

## **COOPERATION AGREEMENT**

**BETWEEN**

**THE CZECH NATIONAL BANK**

**AND**

**THE NATIONAL BANK OF SERBIA**

The National Bank of Serbia, having its registered address at Kralja Petra 12, Beograd 11000, Republic of Serbia ("NBS") and the Czech National Bank, having its registered address at Na Příkopě 28, 115 03 Praha 1, Czech Republic ("CNB") have reached this cooperation agreement ("Agreement") on the cooperation and exchange of information on resolution planning and the implementation of such planning with respect to entities with cross-border operations, especially with regards to the experience regarding the identification of critical functions, key business activities and critical services, determining the appropriate resolution strategy and necessary level of the minimum requirement for capital and eligible liabilities.

The NBS and the CNB express, through this Agreement, their willingness to cooperate with each other in the interest of fulfilling their respective statutory objectives; ensuring an effective framework for consultation and cooperation in the development of a resolution plans; timely transmission of information and consultation when necessary, publishing information in the case of joint resolution actions; assisting each other in the planning and the conduct of an orderly resolution of entities under their remit; and maintaining confidence and financial stability in the Republic of Serbia ("Serbia") and in the Czech Republic.

### **ARTICLE 1 DEFINITIONS**

For the purpose of this Agreement the following definitions apply:

- A. "Authority" means the NBS or the CNB;
  - i. "Requested Authority" means the Authority to whom a request is made under this Agreement; and
  - ii. "Requesting Authority" means the Authority making a request under this Agreement.
- B. "Authorities" means the NBS and the CNB;
- C. "Entity" or "Entities" means any entity, body or group which is under direct responsibility of either of the two Authorities, according to the Law on Banks ("RS Official Gazette", nos. 107/2005, 91/2010 and 14/2015) or to the the Act on Recovery and Resolution in the Financial Market (Act No. 374/2015 Coll.,

- on Recovery and Resolution in the Financial Market, as amended) respectively;
- D. "Emergency Situation" means any circumstance in which the financial or operational condition of an Entity has been materially impaired, or can reasonably be expected to be materially impaired, in a manner likely to affect the cross-border operations of the Entity and requiring consultation or coordination by the Authorities;
- E. "Other Governmental Entity" means any one of:
- i. the Ministry of Finance of Serbia and the Deposit Insurance Agency; or
  - ii. the Ministry of Finance of the Czech Republic and the Guarantee System of the financial market
- F. "Person" means a natural person, unincorporated association, partnership, trust, investment company, or corporation;
- G. "Resolution" means actions taken by an Authority to address an Emergency Situation, involving a distressed Entity, consonant with its statutory mandate, being:
- i. in respect of the NBS for the application of its tasks as a resolution Authority, in accordance with the Law on the National Bank of Serbia and Law on Banks; and
  - ii. in respect of the CNB, through the application of its tasks as a resolution Authority, in accordance with the Act on Recovery and Resolution in the Financial Market.

## **ARTICLE 2 GENERAL FRAMEWORK**

1. This Agreement is a statement of intent to consult, cooperate, and exchange information in connection with the implementation of the Resolution of Entities in Serbia and in the Czech Republic in a manner consistent with and permitted by the laws and requirements that govern the Authorities. The Authorities will take steps to continue and enhance ongoing cooperation and communication through periodic and *ad-hoc* consultations between them, both during normal business-as-usual circumstances and during periods of financial stress. As the condition of an Entity deteriorates, it is expected that cooperation between the Authorities will intensify as well. Additional communications may take place under the terms of this Agreement or as otherwise agreed by the Authorities.

2. The CNB is, according to the Act on Recovery and Resolution in the Financial Market, responsible, among other, for the Resolution planning, assessment of resolvability, determination of the minimum requirement for own funds and eligible liabilities, determining whether conditions for initiating Resolution have been met, ensuring independent, fair and realistic valuation of the bank's assets and liabilities, deciding on the initiation of resolution procedure, deciding on the application of Resolution tools and activities, conducting Resolution procedure and determining whether Resolution procedure has been successful or not.

3. The NBS is, according to the Law on Banks, responsible, among other, for the Resolution planning, assessment of resolvability, determination of the minimum requirement for own funds and eligible liabilities, determining whether conditions for initiating Resolution have been met, ensuring independent, fair and realistic valuation of the bank's assets and liabilities, deciding on the initiation of resolution procedure, deciding on the application of Resolution tools and activities, conducting Resolution procedure and determining whether Resolution procedure has been successful or not.

