mitigation and effective management of money laundering and terrorist financing risks, determined within the risk analysis referred to in Article 12 paragraph 1 of this Act, taking into consideration Rulebooks and decisions and the guidelines issued by a competent authority, the National Risk Assessment and Supranational Risk Assessment.

(2) Policies, controls and procedures referred to in paragraph 1 of this Article shall have to be proportionate in relation to the size of the reporting entity and type, scope and complexity of business operations they carry out, as well as documented.

(3) Policies, controls and procedures referred to in paragraph 1 of this Article shall include:

1. goals, scope and the way of functioning of the money laundering and terrorist financing prevention system at reporting entities
2. organization of reporting entities
3. position of an authorized persons and deputy authorized person in the organizational structure when it is appropriate in relation to the size and nature of business operations of reporting entities
4. powers and obligations vested in the authorized person and his/her deputy
5. powers and obligations for all employees of the reporting entity who participate in the implementation of this Act and regulations passed on the basis of this Act

6. customer due diligence measures
7. money laundering and terrorist financing risk management models
8. ways/models of managing the compliance of business operations of reporting entities with the provisions of this Act and regulations passed on the basis of this Act
9. establishment of appropriate reporting lines within reporting entities for the purpose of providing timely and proper reporting
10. data protection, ways of records keeping and contents of data records
11. professional training and education for employees of reporting entities
12. internal audit of the money laundering and terrorist financing prevention system, when it is appropriate in relation to the size and nature of business operations of reporting entities, and
13. screening of employees of reporting entities, if it is appropriate considering the size of the reporting entity and type, scope and complexity of business operations of the reporting entity.

(4) The management of the reporting entity shall be obliged to adopt policies, controls and procedures referred to in paragraph 1 of this Article for the purpose of preventing money laundering and terrorist financing, and to regularly monitor and review the adequacy and efficiency thereof, and, if necessary, to enhance the measures undertaken by reporting entities.

Risk Assessment of an Individual Business Relationship or an Occasional Transaction

Article 14

(1) When implementing customer due diligence measures referred to in Article 15 paragraph 1 of this Act, reporting entities shall be obliged to take into account variables and factors of money laundering and terrorist financing risks in order to be able to assess the risks linked with an individual business relationship or performance of an occasional transaction referred to in Article 16 paragraph 1 items 2 and 3 of this Act.

(2) Risk variables referred to in paragraph 1 of this Article shall include at least the following:

1. **purpose and intended nature of a business relationship including the purpose of opening the accounts for customers**
2. **value of the assets the customer deposits, amounts of transactions carried out, and**
3. **regularity or time of duration of a business relationship.**

(3) Risk factors referred to in paragraph 1 of this Article linked with a customer that may indicate a potentially lower risk shall include at least:

1. **companies the financial instruments of which are traded at the stock exchange or regulated market under the condition that they are subject to disclosure requirements for the publication of data and to the requirement for ensuring an appropriate transparency of the beneficial ownership of the customer**
2. **public government authorities and legal persons the founder of which is the Republic of Croatia or another member state or a local and regional self-government unit from the Republic of Croatia or another member state, or**
3. **customers having residence on the territory of states referred to in paragraph 4 of this Article.**

(4) Risk factors referred to in paragraph 1 of this Article linked with geographic area, that may indicate a potentially lower risk, shall include at least registration, seat or residence of a customer in one of the following countries:

1. **member states**
2. **third countries that have an efficient money laundering and terrorist financing prevention system established**

3. **third countries for which credible sources have established that they have low level of corruption or other criminal acts, or**
4. **third countries that, on the basis of credible sources, such as mutual assessment reports or published follow-up reports, meet the requirements for the prevention of money laundering and terrorist financing in line with FATF Recommendations and effectively implement those requirements.**

(5) Risk factors referred to in paragraph 1 of this Article linked with products, services, transactions or delivery channels, that may indicate a potentially lower risk, shall include at least:

1. **life insurance policies with low premium**
2. **pension insurance policies if there is no possibility of early surrender and if they cannot be used as collateral**
3. **contributions paid in pension system via deductions from wages, while the assignment of member's interest is not possible**
4. **financial products or services that are provided for certain type of customers for the purpose of increasing financial inclusion, or**
5. **products in relation to which limitations of expenditures or transparency of ownership (for example, certain types of electronic money) have an impact on lower risk.**

(6) Reporting entity may apply the measures of simplified customer due diligence in relation to an individual business relationship or an occasional transaction for which it estimates that it represent a low risk of money laundering and terrorist financing, taking into consideration the results of money laundering and terrorist financing National Risk Assessment.

(7) Risk factors referred to in paragraph 1 of this Article, linked with a customer, that may indicate a potentially higher risk, shall include at least:

1. **a customer with whom/which a business relationship is conducted under unusual circumstances**
2. **a customer that has residence in the territory of the state referred to in paragraph 8 of this Article**
3. **legal person and legal arrangements that are personal asset-holding vehicles**
4. **companies having nominee shareholders or shares in bearer form**
5. **companies with cash-intensive operations**
6. **companies the ownership structure of which appears unusual or excessively complex considering the nature of the business operations of the company**
7. **companies that do not perform or are not allowed to perform trading, manufacturing or other activity in the state in which they are registered, or**
8. **a company having headquarters in the Republic of Croatia which is in by 25% or more owned by a foreign legal person that does not carry out or is not allowed to carry out trading, manufacturing or other activity in the state in which it is registered**
9. **a customer from the third-country seeking residence or citizenship in the Republic of Croatia in exchange for capital transfers, the purchase of real estate or government bonds or investments in companies in the Republic of Croatia.**

(8) Risk factors referred to in paragraph 1 of this Article linked with geographical area, that may indicate a potentially higher risk, shall include at least:

1. **countries for which it has been established on the basis of credible sources (such as mutual assessments reports or published follow-up reports) that they do not have an effective system of money laundering and terrorist financing prevention**
2. **countries for which it has been established on the basis of trustworthy sources that they have a significant level of corruption or other criminal acts**

3. **countries subject to sanctions imposed by the European Union or the United Nations, as well as an embargo or similar measures, or**
4. **countries providing funding or support for terrorist activities or within which designated terrorist organization operate.**

(9) Risk factors referred to in paragraph 1 of this Article, linked with products, services, transactions or delivery channels that may indicate a potentially higher risk, shall include at least:

1. **private banking**
2. **products or transactions that might favour anonymity**
3. **business relationships or transactions with a non-attended customer without certain forms of protection, such as electronic identification means, relevant trust services as defined by Regulation (EU) No 910/2014 or any other secure, remote or electronic identification procedure regulated, recognized, approved or accepted by the relevant national authorities**
4. **payments received from unknown or unassociated third parties**
5. **new products and new business practices, including new delivery mechanisms and the use of new technologies or developing technologies for both new and existing products**
6. **transactions related to oil, weapons, precious metals, tobacco products, cultural artifacts and other objects of archaeological, historical, cultural and religious importance or outstanding scientific value, and to ivory and protected species.**

(10) Reporting entities shall be obliged to apply the enhanced customer due diligence measures in relation to an individual business relationship or an occasional transaction for which a high money laundering or terrorist financing risk has been established by this Act or the National Risk Assessment.

(11) Minister of Finance, Governor of the Croatian National Bank and Croatian Financial Services Supervisory Agency shall adopt the Rulebook, that is, and decision, prescribing for reporting entities, which are credit and financial institutions, the procedure of money laundering and terrorist financing risk assessment.

(12) The Rulebooks, that is, decision referred to in paragraph 11 of this Article shall be adopted in line with the guidelines issued by the European Supervisory Authorities.

II. CUSTOMER DUE DILIGENCE

Customer Due Diligence Measures

Article 15

(1) Unless otherwise prescribed in this Act, the customer due diligence shall encompass the following measures:

1. **identifying the customer and verifying the customer's identity on the basis of documents, data or information obtained from a credible, reliable and independent source, including a qualified certificate for electronic signature or electronic seal, if a customer has one or any other secure, remote or electronic identification procedure regulated, recognized, approved or accepted by the relevant national authorities**
2. identifying the beneficial owner of the customer and taking reasonable measures for the verification of the beneficial owner's identity, including the taking of measures necessary for understanding the ownership and control structure of the customer when the customer is a

company, another legal person and an entity equal to it or a trust and an entity equal to trust, incorporated under a foreign Act

3. collecting data on the purpose and intended nature of the business relationship or a transaction and other data in line with this Act and regulations passed on the basis of this Act, and
4. conducting ongoing monitoring of the business relationship, including scrutiny of transactions the customer carries out during the course of the business relationship, to ensure that the transactions being conducted are consistent with the reporting entity's knowledge of the customer, type of business and risk profile, including, where necessary, the information on the source of funds, whereby the documents and the data the reporting entity holds must be kept up-to-date.

(2) When implementing measures referred to in paragraph 1 items 1 and 2 of this Article, reporting entities shall be obliged to verify if a person claiming to act on behalf of a customer is authorized to do that, and, in line with the provisions of this Act, shall identify that person and verify the identity of that person.

(3) Reporting entities shall be obliged to apply all measures of the due diligence referred to in paragraph 1 of this Article in line with the provisions of this Act, whereby the scope of the application of measures shall depend on the risk assessment carried out in accordance with Article 14 of this Act.

(4) Reporting entities shall be obliged to carry out the customer due diligence measures in a way prescribed by the policies, controls and procedures referred to in Article 13 paragraph 1 of this Act.

(5) Reporting entities shall be obliged, at the request of the competent supervisory authority referred to in Article 82 of this Act, to submit the documentation in relation to the risk analysis and assessment which indicate that the measures appropriate to identified money laundering and terrorist financing risks have been undertaken.

Obligation of Applying Customer Due Diligence Measures

Article 16

(1) Under the conditions laid down in this Act and the regulations passed pursuant to this Act, reporting entities referred to in Article 9 of this Act shall be obliged to conduct customer due diligence in the following cases:

1. when establishing a business relationship with a customer
2. when carrying out an occasional transaction amounting to HRK 105,000.00 or more, whether that transaction is carried out in a single operation or in several transactions that are apparently mutually linked and that reach a total value of HRK 105,000.00 or more
3. when carrying out an occasional transaction constituting a transfer of funds exceeding EUR 1,000 in terms of the Regulation (EU) 2015/847
4. when providing service of games of chance, when placing bets and taking the gains including buying or exchanging chips in the amount of HRK15,000.00 and more, whether that transaction is carried out in a single operation or in several transactions that are apparently mutually linked and that reach a total value of HRK 15,000.00 or more
5. when there are doubts about the veracity or adequacy of the previously obtained data on a customer, and
6. in all instances when there are reasons for suspicion of money laundering or terrorist financing in relation to a transaction or a customer, regardless of all prescribed exemptions and the transaction value.

(2) Reporting entities referred to in Article 9 paragraph 2 item 15 and item 17 sub-item g) and h) of this Act shall be obliged, when carrying out a transaction in the amount of HRK 15,000.00 or more, to identify the customer and to verify customer's identity and to collect the following data: name and surname, residence, day, month and year of birth, identification number if it is visible in the identification document,

name and number of the identification document, name and the state of issuer of the document, citizenship/s.

(3) Reporting entities referred to in Article 9 paragraph 2 items 9, 10 and 11 of this Act, when entering into agreements on life insurance and other investment-related insurance, shall be obliged, along with the measures prescribed in Article 15 paragraph 1 items 1 and 2 of this Act, as soon as the beneficiaries have been identified or designated as:

a) for insurance beneficiaries that are determined as a specially appointed natural or legal persons or legal arrangements (for example, legal heir, children, spouse, etc.), to identify the beneficiary and verify the beneficiary's identity, and
b) for insurance beneficiaries that are determined as having specific characteristics or class, to collect sufficient data so that reporting entities are satisfied that they will be able to identify the insurance beneficiary at the moment of the policy payout.

(4) In cases referred to in paragraph 3 items a) and b) of this Article, reporting entities shall verify the identity of the insurance beneficiary at the moment of payout, while in case of assignment,, in full or in part, of the life insurance and other investment-related insurances to third person or legal person or legal arrangement, the reporting entity being a credit or financial institutions shall be obliged to verify the identity of the beneficial owner at the moment of the assignment.

(5) For the beneficiary of a trust, or an entity equal to it, incorporated under the foreign Act, that is designated as having specific characteristics or class, reporting entities shall collect sufficient information so that they can be sure that they will be able to identify the beneficiary at the moment of the payout or when the beneficiary decides to exercise its vested rights.

(6) Reporting entities shall be obliged to apply the customer due diligence measures not only to new customers but on the existing customers as well, timely, and on the basis of the risk assessment, particularly on customers at which the circumstances relevant for the application of this Act change or when the reporting entity, based on any legal obligation, is obliged to contact customer during the calendar year in order to verify all relevant information related to the beneficial owner(s), or if the reporting entity was required to do so in accordance with the regulations governing administrative cooperation in the field of taxes.

Customer Due Diligence when Establishing a Business Relationship or Conducting a Transaction

Article 17

(1) Reporting entities referred to in Article 9 of this Act shall be obliged to implement the measures referred to in Article 15 paragraph 1 items 1, 2 and 3 of this Act:

1. before establishing a business relationship with a customer, and
2. before the execution of the transaction referred to in Article 16 paragraph 1 items 2, 3, 4 of this Act.

(2) When entering into a new business relationship with a company or other legal person or trust for which there is an obligation to enter beneficial ownership information in the certain register, reporting entities shall collect an excerpt from that register.

(3) By way of derogation from the provision in paragraph 1 item 1 of this Article, reporting entities may also verify the customer’s identity and the beneficial owner’s identity during the establishment of a business relationship with a customer, as soon as possible after the initial contact with a customer:

1. if it is necessary in order not to interrupt the normal conduct of establishing business relationships, and
2. if there is a low risk of money laundering or terrorist financing.

(4) Reporting entities being a credit or financial institution referred to in Article 9 of this Act may open accounts for customers before the verification of the customer's identity and the verification of the identity of the beneficial owner of the customer, including accounts that permit transactions in transferable securities, under the condition that there are adequate safeguards in place to ensure that a customer or someone on behalf of the customer does not carry out transactions until the customer's identity and beneficial owner's identity are verified in a way prescribed in chapters IV (Manner of Conducting Customer Identification and Customer's Identity Verification Measures) and V (Manner of Conducting Beneficial Owner Identification and Beneficial Owner's Identity Verification Measures) of this Act.

(5) In cases referred to in **paragraph 3** of this Act, reporting entities shall be obliged to adopt written policies, controls and procedures for the mitigation and efficient management of money laundering and terrorist financing risk.

Exceptions in Relation to the Due Diligence Measures Implementation Regarding Electronic Money

Article 18

(1) As an exception, reporting entities shall not be obliged to carry out the measures referred to in Article 15 paragraph 1 items 1, 2 and 3, and Article 17 of this Act, with respect to electronic money if all of the following conditions are met:

1. payment instrument is not reloadable or has a maximum monthly payment transactions limit in HRK equivalent of EUR 150,00 and this payment instrument may be used only in the Republic of Croatia
2. the funds stored on the payment instrument may not exceed the HRK equivalent of EUR 150,00
3. payment instrument is used exclusively to purchase goods or services
4. anonymous electronic money may not be stored on the payment instrument;
5. the issuer of electronic money carries out the measure of monitoring a transactions or a business relationship for the purpose of detecting complex and unusual transactions referred to in Article 53 of this Act or suspicious transactions referred to in Article 56 of this Act.

(2) The exception referred to in paragraph 1 of this Article may not be applied by reporting entities in cases of electronic money redemption in cash or cash withdrawal of the monetary value of the electronic money in HRK equivalent of the amount higher than EUR 50,00 nor to remote payment transactions prescribed by the law governing payment transactions in which the paid amount exceeds EUR 50,00 per transaction.

(3) Credit and financial institutions as recipients may accept payments made by anonymous prepaid cards from third countries in which such cards meet the requirements equivalent to those set out in paragraphs 1 and 2 of this Article.

Refusing to Establish a Business Relationship and to Conduct a Transaction

Article 19

(1) Reporting entities referred to in Article 19 of this Act that are unable to implement due diligence measures referred to in Article 15, paragraph 1, items 1, 2 and 3 and Article 15 paragraph 2 of this Act shall not be allowed to establish a business relationship nor to carry out a transaction, or they shall have to terminate the already established business relationship and consider the reporting to the Office on the suspicious transaction, funds and persons in line with Articles 56 and 57 of this Act.

(2) Reporting entities may terminate the already established business relationship if they are not able to implement the measure referred to in Article 15 paragraph 1 item 4 of this Act, or if they estimate that they cannot efficiently manage the money laundering and terrorist financing risk in relation to that customer.

(3) Reporting entities performing a professional activity referred to in Article 9 paragraph 2 item 18 of this Act shall not be obliged to refuse the establishment of a business relationship or to perform a transaction, or to terminate the already established business relationship in line with paragraph 1 of this Article in case when they ascertain the legal position of their client or defends or represents the customer in a judicial proceeding or in relation to a judicial proceeding, including providing advice on initiating or avoiding such proceeding.

III. MANNER OF IMPLEMENTING CUSTOMER DUE DILIGENCE MEASURES

Collecting Data

Article 20

(1) During the performance of the customer due diligence, the reporting entity referred to in Article 9 of this Act shall collect the following data:

1. for a natural person: name and surname, permanent residence, day, month and year of birth, identification number, name and number of the identification document, name and country of the issuer, and citizenship(s), for:

a) a natural person and natural person's legal representative, a craftsman or an independent trader or a person carrying out other independent business activity, who establishes a business relationship or conducts a transaction, or on whose behalf the business relationship is being established or a transaction conducted

b) a legal representative or a person authorised by power of attorney that establishes a business relationship or conducts a transaction for a legal person or another legal person and entity equal to it referred to in Article 26 of this Act

c) a person authorised by power of attorney that establishes a business relationship or conducts a transaction for a customer, and

d) a natural person who has an access to and accesses a safe-deposit box.

2. for a natural person the transaction is intended for: name and surname, permanent residence and data on the natural person's identification number if such data is available to them

3. for a craftsmanship, an independent trade business and other independent business activity:

a) name, headquarters (street and number, place and country) and registration number of a craftsmanship, an independent trade business and a person performing other independent business activity when a business relationship is established or a transaction conducted for the purpose of business operations of a craftsmanship or an independent trade or of performing other business activity;

b) name, headquarters (street and number, place and country) of a craftsmanship, an independent trade business and a person performing other independent business activity the transaction is intended for and registration number of a craftsmanship, an independent trade business and a person performing other independent business activity if such data is available to them

4. for a legal person: name, legal form, headquarters (street and number, place and country) and business registration number of the legal person:

a) for which a business relationship is being established or a transaction is conducting, or for a legal person on behalf of which a business relationship is being established or a transaction is conducting, and

b) for another legal person and entities equal to it referred to in Article 26 of this Act

5. for a legal person the transaction is intended for, reporting entities shall collect data on the name and headquarters (street and number, place and country) of that legal person, as well as the data on the business registration number of the legal person is such data is available to them

6. for a beneficial owner of the customer: name and surname, country of residence, day, month and year of birth, and citizenship(s)

7. data on the purpose and intended nature of a business relationship, including the information on the customer's business activity

8. date and time of establishing a business relationship

9. date and time of accessing a safe deposit box

10. date and time of conducting a transaction, the transaction amount and currency in which the transaction is being executed, manner of conducting the transaction, and, when reporting entities on the basis of the risk assessment carried out in line with the provisions of this Act and on the basis of regulations passed pursuant to this Act established a high money laundering or terrorist financing risk, purpose (intention) of the transaction

11. information on the source of funds which are or will be the subject matter of a business relationship

12. information on the source of funds which are or will be the subject matter of a transaction

13. other data on suspicious transactions, funds and persons that reporting entity needs for the purpose of explaining the reasons for the suspicion of money laundering or terrorist financing in line with Articles 56 and 57 of this Act.

(2) By way of derogation from the provision referred to in paragraph 1 item 1 of this Article, shall reporting entities not be able to collect the information on the foreign natural person's identification number because the personal identification number has not been issued to him/her, they shall be obliged to collect the data on the type, number, issuer and country of the identification document on the basis of which they have identified that natural person and verified that natural person's identity.

(3) Besides the data referred to in paragraph 1 of this Article, reporting entities shall also collect other data within the scope they need for the money laundering and terrorist financing risk assessment according to the provisions of this Act and the regulations passed on the basis of this Act.

(4) The Minister of Finance shall prescribe in a rulebook the data that reporting entities shall be obliged to collect for the purpose of implementing the due diligence measure and reporting the Office on the transactions referred to in Articles 56, 57 and 61 of this Act.

(5) Reporting entities referred to in Article 9 of this Act shall, within the framework of the customer due diligence when establishing a business relationship referred to in Article 16 paragraph 1 item 1 of this Act, collect the data referred to in paragraph 1 items 1, 3, 4, 6, 7 and 8 of this Article and, when necessary, the data referred to in paragraph 1 item 11 of this Article.

(6) Reporting entities referred to in Article 9 of this Act shall, within the framework of the customer due diligence when conducting an occasional transaction in the amount of HRK 105,000.00 and more referred to in Article 16 paragraph 1 item 2 of this Act, collect the data referred to in paragraph 1 items 1, 2, 3, 4, 5, 6 and 10 of this Article.

(7) Reporting entities referred to in Article 9 of this Act shall, within the framework of the customer due diligence when conducting an occasional transaction referred to in Article 16 paragraph 1 item 3 of this Act, besides the information on the payer and the receiver which shall have to be attached to the transfer of financial funds in line with the Regulation (EU) 2015/847, be obliged to collect the data referred to in paragraph 1 items 6 and 10 of this Article as well.

(8) Reporting entities referred to in Article 9 paragraph 2 item 16 of this Act shall, within the framework of the customer due diligence when conducting a transaction referred to in Article 16 paragraph 1 item 4 of this Act, collect the data referred to in paragraph 1 items 1, 2, 3 (b), 5, 6 and 10 of this Article.

(9) Reporting entities referred to in Article 9 of this Act shall, within the framework of the customer due diligence, if there is a suspicion in the credibility and appropriateness of the previously obtained data on the customer referred to in Article 16 paragraph 1 item 5 of this Act, collect the data referred to in paragraph 1 items 1, 3, 4, 6, 7 and 11 of this Act.

(10) Reporting entities referred to in Article 9 of this Act shall, within the framework of the customer due diligence every time when there is a suspicion of money laundering or terrorist financing in relation to a transaction or a customer, regardless of all prescribed exemptions and the value of the transaction

referred to in Article 16 paragraph 1 item 6 of this Act, collect the data referred to in paragraph 1 of this Article.

(11) Reporting entities referred to in Article 9 of this Act shall, for the purpose of acting in line with the provisions of Article 61 of this Act (cash transaction in the amount of HRK 200,000.00 and more), collect the data referred to in paragraph 1 items 1, 2, 3, 4, 5, 6 and 10 of this Article, and shall be obliged to always collect the data on the purpose (intention) of the transaction.

(12) Reporting entities referred to in Article 9 of this Act shall, for the purpose of acting in line with the provisions of Article 61 of this Act, in relation to the cash transaction of the cash payment in the amount of HRK 200,000.00 and more, be obliged to collect, besides the data stated in paragraph 11 of this Article, the data referred to in paragraph 1 item 12 of this Article (source of funds which are or will be the subject matter of the transaction) as well.

IV. MANNER OF CONDUCTING THE MEASURES OF IDENTIFYING THE CUSTOMER AND VERIFYING THE CUSTOMER'S IDENTITY

Identifying a Natural Person, Craftsman, Person Performing Independent Trade and Person Performing another Independent Business Activity, and Verifying Their Identities

Article 21

(1) For a customer that is a natural person and natural person's legal representative, and for a customer who is a craftsman or a person performing independent trade or another independent business activity, the reporting entity shall identify the customer and verify the customer's identity through the collection of data referred to in Article 20, paragraph 1, item 1 of this Act by examining the official customer's personal document in customer's presence.

(2) Should the reporting entity be unable to collect all prescribed data by examining the official personal document, the missing data shall be collected from other valid public documents submitted by the customer.

(3) When reporting entity, due to objective reasons, fails to collect the data in line with paragraphs 1 and 2 of this Article, such data may be collected directly from the customer and reporting entity shall be required to take reasonable measures to verify this data.

(4) Should the customer be a craftsman or a person performing independent trade or other independent business activity, the reporting entity shall collect data referred to in Article 20, paragraph 1, item 3 of this Act by examining the original or certified copy of the documentation from the Register on Craftsmanship and Independent Trade or another public register, whereby the documentation may not be older than three months, or by directly examining Register on Craftsmanship and Independent Trade or another public register. Reporting entities shall write the date and the time as well as the name and the surname of the person who carried out the examination in the form of a note on the excerpt from the register which was the subject of the direct examination.

Identifying the Person Authorised by Power of Attorney Representing a Natural Person, a Craftsman or a Person Performing Independent Trade or Other Independent Business Activity, and Verifying His/Her Identity

Article 22

(1) Should a business relationship be established or a transaction conducted on behalf of a customer who is a natural person, a craftsman or a person performing independent trade or other independent business activity by a person authorized by power of attorney, the reporting entity shall identify the person authorized by power of attorney and verify his/her identity through the collection of data referred to in Article 20 paragraph 1 item 1 of this Act by examining the official personal document in his/her presence.

(2) Should the reporting entity be unable to collect all prescribed data by examining the official personal document of the person authorized by power of attorney, the missing data shall be collected from other valid public documents submitted by the person authorized by power of attorney.

(3) When reporting entity, due to objective reasons, fails to collect the data in line with paragraphs 1 and 2 of this Article, such data may be collected directly from the customer and reporting entity shall be required to take reasonable measures to verify this data.

(4) The reporting entity shall collect the data referred to in Article 20 paragraph 1 item 1 of this Act on a natural person, a craftsman or a person performing independent trade or other independent business activity from a notarized letter of attorney and a notarized copy of a natural person's official personal document, submitted by the person authorized by power of attorney.

(5) Should the customer be a craftsman or a person performing independent trade or other independent business activity, the reporting entity shall collect the data referred to in Article 20 paragraph 1 item 3 of this Act in line with the provision of Article 21 paragraph 4 of this Act.

Identifying a Legal Person and Verifying the Legal Person's Identity

Article 23

(1) The reporting entity shall identify the identity of the customer that is a legal person and verify the customer's identity through the collection of data referred to in Article 20 paragraph 1 item 4 of this Act by examining the original or notarized copy of the documentation from court or other public register, submitted by the legal person's legal representative or person authorised by power of attorney on behalf of the legal person.

(2) At the time of submission, the documentation referred to in paragraph 1 of this Article shall not be more than three months old.

(3) The reporting entity may identify the legal person and verify the legal person's identity through the collection of data referred to in Article 20 paragraph 1 item 4 of this Act by directly examining court or other public register. When reporting entities have carried out the direct examination of the register, they shall be obliged to put date, time, name and surname of the examiner, in the form of a note, on the excerpt from the examined register.

(4) The reporting entity shall collect other data referred to in Article 20 paragraph 1 of this Act by examining the original or notarized copies of documents and other trustworthy business documentation. Should it not be possible to collect all data referred to in Article 20 paragraph 1 of this Act from these documents and documentation, the reporting entity shall collect the missing data directly from the legal representative or the person authorised by power of attorney.

(5) Should the customer be a foreign legal person performing business activity in the Republic of Croatia through its branch, the reporting entity shall identify the foreign legal person and its branch and verify their respective identities.

(6) Should the customer be a foreign legal person, besides the data referred to in Article 20 paragraph 1 item 4 of this Act, the reporting entity shall also be obliged to collect the data on its management board or persons performing equivalent functions (name, surname, identification number, country of residence) as well as data on legal representatives of the foreign legal person (name, surname, identification number, country of residence).

Identifying a Legal Person's Legal Representative and Verifying the Legal Representative's Identity

Article 24

(1) The reporting entity referred to in Article 9 of this Act shall identify a legal person's legal representative and verify the legal representative's identity through the collection of data referred to in Article 20 paragraph 1, item 1 of this Act by examining the legal representative's official personal document in his/her presence. Should the document be insufficient to enable the collection of all prescribed data, the missing data shall be collected from other valid public document.

(2) When reporting entity, due to objective reasons, fails to collect the data in line with paragraph 1 of this Article, such data may be collected directly from the customer and reporting entity shall be required to take reasonable measures to verify this data.

Identifying a Legal Person's Person Authorised by Power of Attorney and Verifying the Identity of the Person Authorised by Power of Attorney

Article 25

(1) The reporting entity referred to in Article 9 of this Act shall identify a legal person's person authorised by power of attorney and verify his/her identity through the collection of data referred to in Article 20, paragraph 1, item 1 of this Act by examining the official personal document of the person authorised by power of attorney in his/her presence.

(2) Should the document referred to in paragraph 1 of this Article be insufficient to enable the collection of all prescribed data, the missing data shall be collected from other valid public document submitted by the person authorised by power of attorney, or directly from him/her. The reporting entity shall collect the data referred to in Article 20 paragraph 1 item 1 of this Act on the legal representative that has issued a power of attorney on behalf of the legal person, on the basis of the data included in the notarized power of attorney.

Identifying Other Legal Persons and Equal Entities and Verifying their Respective Identities

Article 26

(1) In cases of domestic and foreign NGOs and their associations, funds and foundations, institutions, artistic organizations, chambers, labour and trade unions, associations of employers, political parties, cooperatives, credit unions, religious communities, the reporting entities shall be obliged to:

1. identify a person authorised to represent, or a legal representative and verify his/her identity;
2. identify the person authorized by power of attorney and verify his/her identity, and obtain the letter of power of attorney for representation purposes should the customer be represented by the person authorized by power of attorney;
3. collect the data referred to in Article 20 paragraph 1 items 1 and 4 b) of this Act.

(2) The reporting entity shall identify the legal representative referred to in paragraph 1 of this Article and verify the legal representative's identity through the collection of data referred to in Article 20, paragraph 1, item 1 of this Act by examining the legal representative's official personal document in his/her presence. Should the document be insufficient to enable the collection of all prescribed data, the missing data shall be collected from other valid public document.

(3) When reporting entity, due to objective reasons, fails to collect the data in line with paragraph 2 of this Article, such data may be collected directly from the customer and reporting entity shall be required to take reasonable measures to verify this data.

(4) The reporting entity may identify other legal persons and entities equal to them referred to in paragraph 1 of this Article by examining the original or certified copy of documentation from the register, record files or other official records. Reporting entities shall write the date and the time as well as the name and the surname of the person who carried out the examination in the form of a note on the

excerpt from the register, record files or other official records which were the subject of the direct examination.

(5) The reporting entity shall identify the person authorized by power of attorney referred to in paragraph 1 of this Article and verify his/her identity in line with Article 25 paragraphs 1 and 2 of this Act.

Identifying a Natural Person Accessing a Safe Deposit Box

Article 27

(1) The reporting entity referred to in Article 9 of this Act that provides services of renting safe deposit boxes shall be obliged to identify the customer and verify the customer's identity every time a customer accesses a safe deposit box.

(2) During the course of identifying a customer and verifying his/her identity in line with paragraph 1 of this Article, the reporting entity shall collect data referred to in Article 20, paragraph 1, items 1 sub-items d) and item 9.

(3) The provisions contained in this Article in respect of the obligation to verify the customer's identity when accessing a safe deposit box shall pertain to each natural person who actually accesses the safe deposit box, whether he/she is the user of the safe deposit box as per the safe deposit box use contract or his/her legal representative or person authorised by power of attorney.

V. MANNER OF CONDUCTING BENEFICIAL OWNER IDENTIFICATION AND BENEFICIAL OWNER'S IDENTITY VERIFICATION MEASURES

Beneficial Owner of the Customer

Article 28

(1) The beneficial owner of the legal person shall be any natural person (persons) that ultimately owns or controls the customer or on whose behalf a transaction is conducted, and shall include at least:

1. natural person (persons) who owns or controls a legal person through direct ownership via a sufficient percentage of stocks, including the shares of stocks that are in bearer form, or shares of voting rights or ownership shares in that legal person
2. natural person (persons) who controls a legal person through indirect ownership via a sufficient percentage of stocks, including the shares of stocks in bearer form, or shares of voting rights or ownership shares in that legal person
3. natural person (persons) who has a controlling function in managing the legal person's property via other means.

