

Disclosure of information on supervisory measure imposed on legal person on 18 May 2021

Information on person responsible for breach	
Business name and registered office of legal person	<p>██████████ (hereinafter: ██████████)</p> <p><i>In accordance with the second paragraph of Article 311 of the ZBan-3 in connection with the first paragraph of Article 311 of the ZBan-3, the identity of the person responsible for the breach is not disclosed.</i></p>
Information on breach	
Description of circumstances and conduct entailing breach of ZBan-3 or Regulation (EU) No 575/2013	<p>In the introduction Banka Slovenije clarifies that the Banking Act (Official Gazette of the Republic of Slovenia, No. 92/21; hereinafter: the ZBan-3) entered into force on 23 June 2021, replacing the previous Banking Act (Official Gazette of the Republic of Slovenia, Nos. 25/15, 44/16 [ZRPPB], 77/16 [ZCKR], 41/17, 77/18 [ZTFI-1], 22/19 [ZIUDSOL] and 44/19 [constitutional court decision]; hereinafter: the ZBan-2). There is no substantive change to the provisions of the ZBan-2 that are relevant to these proceedings.</p> <p>Breaches of the ZBan-3 (cited in detail in the operational part of the decision below) were identified on the basis of an inspection, as a result of which Banka Slovenije issued ██████████ with the Order on the cessation of the activity of accepting deposits from the public and other activities as a bank referenced PDO-24.70-001/21-001 of 18 May 2021, against which ██████████ lodged an objection. Banka Slovenije consequently issued a decision on an objection, which partly amended the operational part of the order.</p>
Nature of identified breaches	<p>As stated, the ZBan-3 replaced the ZBan-2, but there was no substantive change to the provisions of the ZBan-2 that are relevant to these proceedings.</p> <p>██████████ accepted deposits from the public in contravention of the ZBan-3.</p> <p>In accordance with Article 111 of the ZBan-3, the acceptance of deposits or other repayable funds from the public may only be pursued in the territory of the Republic of Slovenia by:</p> <ul style="list-style-type: none"> – a bank that has obtained an authorisation to provide banking services in accordance with the aforementioned law; – a Member State bank that establishes a branch in the territory of the Republic of Slovenia in accordance with the aforementioned law or is entitled to provide banking services directly in the territory of the Republic of Slovenia in accordance with the aforementioned law; – a third-country bank that obtains an authorisation to establish a branch in the Republic of Slovenia in accordance with the aforementioned law. <p>At the same time Article 112 of the ZBan-3 stipulates that no-one other than the persons referred to in the previous article may accept deposits or other repayable funds from the public in the territory of the Republic</p>

of Slovenia.

Given the materiality and urgency of ensuring that the legal requirements are met, the Order on the cessation of the activity of accepting deposits from the public and other activities as a bank ordered ██████ to embark on the rectification of the identified breach without delay.

Operational part of the decision by which the relevant proceedings are completed

1. In a supervisory procedure Banka Slovenije finds ██████ to have breached the first paragraph of Article 96 of the ZBan-2 by accepting deposits from the public, whereby as a borrower it enters into loan agreements with members of ██████ who are uninformed investors as lenders, the loan agreements including information about the borrower and the lender, the date and amount of the loan, the date of the transfer of the loan to the borrower's account, the deadline for repayment of the loan, and the amount of contractual interest expressed as a percentage, but not stipulating additional terms and conditions that exclude or restrict the exercise of the right to repayment of the money contributed.
2. ██████ shall cease accepting deposits and/or other repayable funds from the public as of the day of delivery of this order.
3. Within 15 (fifteen) days of the delivery of this order, ██████ shall submit to Banka Slovenije a report in which it describes the measures that it has implemented in connection with the cessation of the acceptance of deposits and/or other repayable funds from the public. ██████ may also issue a statement regarding the grounds for the issuance of the order by the aforementioned deadline.
4. In the aforementioned report ██████ shall enclose evidence from which it is clear that it has implemented measures in connection with the cessation of the acceptance of deposits and/or other repayable funds from the public, and documentation (a list of depositors, with the amounts of funds accepted and the maturities of the deposits) illustrating the balance of deposits by individual depositor as at the day of delivery of this order.
5. An objection to this order shall not stay its enforcement.
6. Banka Slovenije assesses that the grounds referred to in the first paragraph of Article 311 of the ZBan-3 paragraph exist in connection with the publication of the identity of the person responsible for the breach. In accordance with the second paragraph of Article 311 of the ZBan-3 in connection with the first paragraph of Article 311 of the ZBan-3, the identity of the person responsible for the breach shall not be published.

In accordance with Article 310 of the ZBan-3, the following information in connection with this supervisory measure shall be published on the Banka Slovenije website after these proceedings have been completed:

- information on the breach:
 - o a description of the circumstances and conduct entailing a breach of the ZBan-3 or Regulation (EU) No 575/2013,
 - o the nature of the breaches identified;
- the operational part of the decision by which the relevant proceedings are completed; and

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- information as to whether judicial review proceedings have been initiated against the decision.

Information as to whether judicial review proceedings have been initiated against the decision in accordance with the ZBan-2

The Order on the cessation of the activity of accepting deposits from the public and other activities as a bank referenced PDO-24.70-001/21-001 was issued on 18 May 2021, and an objection thereto was lodged on time. Banka Slovenije issued a decision on an objection referenced PDO-24.70-001/21-002 on 29 June 2021, by virtue of which it partly found in favour of the objection (in the part referring to the disclosure of the identity of the person responsible for the breach). Judicial review proceedings have not been initiated against the decision on an objection.