(2) The beneficial owner shall be a natural person (natural persons) who controls another natural person and/or a natural person (natural persons) on whose behalf a transaction is conducted.

(3) The beneficial owner of trusts and entities equal to them, incorporated under a foreign Act, shall be any natural person (or more of them) referred to in Article 31 of this Act who eventually controls the trust or the entity made equal to it but incorporated under a foreign Act, through direct or indirect ownership of other means.

(4) Should it not be possible to identify the natural person(s) referred to in paragraph 1 of this Article, the beneficial owner of domestic and foreign associations and their unions, foundations, funds, institutions, artistic organizations, chambers, syndicate, employers' associations, political parties, cooperatives, credit unions or religious congregation can be considered any natural person authorized to represent the entity.

(5) The indication of direct ownership referred to in paragraph 1 item 1 of this Article, held by a natural person in the legal person, shall be an ownership of more than 25% of the ownership share, voting or

other rights, on the basis of which he/she shall exercise the right of managing the legal person or the ownership over 25% plus one share.

(6) The indication of indirect ownership referred to in paragraph 1 item 2 of this Article shall be an ownership or a control of the same natural person (natural persons) over one or more legal persons which individually or together have more than 25% of business shares or 25% plus one share in the customer.

(7) Controlling function in managing legal person's assets via other means referred to in paragraph 1 item 3 of this Article may also refer to the control criteria used when preparing consolidated financial reports, for example, via the shareholders' agreement, exercising the dominant influence and the power for appointing senior management.

(8) Should it not be possible to identify the natural person (natural persons) referred to in paragraph 1 of this Article, or should there be a suspicion that the identified natural person (natural persons) is a beneficial owner, and in case when all possible means have been exhausted in order to identify the beneficial owner, as the beneficial owner of the customer shall be considered a natural person (natural persons) who is a member of the management board or other managing body **or a person performing equivalent functions**.

(9) Should the identified beneficial owner natural person(s) who is a member of the management or other managing body or a person performing equivalent functions in accordance with paragraph 8 of this Article, the reporting entity referred to in Article 9 of this Act shall take the necessary reasonable measures to verify the identity of the natural person(s) who is a member of the management board or other managing body and keep records of taken measures and any difficulties encountered during the verification process.

(10) The reporting entity referred to in Article 9 of this Act shall be obliged to document the procedures of identifying and verifying the identity of the beneficial owner of the customer.

Exemptions from Identifying the Beneficial Owner of the Customer and Verifying their Identity

Article 29

The reporting entity referred to in Article 9 of this Act shall not be obliged to identify the beneficial owner of the customer should the customer be a company whose financial instruments are traded on the stock exchange or on the regulated market in one or several member states in line with the European Union regulations, or in a third country, under the condition that in said third country there are requirements valid regarding the data publication in accordance with the European Union regulations, which ensure the adequate transparency on beneficial owners information of the customer.

Identifying the Beneficial Owner of the Customer and Verifying Their Identity

Article 30

(1) The reporting entity referred to in Article 9 of this Act shall identify beneficial owner of the customer and undertake reasonable measures to verify the identity of the beneficial owner of the customer and collect the data referred to in Article 20 paragraph 1 item 6 of this Act.

(2) The customer shall be obliged to submit to the reporting entity, along with the data on its legal owner, the documentation on the basis of which it is possible to establish the ownership and controlling structure of the customer and to collect data on the beneficial owner of the customer.

(3) A trustee or a person performing equivalent functions in another similar legal form of foreign law shall be obliged, when establishing a business relationship with the reporting entity or conducting a transaction referred to in Article 16 paragraph 1 items 2 - 4 of this Act as a trustee

of a trust, to timely inform the reporting entity that he/she acts as a trustee of a trust and to provide reporting entity with the information on the identity of the persons referred to in Article 31 paragraph 1 items 1- 6 of this Act.

(4) The person referred to in Article 31 paragraph 1 item 5 of this Act shall be obliged, when carrying out the functions that are equal or similar to the ones carried out by a trustee of a trust referred to in paragraph 3 of this Article, or when establishing a business relationship or conducting a transaction referred to in Article 16 paragraph 1 items 2, 3 and 4, to inform the reporting entity that he/she acts according to this function and to give to the reporting entity the information on the identity of persons referred to in Article 31 paragraph 1 items 5 and 6 of this Act.

(5) The reporting entity shall collect the data referred to in paragraph 1 of this Article by examining the listing of data from the Register referred to in Article 32 of this Act, which may not be older than one month, or by examining the original or notarized copies of documentation from a court or other public register, which may not be more than three months old. Reporting entities may also obtain these data by directly examining the Register, the court or other public register, whereby they shall be obliged to act in line with the provision of Article 23 paragraph 3 of this Act.

(6) Should it be impossible to collect all data on the beneficial owner of the customer on the basis of the examination of the listing from the Register, the court or other public register, the reporting entity shall collect the missing data by examining the original or notarized copies of documents and other business documentation supplied to the reporting entity by the legal representative or person authorised by power of attorney.

(7) Should it arise that the missing data for objective reasons cannot be collected in the manner described in paragraphs 5 and 6 of this Article, the reporting entity shall collect the data directly from a written statement given by the customer's legal representative or the person authorised by power of attorney, whereby the reporting entity shall be obliged, when they establish that the customer represents a high risk of money laundering or terrorist financing in line with Article 14 paragraphs 7, 8, 9 and 10 of this Act, to carry out the measures of enhanced customer due diligence.

(8) The reporting entity shall collect the data referred to in paragraph 1 of this Article in the manner that enables the reporting entity to have knowledge of the ownership structure and control of the customer to the extent that, depending on the risk assessment, corresponds to the criterion of satisfactory knowledge on the beneficial owner of the customer.

(9) The reporting entity shall not be allowed to rely exclusively on the data from the Register referred to in Article 32 of this Act when identifying the beneficial owner and verifying their identity, but shall also be obliged to carry out the procedure of identifying the beneficial owner of the customer and verifying their identity on the basis of the customer risk assessment.

Identifying the Beneficial Owners of Trusts and Equal Entities, Incorporated under a Foreign Law and Verification of Their Identity

Article 31

(1) The reporting entity referred to in Article 9 of this Act shall be obliged, when establishing and verifying identifying of beneficial owner of trust, to establish and verify the identity of:

1. **all settlor(s)**
2. **all trustee(s)**
3. **all protectors, if any**
4. **all beneficiaries or class of beneficiaries of assets being managed, provided that future beneficiaries are already determined or determinable and in the case when individuals benefiting from a trust and similar legal form of foreign law have yet to be determined, a group of persons in whose fundamental interest a trust and similar legal form of foreign**

law is established or in whose fundamental interest a legal arrangement or entity operates

5. **all persons performing functions equal or similar to the ones described in items 1-4 of this paragraph**
6. **all other natural persons who, via direct or indirect ownership or by other means, ultimately perform the ultimate control over the trust and similar legal form of foreign law.**

(2) The reporting entity shall collect the data referred to in Article 20 paragraph 1 item 6 of this Act on the persons referred to in paragraph1 of this Article by examining the original or certified copy of documentation which may not be older than three months, or by directly examining the Register. When reporting entities carry out the direct examination of the Register, they shall be obliged to write the date and the time as well as the name and the surname of the person having performed the examination in the form of the note on the excerpt from the Register.

(3) Should the customer be a trust or an entity equal to it, incorporated under a foreign Act, the reporting entity shall be obliged to collect, besides the data referred to in Article 20 paragraph 1 item 6 of this Act, the data on the legal arrangement of the trust and the entity equal to it, incorporated under a foreign Act, and the memorandum of association of the trust and of the entity equal to it, incorporated under a foreign Act.

(4) Should one of the persons referred to in paragraph 1 of this Article be a legal person, the reporting entity referred to in Article 9 of this Act shall establish and verify the identity of the beneficial owner of that legal person.

VI. ESTABLISHMENT, ORGANIZATION AND KEEPING OF THE REGISTER OF BENEFICIAL OWNERS AND AVAILABILITY OF DATA FROM THE REGISTER OF BENEFICIAL OWNERS

Register of Beneficial Owners

Article 32

(1) The Register shall be a central electronic database containing the data on beneficial owners of:

- **a) legal persons established in the territory of the Republic of Croatia whose sole founder is not the Republic of Croatia or the unit of local and regional self-government:**
  1. **companies**
  2. **branches of foreign companies**
  3. **associations**
  4. **foundations**
  5. **institutions**
- **b) trusts and similar entity of foreign law:**
  1. **whose trustee or a person performing functions equivalent or similar to those described in Article 31 paragraph 1 of the Act has residence or seat in the Republic of Croatia or**
  2. **whose trustee or a person performing functions equivalent or similar to those described in Article 31 paragraph 1 of the Act doesn't have residence or seat in the Republic of Croatia nor in another Member State but who on behalf of the trust or similar entity established under a foreign law acquires a real estate in the Republic of Croatia or establishes a business relationship with the reporting entity referred to in Article 9 of the Act.**

(2) The Register shall be kept the Financial Agency on behalf of the Office.

(3) The Financial Agency shall be obliged:

1. to establish, keep and manage the Register

2. to collect, record, process and store the data from the Register
3. to enable the input of data into and update of data in the Register in line with Article 33 paragraph 4 of this Act
4. to enable the availability of data from the Register in line with Article 34 of this Act
5. to verify the data in the Register in line with Article 36 paragraph 1 of this Act, and
6. to undertake other actions as well in line with this Act.

(4) The Financial Agency shall be obliged to keep permanently the data input into the Register in line with Article 33 paragraph 4 of this Act.

(5) The Financial Agency shall be authorized to take over the data from a court register and the data from other relevant registers via which legal persons referred to in paragraph 1 a) of this Article are established or registered, and the data from official records of the Tax Administration in a way and within deadlines prescribed by the Rulebook referred to in paragraph 8 of this Article, without any fee.

(6) The Financial Agency, for the purpose of keeping the Register, shall be authorized to manage the database of the Register, maintain and provide the protection of the database of the Register and of the documents stored in the archives of the Register.

(7) The Financial Agency shall be responsible for the credibility of recording of the input data and the identification of entities obliged to input data referred to in Article 33 paragraph 4 of this Act.

(8) In relation to Register, the minister of finance shall in a rulebook in more detail prescribe: the content and the structure of the data, the manner of maintenance, the manner and deadline for registration, the manner verification of entered data, the additional data that shall be gathered, that is, entered, the content, form and manner of completing the forms for entering the data, the supervision of delivery and verification of data, data entering, data updating and accuracy of data, the manner of implementation of this Act in relation to the availability of data, types and fees for access to data by reporting entities referred to in Article 9 of this Act, access to data (online registration to identify the persons requesting the data) and fee for access to data by legal and natural persons referred to in Article 34, paragraph 1, item 4 of this Act, where the fee may not exceed the costs of making information available, including the costs of maintaining and further development of the Register, and the use, keeping and protection of the data in accordance with the regulations governing the personal data protection.

(9) The Office shall inform the European Commission of the features of the Register referred to in paragraph 1 of this Article.

Obligations of a Legal Entity and of the Trustee of a Trust and Equal Entity, Incorporated under a Foreign Law

Article 33

(1) Legal person referred to in Article 32 paragraph 1 item a) of this Act shall be obliged to have and safeguard the appropriate, accurate and updated information on:

a) beneficial owner or owners, which shall include:
   1. name and surname
   2. country of residence
   3. day, month and year of birth
   4. identification number or data on type, number, issuer, country and date of validity of identification document
   5. citizenship of the beneficial owner, and
   6. data on nature and extent of beneficial ownership

b) ownership structure, while regarding companies the data on shares, stake or other form of participation in the ownership of the company.

(2) The Financial Agency shall take over the basic data on legal entities referred to in Article 32 paragraph 1 item a) of this Act (name, headquarters address, personal identification number and legal form) in to the Register from relevant registers via which legal entities are established or registered referred to in paragraph 1 of this Article.

(3) Trustee of a trust or of an entity equal to it, incorporated under a foreign Act, referred to in Article 32 paragraph 1 item b) of this Act shall be obliged to have and safeguard the appropriate, accurate and updated information referred to in paragraph 1 item b) of this Article for persons referred to in Article 31 paragraph 1 of this Act and shall input them into the Register.

(4) Legal persons referred to in Article 32 paragraph 1 item a) of this Act, besides legal entities referred to in Article 29 of this Act, and the trustee of a trust or of an entity equal to it, incorporated under a foreign Act, referred to in Article 31 paragraph 1 items 2 and 5 of this Act, shall be obliged to input the data referred to in items 1 and 3 of this Article in a way and within deadlines prescribed by the Rulebook referred to 32 paragraph 8 of this Act.

(5) Legal persons referred to in Article 32 paragraph 1 item a) of this Act and the trustee of a trust or of an entity equal to it, incorporated under a foreign Act, referred to in paragraph 4 of this Act shall be responsible for the input of appropriate, accurate and updated information referred to in paragraphs 1 and 3 of this Article into the Register.

(6) The beneficial owner of the legal person referred to in Article 32, paragraph 1, item a) of this Act, in addition to the beneficial owner of the legal person referred to in Article 29 of this Act, shall be obliged to timely make available the data referred to in paragraphs 1 and 3 of this Article to the member of management board or legal representative of that legal person.

(7) The beneficial owner of the trust or similar entity of foreign law and each person referred to in Article 31, paragraph 1 of this Act shall make available to the trustee the information referred to in paragraphs 1 and 3 of this Article in a timely manner.

(8) By way of derogation from paragraphs 1 to 5 of this Article, if the trustee and similar entity of foreign law or a person performing functions equivalent to or similar to those described in Article 31, paragraph 1 of this Act has residence or seat in more than one Member State, or if acquires real estate in more than one Member State on behalf of a trust or similar entity of foreign law or establishes business relations with reporting entities obliged to implement anti-money laundering and terrorist financing measures in more than one Member State, a certificate as proof of registration or an excerpt containing beneficial ownership information kept in a register in one of the Member States may be considered as sufficient proof of compliance with the registration obligation.

Availability of the Information on Beneficial Ownership

Article 34

(1) The data from the Register, within the scope and in the manner prescribed by this Act and on the sublegal acts passed pursuant to it, shall be available only to the following authorized persons:

1. **authorized officials working in the Office**
2. **authorized persons working in the public and other authorities referred to in Article 120 of this Act**

3. **the reporting entity's authorized person and his/her deputy and other employees of the reporting entity referred to in Article 9 of this Act and to the persons referred to in Article 68 paragraph 4 of this Act, when they carry out the customer due diligence measures on the basis of this Act, and**
4. **domestic or foreign natural and legal persons in accordance with the provisions of this Act.**

(2) The Office, the public and other authorities referred to in paragraph 1, item 2 of this Article, shall, in a timely and unrestricted manner and directly by electronic means, have access to all the information contained in the Register free of charge, when acting in the performance of tasks within their competence. The Office, the public and other authorities referred to in paragraph 1, item 2 of this Article shall be obliged to submit the information referred to in Article 33, paragraphs 1 and 3 of this Act, upon request, to the financial intelligence units and competent authorities of other Member States, free of charge.

(3) The data from the Register shall be available directly in an electronic way or indirectly to the persons referred to in paragraph1 item 3 of this Article, within the scope, in a way and with a fee prescribed by the Rulebook referred to in Article 32 paragraph 8 of this Act, when reporting entities carry out due diligence measures according to the provisions of this Act.

(4) Domestic or foreign natural and legal persons may, in accordance with Article 35 of this Act, in the manner prescribed by the rulebook referred to in Article 32, paragraph 8 of this Act, access the information on the beneficial owner of a particular legal person referred to in Article 32, paragraph 1, item a) of this Act that are contained in the Register.

(5) Under the exceptional circumstances, on an individual basis and upon justified and substantiated request of a legal person referred to in Article 32 paragraph 1 item a) of this Act or of a competent public and other authority referred to in Article 120 of this Act, the access to the data or a part of the data on beneficial ownership of a certain legal person shall be restricted if the access to these data would expose the beneficial owner to the disproportionate risk, risk of fraud, kidnapping, blackmail, extortion, abuse, violence or intimidation, or if the beneficial owner were underage or deprived of business capacity.

(6) The Office shall determine if the requirement referred to in paragraph 5 of this Article is justified in a way prescribed by the act regulating the administrative procedure.

(7) No appeal shall be allowed against the decision on the requirement referred to in paragraph 5 of this Act, but administrative proceedings may be initiated.

(8) The restrictions to the access to the data referred to in paragraph 5 of this Article shall not refer to the reporting entities referred to in Article 9 of this Act that are credit or financial institutions or public notaries referred to in Article 9 paragraph 2 item 18 of this Act that carry out the customer due diligence procedure in line with the provisions of this Act and on the basis of sublegal acts passed pursuant to it, nor to the Office and state authorities referred to in paragraph 1 item 2 of this Article.

(9) The Office shall publish on its website annual statistics on the number of restrictions regarding access to the information referred to in paragraph 5 of this Article and the reasons why it complied with the request of the legal person referred to in Article 32 paragraph 1 item a) of this Act submitted pursuant to paragraph 5 of this Article and shall inform the European Commission accordingly.

Public Availability of Data Contained in the Register of Beneficial Owners

Article 35

The following information on the beneficial owner of a legal person or a trust and similar entity of foreign law referred to in Article 32 paragraph 1 shall be made available to the domestic or

foreign natural and legal person referred to in Article 34, paragraph 4 of this Act in the manner prescribed by the rulebook referred to in Article 32, paragraph 8 of this Act:

1. first and last name

2. country of residence

3. month and year of birth

4. nationality and

5. the nature and extent of beneficial ownership

Reporting a Discrepancy in Relation to Data on Beneficial Ownership Available to the Reporting Entity or State Authority and Data Contained in the Register of Beneficial Owners

Article 35.a

(1) The reporting entity referred to in Article 9 of the Act shall be obliged to notify the Office in writing in the manner prescribed by the rulebook referred to in Article 32, paragraph 8 of this Act, when reporting entity establishes that there is a discrepancy in relation to data on beneficial ownership of a particular legal person or trust contained in the Register of beneficial owners and data on to the beneficial ownership available to that reporting entity.

(2) Public and other authorities referred to in Article 120 of the Act shall be obliged to notify the Office in writing when they established that there is a discrepancy in relation to data on beneficial ownership of a particular legal person or trust contained in the Register of beneficial owners and data on to the beneficial ownership of a particular legal person or trust available to that authority.

(3) The Office shall notify in writing the Tax Administration and Financial Agency, in the manner prescribed by the rulebook referred to in Article 32, paragraph 8 of this Act, on notifications referred to in paragraphs 1 and 2 of this Article in order to act in their jurisdiction in accordance with the provisions of this Act.

Supervision over the Register of Beneficial Owners and Misdemeanour Proceedings

Article 36

(1) The Financial Agency shall carry out the supervision on the basis of the verification of the data in the Register, shall establish if the legal entity referred to in Article 32 paragraph 1 item a) of this Act and the trustee of the trust or of an entity equal to it, incorporated under a foreign Act, referred to in Article 31 paragraph 1 items 2 and 5 of this Act has recorded the data referred to in Article 33 paragraphs 1 and 3 of this Act in a way and within deadlines prescribed in the Rulebook referred to in Article 32 paragraph 8 of this Act.

(2) The Financial Agency shall be an authorized plaintiff for initiating misdemeanour proceedings against a legal entity referred to in Article 32 paragraph 1 item a) of this Act and a trustee of a trust or of an entity equal to it, incorporated under a foreign Act, referred to in Article 31 paragraph 1 items 2 and 5 that do not record the data referred to in Article 33 paragraphs 1 and 3 of this Act into the Register in a way and within deadlines prescribed by the Rulebook referred to in Article 32 paragraph 8 of this Act.

(3) The Tax Administration shall carry out the supervision over legal entities referred to in Article 32 paragraph 1 item a) of this Act and over the trustee of a trust or an entity equal to it, incorporated under a foreign Act, referred to in Article 31 paragraph 1 items 2 and 5 of this Act, and it shall determine:

1. if they dispose of accurate and complete data on the beneficial owner referred to in Article 33 paragraphs 1 and 3 of this Act, and
2. if they have recorded in the same way and within deadlines prescribed by the Rulebook referred to in Article 32 paragraph 8 of this Act accurate and complete data referred to in item 1 of this paragraph into the Register.

(4) Legal entities referred to in Article 32 paragraph 1 item a) of this Act and the trustee of a trust or an entity equal to it, incorporated under a foreign Act, referred to in Article 31 paragraph 1 items 2 and 5 of this Act shall be obliged to deliver, upon the request of the Tax Administration in a written form, to the Tax Administration the documentation on the basis of which it shall be possible to establish the ownership and controlling structure and to collect the data on the beneficial owner of the customer.

(5) The Tax Administration shall be an authorized plaintiff for initiating misdemeanour proceedings against legal entities referred to in Article 32 paragraph 1 item a) of this Act and the trustee of a trust or an entity equal to it, incorporated under a foreign Act, referred to in Article 3 paragraph 1 items 2 and 5 of this Act:

1. that do not dispose of accurate and complete data on the beneficial owner referred to in Article 33 paragraphs 1 and 3 of this Act, or
2. that do not record accurate and complete data referred to in Article 33 paragraphs 1 and 3 of this Act in the Register in a way and within deadlines prescribed in the Rulebook referred to in Article 32 paragraph 8 of this Act.

Interconnection of the Register of Beneficial Owners with the Registers of Beneficial Owners from the Member States

Article 36.a

(1) The Financial Agency, on behalf of the Ministry of Finance, shall ensure that the Register of beneficial owners is interconnected with the registers of beneficial owners from other Member States via European Central Platform established under Article 22 paragraph 1 of Directive (EU) 2017/1132 of the European Parliament and of the Council, in accordance with the technical specifications and the procedures laid down by implementing acts adopted by the European Commission in accordance with Article 24 of Directive (EU) 2017/1132 and Article 31.a of Directive (EU) 2015/849.

(2) The Financial Agency shall ensure, on behalf of the Ministry of Finance, that the information referred to in paragraph 1 of this Article is made available through a system of interconnection of registers established pursuant to Article 22 paragraph 1 of Directive (EU) 2017/1132, in accordance with the provisions of this Act.

(3) The information referred to in paragraph 1 of this Article shall remain available to users for ten years after the legal person or trust has been deleted from the register. The Financial Agency and the Office shall cooperate with the relevant authorities of other Member States and the European Commission in order to implement different types of access in accordance with this Article.

VII. MANNER OF CONDUCITNG MEASURES OF ONGOING MONITORING OF THE BUSINESS RELATIONSHIP

Measure of Ongoing Monitoring of the Business Relationship

Article 37

(1) The reporting entity referred to in Article 9 of this Act shall be obliged to exercise due care in monitoring business activities and transactions the customer carries out with the reporting entity, thereby ensuring the knowledge of the customer, including the knowledge, if necessary, of the source of funds at customer's disposal for doing business.

(2) The reporting entity shall be obliged to monitor business activities through the application of the following measures:

1. monitoring and scrutinising the compliance of customer's business operations with the intended nature and purpose of the business relationship and transaction
2. monitoring and scrutinising the compliance of sources of funds with the intended source of funds the customer has indicated when establishing the business relationship and when

performing the transactions referred to in Articles 46, 47, 49, 50, 53, 56 and 57 of this Act, and when performing the transactions referred to in Article 61 of this Act in the part referring to the payment of the cash and currency exchange operations

3. monitoring and scrutinising the compliance of customer's operations or transactions with the customer's usual scope of business operations or transactions, and
4. regularly monitoring and updating the collected documents and information on customers, beneficial owners of customers and the customer risk profile and scrutinising the data indicating whether the customer or the beneficial owner of the customer has become or ceased to be a politically exposed person.

(3) The reporting entity shall be obliged to ensure that the scope and the frequency of conducting the measures referred to in paragraph 2 of this Article are in compliance with the risk analysis and assessment referred to in Articles 12 and 14 of this Act and adapted to the money laundering or terrorist financing risk to which the reporting entity is exposed during the course of conducting individual business operation or transaction, i.e. during the course of doing business with an individual customer.

VIII. CUSTOMER DUE DILIGENCE THROUGH THIRD PERSONS

Entrusting a Third Party with Conducting Due Diligence

Article 38

(1) Under the conditions prescribed in this Act, when establishing a business relationship with a customer, the reporting entity may entrust a third party with identifying the customer and verifying the customer's identity, identifying the beneficial owner of the customer, and collecting information on the purpose and intended nature of the business relationship in line with Article 15 paragraph 1 items 1, 2 and 3 of this Act.

(2) The responsibility for conducting due diligence measures entrusted with a third party shall still rest with the reporting entity.

Third Persons

Article 39

(1) Third persons may be:

1. notaries public, **Financial Agency, HP - Croatian Post Inc.** and reporting entities being a credit and financial institution referred to in Article 9 paragraph 2 items 1, 2, 6, 7, 8, and 9 of this Act

2. reporting entities referred to in item 1 of this paragraph having headquarters in a member state or a third country:

a) that carries out customer due diligence measures and that keeps prescribed records for the purpose of money laundering and terrorist financing prevention, equal or equally valuable to those stated in the Directive (EU) 2015/849, and
b) the alignment of which, regarding the requirements for the purpose of money laundering and terrorist financing prevention, is supervised by a competent supervisory authority, in an equal or equally valuable manner as the one stated in the Directive (EU) 2015/849.

(2) Third persons may not be persons having headquarters in a high-risk third country. As an exception, the reporting entity may entrust the third person having headquarters in a high-risk third country that is a branch or a subsidiary company of the reporting entity from the member state with the performance of the due diligence, under the condition that it adheres fully to the policies and procedures of the group.

(3) Third persons may not be a shell (virtual) bank which does not or is not allowed to carry out its activity in the country in which it has been registered.

(4) Third persons shall not be allowed to entrust some other person with the customer due diligence measures entrusted originally to them.

(5) Supervisory authorities may consider that the reporting entity that operates within the composition of a group has been aligned with the provisions of this Article:

1. if it relies on the information provided by a third person that is the part of the same group
2. if the group applies the customer due diligence measures, rules on records keeping and programmes against money laundering and terrorist financing in line with the provisions of this Act or in a way equal or equally valuable as the one stated in the Directive (EU) 2015/849, and
3. if the effective implementation of measures and procedures referred to in item 2. Of this paragraph at the level of the group is supervised by a competent authority of the home member state or a third country.

(6) External co-operators and representatives of the reporting entities that, on behalf of the reporting entity, on the basis of the contractual relationship (externalization or representation relationships), carry out the customer due diligence shall be considered as a part of the reporting entity and not a third person, and the reporting entity shall not be allowed to entrust the externalized services provider with the tasks of informing the Office on suspicious transactions referred to in Articles 56 and 57 of this Act nor on the cash transactions referred to in Article 61 of this Act.

(7) Reporting entities shall be obliged to establish appropriate procedures in order to ensure that they receive from external collaborators and representatives all information necessary for the timely:

1. informing to the Office of suspicious transactions referred to in Articles 56 and 57 of this Act
2. informing to the Office of cash transactions referred to in Article 61 of this Act, or
3. taking actions according to the orders of the Office referred to in Article 117 and 199 of this Act.

Forbiddance to Entrust Third Persons with the Customer Due Diligence Performance

Article 40

The reporting entity referred to in Article 9 of this Act shall not be allowed to entrust third persons with the customer due diligence performance should the customer be a legal person having headquarters in the third county of high risk.

Collecting Data and Documentation from Third Persons

Article 41

(1) Third persons that carry out the customer due diligence shall be obliged to deliver to or make directly available to the reporting entity immediately without any delay the obtained data on the customer, beneficial owner and purpose and intended nature of a business relationship.

(2) Reporting entities shall be obliged to establish appropriate procedures in order to ensure that they receive in timely manner from the third person copies or direct access to the copies of identification documents and other documentation on the basis of which the third person has carried out the customer due diligence, including, when they are available, the data collected on the basis of qualified certificate for electronic signature or electronic seal, or by any other secure, remote or electronic identification procedure regulated, recognized, approved or accepted by the relevant national authorities, as well as the data on the identification and on the verification of the identity of the customer and beneficial owner of the customer.

(3) Third persons shall be obliged to deliver or to make directly available to the reporting entity, without any delay, the copy of identification documents and other documentation on the basis of which they have carried out the customer due diligence and have collected the data on the customer.

(4) Should reporting entities estimate that there is a suspicion as to the authenticity of the performed customer due diligence or the identification documents and other documentation, or as to the veracity of the collected data on the customer, they shall have to carry out the customer due diligence by themselves.

(5) Reporting entities shall not be allowed to establish a business relationship:

1. if the third person has not delivered nor made directly available to them the data referred to in paragraph 1 of this Article, or

2. if the third person has not, upon the request, delivered nor made directly available to them the copies of identification documents and other necessary documentation referred to in paragraph 2 of this Article.

IX. SIMPLIFIED AND ENHANCED CUSTOMER DUE DILIGENCE

General Provisions

Article 42

(1) Minister of Finance, Governor of the Croatian National Bank and Croatian Financial Services Supervisory Agency shall adopt the Rulebook and decisions, prescribing for the reporting entities **which are credit and financial institutions** the manner of the implementation of simplified and enhanced customer due diligence measures.

(2) The Rulebook and decisions referred to in paragraph 1 of this Article shall refer to the guidelines issued by European Supervisory Authorities.

Simplified Customer Due Diligence

Article 43

(1) Reporting entities referred to in Article 9 of this Act may conduct a simplified customer due diligence if, according to the provision contained in Article 12 paragraph 1 and Article 14 paragraph 6 of this Article, they have estimated that the customer represents a low money laundering or terrorist financing risk.

(2) When deciding if the simplified customer due diligence shall be carried out, reporting entities referred to in paragraph 1 of this Article shall also take into consideration the results of the National Risk Assessment.

(3) Simplified due diligence measures may consist of:

1. verification of the customer's identity and the identity of the beneficial owner of the customer after establishing a business relationship
2. reduced frequency of updating the data on the customer's identity
3. reduced scope of ongoing monitoring of transactions if the value of transactions do not exceed the level for which the reporting entity has estimated during the course of the analysis that it corresponds to the business operations and the low customer risk, and/or
4. making conclusions on the purpose and intended nature of the business relationship according to the type of a transaction or an established business relationship instead of collecting information on that and implementing specific measures.

(4) Reporting entities shall be obliged to carry out the measures of the ongoing monitoring of a business relationship referred to in Article 37 of this Act in relation to the low risk customer as well for the purpose of detecting complex and unusual or suspicious transactions referred to in Articles 53, 56 and 57 of this Act.

(5) Simplified customer due diligence shall not be allowed when there are reasons for suspicion on money laundering or terrorist financing in relation to customer, transaction, assets or funds, or specific scenarios of higher risk of money laundering or terrorist financing are applied, or a complex and unusual transaction referred to in Article 53 paragraph 1 of this Act is concerned.

Enhanced Customer Due Diligence

Article 44

The reporting entity referred to in Article 9 of this Act shall be obliged to conduct enhanced customer due diligence measures **to appropriately manage the risks of money laundering or terrorist financing and to mitigate those risks appropriately**:

1. when establishing a correspondent relationship with a bank or other credit institution having headquarters in a third country
2. when the customer or the beneficial owner of the customer is a politically exposed person
3. when the life insurance policy beneficiaries or beneficiaries of other investment-related insurance policies, or beneficial owners of the beneficiaries are politically exposed persons
4. when the customer is linked with the high-risk third country
5. when the customer is a legal person that has issued bearer shares, or a natural or a legal person performing the transaction linked with bearer shares
6. when they estimate, in accordance with Article 14 paragraphs 7, 8 and 9 of this Act, that the customer represents a high money laundering or terrorist financing risk
7. when a high money laundering and terrorist financing risk has been determined, in accordance with the National Risk Assessment
8. always when there is a suspicion on money laundering or terrorist financing
9. when conducting all complex and unusually large transactions and all unusual transaction patterns that do not have visible economic or legitimate purpose.

Correspondent Relationships with Credit Institutions from Third Countries

Article 45

(1) When establishing a correspondent relationship **which involves payments carried out with a credit or financial institution** having headquarters in a third country, reporting entities referred to in Article 9 of this Act shall be obliged, within the framework of enhanced customer due diligence, besides the measures referred to in Article 15 paragraph 1 of this Act, to conduct the following additional measures:

1. to gather sufficient information on the respondent institution to understand fully the nature of its business operations and determine from publicly available information, the reputation of the institution and the quality of the business operations supervision, including the information whether the respondent institution has been under investigation for money laundering or terrorist financing
2. to assess the money laundering and terrorist financing prevention system of the respondent institution
3. to document the responsibility of the reporting entity and the respondent institution, and
4. to convince themselves, in relation to payable-through accounts, that the respondent institution has carried out the verification of the customer's identity, that it continuously carries out the measures of due diligence of customers that have a direct access to the accounts of the correspondent institution and that, at the request of the correspondent institution, it may provide relevant data regarding the implemented customer due diligence measures.

(2) A reporting entity's employee in charge of establishing correspondent relationships referred to in paragraph 1 of this Article and running the enhanced customer due diligence procedure shall be obliged to obtain a written consent from the senior management of the reporting entity prior to the establishment of the business relationship.

(3) The reporting entity shall be obliged to document the implementation of the measures referred to paragraphs 1 and 2 of this Article.

(4) The reporting entity shall not be allowed to establish or to continue a correspondent relationship with a credit or financial institution having seat in a third country:
1. should the reporting entity not implement the measures referred to in paragraphs 1 and 2 of this Article

2. should the credit or financial institution not have money laundering and terrorist financing prevention system controls in place or should it not be obliged to apply legal and other regulations in the field of money laundering and terrorist financing prevention and detection, or

3. should the credit or financial institution operate as a shell bank, or should it establish correspondent or other business relationships and conduct transactions with shell banks.

Politically Exposed Persons

Article 46

(1) Reporting entities referred to in Article 9 of this Act shall be obliged to establish, besides the prescribed due diligence measures referred to in Article 15 paragraph 1 of this Act, an appropriate risk management system when establishing a business relationship or performing transactions referred to in Article 16 paragraph 1 items 2, 3 and 4 of this Act with a politically exposed person or with a customer the beneficial owner of which is a politically exposed person, including the procedures based on the risk assessment for the determination whether the customer is a politically exposed person.

(2) A politically exposed person shall be any natural person who acts or has acted during the at least previous 12 months at a prominent public function in a Member State or a third country, including their close family members or persons known to be close associates of a politically exposed person.

(3) Natural persons who act or have acted at a prominent public function shall be:

1. presidents of countries, prime ministers, ministers and their deputies and state secretaries and assistant ministers
2. elected members of legislative bodies
3. members of the governing bodies of political parties
4. judges of supreme or constitutional courts or other high ranking judicial officials against whose decisions, save for exceptional cases, legal remedies may not be applied
5. judges of courts of auditors
6. members of central bank councils,
7. ambassadors, *chargés d'affaires* and high ranking officers of armed forces,
8. **members of management and supervisory boards in state-owned or majority state-owned legal persons and persons performing equivalent functions**,
9. directors, deputy directors and members of the board, as well as persons carrying out equivalent function of an international organizations
10. municipality prefects, mayors, county prefects and their deputies elected on the basis of the Act regulating local elections in the Republic of Croatia.

(4) For the purpose of implementing measures of enhanced due diligence in accordance with the provisions of this Act, family members of a politically exposed person referred to in paragraph 3 of this Article shall be considered:

1. **spouse or extramarital partner of the politically exposed person and a person with whom a politically exposed person is in a life partnership or in an informal life partnership**
2. **children and their spouses or extramarital partners and persons with whom children of a politically exposed person are in a life partnership or informal life partnership**
3. **parents of a politically exposed person.**

(5) The close associate of a politically exposed person referred to in paragraph 3 of this Article shall be any natural person:

a) who shall be known to have joint beneficial ownership of legal person or a legal arrangement or any other close business relations with a politically exposed person,

b) who have sole beneficial owner ship of a legal person or a legal arrangement for which is known to have been set up for the benefit of a politically exposed person.

List of Prominent Public Duties in the Republic of Croatia

Article 46a

(1) The Office shall publish the updated list of prominent public duties referred to in Article 46, paragraph 3 of this Act on its website.

(2) An international organization accredited in the Republic of Croatia shall publish and update a list of prominent public functions in that international organization (directors, deputy directors, board members, and persons performing equivalent functions in the international organization).

(3) The Office shall notify the European Commission in writing in relation to list referred to in paragraph 1 of this Article.

Enhanced Due Diligence Measures to be Applied at the Politically Exposed Persons

Article 47

(1) Reporting entities referred to in Article 9 of this Act shall be obliged, in cases prescribed in Article 46 paragraph 1 of this Act, in relation to a politically exposed person or a customer the beneficial owner of which is a politically exposed person, to carry out an enhanced customer due diligence, which besides the prescribed due diligence measures referred to in Article 15 paragraph 1 of this Act shall include the following measures:

1. to obtain a written consent of the senior management of the reporting entity for the establishment or the continuation of a business relationship with a customer that is a politically exposed person or with a customer the beneficial owner of which is a politically exposed person
2. to carry out adequate measures to establish the source of wealth and the source of funds that are involved in the business relationship or the transaction, and
3. to conduct enhanced, ongoing monitoring of the business relationship with a politically exposed person.

(2) Measures referred to in paragraph 1 of this Article and Article 46 paragraph 1 of this Act shall also be carried out for immediate family members and close associates referred to in Article 46 paragraphs 4 and 5 of this Act.

(3) When a politically exposed person ceases to act at the prominent public function, the reporting entity shall be obliged to estimate the further risk posed by this person and, on the basis of the risk assessment, to undertake appropriate measures, until the reporting entity would not consider any more that this politically exposed person poses any further risk specific for politically exposed persons. The period of the implementation of measures shall not be shorter than 12 months from the day of their ceasing to act at the prominent public function.

(4) The reporting entity shall be obliged to document the implementation of measures referred to in this Article.

Politically Exposed Persons and Life Insurance

Article 48

(1) Reporting entity referred to in Article 9 shall be obliged to undertake reasonable measures with which it shall determine if the beneficiaries of life insurance and of other investment-related insurance policy, as well as, if necessary, beneficial owners of beneficiaries, are politically exposed persons. These measures shall be undertaken not later than at the time of the payout or at the time of full or partial assignment of the policy.

(2) When reporting entity, on the basis of the risk assessment referred to in article 14 paragraph 10 of this Act, determines the high money laundering and terrorist financing risk, it shall be obliged to undertake, besides the measures referred to in Article 15 paragraph 1 of this Act, at least the following actions:

1. to inform the senior management before the payout of insurance policy, and
2. to thoroughly examine the whole business relationship with the policyholder.

(3) Measures referred to in paragraph 2 of this Article shall also refer to immediate family members and close associates referred to in Article 46 paragraphs 4 and 5 of this Act.

(4) The reporting entity shall be obliged to document the implementation of measures referred to in this Article.

Enhanced Due Diligence Measures Applied to Customers from the High-Risk Third Countries

Article 49

(1) Where the customer is from a high-risk third country or transaction involves high-risk third countries, the reporting entity referred to in Article 9 of this Act shall be obliged, within enhanced due diligence measures, when establishing a business relationship or conducting transactions, including transactions referred to in Article 16 paragraph 1, item 2 to 4 of this Act, except for the measures referred to in Article 15, paragraph 1 of this Act, at least conduct the following measures:

1. collect additional information on customer and beneficial owner(s) of the customer

2. collect additional information on the purpose and intention of the business relationship

3. collect information on the source of funds and the source of wealth of the customer and the beneficial owner(s) of the customer

4. collect information on the reasons for planned or executed transaction

5. obtain the approval of the reporting entity's senior management in order to establish or to continue a business relationship

6. intensely monitor the business relationship by increasing the number and frequency of controls applied and selecting transaction patterns that require further examination.

(2) Reporting entities shall not be obliged to carry out the measures referred to in the paragraph 1 of this Article in relation to the customer from the high-risk third country that is a branch or a subsidiary company in the majority-ownership of the reporting entity from the member state, under the condition that it fully implements the policies and the procedures of the group that are equal or equally valuable to the provisions of this Act.

(3) In the case referred to in paragraph 2 of this Article, reporting entities shall adapt the scope of the implementation of measures to the money laundering and terrorist financing risk assessment referred to in Article 14 of this Act.

(4) In addition to the measures referred to in paragraph 1 of this Article, the reporting entity referred to in Article 9 of this Act shall, if it is in accordance with his risk assessment of the customer when conducting transactions involving high-risk third countries, conduct one or more of the following risk mitigation measures:

1. carry out additional measures of enhanced due diligence of the customer

2. introduce enhanced reporting mechanisms by authorized person of reporting entity on the customer's transactions or introduce systematic reporting by authorized person of reporting entity on the customer's transactions

3. restrict the establishment of business relationships or conducting transactions with natural or legal persons from high-risk third countries.

(5) When applying the paragraph 1 of this Article, the reporting entity shall be obliged to take into account the delegated act issued by the European Commission which identifies high-risk third countries that do not apply appropriate measures for the prevention and the detection of money laundering and terrorist financing. The Office and competent supervisory authorities referred to in Article 81 of this Act shall publish the information on the high-risk third countries on their web pages.

(6) When adopting or implementing the measures referred to in this Article, the reporting entity shall, when necessary, take into account relevant evaluations, assessments or reports drawn up by international organizations and experts responsible for setting standards in the field of prevention of money laundering and terrorist financing in connection with the risks posed by individual third countries.

(7) The Office shall notify the European Commission on the measures referred to in this Article.

Enhanced Due Diligence Measures in Relation to the Bearer Shares

Article 50

(1) Should a customer be a legal person that has issued bearer shares, or a natural or a legal person who carries out a transaction in relation to the bearer shares, reporting entities shall be obliged when establishing a business relationship or performing a transaction referred to in Article 16 paragraph 1 **item 2** of this Act, besides the measures referred to in Article 15 paragraph 1 of this Act, to carry out an enhanced customer due diligence which shall include the following measures:

1. to collect and verify the additional data on:
   a) the activity of the customer and of beneficial owner of the customer, and
   b) the source of funds and property which is a subject-matter of the transaction or the business relationship
2. to verify the collected data on:
   a) the intended nature of the business relationship, and
   b) the purpose and the manner of conducting the transaction
3. an employee of the reporting entity in charge of the procedure of establishing the business relationship with a customer shall, prior to the establishment of the business relationship, get a written consent from the senior management of the reporting entity, and
4. after the establishment of a business relationship, to attentively monitor transactions and other business activities that are carried out at them by a customer.

(2) Should reporting entities not apply the measures referred to in paragraph 1 of this Article, they shall not be allowed to establish a business relationship with a legal person that has issued the bearer shares nor to perform a transaction of a natural or a legal person in relation to the bearer shares.

Enhanced Due Diligence Measures to be applied to the Customer that is not Physically Present during His/Her Identification and Identity Verification

Article 51

Erased.

Customer Identification and Customer's Identity Verification on the basis of the Qualified Certificate for Electronic Signature or Electronic Seal and on the basis of Video Electronic Identification

Article 52

(1) Reporting entities referred to in Article 9 of this Act shall be able to remotely identify and verify the identity of a natural person, craftsman, independent trader or a person performing another independent

professional activity, of a legal person and a natural person representing a legal person on the basis of the qualified certificate for electronic signature or electronic seal produced by qualified means for the production of an electronic signature or means for the production of a qualified electronic seal issued by a qualified trust service provider having headquarters in the European Union by applying the Regulation (EU) 910/2014.

(2) Within the procedure of identification and identity verification of the customer referred to in paragraph 1 of this Article, reporting entities shall collect the data referred to in Article 20 paragraph 1 item 1 of this Act by examining the qualified certificate for electronic signature or electronic seal. The data that could not be obtained from the qualified certificate shall be obtained by examining the copy of the official personal document or other valid public identification document delivered to them by the customer via regular or electronic mail. Should it not be possible to collect all prescribed data in the described way, the missing data shall be collected directly from the customer.

(3) The customer identification and the customer's identity verification on the basis of the qualified certificate for electronic signature or electronic seal shall not be allowed if there is a suspicion that the qualified certificate was misused, or if the reporting entity determined that the circumstances having a significant impact on its validity have changed, while the qualified service provider has not temporarily suspended it yet.

(4) The reporting entity referred to in Article 9 of this Act shall be able to determine and verify the identity of a natural person, craftsman, or a person performing another independent professional activity, as well as a natural person representing a legal person founded in the Member State by using the means of video electronic identification, if all following conditions are met:

1. **in relation to products, services, transactions or delivery channels, for the use of which reporting entity shall conduct a video electronic identification of the customer, there has not been determined a high risk in line with the provisions of Articles 12 and 14 of this Act**
2. **the identity shall be determined and verified on the basis of the official personal document of a natural person referred to in this paragraph which contains a biometrical photo of a person and which has been issued by the competent state authority of the Member State or a third country that implements anti-money laundering and terrorist financing measures equal to or equivalent to those specified in this Act**
3. **the customer shall be of age**
4. **the customer shall not have a residence on the territory of the state referred to in Article 14 paragraph 8 of this Act.**

(5) Within the procedure of the identification and the verification of the identity of the person referred to in paragraph 6 of this Article, reporting entities shall collect the data referred to in Article 20 paragraph 1 item 1 of this Act. The data that could not be obtained in line with paragraph 6 of this Article shall be collected by examining the copy of the official personal document or some other valid public identification document delivered to them by the customer via regular or electronic mail. Should it not be possible to collect all prescribed data in the described way, the missing data shall be collected directly from the customer.

(6) The Minister of Finance shall adopt the Rulebook prescribing the minimum technical conditions that the means of video electronic identification have to fulfil.

Complex and Unusual Transactions

Article 53

(1) **The reporting entity referred to in Article 9 of this Act shall pay special attention to all transactions that fulfill at least one of the following conditions:**

1. the transaction is complex
2. the transaction is unusually large
3. the transaction is conducted according to an unusual pattern
4. the transaction has no obvious economic or legal purpose.

(2) Regarding the transactions referred to in paragraph 1 of this Article, reporting entities shall be obliged to analyse the backgrounds and purpose of such transactions, including the data on the source of funds, and to record the results of the analysis in written form so that they could be available at the request of the Office and other supervisory authorities referred to in Article 81 of this Act.

(3) With respect to the transactions referred to in paragraph 1 of this Article, the reporting entity when conducting enhanced due diligence of the customer, in addition to the measures referred to in Article 15 paragraph 1 of this Act, shall enhance the level and the nature of the business relationship monitoring in order to determine whether there are grounds for suspicion on money laundering or terrorist financing in relation to the customer's transactions or activities.

(4) Should reporting entities find reasons for the suspicion of money laundering and terrorist financing in line with Articles 56 or 57 of this Act in relation to the transactions referred to in paragraph 1 of this Article, they shall be obliged to inform the Office of that in a way prescribed in Article 59 of this Act.

X. RESTRICTIONS IN DOING BUSINESS WITH CUSTOMERS

Prohibition of the Use of Anonymous Products and Prohibition of Doing Business with Shell Banks

Article 54

(1) Reporting entity referred to in Article 9 of this Act shall not be allowed to open, issue or keep anonymous accounts, coded or bearer passbooks, anonymous safe deposit boxes, or other anonymous products for customers, including the accounts on false names, which would indirectly or directly enable the concealment of the customer’s identity.

(2) Reporting entity referred to in Article 9 shall be obliged, regarding anonymous accounts, coded or bearer passbooks, anonymous safe deposit boxes or other anonymous products, including the accounts on false names for which it is not possible to identify the owner, which anonymous products exist on the day of entry into force of this Act, to carry out the customer due diligence measures referred to in Article 15 of this Act as soon as possible and definitely prior to any use of such accounts or passbooks or safe deposit boxes or other anonymous products.

(3) Reporting entities shall not be allowed to establish or maintain correspondent relationships with a shell bank.

(4) Reporting entities shall be obliged to undertake appropriate measures in order to enable the establishment or continuation of a correspondent relationship with a credit institution or a financial institution for which it is known that it allows a shell bank to use its accounts.

Restrictions in Cash Operations

Article 55

(1) Legal or natural persons carrying out a registered activity in the Republic of Croatia shall not be allowed to receive a payment or to carry out the payment in cash in the amount of HRK 75,000.00 or more.

(2) The restriction referred to in paragraph 1 of this Article shall also be in effect in instances when the receiving of payment or carrying out of payment is performed in several cash transactions in the amount of HRK 75,000.00 or more which appear to be linked.

(3) The collections and payments in cash referred to in paragraphs 1 and 2 of this Article shall have to be conducted through the payment or transfer to the transaction account for payment open at a credit institution.

(4) The restrictions in business operations with cash referred to in this Article shall not be applied to the organizers of games of chance as reporting entities referred to in Article 9 paragraph 2 item 16 of this Act.

XI. REPORTING TO THE ANTI-MONEY LAUNDERING OFFICE ON TRANSACTIONS

Obligation of and Deadlines for Reporting on Suspicious Transactions, Funds and Persons

Article 56

(1) Reporting entities referred to in Article 9 of this Act shall be obliged to refrain from carrying out a suspicious transaction referred to in paragraph 6 of this Article when they know, suspect or have reasons to suspect that there are reasons for suspicion of money laundering or terrorist financing in relation to the suspicious transaction.

(2) Reporting entities shall be obliged to inform the Office without any delay and prior to carrying out the suspicious transaction referred to in paragraph 1 of this Article as well as to state in the report the deadline within which the transaction will be performed.

(3) Should reporting entities in cases referred to in paragraph 1 of this Article, due to the nature of the transaction or due to other justified reasons, could not have delivered the report prior to carrying out the transaction or should it be probable that by delivering the report on the suspicious transaction to the Office prior to carrying out the transaction the analysis of the transaction by reporting entities will be hampered, reporting entities shall be obliged to report the suspicious transaction to the Office after the performance thereof, but not later than on the following working day.

(4) In the case referred to in paragraph 3 of this Article, reporting entities shall be obliged to justify the reasons due to which they have not been objectively able to inform the Office in line with paragraph 2 of this Article of the suspicious transaction prior to the performance thereof.

(5) Reporting entities shall be obliged to inform the Office of the purpose, planning and attempt of carrying out a suspicious transaction referred to in paragraph 1 of this Article regardless of whether the transaction has been carried out afterwards or not.

(6) The suspicious transaction is considered each attempted or performed cash and non-cash transaction, regardless of its value and the manner of performing it, if one or more of the following reasons have been fulfilled:

1. reporting entities know, suspect or have reasons to suspect that the transaction includes funds derived from a criminal activity or is linked with terrorist financing
2. indicators for recognizing suspicious transactions, funds and persons referred to in Article 60 paragraph 1 of this Act indicate that there are reasons for the suspicion of money laundering or terrorist financing
3. the transaction corresponds to the typologies or trends of money laundering or terrorist financing, and/or
4. when reporting entities estimate that in relation to the transaction, funds or customer there are also other reasons for the suspicion of money laundering or terrorist financing.

(7) Should reporting entities know, suspect or have reasons to suspect that the funds, regardless of their amount, represent proceeds of a criminal activity or are related to terrorist financing, they shall be obliged to inform the Office of that without any delay.

Obligation of and Deadlines for Reporting on Suspicious Transactions, Funds and Persons by Reporting Entities Performing Independent Professional Activities

Article 57

(1) Lawyers, law firms and public notaries when carrying out the tasks referred to in Article 9 paragraph 2 item 18 sub-item b) of this Act shall be obliged to inform the Office on the suspicious transaction, funds and persons referred to in Article 56 paragraphs 1 and 7 of this Act, and according to Article 56 paragraphs 2, 3, 4 and 5 of this Act.

(2) Audit companies, independent auditors, external accountants that are legal or natural persons carrying out accounting services, tax advisers and tax advisory companies referred to in Article 9 paragraph 2 item 18 sub-item a) when carrying out the tasks from their scope of work, shall be obliged to inform the Office on the suspicious transaction, funds and persons referred to in Article 56 paragraphs 1 and 7 of this Act, according to Article 56 paragraphs 2, 3, 4 and 5 of this Act.

(3) Reporting entities performing an independent professional activity referred to in paragraphs 1 and 2 of this Article shall be obliged every time a customer asks from them an advice in relation to money laundering or terrorist financing to inform the Office of that not later than on the following working day from the day when the customer has asked such advice from them.

Exceptions for the Reporting Entities Performing Independent Professional Activities

Article 58

(1) The provisions contained in Articles 56 and 57 of this Act shall not apply to reporting entities performing independent professional activities referred to in Article 9 paragraph 2 item 18 of this Act in relation to the data they receive from their client or they collect on the client when ascertaining the legal position of the client or when representing the client regarding judicial proceedings, which includes providing advice for instituting or avoiding judicial proceedings, regardless of whether the data have been obtained or collected prior, during or after the completed judicial proceedings.

(2) Reporting entities performing independent professional activities referred to in paragraph 1 of this Article, when the conditions referred to in paragraph 1 of this Article are met, shall not be obliged to fulfil the request of the Office referred to in Article 113 of this Act and shall be obliged to deliver to the Office, not later than within three days from the day of receiving the request, in written form the explanation of the reasons due to which they have not taken actions in line with the request of the Office referred to in Article 113 of this Act.

Manner of Reporting and Contents of the Report on Suspicious Transactions, Funds and Persons

Article 59

(1) Reporting entities referred to in Article 9 of this Act shall be obliged to inform the Office on the suspicious transaction referred to in Article 56 paragraph 1 of this Act and on the suspicious funds referred to in Article 56 paragraph 7 of this Act as well as on the suspicious transaction, funds and persons referred to in Article 57 paragraphs 1, 2 and 3 of this Act, with prescribed data referred to in Article 20 of this Act.

(2) Reporting entities shall be obliged to state and explain, in the report referred to in paragraph 1 of this Article, the reasons indicating that in relation to the transaction, funds and persons there are reasons for the suspicion of money laundering or terrorist financing.

(3) Minister of Finance shall prescribe, in a Rulebook, the way and the scope of delivering the data referred to in paragraph 1 of this Article, and the additional data which reporting entities shall be obliged to obtain for the purpose of reporting the Office of suspicious transactions, funds and persons.

Obligation of Preparing and Using the List of Indicators for Recognizing Suspicious Transactions, Funds and Persons

Article 60

(1) Reporting entities referred to in Article 9 of this Act shall be obliged to prepare the list of indicators for recognizing suspicious transactions, funds and persons in relation to which/whom there are reasons for the suspicion of money laundering and terrorist financing and to supplement it with information that shall be available to them on new trends and typologies of money laundering and terrorist financing, as well as in case of altered circumstances in the business operations of reporting entities should they be important for the application of this Act.

(2) When preparing the list of indicators referred to in paragraph 1 of this Article, reporting entities shall take into account the specificity of their business operations, type of customer, geographical area, type of products and services they offer, delivery channels and characteristics of suspicious transactions referred to in Article 56 paragraph 6 of this Act.

(3) When determining the reasons for the suspicion of money laundering or terrorist financing, and other circumstances in relation to these reasons, reporting entities shall be obliged to use the list of indicators referred to in paragraph 1 of this Article as basic guidelines in determining the reasons for the suspicion of money laundering and terrorist financing.

(4) The list of indicators referred to in paragraph 1 of this Article shall be an integral part of policies, controls and procedures of reporting entities in line with Article 13 of this Act.

(5) The Office, competent supervisory authorities, Croatian Chamber of Commerce, Croatian Association of Banks, Croatian Chamber of Notaries Public, Croatian Bar Association, Croatian Chamber of Tax Advisers, Croatian Audit Chamber and associations the members of which are obliged to act pursuant to this Act, **may cooperate** with reporting entities when preparing the list of indicators.

(6) Reporting entities that are not members of associations, chambers or organizations shall prepare their own list of indicators.

(7) Minister of Finance shall prescribe, in a Rulebook, mandatory inclusion of individual indicators on the list of indicators for recognizing suspicious transactions, funds and persons in relation to which/whom there are reasons for the suspicion of money laundering or terrorist financing.

Obligation of and Deadlines for Reporting on Cash Transactions

Article 61

(1) Reporting entities referred to in Article 9 of this Act shall be obliged to inform the Office of the transaction that is carried out in cash in the amount of HRK 200,000.00 and more not later than within three days from the day of performing the transaction.

(2) When reporting to the Office on cash transaction referred to in paragraph 1 of this Article, reporting entities shall be obliged to deliver the data referred to in Article 20 of this Act.

(3) Minister of Finance shall prescribe, in a Rulebook, the way and the scope of delivering the data referred to in paragraph 1 and 2 of this Article as well as the additional data that reporting entities shall be obliged to collect for the purpose of reporting to the Office on cash transactions.

XII. IMPLEMENTATION OF POLICIES AND PROCEDURES OF THE GROUP IN BRANCHES AND SUBSIDIARY COMPANIES HAVING HEADQUARTERS IN A MEMBER STATE OR A THIRD COUNTRY

Obligation of Implementing Measures in Branches and Subsidiary Companies

Article 62

(1) Reporting entities referred to in Article 9 of this Act that are a part of the group shall implement policies and procedures of the group referring to the money laundering and terrorist financing prevention measures, including the data protection measures and information exchange within the group for the purpose of money laundering and terrorist financing prevention.

(2) Reporting entities shall be obliged to ensure that policies and procedures referred to in paragraph 1 of this Article are carried out in their branches and subsidiary companies having headquarters in a member state or a third country.

Obligation of Implementing Measures in the Business Unit in Another Member State

Article 63

If reporting entities referred to in Article 9 of this Act provide services in another member state via a business unit, representative, network of representatives or persons that distribute electronic money, they shall be obliged to ensure that their business units adhere to the legislation of that member state in the area of money laundering and terrorist financing prevention.

Obligation of Implementing Measures in a Third Country

Article 64

(1) Reporting entities referred to in Article 9 of this Act shall be obliged to ensure that policies and procedures for the prevention of money laundering and terrorist financing determined by this Act are also carried out, within the same scope, in their branches and subsidiary companies having headquarters in a third country to the extent allowed by the Act of the third country, including the data protection measures.

(2) Should the minimum standards for the implementation of money laundering and terrorist financing prevention measures in third countries be less strict than the measures prescribed by this Act, reporting entities shall be obliged to ensure that their branches and subsidiary companies adopt and implement appropriate measures that are equally valuable as are the provisions of this Act, to the extent allowed by the Act of the third country, including the data protection measures.

(3) Should the acts of the third country not allow the implementation of policies and procedures referred to in paragraphs 1 and 2 of this Article, reporting entities shall be obliged to ensure that branches and subsidiary companies adopt and implement appropriate additional measures for the efficient management of money laundering or terrorist financing risks, and shall be obliged to report on that to the competent supervisory authority referred to in Article 82 of this Act.

(4) Should the laws of the third country not allow the implementation of policies and procedures referred to in paragraphs 1 and 2 of this Article, the competent supervisory authority referred to in Article 82 of this Act shall report on that to the European Supervisory Authorities with an aim of aligning the activities in order to pursue appropriate solution. When evaluating which third countries do not permit the implementation of the policies and procedures referred to in paragraphs 1 and 2 of this Article, the competent supervisory authority shall take into account any legal restrictions that might interfere with the proper implementation of those policies and procedures, including confidentiality, data protection and other restrictions of the exchange of information that may be relevant for this purpose.

(5) Should the competent supervisory authority referred to in Article 82 of this Act estimate that additional measures referred to in paragraph 3 of this Article are insufficient, it shall order to the reporting entity to carry out additional measures in the third country, which may include:

1. forbiddance of concluding business relationships,
2. termination of business relationships,
3. forbiddance of undertaking transactions,
4. when necessary, termination of business operations of the branch and subsidiary company in the third country.

(6) When adopting and implementing measures referred to in paragraphs 2 and 3 of this Article, reporting entities shall be obliged to adhere to the regulatory technical standards issued by the European Commission.

(7) If the minimum standards for implementing anti-money laundering and terrorist financing measures valid in a third country or a Member State shall be higher than those prescribed by this Act, the reporting entity shall ensure that its branches and subsidiaries adopt and implement appropriate measures in accordance with the law of the third country or Member State, including data protection measures.

Designation of the Central Contact Point

Article 65

(1) An electronic money issuer or payment service provider from another Member State operating in the territory of the Republic of Croatia via a distributor or a representative based on establishment rights and that meets the criteria for designating of the central contact point in accordance with Article 3 paragraph 1 of Commission Delegated Regulation (EU) 2018/1108, shall, no later than 90 days after the fulfillment of the criteria, appoint a central contact point in the Republic of Croatia, in order to ensure compliance with the provisions of this Act and the implementing regulations adopted pursuant to it and to facilitate supervision for competent supervisory authority, on behalf of electronic money issuers and payment service provider from another Member State.

(2) The Croatian National Bank shall be authorized by an electronic money issuer and payment service provider from another Member State that operate in the territory of the Republic of Croatia via a distributor or representative based on establishment rights, that does not meet the criteria for designating a central contact point in accordance with Article 3 paragraphs 1 and 2 of Commission Delegated Regulations (EU) 2018/1108, to require the designation of the central contact point referred to in paragraph 1 of this Article.

(3) The request referred to in paragraph 2 of this Article must be justified, that is, proportionate to the risk of money laundering or terrorist financing related to the operation of these business units or submitted if there are reasonable grounds for suspecting that the activity of the business units of that electronic money or payment service provider is associated with high risk from money laundering or terrorist financing.

(4) The central contact point referred to in paragraph 1 of this Article must be a legal person established in the Republic of Croatia or a foreign branch established in the Republic of Croatia.

(5) The central contact shall carry out the tasks laid down in Articles 4 and 5 of Commission Delegated Regulation (EU) 2018/1108.

(6) The electronic money issuer or payment service provider from another Member State referred to in paragraph 1 of this Article shall notify the Office and the competent supervisory authorities referred to in Article 82, paragraph 8 of this Act regarding the designation of the central contact point within 30 days from the designation and at the request of the competent supervisory authority submit the information referred to in Article 3, paragraph 1, item c) of Commission Delegated Regulation (EU) 2018/1108 without delay.

(7) The Office shall be empowered to require in writing from the central contact point to carry out the following additional tasks in accordance with Article 6 of Commission Delegated Regulation (EU) 2018/1108 proportionately to the risk of money laundering and terrorist financing Commission Delegated Regulations (EU) 2018/1108, in addition to the tasks prescribed by Articles 4 and 5 of Commission Delegated Regulation (EU) 2018/1108:

1. report a suspicious transaction, funds and persons to the Office in accordance with Article 56 of this Act

2. collect additional data, information and documentation from the distributors of electronic money institutions or representatives of the payment institutions upon the request of the Office and submit them to the Office in accordance with Article 113 of this Act

3. monitor transactions to detect suspicious transactions, funds and persons when appropriate given the scope and complexity of the transactions

4. inform the Office regarding the name and contact details of the person who shall perform the tasks referred to in this paragraph on behalf of central contact point no later than three days from the date of appointment or change of information.

(8) The central contact point shall keep the information referred to in paragraph 7, item 1 of this Article for ten years from the notification to the Office.

XIII. MONEY LAUNDERING AND TERRORIST FINANCING DETECTION AND PREVENTION SYSTEM MANAGEMENT

Money Laundering and Terrorist Financing Detection and Prevention System at Reporting Entities

Article 66

(1) Money laundering and terrorist financing prevention system shall be a series of measures, actions and procedures that reporting entities establish in order to identify, assess, take control of and monitor the money laundering and terrorist financing risk they are exposed to or may be exposed to within the performance of their business operations.

(2) The money laundering and terrorist financing detection and prevention system referred to in paragraph 1 of this Article shall have to be proportionate to size, type, scope and complexity of operations performed by reporting entities, and it shall encompass at least:

1. appropriate organizational and staff working conditions;
2. adequate level of awareness of the money laundering and terrorist financing risks the employees of reporting entities have;
3. policies, controls and procedures referred to in Article 13 of this Act
4. appropriate professional education and training organized for all employees of reporting entities included in the money laundering and terrorist financing prevention system
5. employees of reporting entities in charge of the establishment and monitoring of the business relationship with customers
6. appointment of an authorized person and his/her deputy
7. implementation of internal audit in line with Article 72 of this Act, and
8. prescribing the responsibility of the management and/or high-ranking managing positions of reporting entities for functioning of the money laundering and terrorist financing prevention system at reporting entities.

Obligations and Responsibility of the Management

Article 67

(1) For the purpose of establishing and implementing an efficient and effective money laundering and terrorist financing prevention system, the management of the reporting entity shall be obliged to:

1. **adopt the policies, controls and procedures referred to in Article 13 of this Act and adopt the risk analysis referred to in Article 12 of this Act**
2. appoint an authorized person and one or several deputies of the authorized person in line with Article 68 of this Act
3. ensure that the authorized person is employed at a job position that is systematized within the organizational structure of the reporting entity at such a position that it enables the authorized person to quickly, properly and timely execute the tasks prescribed by this Act and regulations passed on the basis of this Act, as well as that it provides him/her the independence within the performance of these tasks and the possibility to directly communicate with the management
4. ensure that the authorized person and his/her deputy have an unrestricted access to all necessary data, information and documentation

5. provide appropriate organizational, staff, material and other working conditions for the authorized person and his/her deputy
6. provide adequate space and technical conditions for the authorized person and his/her deputy, that guarantee an appropriate level of the protection of confidential data and information the authorized person and his/her deputy dispose of
7. provide the system that makes it possible for reporting entities, the authorized person and his/her deputy, in line with powers and competences of the Office and the competent supervisory body referred to in Article 82 of this Act, to timely deliver them all requested data, information and documentation, via secured channels and in a way ensuring the data protection
8. provide regular professional training and education for employees of reporting entities
9. clearly delimit powers and responsibilities of the authorized person and his/her deputy in relation to powers and responsibilities of other employees of reporting entities within the application of this Act and sublegal acts passed pursuant to it
10. provide the performance of the internal audit of the money laundering and terrorist financing detection and prevention system at reporting entities, and
11. ensure efficient communication and cooperation, including the appropriate flow of information at all organizational levels of the reporting entity, when implementing the measures prescribed by this Act and regulations passed on the basis of it.

(2) Reporting entities referred to in Article95 paragraph 2 items 1, 2, 5, 6, 7, 8, 9, 12, 13 and 14 of this Act shall be obliged to submit to the Croatian National Bank and the Croatian Financial Services Supervision Agency an annual work plan for the current year and the performance report for the previous year in relation to the field of money laundering and terrorist financing prevention, not later than until March 31 of the current year.

(3) The management of the bank shall be obliged to ensure that the authorized person is employed at a high-ranking job position.

(4) Reporting entities referred to in paragraph 2 of this Article shall be obliged to appoint a management member who will be responsible for the implementation of this Act and regulations passed on the basis of it.

(5) The management of a credit and a financial institution shall be obliged to establish an appropriate information system considering the organizational structure and money laundering and terrorist financing risk exposure for the purpose of automatized and wholesome reporting to the Office on transactions and in order to act upon the requests and orders of the Office in accordance with the provisions of this Act and sublegal acts passed pursuant to it.

(6) Reporting entities subject to supervision of the Croatian National Bank shall, at the request of the Croatian National Bank, submit reports and information on all matters and circumstances relevant to the supervision.

(7) The Governor of the Croatian National Bank shall adopt a decision regulating in more detail the content of the report referred to in paragraph 6 of this Article and the manner and deadlines for reporting.

Appointment of an Authorized Person and his/her Deputy

Article 68

(1) Reporting entities referred to in Article 9 paragraphs 2, 3 and 4 of this Act shall be obliged to appoint one authorized person and one or more deputies of the authorized person for money laundering and terrorist financing prevention, and when appropriate in relation to the size and nature of the business operations of reporting entities, they shall be obliged to appoint an authorized person at management level.

(2) Reporting entities being credit and financial institutions referred to in Article 9 paragraph 2 items 1, 2, 5, 6, 7, 8, 9, 12, 13 and 14 of this Act, branches of equal reporting entities from another member state and third countries and representatives of the institutions for payment services and distributors of

institutions for electronic money from another member state referred to in Article 9 paragraphs 3 and 4 of this Act, shall be obliged to inform the Office of the appointment of an authorized person and his/her deputy (deputies), not later than within 3 days after the day of the appointment, or the day of the change in the data on the authorized person or his/her deputy.

(3) The notification referred to in paragraph 2 of this Article shall contain name and headquarters of the reporting entity, name and surname of the authorized person and his/her deputy (deputies), date of the appointment, telephone and telefax numbers and electronic mail address of the authorized person and his/her deputy.

(4) Reporting entities referred to in Article 9 of this Act that is a natural person carrying out the registered activity shall not have to appoint an authorized person but shall be themselves obliged to carry out the tasks of the authorized person prescribed in the Act in sublegal acts passed pursuant to it.

Authorized Person and his/her Deputy's (Deputies') Obligations and Responsibilities

Article 69

Authorized person and his/her deputy (deputies) shall be obliged to:

1. properly and timely submit data and information to the Office in line with this Act and regulations passed on the basis of this Act
2. execute the orders of the Office in line with Articles 117 and 119 of this
3. monitor the alignment of business operations of the reporting entity with the provisions of this Act and sublegal acts passed pursuant to it, and to give recommendations to the management for the improvement of the money laundering and terrorist financing prevention and detection system,
4. coordinate the activities of the reporting entity in the field of money laundering and terrorist financing prevention and detection,
5. participate in establishing and developing IT support for the implementation of activities in the field of money laundering and terrorist financing prevention and detection at the reporting entity,
6. when introducing a new product or delivery channels and new technologies, participate in the risk assessment in order to determine and estimate the way these factors influence the exposure of the reporting entity to the money laundering or terrorist financing risk,
7. organize training and education for employees of the reporting entity working in the field of money laundering and terrorist financing prevention and detection.

Conditions to be Fulfilled by an Authorized Person and his/her Deputy (Deputies)

Article 70

Reporting entities referred to in Article 9 of this Act shall have to ensure that only a person who fulfils the following conditions may perform the tasks that the authorized person and his/her deputy (deputies) are entrusted with:

1. that there are no criminal proceedings initiated against him/her, and that the person has not been found guilty/sentenced for any of the following criminal offences unless the person has been rehabilitated in accordance with the act regulating legal consequences of sentence, criminal records and rehabilitation:

a) referred to in Article 279 (concealment of the illegally gained money) of the Criminal Code (Official Gazette, number 110/97, 27/98, 50/00 – Decision of the Constitutional Court of the Republic of Croatia, 129/00, 51/01, 111/03, 190/03 – Decision of the Constitutional Court of the Republic of Croatia, 105/04, 84/05, 71/06 and 110/07)

b) referred to in Article 273 (misuse of narcotics), Article 175 (human trafficking and slavery), Article 187 a) (preparation of criminal offences against the values protected by the international Act), Article 223 (violation of confidentiality, completeness and availability of computer data, programmes or systems), Article 223 a) (computer forfeiting), Article 224 a) (computer fraud), Article 274 (money forfeiting), Article 275 (securities forfeiting), Article 276 (forfeiting signs for value), Article 277 (production, supply, possession, selling or giving to use the means for forfeiting), Article 278 (forfeiting signs for labelling goods, measures and

weights), Article 279 (money laundering), Article 286 (tax evasion and evasion of other levies), Article 287 (violation of obligation of keeping commercial and financial records), Article 291 (negligent economic business operations), Article 292 (abuse of powers in economic business operations), Article 293 (fraud in economic business operations), Article 294 a) (receiving bribe in economic business operations), Article 294 b) (giving bribe in economic business operations), Article 311 (forfeiting personal identification documents), Article 312 (forfeiting official identification documents), Article 313 (special cases of forfeiting), Article 314 (production, supply, possession, selling or giving for use the funds for forfeiting personal identification documents), and Article 315 (certifying false contents) of the Criminal Code (Official Gazette, number 110/97, 27/98, 50/00 – Decision of the Constitutional Court of the Republic of Croatia, 129/00, 51/01, 111/03, 190/03 – Decision of the Constitutional Court of the Republic of Croatia, 105/04, 84/05, 71/06, 110/07, 152/08, 57/11 and 77/11 –Decision of the Constitutional Court of the Republic of Croatia)

c) referred to in Article 98 (terrorist financing), Article 105 (slavery), Article 106 (human trafficking), Article 190 (unauthorized production and selling of drugs), Article 191 (enabling the use of drugs), Article 246 (misuse of trust in economic business operations), Article 247 (fraud in economic business operations), Article 248 (violation of the obligation of keeping commercial and financial records), Article 252 (receiving bribe in economic business operations), Article 253 (giving bribe in economic business operations), Article 256 (tax evasion or customs evasion), Article 258 (subsidy fraud), Article 265 (money laundering), Article 274 (money forfeiting), Article 275 (securities forfeiting), Article 276 (forfeiting signs for value), Article 277 (forfeiting signs for labelling goods, measures and weights), Article 278 (forfeiting personal identification documents), Article 279 (forfeiting official or business identification document), Article 281 (certification of false contents), Article 283 (production, supply, possession or giving for use the funds for forfeiting), and for a criminal offense against computer systems, programmes and data (Chapter XXV) from the Criminal Code.

2. that he/she has enough expert knowledge, capabilities and experience for the implementation of tasks in the field of money laundering and terrorist financing prevention and detection, and

3. that he/she has a good knowledge of the business operations and business processes carried out by the reporting entity.

Obligation of Regular Professional Training and Education

Article 71

(1) Reporting entities referred to in Article 9 of this Act shall be obliged, proportionately to their type and size and to the money laundering and terrorist financing risk they are exposed to, to continuously undertake measures that all employees performing the tasks in the field of money laundering and terrorist financing prevention are familiar with the provisions of this Act and sublegal acts passed pursuant to it, and acts regulating the personal data protection. The undertaken measures shall have to be proportionate to the type and size of the reporting entity and to the money laundering and terrorist financing risk the reporting entity is exposed to.

(2) Measures referred to in paragraph 1 of this Article shall refer to the participation of employees of reporting entities in special internal or external programmes of professional training and education so that the assistance could be provided to them in implementing this Act and sublegal acts passed pursuant to it, and in recognizing the activities that could be connected with money laundering or terrorist financing, and so that they could be familiar with measures, actions and procedures prescribed with this Act and sublegal acts passed pursuant to it.

(3) Reporting entities shall be obliged for the purpose of the implementation of paragraphs 1 and 2 of this Article, to adopt the programme of the annual professional training and education for the next calendar year, not later than until the end of the current year, and to implement it.

Obligation of Regular Internal Audit Performance

Article 72

(1) Reporting entities referred to in Article 9 of this Act shall be obliged to ensure a regular internal audit performance of the money laundering and terrorist financing prevention system, at least once a year should it be appropriate considering the size and the nature of their business operations.

(2) The internal audit referred to in paragraph 1 of this Article shall estimate the adequacy, efficiency and effectiveness of the internal controls and to verify on the basis of objective evidence whether there is a sufficient level of safety so that the implementation of policies, controls and procedures is functioning towards the mitigation and efficient management of money laundering or terrorist financing risk.

XIV. PERSONAL DATA AND OTHER DATA PROTECTION BY REPORTING ENTITIES

General Provision

Article 73

(1) The collection and processing of personal data by reporting entities for the purpose of implementing measures and actions to be taken in order to prevent and detect money laundering and terrorist financing shall be carried out on the basis and in line with the provisions of this Act.

(2) The processing of personal data on the basis of and in line with the provisions of this Act shall be considered as a matter of public interest in accordance with Regulation (EU) 2016/679 of the European Parliament and of the Council.

Data Protection, Prohibition to Disclose Data and Exceptions

Article 74

(1) Reporting entities referred to in Article 9 of this Act and their employees, including the members of the management and supervisory boards or other business-managing authorities of reporting entities, and other persons which the data collected pursuant to this Act and sublegal acts passed pursuant to it have been available to in any way, shall not be allowed to reveal to a customer or a third person the following information:

1. that the analysis of a transaction or a customer in relation to which/who there is a suspicion of money laundering or terrorist financing, is underway or is possible, including the documentation review referred to in Article 114 of this Act by the Office at reporting entities
2. that the data, information or documentation on a customer or a third person or a transaction referred to in Articles 56 and 57 of this Act, have been or will be submitted to the Office
3. that the Office, on the basis of Article 117 of this Act, has given an order to the reporting entity to temporarily suspend the performance of a suspicious transaction
4. that the Office, on the basis of Article 119 of this Act, has given an order to the reporting entity to continuously monitor the financial operations of a customer, and
5. that preliminary investigative procedure, investigation or criminal procedure has been initiated or could be initiated against a customer or a third person, due to the existence of the suspicion of money laundering or terrorist financing.

(2) Data, information and documentation referred to in paragraph 1 of this Article shall be classified data for which a certain secrecy degree has been determined in line with special regulations on the secrecy of data.

(3) Reporting entity shall be obliged to undertake technical, staff and organizational measures of the personal data protection that are necessary in order for the personal data to be protected from the incidental loss or destruction as well as from disallowed access, disallowed change, disallowed publication and every other misuse, and to establish the obligation that persons working on the data processing sign the confidentiality statement.

(4) The prohibition of disclosing the classified data referred to in paragraph 1 of this Article shall not be applied:

1. if data, information and documentation, collected and kept by reporting entities in line with this Act, are necessary for determining facts in the criminal procedures, and if the delivery of these data by reporting entities is requested by the competent court in a written form, or
2. if data, information and documentation referred to in item 1 of this paragraph are necessary to the competent authority referred to in Article 81 of this Act for the purpose of the performance of the supervision over reporting entities in implementing the provisions of this Act and sublegal acts passed pursuant to it.

(5) Should the reporting entity referred to in Article 9 paragraph 2 item 18 of this Act that performs a professional activity try to dissuade the customer from participating in criminal activities, this shall not constitute the disclosure of data in terms of paragraph 1 of this Article.

Data Disclosure to Receivers within the Group

Article 75

(1) A prohibition of the information exchange referred to in Article 74 paragraph 1 items 1 and 2 of this Act shall not be applied, unless the Office orders differently, in case of the information exchange with:

a) a credit or financial institution from a Member State which is a part of the same group under the condition that policies and procedures within the group meet the requirements determined in this Act, or

b) majority-owned subsidiary or a branch of a credit or a financial institution referred to in item a) of this paragraph in a third country, under the condition that this subsidiary or branch fully adheres to the policies and procedures within the group, inter alia the procedures for the information exchange within the group, and under the condition that policies and procedures within the group meet the requirements determined in this Act.

(2) The forbiddance of the information exchange referred to in Article 74 paragraph 1 items 1 and 2 of this Act shall not be applied, unless the Office orders differently, in case of the information exchange between reporting entities referred to in Article 9 paragraph 2 item 18 of this Act from member states or subjects from third countries prescribing the obligations equally valuable to the provisions of this Act, that perform their professional activity, regardless of whether they are employees or not, within the framework of the same legal person or a larger structure which the legal person belongs to and has joint ownership in, or is linked to through the management or supervision of alignment.

Data Disclosure to Receivers within the Same Category of Reporting Entities

Article 76

In cases referring to the same customer or the same transaction, with two or more reporting entities participating in, the forbiddance of the information exchange referred to in Article 74 paragraphs 1 and 2 of this Act shall not be applied between credit and financial institutions, and between reporting entities being persons performing professional activities referred to in Article 9 paragraph 2 item 18 of this Act, under the condition that:

1. they are founded in a member state or a third country that implements money laundering and terrorist financing prevention measures equally valuable to the provisions of this Act
2. they carry out the same type of activity or belong to the same category of professional activity, and that
3. they are subject to obligations for the protection of professional and business secret and personal data.

Exceptions to the Obligation of Keeping a Business and/or a Professional Secret in terms of Bank/Client, Notary Public/Client, Lawyer/Client Relationships, or other Kind of Secret

Article 77

(1) Delivery of data, information and documentation to the Office shall not represent a disclosure of a business and/or a professional secret in terms of bank/client, notary public/client, Lawyer/client relationships, or other kind of secret for reporting entities referred to in Article 9 of this Act and their employees.

(2) Reporting entities and their employees shall not be held responsible for the damage caused to customers or third persons if, *bona fide* and in line with the provisions of this Act and regulations passed on the basis of it,

a) they deliver to the Office data, information and documentation on their customers
b) they collect and process data, information and documentation on customers
c) they carry out the order of the Office on the temporary suspension of a suspicious transaction, or
d) they carry out the order of the Office on the ongoing monitoring of the customer's financial operations.

(3) Employees of reporting entities may not incur disciplinary action nor be subject to prosecution for violating the obligation of safeguarding the data representing a business and/or a professional secret in terms of bank/client, notary public/client, Lawyer/client relationships, or other kind of secret:

1. should they analyse data, information and documentation collected in line with this Act and sublegal acts passed pursuant to it in order to determine the reasons for the suspicion of money laundering or terrorist financing linked with a specific customer or a transaction, or
2. should they inform the Office of suspicious transactions, funds and persons in line with the provisions in Article 56 and 57 of this Act, even if they have not known exactly what the related criminal activity it was about and regardless of whether the illegal activity did happen or not.

Purpose of the Use of Collected Data and Informing Customers of the Personal Data Processing

Article 78

(1) Reporting entities referred to in Article 9 of this Act shall process the personal data collected on the basis of this Act and sublegal acts passed pursuant to it solely for the purpose of preventing money laundering and terrorist financing, and these data may not be additionally processed in a way that is not in line with that purpose. It shall be forbidden for reporting entities to process the personal data collected on the basis of this Act and sublegal acts passed pursuant to it for any other purposes, including the commercial ones.

(2) Reporting entities and their employees shall be obliged to apply, when processing personal data, the provisions of the regulations regulating the personal data protection.

(3) In line with the regulations regulating the personal data protection, prior to establishing a business relationship or conducting an occasional transaction, reporting entities shall be obliged to inform the customer of the purpose for which the personal data prescribed in this Act are collected and used as well as of the identity of the keeper of the collection of personal data, right to access the data, right to correct the data referring to the customer, receivers of personal data, and of whether it is about a voluntary or mandatory provision of data and possible consequences of withholding the provision of data to reporting entities.

(4) The right to insight into personal data, information and documentation collected on the basis of this Act and sublegal acts passed pursuant to it shall be withheld for the customer should the realization of the right to insight into personal data, information and documentation the reporting entity has collected on the customer be contrary to Article 74 paragraphs 1 and 2 of this Act, or should the realization of the right to insight into personal data, information and documentation the reporting entity has collected on the customer, make it impossible or difficult for the reporting entity or a competent authority to carry out the tasks prescribed by this Act and sublegal acts passed pursuant to it and the procedures related to the prevention, investigation and detection of money laundering and terrorist financing.

XV. DATA KEEPING

Deadlines for Data Keeping by Reporting Entities

Article 79

(1) Reporting entities referred to in Article 9 of this Act shall have to keep the data, information and documentation collected through the application of this Act and regulations passed on the basis of it and Regulation (EU) 2015/847 for ten years after the termination of the business relationship, execution of the transaction referred to in Article 16 paragraph 1 items 2, 3 and 4 of this Act, collection of data referred to in Article 16 paragraph 2 of this Act or access to safe-deposit box referred to in Article 27 of this Act.

(2) The documentation referred to in paragraph 1 of this article shall have to contain:

1. documentation on the basis of which the customer has been identified (copy of an official personal identification document, copy of the excerpt from the court or other register, etc.)
2. data and documentation on undertaken measures for identifying the beneficial owner of the customer
3. documentation on customer's business relationships and accounts
4. documentation on business correspondence of the reporting entity with the customer
5. notes and records necessary for the identification and monitoring of domestic or cross-border transactions,
6. documentation referring to the determination of the backgrounds and purpose of complex and unusual transactions and the results of the analysis of these transactions
7. other accompanying documentation obtained when implementing customer due diligence measures or conducting individual transactions, and
8. **if any, the information obtained by the means of electronic identification, relevant trust services as prescribed by the Regulation (EU) 910/2014 and any other secure, remote or electronic identification procedure that has been regulated, recognized, approved or accepted by the relevant competent authorities.**

(3) Reporting entities shall be obliged to keep data and appropriate documentation on the authorized person and his/her deputy (deputies), risk assessment, professional training and education organized for employees and internal audit performance, for five years.

(4) Reporting entities shall be obliged, after the expiry of deadlines determined in paragraphs 1 and 3 of this Article, to delete personal data on customers and to destroy the documentation referred to in paragraph 2 of this Article in line with the act regulating the personal data protection.

Record Keeping

Article 80

(1) Reporting entities referred to in Article 9 of this Act shall keep the following data records:

1. records of data on the results of ongoing monitoring of a business relationship referred to in Article 15 paragraph 1 item 4 of this Act
2. records of data on customers, business relationships and transactions referred to in Article 16 of this Act
3. **a record on the measures taken and on any difficulties encountered during the verification process referred to in Article 28, paragraph 9 of this Act**
4. records on complex and unusual transactions, and on the results of the analysis of these transactions in line with Article 53 of this Act
5. records on the data delivered to the Office on suspicious transactions referred to in Articles 56 and 57 of this Act
6. records on the data delivered to the Office on cash transactions referred to in Article 61 of this Act
7. records on disclosing the data to the receivers within the group in line with Article 75 of this Act

8. records on disclosing the data to the receivers within the same category of reporting entities referred to in Article 76 of this Act
9. records on orders the Office has given to reporting entities for temporary suspending of performing the suspicious transaction referred to in Article 117 of this Act, and
10. records on orders the Office has given to reporting entities for ongoing monitoring of the customer's financial operations referred to in Article 119 of this Act.

(2) Reporting entities may keep the records referred to in paragraph 1 of this Article in a paper or an electronic form.

CHAPTER IV

SUPERVISION OF REPORTING ENTITIES

I. SUPERVISORY AUTHORITIES

Competent Supervisory Authorities

Article 81

(1) The supervision over the reporting entities referred to in Article 9 of this Act in implementing the provisions of this Act and regulations adopted pursuant to it, shall be carried out by:

1. **Croatian National Bank**
2. **Financial Inspectorate**
3. **Croatian Financial Services Supervisory Agency, and**
4. **Tax Administration.**

(2) The Office shall provide the European Commission with a list of the competent supervisory authorities referred to in paragraph 1 of this Article, including their contact information (name, address, telephone, fax, e-mail address), and the competent supervisory authorities referred to in paragraph 1 of this Article shall inform the Office of any changes to this information.

Competence of Supervisory Authorities

Article 82

(1) The Croatian National Bank shall carry out the supervision of the application of this Act at reporting entities referred to in Article 9 paragraph 2 items 1, 2, 5 and 14 of this Act, branches of equal reporting entities from other member states and third countries and at representatives or distributors of the institutions for payment services and institutions for electronic money from other member states should they be credit institutions, credit unions, institutions for payment services and institutions for electronic money established in the Republic of Croatia in line with the relevant act.

(2) The Financial Inspectorate shall primarily carry out the supervision of the application of this Act at reporting entities referred to in Article 9 paragraph 2 items 3, 4, 15, 17 and 18 and at reporting entities referred to in Article 9 paragraph 4 of this Act that are representatives of the institutions for payment services from another member states and distributors of issuers of electronic money from another member state, that are not under the competence of the Croatian National Bank.

(3) The Financial Inspectorate shall carry out targeted supervision of the application of this Act at all reporting entities referred to in Article 9 paragraphs 2, 3 and 4 of this Act, on the basis of the assessment of increased money laundering and terrorist financing risks.

(4) Within the performance of the supervision referred to in paragraph 3 of this Article, at reporting entities that are subject to the supervision carried out by the Croatian National Bank and the Croatian Financial Services Supervisory Agency, the Financial Inspectorate shall apply decisions and guidelines issued to reporting entities by these supervisory authorities, in line with the agreement on the cooperation in the field of supervision with another competent supervisory authority.

(5) The Croatian Financial Services Supervisory Agency shall carry out the supervision of the application of this Act by reporting entities referred to in Article 9 paragraph 2 items 6 to 13 and item 17 sub items k) and l) of this Act and branches of equal reporting entities from another Member State and third countries, which are established in the Republic of Croatia in line with the act regulating their work. For the purposes of supervision pursuant to Article 9, paragraph 2, item 17, sub items k) and l) of this Act and the Croatian Financial Services Supervisory Agency's supervision powers, the provisions of the laws governing the capital market and the Croatian Financial Services Supervisory Agency Act shall be applied accordingly.

(6) The Tax Administration shall carry out the supervision of the application of this Act at reporting entities referred to in Article 9 paragraph 2 item 16 of this Act.

(7) The Tax Administration shall also be authorized to carry out, besides the supervision prescribed in paragraph 6 of this Article, the supervision of the application of the provisions referred to in Article 36 paragraph 3 (Register of Beneficial Owners) and the supervision of the application of the provisions referred to in Article 55 of this Act (restrictions in business operations with cash) at legal and natural persons that are not obliged to implement this Act.

(8) The supervision of the implementation of the Regulation (EU) 2015/847 and Commission Delegated Regulations (EU) 2018/1108 shall be carried out by the Croatian National Bank and the Financial Inspectorate of the Republic of Croatia within the framework of their competence.

(9) Employees of the competent supervisory authorities referred to in Article 81 of this Act, as well as auditors or experts acting on behalf of those supervisory authorities, shall keep confidential information obtained in the performance of the tasks prescribed by this Act and shall apply standards of conflict of interest accordingly. The obligation to keep confidentiality of the information obtained in the performance of tasks prescribed by this Act shall continue after the termination of employment in the competent supervisory authorities referred to in Article 81 of this Act.

(10) The competent supervisory authorities referred to in Article 81 of this Act shall use data acquired in accordance with this Act only:

a) in the performance of their duties under this Act or other legislative acts in the field of the prevention of money laundering and terrorist financing, prudential regulations and the supervision of credit and financial institutions, including acting on the requirements of the reporting entities referred to in Article 9 of this Act subject to their supervision, for issuance of permits, approvals and licenses for the operation of reporting entity referred to in Article 9 of this Act, subject to their supervision and when processing requests by persons to whom they issue the authorizations to perform certain functions and the processing the applications for issuing licenses for qualifying share in financial institutions and legal persons submitted by reporting entities referred to in Article 9 of this Act and for acting on requests and notifications of third parties, who are not obliged under Article 9 of this Act, submitted to the competent supervisory authorities referred to in Article 81 of this Act for issuing work permits, approvals and licenses and including initiating misdemeanour proceedings

b) in the case of an appeal against a decision of the competent authority supervising credit and financial institutions, including legal proceedings

c) in court proceedings initiated on the basis of specific provisions laid down in European Union law adopted in the field of application of this Act or in the field of prudential regulations and supervision of credit and financial institutions

d) in cases of cooperation with the competent supervisory authorities referred to in Article 81 of this Act in the performance of their duties in accordance with this Act or other legislative acts relating to the supervision of credit and financial institutions

e) in cases of cooperation with:

1. authorities of other Member States responsible for carrying out supervision in the field money laundering and terrorist financing prevention

2. authorities of other Member States competent to carry out supervision in accordance with other legislative acts relating to the supervision of credit and financial institutions

3. the European Supervisory Authorities

4. the European Central Bank (ECB), when acting in accordance with Council Regulation (EU) No 1024/2013 and

5. the competent authorities of third countries in accordance with Article 92 of this Act

f) in cases of cooperation with national authorities responsible for the prevention or investigation of money laundering, related predicate offenses or terrorist financing.

(11) The persons referred to in paragraph 9 of this Article may only disclose confidential information in a concise or general form, in such a way that individual credit and financial institutions cannot be identified.

(12) The supervisory authorities referred to in Article 81 of this Act shall be obliged to submit data and information to state authorities competent for the prevention or investigation of money laundering, related predicate offenses or terrorist financing.

(13) The competent supervisory authorities referred to in Article 81 of this Act shall submit information at the request of the Croatian Parliament's Inquiry Committee, when such information is necessary for fulfilling the mandate of that body, in accordance with the law governing the establishment, composition, scope, powers, principles of operation and the manner of work of the Croatian Parliament's Inquiry Committee.

(14) The competent supervisory authorities referred to in Article 81 of this Act shall not forward or make available the information referred to in Article 74, paragraph 1 of this Act to other bodies or third parties without the prior written consent of the Office.

Cooperation of Competent Supervisory Authorities

Article 82.a

(1) The supervisory authorities referred to in Article 81 of this Act shall cooperate with each other and exchange the data and information necessary for the supervisory procedure and be informed of irregularities and illegalities which they identify during the performance of supervision and the measures taken to remedy them, if such findings and measures are relevant for the work of another authority.

(2) The supervisory authorities referred to in Article 81 of this Act may sign an agreement on cooperation and exchange of information and coordinate their action when dealing with cross-border cases.

(3) The supervisory authorities referred to in Article 81 of this Act shall co-operate and exchange information with other competent authorities in the Republic of Croatia which supervise credit and financial institutions in accordance with legislative acts prescribing the supervision of credit and financial institutions and other competent authorities in the field of money laundering and terrorist financing prevention.

(4) The cooperation referred to in paragraphs 1 and 3 of this Article shall also include the collection of data and information on behalf of the supervisory authority requesting assistance and the exchange of collected data and information in accordance with the provisions of this Act.

Measures and Actions to be taken by Supervisory Authorities

Article 83

(1) When supervisory authorities referred to in Article 81 of this Act, when performing the supervision, determine by examining the documentation or in any other way the violations of the provisions of this Act and sublegal acts passed pursuant to it and of the Regulation (EU) 2015/847, they shall be authorized:

1. to give a written warning to the reporting entity and order measures for the removal of irregularities and illegalities identified in the work performance of the reporting entity within the deadline set by the supervisory authority itself
2. if during the performance of the supervision they determine the existence of the reasonable suspicion that the misdemeanour prescribed by this Act has been committed, to file a misdemeanour indictment to the authority competent for carrying out the misdemeanour procedure
3. before initiating the misdemeanour procedure, in line with the powers prescribed in the Misdemeanour Act, to temporarily forbid to the reporting entity to undertake certain business activities, or temporarily forbid to the member of the management board or some other responsible person in the legal person being a reporting entity to carry out managerial tasks at the reporting entity should it be necessary in order to prevent the reporting entity to commit new misdemeanours or to hamper the proving within the misdemeanour procedure
4. after the information has been filed, to recommend to a competent misdemeanour authority to state the prohibition of carrying out certain duties, activities or tasks of reporting entities as a precaution measure or a protection measure
5. when the issuance of approvals for work has been anticipated with a special act for reporting entities for carrying out certain tasks, the authority competent for issuing approvals may deny the approvals for work to reporting entities, or legal or natural person that commits the misdemeanour prescribed with this Act, and/or
6. to undertake other measures and actions for which it has been authorized by Act.

(2) Measures referred to in paragraph 1 of this Article shall be pronounced independently or in cooperation with another competent authority, by applying the principle of proportionality.

Special Powers of Supervisory Authorities

Article 83.a

1) The competent supervisory authority referred to in Article 81 of this Act shall be empowered to take the following measures and actions in respect of high-risk third countries referred to in Article 49 paragraph 5 of this Act:

1. to refuse the establishment of subsidiaries, branches or representative offices of a high-risk third-country reporting entity, or otherwise consider the fact that the reporting entity originates from a country which does not have adequate anti-money laundering and terrorist financing regime

2. to prohibit reporting entities from establishing branches or representative offices in a high-risk third country, or otherwise consider the fact that the relevant branch or relevant representative office would be located in a country that does not have adequate anti-money laundering and terrorist financing regime

3. to introduce enhanced supervision or to order an enhanced external audit for subsidiaries and branches of reporting entity located in a high-risk third country

4. to order an enhanced external audit for financial groups in respect of all their subsidiaries and branches located in a high-risk third country

5. to order credit and financial institutions to reconsider and amend and, if necessary, terminate correspondent relationships with respondent institutions in a high-risk third country.

(2) When adopting or implementing the measures referred to in paragraph 1 of this Article, the competent supervisory authority shall take into account, as appropriate, relevant evaluations,

assessments or reports drawn up by international organizations and experts responsible for setting standards for the prevention of money laundering and combating against terrorist financing in relation to the risks posed by individual third countries.

(3) The competent supervisory authority shall inform the Office before adopting or implementing the measures set in paragraphs 1 and 2 of this Article, and the Office shall inform the European Commission thereof.

Supervision and Risk Assessment

Article 84

(1) When planning the performance of supervision at reporting entities referred to in Article 9 of this Act, supervisory authorities referred to in Article 81 of this Act shall be obliged to apply the approach based on the money laundering and terrorist financing risk assessment.

(2) When planning and implementing the supervision, supervisory authorities shall have to:

1. clearly understand the money laundering and terrorist financing risk identified in the Republic of Croatia
2. have a direct and an indirect access to all important information on specific domestic and international risks associated with customers, products and services of reporting entities, and
3. base the frequency and intensity of a direct and an indirect supervision on the risk profile of reporting entities and on money laundering and terrorist financing risks identified in the Republic of Croatia on the basis of the National Money laundering and Terrorist Financing Risk Assessment referred to in Article 5 of this Act.

(3) Supervisory authorities shall be obliged to revise the assessment of the money laundering and terrorist financing risk profile of the reporting entity and the risks of non-alignment with the provisions of this Act periodically and when important changes occur in the business processes and business practice or of the development in the management and operations of that reporting entity.

(4) Supervisory authorities shall take into consideration the discretionary right of the reporting entity when carrying out its risk assessment and they may, if necessary, appropriately revise the risk assessment the reporting entity has carried out on the basis of the provisions of this Act and based on that revise the adequacy and the implementation of its policies, controls and procedures.

(5) When planning and performing the supervision, the Croatian National Bank, the Financial Inspectorate and the Croatian Financial Services Supervisory Agency shall be obliged to adhere to the guidelines issued by the European Supervisory Authorities.

Supervision of Business Operations of Reporting Entities in Another Member State

Article 85

(1) Should reporting entities provide services in another member state via their business units, directly or via representatives, a supervisory authority referred to in Article 81 of this Act shall carry out the supervision of the application of policies and procedures of the group.

(2) The supervision referred to in paragraph 1 of this Article may also include a direct supervision over the branch or representative having headquarters in another member state.

(3) Competent supervisory authority referred to in Article 81 of this Act shall, when carrying out the supervision referred to in paragraphs 1 and 2 of this Article, cooperate with the competent authority from the host state and shall inform it of all acts that could have an impact on the estimation of alignment of a business unit or a representative with the regulations on the money laundering and terrorist financing prevention of the host member state.

Supervision over Branches and Representatives of the Institution from

another Member State

Article 86

(1) The supervision over reporting entities referred to in Article 9 paragraphs 3 and 4 of this Act shall be carried out by a competent supervisory authority referred to in Article 82 of this Act.

(2) The supervisory authority referred to in paragraph 1 of this Article shall cooperate with a competent authority from a parent state in order to ensure the efficient supervision over the implementation of this Act.

(3) The supervisory authority shall inform the competent authority from a parent state of all fActs that could have an impact on its estimation of the alignment of a reporting entity with policies and procedures of the group.

(4) Within the supervision of reporting entities referred to in Article 9 paragraph 4 of this Act, the appropriate and proportionate supervision measures referred to in Article 83 paragraph 1 of this Act for the removal of serious failures, in relation to which it is necessary to act urgently, may be issued. Supervision measures shall be temporary and they shall be ceased when failures are removed, *inter alia*, with the assistance provided by competent authorities of the parent member state or in cooperation with them.

Cooperation between Supervisory Authorities and the Office

Article 87

(1) Competent supervisory authority referred to in Article 82 of this Act may request from the Office, for the needs of preparation and implementation of the supervision from under its competence, the statistical data from the records of the Office referred to in Article 147 items 1, 3, 4 and 11 of this Act, and other available statistical data on reporting entities should these data be necessary to the supervisory authority for the preparation and the supervision over reporting entities, including the data on typologies, patterns and trends of money laundering and terrorist financing.

(2) Competent supervisory authority referred to in paragraph 1 of this Article, within 60 days from the termination of the direct supervision over reporting entities referred to in Article 9 of this Act, shall deliver to the Office the excerpt from the protocol on identified irregularities, illegalities and pronounced measures, as well as on identified misdemeanours in the part referring to the implementation of the provisions of this Act and sublegal acts passed pursuant to it.

Guidelines for Reporting Entities for the Uniform Application of the Act

Article 88

(1) Besides sublegal acts referred to in Article 14 paragraph 11 and Article 42 paragraph 1 of this Act, competent supervisory authority referred to in Article 82 of this Act may adopt sectorial guidelines for the purpose of the uniform application by reporting entities of the provisions of this Act and sublegal acts passed pursuant to it.

(2) Reporting entities referred to in Article 9 of this Act may request in written form the adoption of guidelines on the application of a specific provision of this Act and sublegal act passed pursuant to it from the supervisory authority that is by Article 82 paragraphs 1, 2, 3, 5, 6 and 8 of this Act determined to be the supervisory authority for the implementation of the supervision over this reporting entity.

(3) Competent supervisory authority shall independently issue to reporting entities the guidelines referred to in paragraph 2 of this Article.

(4) Due to the uniform application of this Act and sublegal acts passed pursuant to it, competent supervisory authority when adopting guidelines referred to in paragraphs 1 and 2 of this Article may

request the opinion of the Office or other supervisory authorities referred to in Article 81 of this Act, in terms of the issuance of guidelines referred to in paragraph 2 of this Article.

(5) Competent supervisory authorities shall not be obliged to adopt guidelines referred to in paragraph 2 of this Article:

a) upon the request by legal and natural persons that are not reporting entities referred to in Article 9 of this Act
b) should the question be linked with the subject-matter of the supervision which is underway at reporting entities that have requested the issuance of guidelines referred to in paragraph 2 of this Article, or
c) on the occasion of hypothetical or general question that does not derive from a concrete provision of this Act.

(6) Reporting entities referred to in Article 9 of this Act may request from the Office in written form the adoption of guidelines for the purpose of the uniform application by reporting entities of the provisions of this Act and sublegal act passed pursuant to it, in accordance with Article 141 of this Act.

Informing the Office by Supervisory Authorities of the Suspicion on Money Laundering or Terrorist Financing

Article 89

(1) Supervisory authorities referred to in Article 81 of this Act shall be obliged, without any delay, to inform the Office, in a written form in a way prescribed in Article 123 of this Act, of the information that indicate the connection of a transaction, funds or a person with money laundering or terrorist financing, regardless of whether they have found them during the supervision performance according to this Act or during the performance of other tasks from under their scope.

(2) When authorities competent for the supervision of other legal persons and entities equal to them referred to in Article 26 of this Act, during the performance of the supervision from under their competence, find the reason for the suspicion of money laundering or terrorist financing in relation to their actions, actions undertaken by their members or persons related to them, shall be obliged to inform the Office of that, without any delay, in a written form as prescribed in Article 123 of this Act.

II. COOPERATION BETWEEN SUPERVISORY AUTHORITIES AND COMPETENT AUTHORITIES OF MEMBER STATES, THIRD COUNTRIES AND EUROPEAN SUPERVISORY AUTHORITIES

Cooperation between Supervisory Authorities and Competent Supervisory Authorities of Member States

Article 90

(1) The supervisory authorities referred to in Article 81 of this Act shall cooperate and exchange information with the competent authorities which supervise credit and financial institutions in other Member States in accordance with the regulations governing the prevention of money laundering and terrorist financing or other legislative acts relating to the supervision of credit and financial institutions, regardless of the nature and status of those competent authorities, including the European Central Bank, when acting in accordance with Council Regulation (EU) No 1024/2013, and with other authorities of other Member States competent for supervision in the field of money laundering and terrorist financing prevention.

(2) The cooperation referred to in paragraph 1 of this Article shall also include the collection of information on behalf of the competent authority requesting the assistance and the exchange of the information collected.

(3) The supervisory authority referred to in Article 81 of this Act shall cooperate and exchange information with the competent authorities referred to in paragraph 1 of this Article in the following cases:

a) the request for information exchange also includes tax issues

b) in relation to the requested information an inquiry, investigation or proceeding is conducted, unless the exchange of the requested information would interfere with that inquiry, investigation or proceeding

c) the nature or status of the counterpart competent authority requesting the exchange of information differs from the nature or status of the supervisory authority to which the request is made

d) the reporting entity is required by law to maintain the secrecy or confidentiality of the information, except in those cases where the relevant information required is protected by a legal obligation to maintain confidentiality or where a legal obligation to maintain confidentiality of information as described in Article 58 paragraph 1 of this Act applies.

(4) The supervisory authorities referred to in Article 81 of this Act, which supervise credit and financial institutions, shall sign an agreement on the means of information exchange, in accordance with the provisions of this Article, with the European Central Bank when acting under Article 27 paragraph 2 of Regulation (EU) No 1024/2013 and other provisions governing the exchange of information between competent authorities, with the support of the European Supervisory Authorities.

Cooperation with the European Supervisory Authorities

Article 91

Supervisory authorities referred to in Article 81 of this Act shall provide all necessary information to the European Supervisory Authorities in order to enable them to carry out their duties in the field of money laundering and terrorist financing prevention.

Cooperation with Competent Supervisory Authorities of Third Countries

Article 92

(1) The supervisory authority referred to in Article 81 of this Act may cooperate and exchange confidential information with counterpart competent authorities from third countries when the following conditions are met:

a) if a cooperation agreement has been signed with the competent authority from the third country which regulates cooperation and exchange of confidential information on the basis of reciprocity

b) if the information exchanged is subject to the confidentiality requirements obligation equivalent to one referred to in Article 82, paragraph 9 of this Act

(c) if the information provided to authorities from third country shall be used solely for the purpose of carrying out the supervisory tasks of those authorities.

(2) Information originating from another Member State may, in the framework of the cooperation referred to in paragraph 1 of this Article, be exchanged only with the express agreement of the competent authority which shared the information and, depending on the case, solely for the purposes for which that authority gave its consent.

III. SYSTEM OF REPORTING TO SUPERVISORY AUTHORITIES ON THE VIOLATIONS OF THE PROVISIONS OF THE ACT

System of Reporting to Supervisory Authorities on the Violations of the Provisions of the Act at Reporting Entities

Article 93

(1) Supervisory authorities referred to in Article 81 of this Act shall establish the efficient and reliable reporting system that will enable the employees of reporting entities and persons in a similar position at reporting entities to report to supervisory authority referred to in Article 81 of this Act:

1. violations or possible violations of the provisions of this Act and sublegal acts adopted pursuant to it and Regulation (EU) 2015/847

2. threats, intimidation or adverse or discriminatory practices in the workplace as a result of reporting suspected money laundering or terrorist financing internally or to the Office.

(2) Supervisory authorities shall be obliged, in relation the reporting system referred to in paragraph 1 of this Article, to provide:

1. **special procedures for receiving the reports referred to in paragraph 1 of this Article and further activities in relation to these reports**
2. **appropriate protection of employees of reporting entities or persons in a similar position at reporting entities who report the violations referred to in paragraph 1 of this Article**
3. **adequate protection for a person who has reported the violation referred to in paragraph 1 of this Article**
4. **protection of personal data of a person that reports the violation and a natural person who is, according to the statement contained in the report, responsible for the violation or threat in line with the act regulating the protection of personal data, and**
5. **clear rules that ensure the confidentiality guarantee in all cases in relation to the person that reports the violation, except when the publication of the identity of a person who submitted the report is necessary for conducting the investigation or criminal proceedings.**

Internal System of Reporting on the Violations of the Provisions of the Act at Reporting Entities

Article 94

(1) Reporting entities referred to in Article 9 of this Act shall be obliged to establish the internal reporting system at reporting entities that enables the employees and persons in a similar position at reporting entities to report, via a special, independent and anonymous channel, the violations of the provisions of this Act.

(2) The system referred to in paragraph 1 of this Article shall have to contain clearly defined procedures for receiving and processing the reports that have to be proportionate to the nature and size of the reporting entity.

(3) Reporting entities shall have to ensure that all data referring to the person who has reported the violation are treated as confidential in line with the act arranging the personal data protection and to ensure that that person is protected from the exposure to threats or intimidation and particularly from unfavourable or discriminatory working procedures.

IV. COMPETENCE FOR CONDUCTING MISDEMEANOUR PROCEEDINGS AND PUBLICATION OF DATA ON SANCTIONS

Competence for Conducting Misdemeanour Proceedings

Article 95

(1) The Financial Inspectorate shall decide in the first instance on the misdemeanours prescribed by this Act.

(2) The appeal may be filed against the decision of the Financial Inspectorate before the High Misdemeanour Court of the Republic of Croatia

Publication and Delivery of Data on Misdemeanour Sanctions

Article 96

(1) Supervisory authority referred to in Article 81 of this Act shall publish, on their web page, the notification on the final misdemeanour sanction pronounced in accordance with the provisions of this

Act. It shall include in the notification the information on the misdemeanour, sanction and identity of responsible persons at reporting entities.

(2) Should it consider the publication disproportionate to the gravity of the misdemeanour, and in a situation in which the publication could jeopardize the stability of the financial market or course of investigation, the supervisory authority referred to in paragraph 1 of this Article may:

a) publish the decision in an anonymous form, whereby it provides the appropriate protection of personal data
b) postpone the publication until the moment when the reasons for non-publication cease to exist, or
c) give up on the publication should the possibilities referred to in items a) and b) not be sufficient for safeguarding the stability of the financial market and adhering to the principle of proportionality.

(3) Supervisory authority shall inform the competent European Supervisory Authority on misdemeanour sanctions and other measures pronounced to credit and financial institutions, and shall include in the report the data on the filed appeals and the outcome of the appeal procedure.

(4) The data referred to in paragraph 1 of this Article shall have to be publicly available for five years after the publication. As an exception, three years after the finality of the decision on misdemeanour, supervisory authority shall remove the personal data contained in the notification referred to in paragraph 1 of this Article from web pages.

V. EXCEPTION TO THE APPLICATION OF THE PROVISIONS OF THE REGULATION (EU) 2015/847

Conditions for the Exception

Article 97

Reporting entities referred to in Article 9 of this Act shall not be obliged to apply the Regulation (EU) 2015/847 in case of the transfer of financial funds within the Republic of Croatia to the receiver's account for payments which allows payments exclusively for the delivery of goods or provision of services should the following conditions be met:

1. receiver's payment services provider is subject to the Directive (EU) 2015/849
2. receiver's payment services provider may, via the receiver, by using the unique identification mark of the transaction, follow backwards the transfer of financial funds from the person that has an agreement concluded with the receiver on the delivery of goods or provision of services, and
3. the amount of the transfer of financial funds does not exceed the amount of EUR 1,000.00.

Article 98

The Governor of the Croatian National Bank shall make a decision prescribing the manner of carrying out the measures that should be undertaken in accordance with the Regulation (EU) 2015/847, in relation to the implementation of the articles referring to the obligation of the receiver's payment services provider and intermediary payment services providers for the detection of the information on the payer or the receiver that are missing and transfer of financial funds whereby the information on the payer or the receiver are missing or are incomplete, in line with the guidelines issued by the European Supervisory Authorities.

CHAPTER V

POSITION, BASIC TASKS AND THE COMPETENCE OF THE ANTI-MONEY LAUNDERING OFFICE

I. GENERAL PROVISIONS

General provisions

Article 99

(1) The Office shall be the financial intelligence unit of the Republic of Croatia.

(2) The Office shall operate under the name: the Ministry of Finance – Anti-Money Laundering Office.

(3) The Office shall be an organizational unit within the Ministry of Finance that independently and autonomously carries out basic and other tasks prescribed by this Act.

(4) The Office shall via the Ministry of Finance submit to the Government of the Republic of Croatia the report on its work performance annually.

(5) The Office shall inform the European Commission on its name and address.

Management of the Office

Article 100

(1) The Office shall be managed by the head of the Office.

(2) The head of the Office shall be liable for its work to the Minister of Finance.

(3) The head of the Office may have one assistant.

(4) The assistant to the head of the Office shall assist the head of the Office in the performance of the work of the Office and he/she shall replace the head in case of his/her absence or inability to participate at some occasions in line with the Rulebook on the internal order of the Ministry of Finance.

(5) The assistant to the head of the Office shall be liable for his/her work to the head of the Office.

Competence of the Office

Article 101

(1) The Office shall be a central national administrative unit responsible for receiving and analysing the reports on suspicious transactions and other information prescribed by this Act and sublegal acts passed pursuant to it in relation to money laundering, associated predicate offences and terrorist financing.

(2) The Office shall be responsible for disseminating the results of its operational analyses as financial-intelligence data and all other relevant information to competent authorities for their further actions and processing when it establishes that in a concrete case there are reasons for the suspicion of money laundering and/or terrorist financing.

Independence and Operational Autonomy of the Office

Article 102

(1) The Office shall be independent and operationally autonomous in performing the tasks prescribed by this Act, and shall:

1. be authorized to completely fulfil its functions, including the independent decision-making in terms of analysing, making requests, forwarding and disseminating the results of its operational analyses and specific information, data and documentation to competent authorities and foreign financial intelligence units for their further actions and processing
2. have separate key functions from those performed by other organizational units of the Ministry of Finance, including the restriction of the access to business premises, data and information and to IT system of the office
3. be provided with appropriate funds, staff capacities, IT and technical equipment for carrying out its basic and other tasks prescribed by this Act

4. be authorized on individual and routine basis to obtain and deploy the resources referred to in item 3 of this paragraph needed for the performance of the tasks of the Office prescribed by this Act, without any undue political impact or impact of the private sector or disturbance thereof, in order to ensure the full operational independence of the Office, and
5. be authorized to conclude agreements on the cooperation or establish independent cooperation in exchanging information with other domestic competent authorities and foreign financial-intelligence units.

(2) On the basis of the provision of Article 100 paragraph 1 of this Act, and in line with paragraph 1 of this Article, the head of the Office shall be authorized to recommend to the Minister of Finance the internal organization, scope of work of the organizational units and approximate number of civil servants in the Office.

(3) In line with paragraph 1 item 3 of this Article, there shall be funds provided in the state budget of the Republic of Croatia for the work of the Office on the division of the Ministry of Finance.

II. OFFICE CIVIL SERVANTS' RIGHTS, OBLIGATIONS AND RESPONSIBILITIES

Admission to Civil Service

Article 103

The regulations on civil servants shall apply to the Office civil servants' rights, obligations and responsibilities unless otherwise prescribed by this Act.

Article 104

(1) A vacancy in the Office that is not fulfilled may be fulfilled by admitting a person into the civil service who meets general conditions for the admission to civil service as well as special conditions for occupying certain job position in the Office and in relation to whom there are no security and other obstacles for the admission to civil service.

(2) The Ministry of Finance shall according to special regulations request from the competent authority to carry out security vetting for the person being admitted to civil service in the Office.

(3) Security vetting may be carried out according to special regulations for:

1. the head of the Office, at the request of the Minister of Finance, and
2. the assistant to the head of the Office and heads of organizational units in the Office as well as for other employees of the Office, at the request of the head of the Office.

(4) Should the civil servant, working at the Office, not agree to security vetting or should it be estimated after the performed security vetting that there are security obstacles to this civil servant's work performance in the Office, the civil servant shall be placed at the appropriate job position within the ministry competent for finances, and should there be no appropriate job position to which the civil servant may be places, he/she will be placed at the disposal of the Government of the Republic of Croatia through the proper application of regulations on civil servants.

Authorized Civil Servants of the Office

Article 105

(1) Authorized civil servants of the Office shall be the head of the Office, assistant to the head of the Office, heads of organizational units, high-ranking analysts-specialists, high-ranking analysts and analysts.

(2) The status of the authorized civil servant of the Office shall be acquired by occupying the job position of the head of the Office, assistant to the head of the Office, heads of organizational units, high-ranking analysts-specialists, high-ranking analysts and analysts.

(3) The authorized civil servant of the Office shall have an official identification card the outlook and contents of which shall be prescribed by the Minister of Finance in a special Rulebook.

The Office Civil Servants' Powers

Article 106

(1) The Office civil servants' powers shall be:

1. to carry out analytical-intelligence processing of data, information and documentation in cases related to the suspicion of money laundering, associated predicate offences and terrorist financing
2. to issue the order to the reporting entity for temporary suspending of performing a suspicious transaction
3. to issue the order to the reporting entity for ongoing monitoring of customer's financial operations
4. to collect additional data, information and documentation from reporting entities
5. to review the documentation at the headquarters of the reporting entity and in business units of the reporting entities, and to ask for the print-out of stored documents and copies of original documents
6. to carry out indirect supervision over the reporting entity by the analysis of collected data, information and documentation, and
7. to conduct an administrative procedure on the basis of Article 34 paragraph 6 and Article 35 paragraph 4 of this Act.

(2) The authorized civil servant of the Office referred to in Article 105 paragraph 1 of this Act shall carry out the tasks within the job position which he/she has been placed to and shall apply the powers *ex officio* in accordance with the provisions of this Act and sublegal acts passed pursuant to it, and shall carry out other tasks ordered by the superior civil servant.

(3) The superior civil servant's order may be in an oral or a written form.

(4) The authorized civil servant of the office shall not be allowed to carry out the tasks that exceed the powers that have been prescribed to him/her according to the job position he/she has been appointed to, except in the cases referred to in paragraphs 2 and 3 of this Article.

The Office Civil Servants' Duties

Article 107

(1) The authorized civil servant of the Office shall be obliged to undertake the measures and necessary actions for the money laundering and terrorist financing prevention that are under the competence of the Office even beyond working hours.

(2) The authorized civil servant of the Office shall be obliged, on the basis of the superior civil servant's order to carry out the tasks over the full working hours, in line with the provisions of this Act and regulations arranging the civil servants' rights and duties should it be necessary for the purpose of efficient and timely performance of tasks within the job position he/she has been appointed to.

Article 108

The Office civil servants shall be obliged to carry out the tasks in line with the provisions of this Act and sublegal acts passed pursuant to it, and with the rules of the relevant profession and regulations on civil servants, as well as with Ethical Civil Servants Code of Conduct.

Article 109

The Office civil servants shall be obliged to permanently undergo professional training for the performance of the tasks within the job position they carry out and to improve their professional capabilities and skills within organized educational programmes.

III. ROLE AND TASKS OF THE OFFICE IN PREVENTING AND DETECTING MONEY LAUNDERING AND TERRORIST FINANCING

Tasks of the Office

Article 110

(1) For the purpose of preventing and detecting money laundering and terrorist financing, the Office shall carry out the following basic tasks in a way prescribed in the Act:

1. receiving and analysing information, data and documentation which reporting entities, state authorities, courts, legal persons with public powers and foreign financial-intelligence units submit in relation to the suspicion of money laundering, associated predicate criminal offence or terrorist financing
2. requesting data or other documentation necessary for the prevention and detection of money laundering and terrorist financing from reporting entities, state authorities, courts, local and regional self-government units and legal persons with public powers
3. examining and reviewing data, information and documentation at the headquarters or business units of the reporting entity
4. issuing orders to reporting entities for temporarily suspending of the performance of a suspicious transaction
5. issuing orders to reporting entities for ongoing monitoring of the customer's financial operations
6. disseminating to competent state authorities and foreign financial-intelligence units the notifications on individual cases with the suspicion of money laundering or terrorist financing in the country and/or abroad
7. carrying out strategic analyses of the received and collected data from reporting entities, and the data delivered to the Office by competent authorities and foreign financial-intelligence units, which include the determination of typologies, patterns and trends in money laundering and terrorist financing
8. at the national level, proactively cooperating inter-institutionally with all competent state authorities included in the money laundering and terrorist financing preventions and detection system
9. internationally exchanging data, information and documentation with foreign financial-intelligence units in cases with the suspicion on money laundering and/or terrorist financing via secure communication channels, and cooperating with other foreign authorities and international organizations competent for the prevention of money laundering and terrorist financing
10. carrying out indirect supervision over reporting entities by reviewing collected data, information and documentation delivered by reporting entities in line with this Act and sublegal acts passed pursuant to it, and submitting the information should the existence of the reasonable doubt be established that the misdemeanour prescribed by this Act has been committed, and
11. recommending to the competent supervisory authority to carry out the targeted direct supervision at the reporting entity over the implementation of money laundering and terrorist financing prevention measures.

(2) Besides the basic tasks referred to in paragraph 1 of this Article, the Office shall also carry out other tasks necessary for the development of the preventive system of money laundering and terrorist fin acing preventions, in a way that it:

1. recommends the amendments to the regulations that are applied for the money laundering and terrorist financing prevention and detection

2. coordinates the work of the Inter-institutional working group for the prevention of money laundering and terrorist financing within the procedure of carrying out and regular updating of the national assessment of money laundering and terrorist financing risk
3. together with supervisory authorities cooperates with reporting entities when compiling the list of indicators for recognizing suspicious transactions, funds and persons in relation to which/whom there are reasons for the suspicion of money laundering or terrorist financing
4. independently gives guidelines to reporting entities in line with Article 141 of this Act on the application of an individual provision of this Act and sublegal acts passed pursuant to it
5. organizes and participates with professional association of reporting entities, state authorities referred to in Article 120 of this Act in professional education and training organized for employees of reporting entities, competent supervisory authority, and other state authorities
6. at least once a year publishes statistical data from the field of money laundering and terrorist financing
7. in some other appropriate way informs the public of the manifestations of money laundering and terrorist financing, and
8. conducts the administrative procedure for the determination of the justifiability of the request referred to in Article 34 paragraphs 4 and 5 of this Act.

IV. ANALYTICAL-INTELLIGENCE WORK OF THE OFFICE

Analytical Function of the Office

Article 111

The Office shall carry out:

1. operational analyses of suspicious transactions and the information received in line with this Act directed towards individual cases for the purpose of determining reasons for the suspicion of money laundering, associated predicate criminal offences and terrorist financing in relation to transaction, individual person or funds, and
2. strategic analyses of the received and collected data from reporting entities, and the data delivered to the Office by competent authorities and foreign financial-intelligence units, that include the determination of typologies, patterns and trends in money laundering and terrorist financing.

Receiving and Operational Analysis of Transactions

Article 112

(1) The Office shall be primarily competent for receiving, analysing and carrying out analytical-intelligence processing of the following data, information and documentation:

1. reports on suspicious transactions, persons and funds referred to in Article 56 and 57 of this Act that it receives from reporting entities referred to in Article 9 of this Act with explained reasons for the suspicion of money laundering or terrorist financing, and
2. requests from foreign financial-intelligence units that it has received via international exchange of data in line with the provisions referred to in Article 129 of this Act.

(2) Besides the competences referred to in paragraph 1 of this Article, the Office shall also be competent for receiving, analysing and carrying out of analytical-intelligence processing of the following data, information and documentation received from:

1. supervisory authority referred to in Article 81 of this Act in line with Article 89 of this Act
2. state authority, court and other persons with public powers and other entities referred to in Article 120 of this Act in line with Article 132 of this Act, and
3. the Customs Administration with the suspicion of money laundering and terrorist financing in line with Article 121 paragraph 3 of this Act.

(3) The Office shall also be competent for receiving and analysing other information received in line with the provisions of this Act and sublegal acts passed pursuant to it.

Request Addressed to Reporting Entities for the Delivery of Additional Data

Article 113

(1) The Office may, within the framework of the analytical-intelligence processing referred to in Article 112 of this Act **or the strategic analysis referred to in Article 111, item 2 of this Act**, order to all reporting entities referred to in Article 9 of this Act to deliver all additional data, information and documentation necessary for the prevention and the detection of money laundering and terrorist financing regardless of the fact whether the reporting entities that the delivery of data has been ordered to has reported the suspicious transaction or not.

(2) The Office may request from the reporting entity to deliver other additional data necessary for the prevention and the detection of money laundering and terrorist financing, such as:

1. data on customers, transactions and funds that reporting entities collect in line with the provision of Article 20 of this Act
2. data on the condition of funds and other property of the customer at the reporting entity
3. data on the transfer of financial funds and property of the customer at the reporting entity
4. data on other business relationships of the customer concluded at the reporting entity, and/or
5. all other data and information that have been collected by the reporting entity or that the reporting entity has on the customer which are necessary for the prevention and the detection of money laundering or terrorist financing, particularly bank and financial documentation, business correspondence with the customer, records and other documentation collected at the reporting entity.

(3) The Office may request from reporting entities the data referred to in paragraph 2 of this Article also in relation to the person for whom it is possible to assume that they have participated in, or that has been involved in any way in the transactions or the business of the person in relation to whom there are reasons for the suspicion on money laundering or terrorist financing.

(4) In cases referred to in paragraphs 1, 2 and 3 of this Article, reporting entities shall have to deliver to the Office, at its request, all accompanying documentation as well.

(5) The data, information and documentation referred to in previous paragraphs of this Article shall have to be delivered to the Office by reporting entities within the deadline determined by the Office and not later than within fifteen days from the day of receiving the request.

(6) Should the documentation be extensive and due to other justified reasons, the Office may extend the deadline for the delivery of the data referred to in paragraph 5 of this Article upon the explained written proposal by the reporting entity, and it shall notify the reporting entity in a written form on the extension of the deadline or on the dismissal of the proposal made by the reporting entity.

(7) The Minister of Finance shall prescribe in a rulebook the manner of delivering the data referred to in paragraphs 2, 3 and 4 of this Article.

Review of the Documentation at Reporting Entities

Article 114

(1) The authorized civil servant of the Office shall be authorized, for the needs of operational analysis of suspicious transactions received by reporting entities referred to in Article 9 of this Act, to carry out

the review and direct examination of the data, information and documentation referred to in Article 113 paragraphs 2, 3 and 4 of this Act at reporting entities referred to in Article 9 of this Act.

(2) Within the performance of the review and direct examination of the documentation referred to in paragraph 1 of this Article, the authorized civil servant of the Office shall be authorized to:

1. review the original documentation in any form
2. ask for the print out of the documents stored in the computer and the copy of the original documents, and
3. ask for other information from the employees of the reporting entities who have knowledge important for carrying out the operational analysis of suspicious transactions in line with paragraph 1 of this Article.

(3) Reporting entities referred to in Article 9 of this Act shall be obliged to enable the authorized civil servant of the Office to review and directly examine the data, information and documentation referred to in paragraph 1 of this Article at the headquarters of the reporting entity and in other places where reporting entities or other person authorized by them carries out activities and tasks.

(4) Reporting entities referred to in Article 9 of this Act, in accordance with Article 74 paragraph 1 of this Act, shall not be allowed to reveal to the customer or a third person that the authorized civil servant of the Office has carried out the review and direct examination of the data, information and documentation on the basis of paragraph 1 of this Article.

Request addressed to State Authority, Courts, Local and Regional Self-Government Units and Legal Persons with Public Powers for the Delivery of Data on Suspicious Transactions, Certain Persons or Funds

Article 115

(1) Within the analytical-intelligence processing referred to in Article 112 of this Act, the Office may request from state authorities, courts, local and regional self-government units and legal persons with public powers to deliver the data, information and documentation necessary for the prevention and detection of money laundering or terrorist financing.

(2) The Office may ask for the data referred to in paragraph 1 of this Article from state authorities, courts, local and regional self-government units and legal persons with public powers also in relation to a person for whom it is possible to assume that he/she has participated in, or has been involved in any way in the transactions or businesses of the person in relation to whom there are reasons for the suspicion on money laundering or terrorist financing.

(3) State authorities, courts, local and regional self-government units and legal persons with public powers shall be obliged to deliver to the office the data, information and documentation referred to in paragraphs 1 and 2 of this Article within the deadline set by the Office, not later than within 15 days from the day of receiving the request.

(4) Should the documentation be extensive and due to other justified reasons, the Office may extend the deadline referred to in paragraph 3 of this Article upon the explained written proposal made by state authorities, courts, local and regional self-government units or legal persons with public powers, and it shall notify the entity that has filed the request in a written form on the extension of the deadline or on the dismissal of the proposal.

Access to and Delivery of Data to the Office

Article 116

(1) State authorities, courts and legal persons with public powers shall be obliged to enable the Office, for the purpose of efficient performance of the tasks of the Office prescribed by this Act, to have a timely

direct or indirect access to financial and administrative data, information and documentation that dispose of, including the access to information in relation to the detection of criminal offences and criminal prosecution as well the data from criminal records.

(2) State authorities, courts and legal persons with public powers shall be obliged to, without any fee, enable the Office to have a direct electronic access to data, information and documentation referred to in paragraph 1 of this Article, and to deliver them to the Office without any fee.

Order of the Office to the Reporting Entity for Temporary Suspending of the Performance of a Suspicious Transaction

Article 117

(1) The Office may order to the reporting entity, in a written order, to temporarily suspend the execution of the suspicious transaction in the following cases:

1. when the Office has to undertake urgent actions in order to verify the data on the suspicious transaction, certain person or funds, including the collection of additional data, information and documentation in the country and abroad, or

2. when the Office estimates that there are reasons for the suspicion that the transaction, certain person or funds are related to money laundering and/or terrorist financing.

(2) The Office may order to the reporting entity to temporarily suspend the execution of the suspicious transaction referred to in paragraph 1 of this Article for up to maximum 120 hours from the moment of issuing the order to the reporting entity.

(3) When due to the nature or the manner of the suspicious transaction execution, or circumstances that follow the suspicious transaction, it is not possible to issue the written order to the reporting entity and in other urgent cases, the Office may issue an oral order to the reporting entity to temporarily suspend the execution of the suspicious transaction referred to in paragraph 1 of this Article.

(4) The Office shall be obliged to confirm the oral order referred to in paragraph 3 of this Article in a written order, at the latest the next working day following the issuance of the oral order.

(5) The authorized person of the reporting entity shall make a note on receiving the oral order referred to in paragraph 3 of this Article and shall store it in their records in line with the provisions of this Act referring to the protection and keeping of data by reporting entities.

(6) The Office shall inform the competent State Attorney's Office of the issued order referred to in paragraphs 1 to 3 of this Article without any delay for the purpose of further actions to be taken in line with legal powers of that State Attorney's Office, and shall also inform the State Attorney's Office of the Republic of Croatia thereof.

(7) After the expiry of the deadline referred to in paragraph 2 of this Article, the suspicious transaction may be temporarily suspended only by the decision of the court in line with the provisions of the act regulating the criminal proceedings.

(8) The reporting entity referred to in Article 9 of this Act, in line with Article 74 paragraph 1 of this Act, shall not be allowed to reveal to the customer or a third person that the Office has issued orders referred to in paragraphs 1 to 3 of this Article.

Termination of the Validity of the order for Temporarily Suspending of the Performance of the Suspicious Transaction

Article 118

Should the Office, prior to the expiry of the order referred to in Article 117 paragraph 2 of this Act, estimate that there are no reasons for the temporary suspension of the suspicious transaction execution no more, it shall without any delay inform of the termination of the issued order:

1. **the reporting entity to whom the order has been issued, and**
2. **competent State Attorney's Office notified by the Office on the basis of Article 117, paragraph 6 of this Act regarding issued order and shall also inform the State Attorney's Office of the Republic of Croatia thereof.**

Order of the Office to the Reporting Entity for Ongoing Monitoring of the Customer's Financial Operations

Article 119

(1) The Office may order, in a written form, to the reporting entity the ongoing monitoring of financial operations:

1. of the customer when there are reasons for the suspicion of money laundering and/or terrorist financing in relation to the customer or financial operations of the customer, and/or
2. of another person for whom it is possible to reasonably conclude that he/she has assisted in or participated in the transactions or financial operations of the customer in relation to which/whom there is a suspicion on money laundering or terrorist financing.

(2) The Office may as an exception issue to the reporting entity an oral order for ongoing monitoring of financial operations referred to in paragraph 1 of this Article should it not be possible due to the nature or the manner of conducting financial operations, or circumstances that follow financial operations, to issue a written order to the reporting entity and in other urgent cases.

(3) The Office shall have to confirm the oral order referred to in paragraph 2 of this Article by a written order not later than on the first following working day after the issuance of the oral order.

(4) The authorized person of the reporting entity shall compose the note on receiving the oral order referred to in paragraph 2 of this Article and to store in in their records in line with the provisions of this Act referring to the protection and keeping of data by reporting entities.

(5) In cases referred to in paragraphs 1 and 2 of this Article, reporting entities shall be obliged to regularly inform the Office of the transactions or financial operations carried out at reporting entities or are intended to be carried out by the persons referred to in paragraph 1 of this Article, including the transactions carried out for the benefit of these persons.

(6) The data and information referred to in paragraph 5 of this Article shall have to be delivered by reporting entities to the Office prior to performing the transaction or concluding the deal, while the report shall have to contain the deadline within which the transaction or the deal will be performed.

(7) Should the reporting entity due to justified reasons not have been able to deliver the data and information referred to in paragraph 5 of this Article prior to the performance of the transaction or concluding the deal, they shall be obliged to deliver the data to the Office as soon as possible, and not later than on the following working day. The report shall have to contain the reasons due to which they have been objectively unable to act in line with paragraph 6 of this Article.

(8) The execution of the order referred to in paragraph 1 of this Article may last not more than for three months, while in justified cases the duration of the order may be extended every time for another month, so the execution of the order referred to in paragraph 1 of this Article may last in total not more than six most from the issuance of the order.

V. COOPERATION OF THE OFFICE WITH DOMESTIC COMPETENT STATE AUTHORITIES

Inter-institutional Cooperation of the Office

Article 120

(1) The Office shall interactively cooperate in preventing and detecting money laundering and/or terrorist financing with:

1. supervisory and other services of the ministry competent for finances
2. Croatian National Bank
3. Croatian Financial Services Supervisory Agency
4. ministry competent for interior affairs
5. State Attorney's Office of the Republic of Croatia
6. Security-Intelligence Agency
7. ministry competent for economy
8. ministry competent for state property
9. ministry competent for defence
10. ministry competent for judiciary
11. ministry competent for foreign and European affairs
12. stock exchange
13. central clearing depositary company
14. courts, and
15. other state authorities.

(2) For the purpose of coordinating and carrying out mutual policies and activities in achieving strategic and operational goals in the field of money laundering or terrorist financing prevention and detection, the authorities referred to in paragraph 1 of this Article shall access the protocol on the cooperation and the establishment of the Inter-Institutional Working Group for the prevention of money laundering and terrorist financing.

Delivery of Data to the Office on the Transfer of Cash via the State Border

Article 121

(1) The Customs Administration shall be obliged to inform the Office of every report of the in-take or out-take of cash in domestic or foreign currency across the state border in the amount of EUR 10,000.00 or more, not later than within three days from the day of the transfer of the cash across the state border.

(2) The Customs Administration shall be obliged to inform the Office of every in-take or out-take of cash in domestic or foreign currency in the amount of EUR 10,000.00 or more across the state border that has not been reported to the Customs Administration, not later than within three days from the attempt of unreported transfer of cash across the state border.

(3) The Customs Administration shall be obliged to inform the Office in case of an in-take or an out-take, or of an attempt to take in or to take out cash in domestic or foreign currency across the state border, regardless of the amount, should in relation to cash, person transferring cash, way of transfer or other circumstances of the transfer there be reasons for the suspicion of money laundering or terrorist financing, not later than on the first following working day after the day of the transfer of cash across the state border.

(4) The Minister of Finance shall prescribe in a rulebook the way and the scope d delivering data referred to in paragraph 1, 2 and 3 of this Article to the Office by the Customs Administration.

(5) The state border in terms of this Article shall be considered the external border of the European Union.

Article 122

(1) The Customs Administration shall keep the following records of data:

1. records on reported in-take and out-take of cash in domestic or foreign currency in the amount of EUR 10,000.00 or more when crossing the state border referred to in Article 121 paragraph 1 of this Act
2. records on unreported in-take and out-take of cash in domestic or foreign currency in the amount of EUR 10,000.00 or more when crossing the state border referred to in Article 121 paragraph 2 of this Act, and
3. records on in-take, or out-take or an attempt to take in, or take out cash in domestic or foreign currency, when crossing the state border referred to in Article 121 paragraph 3 of this Act, when there are reasons for the suspicion on money laundering or terrorist financing.

(2) The Customs Administration shall keep the data referred to in paragraph 1 of this Article ten years from the day of collecting thereof, whereas upon the expiry of that period data and information shall be destroyed in line with the act arranging archive contents and archives.

Informing the Office by State Authorities, Courts, Legal Persons with Public Powers and other Entities of the Suspicion on Money Laundering and Terrorist Financing

Article 123

(1) The Office may start the analytical-intelligence processing of transactions, funds and persons upon the explained written proposal of the authority referred to in Article 120 paragraph 1 of this Act, as well as of legal persons with public powers, should the proposal contain:

1. name and surname, month and year of birth, residence of the natural person, or name, address and headquarters of the legal person, personal identification number and disposable data on the natural or legal person the proposal refers to
2. data on transaction, funds, activities and time period in relation to which there are reasons for the suspicion referred to in item 3 of this paragraph, and
3. reasons for the suspicion on money laundering, associated predicate criminal offences or terrorist financing for transaction, certain person or funds, that have been determined in the performance of tasks from under the competence of the authority submitting the proposal.

(2) When the written proposal referred to in paragraph 1 of this Article is not explained and does not contain other data referred to in paragraph 1 of this Article, the Office shall return the proposal to the authority that has submitted it for the supplementation thereof.

(3) When the written proposal referred to in paragraph 1 of this Article is not supplemented in line with paragraph 2 of this Article within 15 days or if it still does not contain the data and explained reasons according to the provisions of paragraph 1 of this Article, the Office shall inform the authority that has submitted the proposal, in written form, that on the basis of such proposal it is not possible to carry out the analytical-intelligence processing in accordance with the provisions of this Act.

(4) As an exception, should the circumstances of the concrete case allow it, the Office may also start the analytical-intelligence processing on the basis of the disposable data referred to in paragraph 1 items 1, 2 and 3 of this Article.

(5) The authority that has submitted the proposal referred to in paragraph 1 of this Article shall be obliged, at the request of the Office, to also deliver, besides the data referred to in paragraph 1 of this Article, the additional data, information and documentation that indicate the suspicion on money laundering and/or terrorist financing.

(6) As an exception to the provisions of this Article, should there be objective reasons for the assumption that the delivery of data, information and documentation to the authority which has submitted the proposal referred to in paragraph 1 of this Article would make the examinations and investigations by

competent authorities harder or impossible, or the analytical-intelligence work of the Office, or, should in exceptional cases the revealing of these information obviously not be proportionate to the legitimate legal interests of a natural or a legal person, or should it be unimportant considering the purpose which it has been requested for, the Office shall not be obliged to deliver data, information and documentation to the authority that has submitted the proposal referred to in paragraph 1 of this Article.

Delivery of Data by the Office to Supervisory and Other Services of the Ministry Competent for Finances

Article 124

(1) The Office shall deliver to supervisory and other services of the ministry competent for finances referred to in Article 120 paragraph 1 item 1 of this Act, at their written proposal, the data from:

1. records on cash transactions referred to in Article 61 of this Act, and
2. records on the transfer of cash across the state border referred to in Article 121 paragraphs 1 and 3 of this Act.

(2) The data from the records referred to in paragraph 1 of this Article may be requested by supervisory and other services of the ministry competent for finance only for the purpose of carrying out the tasks from under their competence in relation to the performance of:

1. supervision, or
2. financial investigations.

(3) The submitter of the proposal shall be obliged to put in the written proposal referred to in paragraph 1 of this Article the purpose referred to in paragraph 2 of this Article, data referred to in Article 123 paragraph1 item 1 of this Act and the information specifying which time period the data referred to in paragraph 1 of this Article are requested for.

(4) Should the written proposal referred to in paragraph 1 of this Article not contain the data referred to in paragraph 3 of this Article, the Office cannot deliver the requested data referred to in paragraph 1 of this Article.

(5) The Office may refuse the delivery of data upon the written proposal referred to in paragraph 1 of this Article should the delivery of data make the performance of analytical-intelligence work of the Office harder or impossible.

(6) Supervisory and other service of the ministry competent for finances referred to in paragraph 1 of this Article shall be obliged to regularly, at least once a year and not later than until the end of the first quarter of the current year for the previous year, inform the office of the phases of the procedure and actions that have been undertaken on the basis of the data delivered by the Office referred to in paragraph 1 of this Article.

Delivery of Data by the Office to the Court and the Competent State Attorney's Office

Article 125

(1) The Office shall deliver to the court and the competent state attorney's office, at their written proposal, the data from:

1. records on cash transaction referred to in Article 61 of this Act, and
2. records on transactions of the transfer of cash across the state border referred to in Article 121 paragraphs 1 and 2 of this Act.

(2) The court and the competent state attorney's office may request the data from the records referred to in paragraph 1 of this Article only for the purpose for which they need them to establish the circumstances significant for depriving the proceeds or determining temporary measures of providing the deprivation of proceeds in line with the provisions of the act arranging the criminal proceeding.

Use of Data, Information and Documentation

Article 126

(1) The Office shall be authorized to use the data, information and documentation received in line with this Act and sublegal acts passed pursuant to it only for the needs of the analytical-intelligence work, including the operational analyses of suspicious transactions, funds and persons, for the purpose of preventing and detecting money laundering, associated predicate criminal offences and terrorist financing, and performing strategic analyses, unless otherwise prescribed by this Act.

(2) State authorities and legal persons with public powers that have submitted the explained written proposal to the Office in line with Article 123 paragraph 1 of this Act and their employees shall be authorized to use the data, information and documentation received from the Office in line with this Act only for the purpose of preventing and detecting money laundering, associated predicate criminal offences and terrorist financing, according to their competence, unless otherwise prescribed by this Act.

(3) Supervisory and other services of the ministry competent for finances and courts and competent state attorney's offices shall be obliged to use the data received on the basis of Articles 124 and 125 of this Act only for the purpose prescribed by this Act.

VI. INTERNATIONAL COOPERATION OF THE OFFICE

General Provisions

Article 127

(1) The Office shall cooperate internationally with foreign financial-intelligence units by exchanging relevant data, information and documentation for the purpose of preventing and detecting money laundering, predicate associated criminal offences and terrorist financing.

(2) The international exchange of data, information and documentation referred to in paragraph 1 of this Article shall be initiated on the basis of:

1. the request of the Office addressed to a foreign financial-intelligence unit
2. the request of a foreign financial-intelligence unit addressed to the Office
3. spontaneous delivery of data, information and documentation by the Office to a foreign financial-intelligence unit, or
4. spontaneous delivery of data, information and documentation by a foreign financial-intelligence unit to the Office.

(3) The Office may cooperate with a foreign financial-intelligence unit regardless of its organizational status and whether a predicate criminal offence was known at the moment of the exchange of data.

(4) Different definitions of predicate offenses shall not constitute an obstacle for the exchange of information between the Office and a foreign FIU in accordance with the provisions of this Act.

(5) Prior to the delivery of personal data to a foreign financial-intelligence unit, the Office may request a confirmation of a foreign financial-intelligence unit:

1. that the national legislation of that foreign financial-intelligence unit regulates the personal data protection, and
2. a guarantee that the foreign financial-intelligence unit will use the personal data only for the purpose and the intention determined by this Act.

(6) The Office may apply the condition of effective reciprocity to the international cooperation of the Office with a foreign financial-intelligence unit and other foreign authorities and international organizations competent for the prevention of money laundering and terrorist financing that are not from

member states, in terms of collecting the additional data from reporting entities and other state authorities.

(7) The Office may sign memorandums of understanding with a foreign financial-intelligence unit for the purpose of improving the cooperation in the international exchange of data, information and documentation in the field of preventing and detecting money laundering and terrorist financing.

(8) The signing of the memorandum of understanding referred to in paragraph 7 of this Article shall not be a precondition for the international cooperation of the Office with foreign financial-intelligence units.

Request of the Office Addressed to a Foreign Financial-Intelligence Unit for the Delivery of Data

Article 128

(1) The Office may, within the framework of the performance of tasks for the prevention and the detection of money laundering and terrorist financing, address the request to a foreign financial-intelligence unit for the delivery of data, information and documentation necessary for the prevention and the detection of money laundering and/or terrorist financing.

(2) The Office shall state in the request referred to in paragraph 1 of this Article all relevant facts and circumstances that indicate the suspicion of money laundering or terrorist financing, as well as the purpose for which the Office intends to use the requested data, information and documentation.

(3) The data, information and documentation collected on the basis of paragraph 1 of this Article may be used by the Office only for the needs of its analytical-intelligence work and for the purpose determined by this Act, along with the restrictions and the conditions set by a foreign financial-intelligence unit.

(4) Without a prior consent obtained from a foreign financial-intelligence unit which has delivered data, information and documentation, the Office shall not be allowed to deliver them to another authority or to let another authority to have an insight into them, or to use them for the purposes that are contrary to the conditions and the restrictions set by the foreign financial-intelligence unit, and shall be obliged to mark these data with at least the same degree of confidentiality as the foreign financial-intelligence unit that has delivered data, information and documentation to the Office has marked them.

(5) When the Office needs data, information and documentation from reporting entities having headquarters in another member state but doing business in the state territory of the Republic of Croatia, the request shall be addressed to the financial-intelligence unit of that member state.

Request of a Foreign Financial-Intelligence Unit Addressed to the Office for the Delivery of Data

Article 129

(1) At the request of a foreign financial-intelligence unit addressed in a written form, the Office shall timely deliver to the foreign financial-intelligence unit data, information and documentation on transactions, funds and persons in relation to which/whom there are reasons for the suspicion of money laundering or terrorist financing, that it collects or keeps in line with the provisions of this Act.

(2) When a foreign financial-intelligence unit of another member state requests from the Office data, information and documentation referring to the reporting entity having headquarters in the Republic of Croatia but doing business in another member state the financial-intelligence unit of which has addressed the request, the Office shall apply all powers in line with the provisions of this Act without any delay when asking for the data, information and documentation from the reporting entity.

(3) The request of a foreign financial-intelligence unit referred to in paragraphs 1 and 2 of this Article shall have to contain all relevant facts and circumstances indicating the suspicion of money laundering

or terrorist financing, as well as the purpose for which the foreign financial-intelligence unit intends to use the requested data, information and documentation.

(4) The Office may refuse to accept the request of a foreign financial-intelligence unit in cases:

1. it estimates on the basis of the facts and circumstances stated in the request that no reasons for the suspicion on money laundering or terrorist financing have been stated, or
2. the delivery of data would jeopardize or could jeopardize the performance of the criminal proceeding in the Republic of Croatia and it could in any other way be harmful for the national interests of the Republic of Croatia.

(5) The Office shall inform, in a written form, the foreign financial-intelligence unit which has delivered the request, on refusing to accept the request referred to in paragraph 4 of this Article, whereby stating the reasons due to which it has failed to act on the request of the foreign financial-intelligence unit.

(6) When it acts on the request referred to in paragraph 1 of this Article, the Office may also set additional conditions and restrictions under which a foreign financial-intelligence unit may use the data referred to in paragraph 1 of this Article.

(7) When the foreign FIU requests the previous consent for disseminating the data, information and documentation, that the Office has provided to the foreign FIU in line with paragraph 1 of this Article, to competent authorities from the foreign FIU country, the Office shall give the consent without any delay and to the greatest possible extent.

(8) When the consent referred to in paragraph 7 of this Article has been asked from the Office, the Office may refuse to provide it only in the following cases, along with a written explanation to the foreign financial-intelligence unit that has requested the consent from the Office:

1. should the dissemination of data, information and documentation the Office has delivered to the foreign financial-intelligence unit in line with paragraph 1 of this Article to competent authorities from the state of the foreign financial-intelligence unit be out of the area of the application of this Act
2. should the dissemination of data, information and documentation the Office has delivered to the foreign financial-intelligence unit in line with paragraph 1 of this Article to competent authorities from the state of the foreign financial-intelligence unit be harmful to the investigation within the criminal proceeding, or
3. **should the dissemination of data, information and documentation sent to the foreign FIU by the Office in line with paragraph 1 of this Article to competent authorities from the foreign FIU country not comply with the fundamental principles of national law of the Republic of Croatia.**

Spontaneous Delivery of Data by the Office to a Foreign Financial-Intelligence Unit

Article 130

(1) The office may spontaneously deliver data, information and documentation on certain transactions, funds or persons in relation to which/whom there are reasons for the suspicion on money laundering or terrorist financing, which it collects or keeps in line with the provisions of this Act, to a foreign financial-intelligence unit of a member state or a third country.

(2) The Office may, when spontaneously delivering data, on its own initiative, establish additional conditions and restrictions under which a foreign financial-intelligence unit is allowed to use the received data, information and documentation referred to in paragraph 1 of this Article.

(3) The provisions of this Act regulating the international cooperation of the Office shall appropriately apply to the delivery of data, information and documentation in line with paragraphs 1 and 2 of this Article.

Proposal of the Office Addressed to a Foreign Financial-Intelligence Unit for Temporary Suspending of a Suspicious Transaction Being Performed Abroad

Article 131

The Office may, within the framework of carrying out the tasks of the prevention and the detection of money laundering and terrorist financing, deliver a written proposal to a foreign financial-intelligence unit of a member state or a third country for the temporary suspending of a suspicious transaction being performed abroad should the Office estimates that in relation to the transaction, certain person or funds there are reasons for the suspicion on money laundering or terrorist financing.

Temporary Suspending the Performance of a Suspicious Transaction based on the Proposal of a Foreign FIU

Article 132

(1) The Office may, in a written form, issue an order to the reporting entity, upon the explained written proposal of a foreign financial-intelligence unit from a member state or a third country, under the condition set by this Act, for temporary suspending of the performance of a suspicious transaction, for no longer than a term prescribed by Article 117 **paragraph 2** of this Act.

(2) The Office shall inform, without any delay, the competent state attorney's office of the issued order referred to in paragraph 1 of this Article for its further actions to be taken in line with legal powers of that state attorney's office, of which it shall also inform the State Attorney's Office of the Republic of Croatia.

(3) The Office shall act in line with the provisions of paragraph 1 of this Article should it estimate on the basis of the reasons for the suspicion stated in the written recommendation of a foreign financial-intelligence unit, that the transaction, certain person or funds are related with money laundering or terrorist financing.

(4) The Office shall not accept the proposal of a foreign financial-intelligence unit should the conditions referred to in paragraphs 1 and 3 not be met, and shall inform the foreign financial-intelligence unit of refusal to accept the proposal in a written form, stating the reasons due to which the proposal of the foreign financial-intelligence unit has not been accepted.

(5) The provisions of Articles 117 and 118 of this Act shall apply appropriately to the order issued to the reporting entity for temporary suspending of the performance of a suspicious transaction in line with this Article.

Cooperation of the Office with Financial-Intelligence Unit from Member States

Article 133

(1) When the Office receives the report on suspicious transaction, funds and persons referred to in Articles 56 and 57 of this Act, which is related to another Member State, it shall, without any delay, forward it to the foreign FIU of that Member State, by using secure communication channels.

(2) The Office shall designate a point of contact to be responsible for receiving requests for information from FIUs of other Member States and shall inform the other Member States and the European Commission thereof.

Feedback Information

Article 134

(1) The Office may ask from the foreign financial-intelligence unit the feedback information on the usefulness of exchanged data, information and documentation.

(2) The Office shall deliver to the foreign financial-intelligence unit, at its request, the feedback information on the usefulness of the exchanged data, information and documentation.

Cooperation between the Office and the European Commission

Article 135

The Office shall cooperate with the European Commission for the purpose of facilitating the coordination and participation at the meetings of the EU Platform for financial-intelligence units of member states, including the information exchange among financial-intelligence units of member states, in relation to:

1. detection of cross-border suspicious transactions
2. standardization of the formats for reporting suspicious transactions within the network FIU.net or its successor
3. joint analysis of cross-border cases with the suspicion on money laundering and terrorist financing, and
4. identification of trends and factors of the importance for the money laundering and terrorist financing risk assessment at the national and supra-national level.

Secure Communication of the Office

Article 136

(1) The Office shall use secure communication channels in the international data exchange with a foreign FIU, in line with the provisions referred to in Articles 127, 128, 129, 130, 131, 132, 133, 134 and 135 of this Act, while for the cooperation with FIUs from member states it shall mainly use the FIU.net network or its follower.

(2) The Office shall apply the most contemporary technologies in the international data exchange with the FIU from member states in order to carry out the tasks prescribed by this Act, which allow the Office to match its own data with the data from other foreign FIUs from member states anonymously, ensuring full protection of personal data, for the purpose of detecting transactions, funds and persons for which/whom there is a suspicion on money laundering and terrorist financing in other member states and identifying the proceeds and funds of these persons.

Diagonal Exchange of Data, Information and Documentation of the Office

Article 137

(1) The Office may, for the purpose of preventing and detecting money laundering, associated predicate criminal offences and terrorist financing, by using secure communication channels, via a foreign FIU:

1. ask for data, information and documentation from another authority of a member state or a third country, or
2. deliver data, information and documentation to another authority from a member state or a third country.

(2) The provisions of this Act, regulating the international data exchange between the Office and a foreign FIU, shall appropriately apply to the international data exchange referred to in paragraph 1 of this Article.

VII. DISSEMINATION OF CASES TO COMPETENT AUTHORITIES

Dissemination of Notification on Cases with the Suspicion of Money Laundering and/or Terrorist Financing to Competent State Authorities, or Foreign FIUs

Article 138

(1) When on the basis of analytical-intelligence processing, including the operational analysis of suspicious transactions received from reporting entities, data and information of competent authorities and foreign FIUs and documentation the Office collects and receives in line with this Act, there are reasons for the suspicion on money laundering and predicate criminal offences associated with it and/or terrorist financing in the state or abroad in an individual case related to the transaction, certain person or funds, the Office shall disseminate in a written form or via secure communication channels the results of its operational analyses to competent state authorities, or foreign FIUs for their further action and processing.

(2) The Office shall disseminate the cases referred to in paragraph 1 of this Article to competent state authorities for their further actions for the needs of carrying out further procedure of competent state authorities (performance of search and criminal processing, financial investigations and criminal procedures) with an aim of initiating the criminal proceedings for the criminal offence of money laundering, associated predicate criminal offence and criminal offence of terrorist financing.

(3) The Office shall not state in the dissemination of the case referred to in paragraph 1 of this Article the data on the authorized person of the reporting entity who has delivered the data on suspicious transactions, persons and funds to it in line with this Act, unless there are reasons for the suspicion that the reporting entity or their employee has committed the criminal offence of money laundering or criminal offence of terrorist financing or should these data be necessary for determining these offences in the criminal proceeding and are required by the competent court in a written form.

(4) Competent state authorities shall be obliged to use the data, information and documentation disseminated by the Office, in line with paragraph 1 of this Article, only for the purpose prescribed in Article 126 paragraph 2 of this Act.

(5) Competent state authorities to which the cases referred to in paragraph 1 of this Article have been disseminated to, shall be obliged to regularly, at least once a year but not later than by the end of the first quarter of the current year for the previous year, to deliver to the Office in a written form or electronically, the feedback information on the results of their actions linked with the disseminations of the cases referred to in paragraph 1 of this Article.

(6) Data, information and documentation contained in the cases referred to in paragraph 1 of this Article shall be classified data for which a specific degree of confidentiality has been established in line with special regulations regulating the data confidentiality.

(7) The dissemination of cases referred to in paragraph 1 of this Article to competent state authorities or foreign FIUs shall not be considered as revealing the classified data by the Office.

VIII. INDIRECT SUPERVISION OVER THE REPORTING ENTITIES AND ISSUANCE OF GUIDELINES BY THE OFFICE

Indirect Supervision over Reporting Entities

Article 139

(1) Authorized civil servants of the Office shall carry out an indirect supervision of the application of this Act and sublegal acts passed pursuant to it of reporting entities referred to in Article 9 of this Act by

analysing the collected data, information and documentation necessary for the performance of indirect supervision referred to in paragraph 1 of this Article.

(2) The reporting entity shall be obliged to deliver, at the request of the Office within the deadline set by the Office but not later than within 15 days, the additional data, information and documentation necessary for the performance of indirect supervision referred to in paragraph 1 of this Article.

(3) Should the Office identify, when carrying out the indirect supervision referred to in paragraph 1 of this Article or in any other way, any violations to this Act and sublegal acts passed pursuant to it, it may:

1. inform the competent supervisory authority referred to in Article 82 of this Act, or
2. file an information to the authority competent for conducting a misdemeanour proceeding referred to in Article 95 of this Act should it determine the existence of the reasonable doubt that the misdemeanour prescribed by this Act has been committed.

Article 140

(1) The Office may coordinate the work of supervisory authorities referred to in Article 81 of this Act and request from them to carry out the targeted supervisions at individual reporting entity referred to in Article 9 of this Act.

(2) The Office may conclude agreements on cooperation and exchange of data, information and documentation linked with the actions to be taken on the basis of this Act with supervisory authorities referred to in Article 81 of this Act.

Guidelines of the Office in relation to the Inquiries of reporting Entities

Article 141

(1) Reporting entities referred to in Article 9 of this Act may ask from the Office in a written form to adopt guidelines on the application of certain provisions of this Act and sublegal acts passed pursuant to it, in relation to:

1. informing the Office on transactions by reporting entities (Articles 56, 57, 59 and 61 of this Act)
2. protection and keeping of personal and other data by reporting entities (Articles 73, 74, 75, 76, 77, 78, 79 and 80 of this Act), and
3. actions to be taken by the Office (Articles 110, 111, 112, 113, 114, 117, 118, 119, 139 and 149 of this Act).

(2) The Office shall independently issue to reporting entities the guidelines referred to in paragraph 1 of this Article and may, due to the unique application of this Act and sublegal acts passed pursuant to it, ask for the opinion of competent supervisory authorities referred to in Article 82 of this Act linked with the issuance of guidelines referred to in paragraph 1 of this Article.

CHAPTER VI

PROTECTION AND KEEPING OF DATA, INFORMATION AND DOCUMENTATION AND KEEPING OF STATISTICAL DATA AND RECORDS BY THE OFFICE

Protection and Keeping of Data, Information and Documentation of the Office

Article 142

(1) The Office shall be obliged to protect data, information and documentation in the following way:

1. by adopting internal instructions on safety and confidentiality of information, including procedures on the actions to be taken, storage, forwarding and protection of information as well

as on the access to information and premises of the Office, in line with the regulations arranging the protection of the confidentiality of data and information security, and

2. by restricting the access for unauthorized persons to the premises, data, information and documentation of the Office, including the access to the IT system of the Office.

(2) The civil servant of the Office shall be obliged to have an appropriate level of the certificate for the access to classified data in line with the job position he/she occupies in line with Article 104 paragraph 1 of this Act and to be appropriately familiar with his/her responsibility in dealing with classified, non-classified and other data, information and documentation and forwarding of classified data to competent states authorities and foreign FIUs.

Confidentiality of Collected Data of the Office and Confidentiality of Actions to be Taken by the Office

Article 143

(1) The Office shall be not authorized, in line with Article 74 paragraph 2 of this Act and in line with Article 138 paragraph 6 of this Act, to:

1. inform of the collected data, information and documentation nor of actions to be taken on the basis of this Act the person the data, information and documentation or actions refer to or third persons, and
2. reveal to the public information, data and documentation in relation to individual cases with the suspicion on money laundering and/or terrorist financing for which he/she carries out the actions in line with this Act or which he/she delivers for further actions to other competent state authorities in the Republic of Croatia or foreign FIUs.

(2) The head of the Office, or a person authorized by the head of the Office for that purpose, shall decide on declassification of data, information and documentation referred to in paragraph 1 of this Article and on exemption from obligation of safeguarding the confidentiality of data.

(3) Declassified data, information and documentation referred to in paragraph 2 of this Article may be used only for the purpose prescribed in Article 126 paragraphs 1 and 2 of this Act.

Article 144

(1) The civil servants of the Office, who have realized the access to data, information and documentation collected or received from the Office in line with this Act and sublegal acts passed pursuant to it, shall be obliged to keep data, information and documentation, regardless of the way in which they have realized the access to data, information and documentation, until they are exempt from the obligation of keeping the secret on the basis of Article 143 paragraph 2 of this Act.

(2) The civil servants of the Office shall not be allowed to claim data, information and documentation referred to in paragraph 1 of this Article.

(3) The obligation of keeping the confidentiality of data and actions taken or to be taken by the Office shall last after the civil servant ceases to work in the Office as well.

Deadline for Keeping the Data in the Office

Article 145

(1) The Office shall keep data, information and documentation from the records it keeps in line with Article 147 items 1, 3, 4, 5, 6, 7, 8, 9, 10, 11, 12, 13 and 14 of this Act for ten years from the day of collecting them.

(2) The Office shall keep data, information and documentation from the records it keeps in line with Article 147 item 2 of this Act for ten years from the day of closing (archiving) the file.

(3) After the expiry of the deadline referred to in paragraphs 1 and 2 of this Article, data, information and documentation shall be destroyed in line with the act regulating the archive contents and archives.

Compensation of Damage

Article 146

(1) The Ministry of Finance – Anti-Money Laundering Office and the civil servants of the Office shall not be held responsible for the damage caused to customers or third persons should they act in line with the provisions of this Act and sublegal acts passed pursuant to it.

(2) The Republic of Croatia shall not be held responsible for the damage caused by the application of this Act and sublegal acts passed pursuant to it.

(3) As an exception, the provisions of paragraphs 1 and 2 of this Article shall not be applied should the damage be caused intentionally or by gross negligence.

Keeping of records and Statistical Data of the Office

Article 147

The Office shall keep the following records of data:

1. records of data on transactions, funds and persons referred to in Articles 56, 57, 61 and 121 of this Act
2. records on analytical intelligence processing referred to in Article 112 of this Act
3. records of orders issued to the reporting entity by the Office for temporary suspending of the performance of a suspicious transaction referred to in Article 117 of this Act
4. records of orders issued to the reporting entity by the Office for ongoing monitoring of financial operations of the customer referred to in Article 119 of this Act
5. records on received written proposals with the suspicion on money laundering and terrorist financing referred to in Article 123 of this Act
6. records on received written proposals of supervisory and other services of the ministry competent for finances referred to in Article 124 of this Act
7. records of dissemination of cases with the suspicion on money laundering and terrorist financing delivered to competent state authorities and foreign FIUs in line with Article 138 of this Act
8. records on the international exchange of data referred to in Articles 128, 129, 130, 133 and 134 of this Act
9. records on the proposals of the Office addressed to a foreign FIU for temporary suspending of the suspicious transaction performed or to be performed abroad referred to in Article 131 of this Act
10. records on temporary suspending of the performance of suspicious transactions by the Office at the proposal of a foreign FIU referred to in Article 132 of this Act
11. records on identified irregularities, illegalities and pronounced measures and identified misdemeanours by competent supervisory authorities in line with Article 87 paragraph 2 of this Act
12. records on informing the Office by competent supervisory authorities of the suspicion on money laundering or terrorist financing referred to in Article 89 of this Act
13. records on the performed review of the documentation referred to in Article 114 paragraph 1 of this Act and performed indirect supervision referred to in Article 139 of this Act by the Office over reporting entities referred to in Article 9 of this Act
14. records on issued guidelines by the Office to reporting entities in line with Article 141 of this Act, and
15. records on statistical data linked with criminal and misdemeanour actions referred to in Article 148 of this Act which the Office collects from other state authorities.

Collection of Statistical Data from Other Authorities

Article 148

(1) The Office shall collect, for the purpose of centralized keeping and analysing of relevant statistical data, performance of national money laundering and terrorist financing risk assessment and assessment of the effectiveness of the wholesome system in preventing and detecting money laundering and terrorist financing, relevant statistical data that are kept and delivered to the Office by:

1. the General Police Directorate, including the Police National Office for Combating Corruption and Organized Crime
2. supervisory services of the ministry competent for finances – Tax Administration, Financial Inspectorate, Customs Administration and other services of the ministry competent for finances
3. Croatian National Bank
4. Croatian Financial Services Supervisory Agency
5. competent state attorney's offices, and
6. competent courts.

(2) The authorities referred to in paragraph 1 items 1, 2, 3 and 4 of this Article shall be obliged to regularly, and at least once a year, by the end of the first quarter of the current year for the previous year, inform the Office of:

1. date of the filing the criminal or other information for the criminal offence of money laundering, associated predicate criminal offence and criminal offence of terrorist financing
2. name, surname, day, month and year of birth of the reported natural person, or name and headquarters of the reported legal person
3. legal title of the criminal offence, and place, time and manner of committing the offence that has characteristics of a criminal offense
4. legal title of the predicate criminal offence and place, time and manner of committing the offence that has characteristics of a predicate criminal offence, and
5. whether the criminal or other information referred to in item 1 of this paragraph has been initiated by the dissemination of the Office on the cases with the suspicion on money laundering and/or terrorist financing referred to in Article 138 of this Act.

(3) The authorities referred to in paragraph 1 items 5 and 6 of this Article, in cases in which the criminal proceeding is conducted for the criminal offence of money laundering, the associated predicate criminal offence or the criminal offence of terrorist financing, shall be obliged to deliver the data to the Office, twice a year, on:

1. the initiation of the investigation
2. confirmation of the indictment
3. non-final and final judgements
4. realized international cooperation, including the mutual legal assistance, and
5. temporary seizure of instrumentalities, safety measures and confiscation of proceeds gained by a criminal offence.

(4) Croatian National Bank, Croatian Financial Services Supervisory Agency, Financial Inspectorate and Tax Administration shall deliver to the Office the data on the filed information against the reporting entity due to misdemeanours prescribed by this Act.

(5) Based on the written request by the Office, Croatian National Bank, Croatian Financial Services Supervisory Agency, Financial Inspectorate and Tax Administration shall deliver to the Office the data on the number of employees in charge of supervision of the reporting entities referred to in Article 9 of this Act, the data on the number of direct and indirect supervision of reporting entities referred to in Article 9 of this Act, the data on the size and the importance of various sectors of reporting entities subject to their supervision on the basis of Article 82 of this

Act, including the number of reporting entities being legal and natural persons subject to their supervision and the data on the economic importance of each sector.

(6) Financial Inspectorate shall deliver to the Office the data on the cases in which the misdemeanour proceeding due to misdemeanours prescribed by this Act has been completed.

(7) Personal data collected by the Office on the basis of this Article shall be considered classified data for which the appropriate level of confidentiality shall be determined in line with special regulations on the confidentiality of data.

(8) The Office shall publish the consolidated statistical data collected on the basis of this Act and sublegal acts passed pursuant to it.

(9) The Minister of Finance shall prescribe in a Rulebook the way and deadlines for the delivery of relevant statistical data to the Office, prescribed by this Article and the manner of publishing the consolidated statistical data.

(10) The Office shall inform the European Commission once a year regarding statistics collected in accordance with the provisions of this Article.

Feedback Information to Reporting Entities on Typologies, Patterns and Trends

Article 149

(1) The Office shall provide feed-back to reporting entities referred to in Article 9 of this Act that have reported a suspicious transaction, in a written form, on the received and operationally analysed suspicious transactions referred to in Articles 56 and 57 of this Act, unless it estimates that this could hamper the further course and outcome of the procedure linked with the prevention of money laundering and terrorist financing, in a way that:

1. it will deliver to the reporting entity the information on the decision or the result of the case with the suspicion on money laundering and terrorist financing should the case be finalized upon the report on the suspicious transaction, and the data on that available to the Office in line with Article 148 of this Act, and that
2. it will, at least once a year, deliver to reporting entities or publish the results of the strategic analyses referred to in Article 11 item 2 of this Act, including the statistical data on the received reports on suspicious transactions from reporting entities and the results of analytical-intelligence work of the Office on the basis of the received suspicious transactions.

(2) The Office shall deliver to reporting entities or publish on the websites the information on typologies, patterns and trends of money laundering and terrorist financing.

(3) The Office shall deliver to reporting entities or publish on the websites the summarized anonymous examples of the concrete cases with the suspicion on money laundering and terrorist financing that the Office has delivered to competent state authorities and foreign FIUs for their further actions and processing.

(4) The Office shall confirm to the reporting entity that it has received the report on the suspicious transaction referred to in Articles 56 and 57 of this Act and the report on cash transaction referred to in Article 61 of this Act.

CHAPTER VII

MISDEMEANOUR PROVISIONS

Article 150

(1) The fine in the amount of HRK 35,000.00 to HRK 1,000,000.00 shall be imposed on the legal person for the misdemeanour:

1. should they not inform the competent supervisory authority referred to in Article 82 of this Act on the fulfilment of the condition for the exemption from Article 10 paragraph 1 of this Act and should they not apply the measures referred to in this Act (Article 10 paragraph 2)

2. should they not prepare the risk assessment so that it is proportionate to the size of the reporting entity and the type, scope and complexity of their business operations or should it not contain an assessment of the measures, actions and procedures undertaken by the reporting entity referred to in Article 9 of this Act to prevent and detect money laundering and terrorist financing, or should they omit to update it regularly, to align it with the guidelines of the competent supervisory authority or to deliver it to the supervisory authority at its request or should they, when preparing the risk assessment, not take into account the reports on the results of the National Risk Assessment and Supra-National Risk Assessment (Article 12 paragraphs 1, 2, 3 and 5)

3. should they not carry out the risk assessment before all important changes in business processes and business practice that may have an impact on the measures that are undertaken in order to prevent money laundering and terrorist financing and should they not undertake, when introducing a new product, externalized activity, delivery channel or new technologies for existing and new products, appropriate measures for managing and mitigating that risk (Article 12 paragraph 6)

4. should they not establish an efficient system of internal controls or should they not adopt or establish written policies, controls and procedures for reducing and efficiently managing the risk of money laundering and terrorist financing determined by the risk analysis referred to in Article 12 pargaraph1 of this Act, taking into consideration the guidelines of the competent supervisory authority, National Risk Assessment and Supra-National Risk Assessment so that they are proportionate to the size of the reporting entity and the type, scope and complexity of work they carry out and should they not include the models of money laundering and terrorist financing risk management, due diligence measures, powers, responsibilities and other prescribed functions referred to in Article 13 of this Act in the policies, controls and procedures or should they fail to regularly monitor them for the purpose of strengthening the undertaken measures when necessary (Article 13 paragraphs 1, 2, 3 and 4)

5. should they take into consideration, when assessing risks related to the customer, some of the prescribed variables of the money laundering and terrorist financing risks or risk factors referring to the type of the customer, state or geographical area, product, service, transaction, delivery channel, or should they apply measures of simplified due diligence in relation to the customer that has not been estimated as low risk or should they not apply enhanced due diligence measures to a customer in relation to whom the high risk for money laundering and terrorist financing has been estimate or should they not align the risk assessment procedure or should they not carry it out in line with the sublegal act of the competent authority (Article 14 paragraphs 1, 2, 3, 4, 5, 6, 7, 8, 9,10 and 11)

6. should they not apply all prescribed due diligence measures or should they not align the scope of the application of measures with the customer risk assessment (Article 15 paragraphs 1 and 3)

7. should they not verify whether the person claiming to operate on behalf of the customer is authorized so, or should they not identify that person nor verify his/her identity (Article 15 paragraph 2)

8. should they not carry out customer due diligence measures in a way prescribed by policies, controls and procedures referred to in Article 13 of this Act (Article 15 paragraph 4)

9. should they not submit, upon the request of the competent supervisory authority, the documentation related to the customer risk analysis and assessment from which it derives that the undertaken due diligence measures have been appropriate to the identified money laundering or terrorist financing risks (Article 15 paragraph 5)

10. should they not apply the customer due diligence measures in cases prescribed by this Act (Article 16 paragraph 1)

11. when concluding the life insurance deal or other investment-related insurance, should they not identify the beneficiary nor verify the identity of a beneficiary who is determined as a specially appointed natural or legal person or legal arrangement, should they not collect sufficient data for a beneficiary who is determined by specific characteristics or a group in order to be convinced that they will be able to identify the beneficiary at the moment of policy disbursement, or should they fail to identify and verify the identity of a beneficial owner of the policy beneficiary at the moment of disbursement, or at the moment when the holder of rights from the insurance requests the disbursement of their claims entirety of in part (Article 16 paragraphs 3 and 4)

12. should they fail to collect the information on the beneficiary of the trust or equal entity, incorporated under a foreign law, which enable the identification of the beneficiary at the moment of disbursement or at the moment when the beneficiary decides to use granted rights (Article 16 paragraph 5)

13.a) ceased to apply on 1 January 2020

13.b) should they not apply due diligence measures in relation to an existing customer on the basis of risk assessment or to an existing customer where circumstances relevant to the application of this Act has changed, or where the reporting entity, by virtue of any legal obligation, is required to contact the customer during the calendar year to verify all relevant information related to the beneficial owner or the beneficial owners, or if the reporting entity was required to do so in accordance with the regulations governing the administrative cooperation in the field of taxes (Article 16 paragraph 6)

14. should they establish a business relationship with the customer or conduct a transaction referred to in Article 16 paragraph 1 items 2, 3 and 4 of this Act, and prior to that not carry out customer due diligence measures referred to in Article 15 paragraph 1 items 1, 2 and 3 of this Act (Article 17 paragraph 1)

15.a) ceased to apply on 1 January 2020

15.b) should they apply the exception referred to in Article 18 paragraph 1 of this Act on redemption of electronic money in cash or on withdrawing cash in the monetary value of electronic money in HRK equivalent to amount higher then EUR 50.00 or to distance payment transactions prescribed by the law governing payment transactions in which paid amount exceeds EUR 50.00 per transaction (Article 18 paragraph 2)

16. should they accept a payment made by the use of an anonymous prepaid card from a third country in which such cards do not meet the requirements equivalent to those prescribed in Article 18, paragraphs 1 and 2 of this Act (Article 18 paragraph 3)

17. should they establish or not terminate already established business relationship with a customer or conduct a transaction for the customer for whom they could not carry out the measures referred to in Article 15 paragraph 1 items 1, 2 and 3 and Article 15 paragraph 2 of this Act (Article 19 paragraph 1)

18. should they not collect prescribed data when carrying out the customer due diligence measures (Article 20 paragraphs 1, 2, 4, 5, 6, 7, 8, 9, 10, 11 and 12)

19. should they not identify nor verify the identity of the customer, legal representative, authorized person or beneficial owner of the customer, and should they not collect the documentation prescribed for the identification and the verification of the identity or power of attorney in case when the customer establishes a business relationship or carries out the transaction via an authorized person (Article 21 paragraphs 1, 2, 3 and 4, Article 22 paragraphs 1, 2, 3, 4 and 5, Article 23 paragraphs 1, 2, 3, 4, 5 and 6, Article 24 paragraphs 1 and 2, Article 25 paragraphs 1 and 2, Article 26 paragraphs 1, 2, 3, 4 and 5, Article 27 paragraphs 1, 2 and 3, Article 30 paragraphs 1, 5,6,7,8 and 9 and Article 31 paragraphs 1, 2, 3 and 4)

20. should they not identify nor verify the identity of the customer or other natural person who accesses the safe deposit box, or should they not collect prescribed data on the customer or not collect them in a prescribed manner (Article 27 paragraphs 1, 2 and 3)

21. should they not document the procedures of identification and verification of the identity of beneficial owner of the customer (Article 28 paragraph 10)

22. should they not apply the prescribed measures when monitoring business activities of the customer and transactions carried out by the customer with the reporting entity and not insure that the scope, or the frequency of implementing measures are aligned with the risk analysis and assessment referred to in Articles 12 and 14 of this Act and adjusted to the money laundering or terrorist financing risk the reporting entity is exposed to when carrying out certain task or transaction, i.e. when doing business with an individual customer (Article 37 paragraphs 2 and 3)

23. should they not align the manner of carrying out simplified and enhanced customer due diligence measures with a sublegal act of the competent authority (Article 42 paragraph 1)

24. should they not take into account the results of the National Risk Assessment when deciding on whether to carry out the simplified due diligence (Article 43 paragraph 2)

25. should they not carry out, in relation to the low-risk customer, the measures of the ongoing monitoring of a business relationship for the purpose of detecting complex and unusual transactions referred to in Article 53 of this Act or suspicious transactions referred to in Articles 56 and 57 of this Act (Article 43 paragraph 4)

26. should they carry out simplified customer due diligence measures when in relation to the customer, transaction, assets or funds there are reasons for the suspicion on money laundering or terrorist financing or in relation to the customer that carries out complex and unusual transactions (Article 43 paragraph 5)

27. should they not carry out enhanced customer due diligence measures in case in which it is prescribed as mandatory (Article 44)

28. should they not carry out prescribed additional measures or not document the implemented measures when establishing a correspondent relationship which involves execution of payments with a credit or financial institution seated in the third country and should an employee of the reporting entity that establishes a correspondent relationship prior to the establishment of a business relationship not gather a written consent of the senior management of the reporting entity and should he/she, on behalf of the credit or financial institution, continue to maintain the correspondent relationship without having previously undertaken the prescribed additional measures (Article 45 paragraphs 1, 2, 3 and 4 item 1)

29. should they establish or continue to maintain the correspondent relationship with the credit or financial institution seated in the third country which does not apply the money laundering and terrorist financing prevention measures or operates as a shell bank or which establishes correspondent or another business relationship and carries out transactions with shell banks (Article 45 paragraph 4 items 2 and 3 and Article 54 paragraphs 3 and 4)

30. should they not establish an appropriate risk management system which includes the procedure of determining whether the customer or beneficial owner of the customer is a politically exposed person or a politically exposed person's close family member or close associate (Article 46 paragraphs 1 and 2)

31. should they not carry out appropriate measures for determining the source of assets and source of financial funds a politically exposed person disposes of, should they not monitor continuously and intensely the business relationship with the politically exposed person or should an employee of the reporting entity fail to obtain a written consent from the senior management of the reporting entity for the establishment or continuation of the business relationship with the politically exposed person (Article 47 paragraph 1)

32. should they not carry out appropriate measures for determining the source of assets and source of financial funds a politically exposed person's close family member or close associate disposes of, should they not monitor continuously and intensely the business relationship with a politically exposed person's close family member or close associate, should an employee of the reporting entity fail to obtain a written consent from the senior management of the reporting entity for the establishment or continuation of the business relationship with a politically exposed person's close family member or close associate (Article 47 paragraph 2)

33. should they not assess the further risk of the politically exposed person who ceased to hold a prominent public function and should they not undertake appropriate measures in relation to that person in the period of 12 months from the termination of holding the prominent public position or until in a concrete case the further risk specific for politically exposed persons ceases to exist (Article 47 paragraph 3)

34. should they not document the implementation of due diligence measures in relation to the politically exposed person (Article 47 paragraph 4)

35. should they not undertake the measures with which it is possible to determine whether the life insurance beneficiary or beneficiary of some other investment-related insurance, or, when necessary, beneficial owner of the beneficiary is a politically exposed person or a politically exposed person's close family member or close associate at the latest in the moment of the disbursement of the policy insurance, or should they not undertake additional prescribed measures in the case in which they have determined a high risk of money laundering or terrorist financing, or should they not document the implementation of measures referred to in Article 48 of this Act (Article 48 paragraphs 1, 2, 3 and 4)

36.a) ceased to apply on 1 January 2020

36.b) should they not undertake, in relation to a customer from a high-risk third country or transaction involving a high-risk third country, the prescribed measures of the enhanced due diligence or risk mitigation measures if this is consistent with its risk assessment of the customer conducting the transactions involving high-risk third countries or within the application of measure not take into consideration the delegated act of the European Commission and should they, when adopting or implementing the measures referred to in Article 49 of this Act, fail to consider relevant evaluations, assessments or reports drawn up by international organizations and experts responsible for setting standards for the prevention of money laundering and counter-terrorism financing in relation to the risks represented by individual third countries (Article 49 paragraphs 1, 4, 5 and 6)

37. should they not undertake the prescribed enhanced due diligence measures in relation to the customer that has issued shares in bearer form or that carries out the transaction related to the shares in bearer form, or should they establish, contrary to the provisions of this Act, the business relationship with the legal person that has issued the shares in bearer form or carries out a transaction linked with the shares in bearer form (Article 50)

38. should they conduct a video-electronic identification of a customer contrary to the provisions of the rulebook stipulating the minimum technical requirements that must be satisfied the means of video-electronic identification (Article 52 paragraph 6)

39. should they not analyse the background and the purpose, including the data on the source of funds of complex and unusually large transactions, transactions that are executed in an unusual pattern or transactions that do not have an obvious economic or legal purpose or should they not record in a written form the results of the analysis or not undertake the prescribed additional measures (Article 53 paragraphs 1, 2 and 3)

40. should they not inform the Office regarding the complex and unusual transaction in relation to which they have determined the reasons for the suspicion on money laundering or terrorist financing in accordance with Articles 56 and 57 of this Act, in the manner prescribed by Article 59 of this Act (Article 53 paragraph 4)

41. should they open, issue or keep for the customers anonymous accounts, coded or bearer passbooks, anonymous safe deposit boxes or other anonymous products, including the accounts opened in false names (Article 54 paragraph 1)

42. should they not carry out the customer due diligence measures before the customer uses the previously opened anonymous account, coded or bearer passbook, anonymous safe deposit box or other anonymous product, including the accounts opened in false names for which it is not possible to determine the owner (Article 54 paragraph 2)

43. should they not inform the Office on the transaction, funds or a person for which/who they know or suspect to be linked with money laundering or terrorist financing, or should they not refrain from performing a suspicious transaction, or should they not inform the Office of such transaction before its execution, or should they not state in the report the explained reasons for the suspicion, timeline in which the transaction should be performed and other prescribed data, or should they not deliver the report on a suspicious transaction in a manner prescribed by the rulebook adopted by the Minister of Finance (Article 56 paragraphs 1, 2, 3, 4, 5 and 7 and Article 59)

44. should they, as a person performing a professional activity, within prescribed deadline and in a prescribed manner, fail to inform the Office on the transaction, funds or person in relation to which/who they determine there are reasons for the suspicion on money laundering or terrorist financing or on the customer that has asked for the advice in relation to money laundering or terrorist financing (Article 57 paragraphs 1, 2 and 3)

45. should they not compile the list of indicators for recognizing suspicious transactions, funds and persons in relation to which/whom there are reasons for the suspicion on money laundering or terrorist financing, and should they not supplement it in a prescribed manner, or should they not take into account, when making the list, the specifics of their business operations, type of customers, geographical area, type of products and services, delivery channel and characteristics of a suspicious transaction referred to in Article 56 paragraph 6 of this Act, or should they not use the list of indicators in determining the reasons for the suspicion on money laundering or terrorist financing which form an integral part of reporting entity's policies, controls and procedures as guidelines in identifying reasons for suspicion on money laundering or terrorist financing or should they not compile the list in a prescribed manner or within the prescribed deadline (Article 60 paragraphs 1, 2, 3, 4 and 6)

46. should they not deliver to the Office, within the prescribed deadline, the data on the transaction which is carried out in cash in the value of HRK 200,00.00 or more, or should they not deliver them in a manner prescribed by the rulebook adopted by the Minister of Finance on the basis of Article 61 paragraph 3 of this Act (Article 61 paragraphs 1, 2 and 3)

47. should they not provide the authorized person with the work position that enables fast, proper and timely fulfilment of tasks and work independence and the possibility of direct communication with the management board, or unrestricted access to all necessary data, information and documentation, or should they not provide the organizational, staff, material and other working conditions (Article 67 paragraph 1 items 3, 4 and 5)

48. should they not provide to an authorized person and his/her deputy appropriate premises and technical conditions that guarantee an adequate level of the protection of confidential data and information disposed by the authorized person and his/her deputy (Article 67 paragraph 1 item 6)

49. should they not provide an adequate system of data delivery to the Office and another competent authority (Article 67 paragraph 1 item 7) and should they not submit reports and information to the Croatian National Bank in accordance with Article 67, paragraphs 6 and 7 of this Act

50. should they not clearly confine powers and responsibilities of the authorized person and his/her deputy in relation to powers and responsibilities of other employees of the reporting entity, efficient communication and appropriate course of information at all organizational levels of the reporting entity (Article 67 paragraph 1 items 9 and 11)

51. should they operate as a credit or financial institution and not provide within its IT system the programme solutions that enable automatized and wholesome customer risk assessment, ongoing monitoring of business relationships and timely and wholesome delivery of reports and data to the Office (Article 67 paragraph 5)

52. should they not appoint an authorized person and his/her deputy for detecting and preventing money laundering and terrorist financing in line with the provisions of Article 68 of this Act

53. should they not insure that the work of an authorized person and his/her deputy is carried out by a person that meets the prescribed conditions (Article 70)

54. should they not insure once a year a regular internal audit of the money laundering and terrorist financing prevention and detection system (Article 72 paragraphs 1 and 2)

55. should they exchange information within the group or among reporting entities referred to in Article 75 paragraph 2 of this Act contrary to the prohibition issued by the Office (Article 75 paragraphs 1 and 2)

56. should they not keep the data collected in line with the provisions of this Act and sublegal acts passed pursuant to it and the Regulation (EU) 2015/847 for ten years after the conducted transaction, termination of the business relationship or access to the safe-deposit box or should the documentation they keep be incomplete (Article 79 paragraphs 1 and 2)

57. should they not keep any of the prescribed records or should the records they keep be incorrect or incomplete (Article 80)

58. should they not establish an internal system of reporting that enables the employees of the reporting entity and persons in similar positions at the reporting entity to report, via a special, independent and anonymous channel, the violations of the provisions of this Act or should the internal reporting system not contain clearly defined procedures for receiving and processing reports that are proportionate to the nature and the size of the reporting entity (Article 94 paragraphs 1 and 2)

59. should they, within the prescribed deadline, not deliver to the Office the requested data, information and documentation necessary for the prevention and the detection of money laundering and terrorist financing (Article 113 paragraphs 1, 2, 3, 4, 5, 6 and 7)

60. should they not provide the authorized person of the Office to review and directly examine, in a way prescribed by the Act, the data, information and documentation at the headquarters of the reporting entity and at other places in which the reporting entity or another authorized person carry out the activities and tasks or should they not provide the authorized person of the Office the print-out of the documents stored in the computer and copies of original documents or should they fail to provide the collection of information from the employees of the reporting entity that have knowledge important for the performance of the operational analysis of suspicious transactions (Article 114 paragraphs 1, 2 and 3)

61. should they not carry out the Office's order for temporary suspending the performance of a suspicious transaction (Article 117 paragraphs 1, 2 and 3)

62. should they not carry out the Office's order for ongoing monitoring of the customer's financial operations (Article 119 paragraphs 1, 2, 4, 5 and 6)

63. should they not deliver to the Office, within the prescribed deadline, the requested additional data, information and documentation necessary for the performance of indirect supervision (Article 139 paragraph 2)

64. should they not verify, within the prescribed deadline, in relation to existing customers, whether the customer or the beneficial owner of the customer is a politically exposed person (Article 156)

65. should they fail to notify the competent supervisory authority referred to in Article 82, paragraph 5 of this Act within the prescribed deadline, that they are engaged in the activity of providing services of virtual and fiduciary currencies exchange and providing custodian wallet services (Article 9, paragraph 7)

(2) The fine in the amount of HRK 6,000.00 to HRK 75,000.00 shall be imposed to the member of the management board or another responsible person in the legal person for the misdemeanour referred to in paragraph 1 of this Article.

(3) The fine in the amount of HRK 15,000.00 to HRK 450,000.00 shall be imposed to lawyer, notary public, independent auditor, external accountant, tax adviser, craftsman, independent trader and natural person performing anther independent profession for the misdemeanour referred to in paragraph 1 of this Article.

(4) The fine in the amount of HRK 10,000.00 to HRK 350,000.00 shall be imposed for the misdemeanour to the reporting entity referred to in Article 9 paragraph 2 item 15 and item 17 sub items g) and h) of this Act that, when carrying out the transaction in the amount of HRK 15,000.00 or more does not identify nor verify the customer's identity or does not collect prescribed data on the customer (Article 16 paragraph 2).

(5) The fine in the amount of HRK 3,000.00 to HRK 15,000.00 shall be imposed to the member of the management board or another responsible person in the legal person for the misdemeanour referred to in paragraph 4 of this Article.

(6) For the most severe misdemeanours referred to in paragraph 1 of this Article, should the proceeds have been gained by committing the misdemeanour or a damage have occurred, when the misdemeanour has been committed in return or the perpetrator does not apply the prescribed measures at all, the fine in the amount of double determined amount of proceeds may be imposed to the reporting entity, should it be determined, or in the amount of HRK 7,500,000.00.

(7) Should the conditions referred to in paragraph 6 of this Article be met, the perpetrator of the misdemeanour that is a credit or a financial institution, may be imposed the fine in the amount of HRK 38,000,000.00 or in the percentage of 10% of the total annual income according to the latest available financial statements approved by the managing body. Should the reporting entity be a parent company

or a subsidiary company of the parent company that has been required to prepare consolidated financial statements in line with the act arranging the accounting of entrepreneurs, relevant total annual income shall be total income or appropriate type of income in line with relevant accounting **regulations** according to the latest available consolidated financial statements approved by the managing body of the final parent company.

(8) Should the conditions referred to in paragraph 6 of this Article be met, the member of the management board or another responsible person in a credit or a financial institution may be imposed the fine in the amount of up to HRK 38,000,000.00.

Article 151

(1) The fine in the amount of HRK 25,000.00 to HRK 800,000.00 shall be imposed for the misdemeanour to a legal person:

1. should they externalize the duties of the authorized person of his/her deputy (Article 11 paragraph 3)

2. should they entrust a third person that does not fulfil the conditions prescribed by this Act (Article 39 paragraphs 1, 2 and 3) with the customer due diligence

3. should they entrust as a third person referred to in Article 39 paragraph 1 some other person with the customer due diligence measures they have been entrusted with

4. should they entrust the externalized services provider with the tasks of informing the Office of the transactions referred to in Article 56, 57 and 61 of this Act (Article 39 paragraph 6)

5. should they not establish appropriate procedures in order to ensure they will get all information necessary for timely reporting to the Office on suspicious transactions referred to in Articles 56 and 57 of this Act, reporting to the Office on cash transactions referred to in Article 61 of this Act, or acting by orders of the Office referred to in Articles 117 and 119 of this Act (Article 39 paragraph 7) from the external co-operator and representative referred to in Article 39 paragraph 6 of this Act

6. should they entrust a third person with the due diligence measures in case when the customer is a foreign legal person having headquarters in a high-risk third country **(Article 40)**

7. should they not establish appropriate procedures for timely receiving or direct access to copies of identification documents and other documents on the basis of which a third person has carried out the customer due diligence, including, when available, the data collected on the basis of the qualified certificate for electronic signature or electronic seal, as well as the data on identifying and verifying the identity of the customer and the beneficial owner of the customer (Article 41 paragraph 2)

8. should they not carry out by themselves the customer due diligence in case when they suspect in the authenticity of the performed customer due diligence or of identification documents and other documentation, or in the veracity of the data that a third person has collected on the customer or should they establish a business relationship with the customer for which they have not received from a third person the data on the customer, beneficial owner and the purpose and intended nature of the business relationship or with the customer for which/whom a third person has not delivered or made directly available the requested copies of identification documents and other documentation (Article 41 paragraphs 4 and 5)

9. should they not provide the implementation of policies and procedures of the group that refer to the money laundering and terrorist financing prevention measures in the branch and subsidiary company having headquarters in a member state or a third country (Article 62 paragraphs 1 and 2)

10. should the branch, representative, network of representatives or distributor in another member state not apply the regulation of the host country in terms of money laundering and terrorist financing prevention measures (Article 63)

11. should they not provide that the policies and procedures for the prevention of money laundering and terrorist financing established by this Act are carried out in the same scope in the branches and subsidiary companies having headquarters in a third country to the extent in which the Act of the third country allows it, including the data protection measures (Article 64 paragraph 1)

12. should they not provide that the branch or the subsidiary company in the third country, in which the minimal standards for the implementation of money laundering and terrorist financing measures are milder than the measures set by this Act, adopts and carries our appropriate measures that are equally valuable as the provisions of this Act to the extent in which the act of the third country allows it, including the measures of the data protection or should they not adhere to the regulatory standards issued by the European Commission in implementing the measures (Article 64 paragraphs 2 and 6)

13. should they not provide the adoption and the implementation of the appropriate additional measures for the efficient money laundering and terrorist financing risk management in the branch or the subsidiary company in the third country the Acts of which do not allow the application of measure that are equally valuable to the provisions of this Act, should they fail to inform the competent supervisory authority of that or should they not adhere to the regulatory technical standards issued by the European Commission in implementing the measures (Article 64 paragraphs 3 and 6)

14. should they not carry out additional measures in the branch or in the subsidiary company in line with the order of the competent supervisory authority (Article 64 paragraph 5)

15. should they, as a reporting entity subject to their supervision, not deliver to the Croatian National Bank and the Croatian Financial Services Supervisory Agency the work plan for the current year and the report on the work performance for the previous year in the field of money laundering and terrorist financing prevention or should they not deliver them within the deadline prescribed the Act (Article 67 paragraph 2)

16. should the person carrying out the tasks of the authorized person in the bank not hold the managing job position (Article 67 paragraph 3)

17. should the reporting be a credit institution and not determine the member of the management board who shall be responsible for the implementation of this Act and regulations passed pursuant to it (Article 67 paragraph 4)

18. should they not inform, within the prescribed deadline, the Office of the appointment of the authorized person and his/her deputy, or should they not state in the notification the prescribed data (Article 68 paragraphs 2 and 3)

19. should they not provide, proportionate to the type and the size of the reporting entity and the money laundering and terrorist financing risk the reporting entity is exposed to, that all employees of the reporting entity who carry out the tasks in the field of money laundering and terrorist financing prevention are familiar with the provisions of this Act and regulations passed pursuant to it and of the act regulating the personal data protection (Article 71 paragraph 3)

20. should they not adopt and not carry out the programme of the annual professional education and training in the field of money laundering and terrorist financing prevention for the following calendar year within the prescribed deadline (Article 71 paragraph 3)

21. should they not keep the data and the documentation on the authorized person, his/her deputy, customer risk assessment, professional education and training for employees and internal audit performance for the period of five years (Article 79 paragraph 3)

(2) The fine in the amount of HRK 3,000.00 to HRK 50,000.00 shall be imposed to the member of the management board or another responsible person in the legal person for the misdemeanour referred to in paragraph 1 of this Article.

(3) The fine in the amount of HRK 10,000.00 to HRK 350,000.00 shall be imposed to lawyer, notary public, independent auditor, external accountant, tax adviser, craftsman, independent trader and natural

person performing anther independent profession for the misdemeanour referred to in paragraph 1 of this Article.

Article 152

(1) The fine in the amount of HRK 50,000.00 to HRK 1,000,000.00 shall be imposed to the payer's payment services provider **and the payer's representative of the payment service provider** for the misdemeanour:

1. should they not provide the information on the payer and the receiver that have to be attached to the transfer of financial funds, should prior to the transfer they not verify in a prescribed way the accuracy of the collected information and the identity of the payer, or should they not keep the collected information and the evidence on the identity until the expiry of the deadline prescribed by this Act (Article 4 paragraphs 1, 2, 3, 4, and 5, and Article 6 paragraphs 1, 2 and 3 of the Regulation (EU) 2015/847)

2. should they not attach the numbers of the payer's and the receiver's account for payment or, if the Article 4 paragraph 3 of the Regulation (EU) 2015/847 is applied, the unique identification mark of the transaction (Article 5 paragraph 1 of the Regulation (EU) 2015/847) to the transfers of funds, when all payment services providers that are included in the chain of payments, have a legal establishment within the Union

3. should they not deliver, when transferring funds within the Union, all prescribed information to the receiver's payment services provider on the payer and the receiver at their request or should they not deliver them within the prescribed deadline (Article 5 paragraph 2 of the Regulation (EU) 2015/847)

4. should they not verify, when transferring funds within the Union, the accuracy of the information on the payer and the identity of the payer that has paid the funds in cash or in anonymous electronic money or in relation to whom/which they have a reasonable basis for the suspicion on money laundering or terrorist financing, regardless of the fact that the value of the transfer does not exceed EUR 1,000.00 (Article 5 paragraph 3 of the Regulation (EU) 2015/847)

5. should they not collect, when transferring the funds outside the Union, the information on the payer, receiver and the numbers of the accounts or the unique identification mark, regardless of the fact that the value of the transfer does not exceed EUR 1,000.00 (Article 6 paragraph 2 sub-paragraph 1 of the Regulation (EU) 2015/847)

6. should they not verify, when transferring the funds outside the Union, if they have been received in cash or in anonymous electronic money or relation to which they have a reasonable basis for the suspicion on money laundering or terrorist financing, the accuracy of the information on the payer, receiver and the numbers of the accounts or the unique identification mark, regardless of the fact that the value of the transfer does not exceed EUR 1,000.00 (Article 6 paragraph 2 sub-paragraph 2 of the Regulation (EU) 2015/847).

(2) The fine in the amount of HRK 50,000.00 to HRK 1,000,000.00 shall be imposed to the payee's payment services provider **and the payee's representative of the payment service provider** for the misdemeanour:

1. should they not provide, when all payment service providers that are included in the chain of payments have legal establishment in the Union, that the number of the payer's and the receiver's account for payments or, if Article 4 paragraph 3 of the Regulation (EU) 2015/847 is applied, the unique identification mark of the transaction (Article 5 paragraph 1 of the Regulation (EU) 2015/847) is attached to the transfers of funds

2. should they not introduce the efficient procedures for the detection of whether all the fields referring to the information on the payer or on the receiver are filled-in when exchanging data or within the system of payments and settlements, so that at the time of the transaction occurrence or subsequently they could verify if the prescribed information is missing, or should they not keep the collected information

and the evidence on the identity until the expiry of the deadline prescribed by this Act (Article 7 paragraph 1 and Article 16 of the Regulation (EU) 2015/847)

3. should they not verify, before the booking at the receiver's account or before the funds are available to the receiver, the accuracy of the information on the receiver, in the prescribed way, in case of the transfer in the amount higher than EUR 1,000.00 in one transaction or in linked transactions (Article 7 paragraph 3 of the Regulation (EU) 2015/847)

4. should they not verify the accuracy of the information on the receiver to the benefit of whom/which they have carried out the disbursement of the funds in cash or in anonymous electronic money or in relation to which/whom they have reasonable basis for the suspicion on money laundering or terrorist financing, regardless of the fact that the value of the transfer does not exceed EUR 1,000.00 (Article 7 paragraph 4 of the Regulation (EU) 2015/9847)

5. should they not introduce the procedures for determining whether the transfer of financial funds lacking necessary and complete information on the payer and the receiver as well as the undertaking of appropriate further measures are to be carried out, rejected or suspended, and should they, in case in which the information if not attached or are incomplete or the letters and signs in the message do not correspond to the rules of the system of exchanging messages or the system of payments and settlements, not make a decision on the rejection of the transfer nor the decision on the request of information prior or after they approve the receiver's account or put the funds to their disposal (Article 8 paragraph 1 of the Regulation (EU) 2015/847)

6. should they not decide on the actions to be taken towards the payment services provider that continues with not delivering necessary information on the payer or the receiver, should they not inform the competent supervisory authorities on the repeated failures to take actions and actions that have been taken, and should they not consider, bearing in mind the information of the payer or the receiver that are missing or are incomplete, whether the transfer or any transaction related to it is suspicious and whether it should be reported to the Office or not (Article 8 paragraph 2 and Article 9 of the Regulation (EU) 2015/847)

7. failing to put in place effective procedures, including, where appropriate, ex-post or real-time monitoring in order to detect the lack of the payer and the payee information referred to in Article 5 of Regulation (EU) 2015/847 for transfers of funds where the payment service provider of the payer is established in the European Union, the information referred to in Article 4 paragraphs 1 and 2 of Regulation (EU) 2015/847 for transfers of funds where the payment service provider of the payer is established outside the European Union, that is, the information referred to in Article 4 paragraphs 1 and 2 of Regulation (EU) 2015/847 for batch file transfers where the payment service provider of the payer is established outside the European Union, in respect of that batch file transfer (Article 7 paragraph 2 of Regulation (EU) 2015/847).

(3) The fine in the amount of HRK 50,000.00 to HRK 1,000,000.00 shall be imposed to the intermediary payment services provider for the misdemeanour:

1. should they not attach the number of the payer's and the receiver's accounts for payment or, if Article 4 paragraph 3 of the Regulation (EU) 2015/847, the unique identification mark of the transaction (Article 5 paragraph 1 of the Regulation (EU) 2015/847) to the transfer of financial funds or should they not provide them to be attached, when all payment services providers that are included in the chain of payments have the legal establishment in the Union

2. should they not provide that all received information on the payer and the receiver are kept with the transfer of funds (Article 10 of the Regulation (EU) 2015/847)

3. should they not introduce the efficient procedures for the detection whether the fields referring to the information on the payer or the receiver are filled-in in the exchange of messages or in the system of payments and settlements so that they could verify at the moment of performing a transaction or subsequently if the prescribed information are missing (Article 11 of the Regulation (EU) 2015/847)

4. should they not establish the efficient procedures that are based on the risk assessment for determining if the transfer of financial funds that lacks the necessary information on the payer and the receiver is to be carried out, rejected or suspended, and for undertaking appropriate further measures (Article 12 paragraph 1 of the Regulation (EU) 2015/847)

5. should they, in the case in which he has discovered that the information is missing or that the information is not filled in with letters or signs allowed in line with the conventions of the system of exchanging messages or the system of payments and settlements, not make a decision on the rejection of the transfer nor the decision on the request of the information on the payer and the receiver, prior or after the transfer of financial funds (Article 12 paragraph 1 of the Regulation (EU) 2015/847)

6. should they not undertake the steps, like sending the warnings and setting the deadlines, towards the provider that keeps not providing the requested information on the payer or the receiver, should they not inform the competent supervisory authorities of this non-providing and undertaken steps, and should they not take into account the information on the payer or the receiver that are missing or are incomplete as a factor in considering whether the transfer of financial funds or any transaction related to it is suspicious and whether it shall be reported to the Office (Article 12 paragraph 2 and Article 13 of the Regulation (EU) 2015/847).

(4) The fine in the amount of HRK 10,000.00 to HRK 350,000.00 shall be imposed to the member of the management board or another responsible person in the legal person for the misdemeanour referred to in paragraphs 1, 2 and 3 of this Article.

(5) For the most severe misdemeanours referred to in paragraph 1 of this Article, should the proceeds have been realized by the misdemeanour or a damage has occurred, when the misdemeanour has been committed in return or the perpetrator does not apply the prescribed measures at all, the payment services provider may be imposed the fine in the amount double than the determined amount of the realized profit, if it may be determined, or in the amount of HRK 7,500,00.00.

(6) Should the conditions referred to in paragraph 5 of this Article be met, the perpetrator of the misdemeanour that is a credit or a financial institution may be imposed the fine in the amount of HRK 38,000,000.00 or in the percentage of 10% of the total annual income according to the latest available financial statements approved by the managing body. Should the reporting entity be a parent company or the subsidiary company of the parent company that was requested to prepare the consolidated financial statements in line with the act regulating the accounting of entrepreneurs, the relevant total annual income shall be total annual income or a corresponding type of income in line with the relevant accounting **regulations** according to the latest available consolidated financial statements approved by the managing body of the end parent company.

(7) Should the conditions referred to in paragraph 5 of this Article be met, the member of the management board or another responsible person in a credit or a financial institution may be imposed the fine in the amount of HRK 38,000,000.00.

Article 153

(1) The fine in the amount of HRK 35,000.00 to HRK 350,000.00 shall be imposed to the legal person for the misdemeanour should they receive the payment or carries out the payment in cash in the amount of HRK 75,000.00 and more, or should they receive the payment or carry out the payment in several mutually linked cash transactions in the amount of HRK 75,000.00 and more (Article 55 paragraphs 1 and 2).

(2) The fine in the amount of HRK 5,000.00 to HRK 35,000.00 shall be imposed to the member of the management board or another responsible person in the legal person for the misdemeanour referred to in paragraph 1 of this Article.

(3) The fine in the amount of HRK 15,000.00 to HRK 200,000.00 shall be imposed to the craftsman, independent trader and natural person performing a registered activity for the misdemeanour referred to in paragraph 1 of this Article.

(4) The fine in the amount of HRK 5,000.00 to HRK 350,000.00 shall be imposed to the legal person referred to in **Article 32 paragraph 1 item a)** of this Act for the misdemeanour should they not dispose of appropriate, accurate and updated data prescribed in Article 33 paragraph 1 of this Act on their beneficial owner(s).

(5) The fine in the amount of HRK 5,000.00 to HRK 75,000.00 shall be imposed for the misdemeanour referred to in paragraph 4 of this Article to the member of the management board or another responsible person in the legal person referred to in **Article 32 paragraph 1 item a)** of this Act

(6) The fine in the amount of HRK 5,000.00 to HRK 350,000.00 shall be imposed to the legal person referred to in **Article 32 paragraph 1 item a)** of this Act should it not enter the appropriate, accurate and updated data prescribed in Article 33 paragraph 1 of this Act in the Register of Beneficial Owners in a manner and within deadlines prescribed by the rulebook adopted by the Minister of Finance (Article 33 paragraph1 and Article 32 paragraph 8).

(7) The fine in the amount of HRK 5,000.00 to HRK 75,000.00 shall be imposed for the misdemeanour referred to in paragraph 6 of this Article to the member of the management board or another responsible person in the legal person referred to in **Article 32 paragraph 1 item a)** of this Act

(8) For the most severe misdemeanours referred to in paragraphs 4 and 6 of this Article, should proceeds have been gained by the misdemeanour or a damage has occurred or the misdemeanour has been committed in return, the legal person may be imposed with the fine of at least twice the amount of the benefit derived from the misdemeanour where that benefit can be determined or in the amount of HRK 750,000.00.

(9) Should the conditions referred to in paragraph 8 of this Article be met, the member of the management board or another responsible person in the legal person referred to in **Article 32 paragraph 1 item a)** of this Act may be imposed the fine in the amount of HRK 100,000.00.

(10) The fine in the amount of HRK 5,000.00 to HRK 75,000.00 shall be imposed to the trustee of a trust or similar entity of foreign law referred to in Article 32 paragraph 1 item b) of this Act should it not hold the appropriate, accurate and updated data prescribed in Article 33 paragraph 1 item a) for persons referred to in Article 31 paragraph 1 of this Act (Article 33 paragraph 3 and Article 32 paragraph 8).

(11) The fine in the amount of HRK 5,000.00 to HRK 75,000.00 shall be imposed to the trustee of a trust or similar entity of foreign law referred to in Article 32 paragraph 1 item b) of this Act should it not enter the appropriate, accurate and updated data prescribed in Article 33 paragraph 1 item a) of this Act in the Register of Beneficial Owners in a manner and within deadlines prescribed by the rulebook adopted by the Minister of Finance (Article 33 paragraph 3 and Article 32 paragraph 8).

(12) For the most severe misdemeanours referred to in paragraphs 10 and 11 of this Article, should proceeds have been gained by the misdemeanour or a damage has occurred or the misdemeanour has been committed in return, the trustee of a trust or similar entity of foreign law referred to in **Article 32 paragraph 1 item b)** of this Act may be imposed with the fine in the amount of HRK 100,000.00.

(13) The fine in the amount of HRK 5,000.00 to HRK 350,000.00 shall be imposed to the legal person referred to in Article 32 paragraph 1 item a) of this Act for the misdemeanour should they

not deliver, at the request of the Tax Administration, in a written form, the documentation on the basis of which it is possible to determine the ownership and controlling structure of the customer and to collect the data on the beneficial owner of the customer (Article 36 paragraph 4).

(14) The fine in the amount of HRK 5,000.00 to HRK 75,000.00 shall be imposed to the member of the management board or another responsible person in the legal person referred to in **Article 32 paragraph 1 item a)** of this Act for the misdemeanour referred to in paragraph 13 of this Article.

(15) For the most severe misdemeanours referred to in paragraph 13 of this Article, should the proceeds have been gained by the misdemeanour or a damage has occurred or the misdemeanour has been committed in return, the legal person may be imposed with the fine of at least twice the amount of the benefit derived from the misdemeanour where that benefit can be determined, or in the amount of HRK 750,000.00.

(16) Should the conditions referred to in paragraph 15 of this Article be met, the member of the management board or another responsible person in the legal person referred to in **Article 32 paragraph 1 item a)** of this Act may be imposed with the fine in the amount of HRK 100,000.00.

(17) The fine in the amount of HRK 5,000.00 to HRK 75,000.00 shall be imposed to the trustee of a trust or similar entity of foreign law referred to in Article 32 paragraph 1 item b) of this Act for the misdemeanour should they not deliver, at the request of the Tax Administration, in a written form, the documentation on the basis of which it is possible to determine the ownership and controlling structure of the customer and to collect the data on the beneficial owner of the customer (Article 36 paragraph 4).

(18) For the most severe misdemeanours referred to in paragraph 17 of this Article, should proceeds have been gained by the misdemeanour or a damage has occurred or the misdemeanour has been committed in return, the trustee of a trust or similar entity of foreign law referred to in **Article 32 paragraph 1 item b)** of this Act may be imposed with the fine in the amount of HRK 100,000.00.

(19) The fine in the amount of HRK 35,000.00 to HRK 350,000.00 shall be imposed to the reporting entity referred to in Article 9 of this Act should they access the data from the Register of Beneficial Owners contrary to the provisions prescribed in Article 34 paragraph 3 of this Act.

(20) The fine in the amount of HRK 5,000.00 to HRK 35,000.00 shall be imposed for the misdemeanour referred to in paragraph 19 of the Article to the member of the management board or another responsible person in the legal person.

(21) The fine in the amount of HRK 35,000.00 to HRK 350,000.00 shall be imposed for the misdemeanour to the payment services provider that has a legal establishment in the Republic of Croatia and that, entirely and without any delay, *inter alia* via a central contact point in line with Article 45 paragraph 9 of the Directive (EU) 2015/849, if such contact point has been determined, and in line with the procedural requirements determined by this Act, not respond to the request for data submitted solely by the authorities competent for the prevention and suppression of money laundering or terrorist financing in the Republic of Croatia regarding the information that are requested on the basis of the Regulation (EU) 2015/847 (Article 14 of the Regulation (EU) 2015/847).

(22) The fine in the amount of HRK 5,000.00 to HRK 35,000.00 shall be imposed for the misdemeanour referred to in paragraph 21 of this Article to the member of the management board or another responsible person in the legal person.

(23) The fine in the amount of HRK 5,000.00 to HRK 75,000.00 shall be imposed to the beneficial owner of the legal person referred to in Article 32, paragraph 1, item a) of this Act, the beneficial owner of the trust or similar entity of foreign law and any person referred to in Article 31, paragraph 1, items 1 to 6 of this Act, that shall not, in a timely manner, make the information

referred to in Article 33 paragraphs 1 and 3 of this Act available to legal person, that is, trustee (Article 33 paragraphs 6 and 7).

Article 153.a

(1) A fine in the amount of HRK 35,000.00 to HRK 1,000,000.00 shall be imposed on the electronic money issuer and payment service provider from another Member State that operates in the territory of the Republic of Croatia via a distributor or a representative based on establishment rights, and which fulfills the criteria for designating the central contact point prescribed in Article 3 paragraphs 1 and 2 of Commission Delegated Regulation (EU) 2018/1108 should it not:

1. appoint a central contact point within the prescribed time limit (Article 65 paragraph 1)

2. appoint a central contact point upon the request of the Croatian National Bank (Article 65 paragraph 2)

3. appoint a legal person established in the Republic of Croatia or a foreign branch established in the Republic of Croatia as the central contact point (Article 65 paragraph 4)

4. inform the Office and the competent supervisory authorities referred to in Article 82 paragraph 8 of this Act regarding the designation of the central contact point within the prescribed time limit and upon the request of the competent supervisory authority, without delay, submit the information referred to in Article 3 paragraph 1 item c) of the Commission Delegated Regulation (EU) 2018/1108 (Article 65 paragraph 6)

5. ensure that the central contact point carries out the tasks prescribed in Articles 4 and 5 of Commission Delegated Regulation (EU) 2018/1108 (Article 65 paragraph 5).

(2) A fine in the amount of HRK 35,000.00 to HRK 1,000,000.00 shall be imposed on the central contact for a misdemeanour should it:

1. fail to carry out the tasks prescribed in Articles 4 and 5 of Commission Delegated Regulation (EU) 2018/1108 (Article 65 paragraph 5)

2. fail to notify the Office of the suspicious transaction, funds and persons pursuant to Article 56 of this Act (Article 65 paragraph 7 item 1)

3. upon the request submitted by the Office, fail to collect from the distributor or representative referred to in Article 65 paragraph 1 of this Act, additional data, information and documentation and fail to submit to the Office within the prescribed time limit the required data, information and documentation necessary for the prevention and detection of money laundering and terrorist financing pursuant to Article 113 of this Act (Article 65 paragraph 7 item 2)

4. not monitor transactions for the purpose of detecting suspicious transactions, funds and persons when appropriate given the scope and complexity of the transactions (Article 65 paragraph 7 item 3).

(3) A fine in the amount of HRK 25,000.00 to HRK 800,000.00 shall be imposed on the central contact should it fail to notify the Office in relation to the appointment of the person performing the activities referred to in Article 65 paragraph 7 item 4 of this Act within the prescribed time limit or should it not specify the required information in the notification (Article 65 paragraph 7 item 4).

(4) A fine in the amount of HRK 6000.00 to HRK 75,000.00 shall be imposed on the management board or another responsible person in the legal person for the misdemeanour referred to in paragraphs 1, 2 and 3 of this Article.

(5) For the most severe misdemeanours referred to in paragraphs 1 and 2 of this Article, should proceeds have been gained by the misdemeanour or a damage has occurred or the misdemeanour has been committed in return, or the offender does not apply the prescribed measures at all, the reporting entity may be imposed with the fine of at least twice the amount of the benefit derived from the misdemeanour where that benefit can be determined or in the amount of HRK 7,500,000.00.

(6) Should the conditions referred to in paragraph 5 of this Article be met, the offender that is a credit or financial institution may be fined up to HRK 38,000,000.00 or with a percentage of 10% of the total annual turnover according to the last available financial statements approved by the management body. If the reporting entity is the parent company or a subsidiary of a parent company required to prepare the consolidated financial statements in accordance with the law governing the accounting of undertaking, the relevant total annual turnover shall be the total annual turnover or the corresponding type of income in accordance with the relevant accounting regulations according to the last available consolidated financial statements approved by the management body of the ultimate parent company.

(7) Should the conditions referred to in paragraph 5 of this Article be met, the member of the management board or another responsible person in the credit or financial institution may be imposed with the fine in the amount HRK 38,000,000.00.

ANTI-MONEY LAUNDERING AND TERRORIST FINANCING ACT (OG, No 108/17)

VIII. TRANSITIONAL AND FINAL PROVISIONS

Article 154

(1) The Government of the Republic of Croatia shall within 90 days from the day of entry into force of this Act align the Regulation on the names of job positions and coefficients of the complexity of job positions in the civil service (Official Gazette, number: 37/01, 38/01 – correction, 71/01, 89/01, 112/01, 7/02 – correction, 17/03, 197/03, 21/04, 25/04 – correction, 66/05, 131/05, 11/07, 47/07, 109/07, 58/08, 32/09, 140/09, 21/10, 38/10, 77/10, 113/10, 22/11, 142/11, 31/12, 49/12, 60/12, 78/12, 82/12, 100/12, 124/12, 140/12, 16/13, 25/13, 52/13, 96/13, 126/13, 2/14, 94/14, 140/14, 151/14, 76/15 and 100/15) with the provisions of this Act.

(2) The Minister of Finance shall adopt the Rulebook referred to in Article 20 paragraph 4, Article 32 paragraph 8, Article 59 paragraph 3, Article 60 paragraph 7, Article 61 paragraph 3, Article 105 paragraph 3, Article 113 paragraph 7, Article 121 paragraph 4 and Article 148 paragraph 9 of this Act within six months from the day of entry into force of this Act.

(3) The Minister of Finance, the Governor of the Croatian National Bank and the Croatian Financial Services Supervisory Agency shall adopt sub-legal acts anticipated by this Act (Article 14 paragraph 11, Article 42 paragraph 1, Article 98) within six months from the day of entry into force of this Act.

(4) The Minister of Finance shall, within 30 days from the alignment of the Regulation referred to in paragraph 1 of this Article with the provisions of this Act, align the Rulebook on the internal order of the Ministry of Finance and the systematization of job positions in the Ministry of Finance with the provisions of this Act.

(5) The supervisory authorities referred to in Article 81 of this Act shall align the performance of the supervision with the approach on the basis of the risk assessment referred to in Article 84 paragraph 1 of this Act within six months from the day of entry into force of this Act.

(6) The supervisions procedures initiated before the entry into force of this Act shall be finished according to the Anti-Money Laundering and Terrorist Financing Act (Official Gazette, number 87/08, 25/12).

(7) The procedures for misdemeanours initiated before the entry into force of this Act shall be finished according to the Anti-Money Laundering and Terrorist Financing Act (Official Gazette, number 87/08, 25/12).

Publication of Regulatory Technical Standards

Article 155

The Financial Inspectorate, Croatian National Bank and Croatian Financial Services Supervisory Agency shall publish on the websites the data on the entry into force of regulatory technical standards referred to in Article 64 paragraph 6 and Article 65 paragraph 4 of this Act.

Due Diligence of Politically Exposed Persons in Relation to the existing Customers

Article 156

The reporting entities referred to in Article 9 of this Act shall be obliged to determine, in relation to the existing customer, whether the customer or the beneficial owner of the customer is a politically exposed person within one year from the day of entry into force of this Act.

Effects of the Entry into Force of this Act

Article 157

(1) With the entry into force of this Act, the following acts shall cease to take effect:

- Anti-Money Laundering and Terrorist Financing Act (Official Gazette, number 87/08 and 25/12)
- Rulebook on the conditions under which the entities obliged to adhere to the Anti-Money Laundering and Terrorist Financing Act may entrust third persons with the customer due diligence measures (Official Gazette, number 76/09)

(2) Until the day of entry into force of the new sublegal acts passed pursuant to this Act, the following Rulebooks and guidelines of the supervisory authorities shall be valid and applied in the part in which they are not contrary to the provisions of this Act:

- Rulebook on reporting to the Anti-Money Laundering Office on a cash transaction in the amount of HRK 200,000.00 and more and on the conditions under which reporting entities are not obliged to report to the Office on a cash transaction for specific customers (Official Gazette, number 01/09)
- Rulebook on the reporting to the Anti-Money Laundering Office on suspicious transactions and persons (Official Gazette, number 01/09)
- Rulebook on the manner and the time limits for reporting suspicious transactions and persons to the Anti-Money Laundering Office and on the keeping of records by lawyers, law firms, public notaries, audit firms and independent auditors and legal and natural persons engaged in accounting and tax counselling activities (Official Gazette, number 01/09 and 153/13)
- Rulebook on the control of domestic and foreign currency cash taken in and out of the country across the state borders (Official Gazette, number 01/09 and 153/13)
- Rulebook on the manner and the time limits for submitting data on criminal activities of money laundering and terrorist financing to the Anti-Money Laundering Office (Official Gazette, number 76/09)
- Rulebook on the manner and the time limits for submitting data on misdemeanour procedures to the Anti-Money Laundering Office (Official Gazette, number 76/09)
- Rulebook on the determination of conditions under which reporting entities have to identify customers as customers who pose a negligible threat in terms of money laundering or terrorist financing (Official Gazette, number 76/09)
- Guidelines of supervisory authorities issued in line with Article 88 of the Anti-Money Laundering and Terrorist Financing Act (Official Gazette, number 87/08 and 25/12).

Assessment of Effects

Article 158

The Ministry of Finance shall carry out the subsequent assessment of the effects of this Act within two years after the entry into force of this Act.

Entry into Force

Article 159

This Act shall be published in the Official Gazette and shall enter into force as of January 1 2018.

Class: 022-03/17-01/60
Zagreb, 27th October 2017

CROATIAN PARLIAMENT
President of the Croatian Parliament

Gordan Jandroković, signed

AMENDMENTS OF ANTI-MONEY LAUNDERING AND TERRORIST FINANCING ACT (OG, No 39/20)

TRANSITIONAL AND FINAL PROVISIONS

Article 71

(1) The supervision procedures initiated before the entry into force of this Act shall be completed in accordance with the Anti-Money Laundering and Terrorist Financing Act (Official Gazette, No 108/17).

(2) The procedures for misdemeanours initiated before the entry into force of this Act shall be completed in accordance with the Anti-Money Laundering and Terrorist Financing Act (Official Gazette, No 108/17).

Article 72

(1) The competent authorities shall be obliged to harmonize the by-laws adopted on the basis of the provisions of the Anti-Money Laundering and Terrorist Financing Act (Official Gazette, No 108/17) with the provisions of this Act by 31 March 2020 at the latest.

(2) Until the date of entry into force of new by-laws in accordance with the provisions of this Act, the by-laws referred to in paragraph 1 of this Article shall remain in force in part in which they do not contravene the provisions of this Act.

(3) The Governor of the Croatian National Bank shall adopt the by-law referred to in Article 67, paragraph 6, added by Article 46 of this Act, within 24 months from the day this Act enters into force.

Article 73

(1) In relation to the characteristics by which it is determined whether legal persons or legal arrangements in the Republic of Croatia have a structure or function similar to trusts and whether it is determined that such legal persons or legal arrangements exist in the Republic of Croatia, the Office shall notify the European Commission by 10 July 2019 at the latest.

(2) The Office shall publish the list of prominent public duties referred to in Article 36 of this Act within 30 days from the day this Act enters into force.

Article 74

By 1 January 2020, the Ministry of Finance shall conduct a subsequent impact assessment of the effects of this Act.

Article 75

(1) This Act shall enter into force the eighth day following its publication in the Official Gazette, with the exception of Articles 4, 5, 6, 10 and 12, Articles 22 to 27, Articles 37, 51, 54 and 64 of this Act, and with the exception of Article 82 paragraph 5 as amended by Article 52 of this Act, Article 150 paragraph 1 items 13.b), 15.b), 16, 36.b) and 65 as amended by Article 66 of this Act, and Article 153 paragraph 23 amended by Article 69 of this Act which shall enter into force on 1 January 2020.

(2) On 1 January 2020 Article 150 paragraph 1 items 13.a), 15.a) and 36.a) as amended by Article 66 of this Act shall cease to apply.

Class: 022-03/18-01/273

Zagreb, 5th April 2019

CROATIAN PARLIAMENT
President of the Croatian Parliament

Gordan Jandroković