4. This Agreement expresses the Authorities' intent to enhance and strengthen their consultation and cooperation in understanding the complexities inherent in the cross-border operations of Entities, in conducting cooperative analyses of the challenges in the Resolution of such Entities, and in contingency planning for such challenges and Resolutions.

5. This Agreement does not constitute an international agreement binding under international law and does not create any legally binding obligations, confer any rights, modify, supersede any domestic laws or restrict the Authorities in the exercise of their statutory powers and functions. This Agreement does not confer any rights upon any Person, including any right or ability directly or indirectly to obtain, suppress, or exclude any information or to challenge the execution of a request for assistance under this Agreement.

6. The Authorities acknowledge that any particular assistance, information or cooperation may be provided pursuant to this Agreement only if permitted under their respective laws, regulations or requirements.

7. This Agreement does not affect any arrangements under other agreements or memoranda of understanding, nor does this Agreement limit the terms of future arrangements. It also does not limit an Authority from taking solely those measures described herein in fulfillment of its Resolution or other functions. In particular, this Agreement does not affect any right of an Authority to communicate with, or obtain information or documents from, any Person subject to its jurisdiction that is located in the territory of the other Authority.

8. The Authorities intend that the cooperation and information sharing arrangements under this Agreement should be implemented in a manner that is compatible with the obligations and commitments that an Authority may have to an asset management, banking or other regulatory Authority or agency pursuant to memoranda of understanding or other agreements.

9. The Authorities intend periodically to review the functioning and effectiveness of cooperation arrangements between them with a view, *inter alia*, to expanding or altering the scope or operation of this Agreement, should that be judged necessary. Such periodic review will seek to ensure that this Agreement accommodates and responds to changing circumstances and benefits from lessons learned. It will also be updated if there are material developments – e. g. changes to either of the Authorities' responsibilities – that are likely to impact the way the NBS and the CNB work together.

**ARTICLE 3**  
**COMMON PRINCIPLES REGARDING RESOLUTIONS OF ENTITIES WITH CROSS-BORDER OPERATIONS**

1. Managing a crisis involving the cross-border activities of an Entity is a matter of common interest for Serbia and the Czech Republic. The successful management and Resolution of a crisis involving an Entity with cross-border activities in Serbia and the Czech Republic requires careful *ex ante* preparation to establish optimal processes and steps to ensure effective coordination and implementation of possible monitoring of Entities, crisis management, recovery and Resolution strategies.

2. Arrangements and tools for cross-border Resolution should be flexible and designed to allow for adaptation to the specific features of a crisis and the individual institutions involved. Cross-border arrangements will build on effective Resolution regime arrangements and cooperation between the Authorities, and the Authorities should undertake steps to improve their ability promptly to assess the broader effects of any financial crisis and its cross-border implications based on common terminology and analyses.

3. Arrangements for crisis Resolution should reflect the division of responsibilities between the Authorities, Other Governmental Entities and other involved agencies and/or bodies, and the coordinating role of home country regulators and supervisors. Where possible and feasible, the Authorities should implement Resolution options that are consistent with their respective Resolution objectives, in particular aimed at pursuing financial stability and protecting insured depositors, insurance policy holders and other retail customers, duly considering the potential impact of their Resolution actions on the financial stability of Serbia and the Czech Republic.

4. The Authorities recognize the importance of the cross-border crisis management groups ("CMGs") as developed by the Financial Stability Board ("FSB") under the Financial Stability Forum ("FSF") *Principles for Cross-border Cooperation on Crisis Management* (April 2009) and the FSB *Recommendations on Reducing the Moral Hazard posed by Systemically Important Financial Institutions* (2010), and intend to work together to ensure that the CMGs in which they may jointly participate effectively strengthen institution-specific cross-border Resolution preparation and arrangements, consistent with the FSF *Principles for Cross-border Cooperation on Crisis Management* (April 2009) and the FSB *Key Attributes of Effective Resolution Regimes for Financial Institutions*, as adopted by the G20 at the Cannes Summit in November 2011 and as amended in October 2014.

**ARTICLE 4**  
**MECHANISM AND SCOPE OF RESOLUTION CONSULTATION, COOPERATION, AND EXCHANGE OF INFORMATION**

1. The Authorities recognize the importance of close and effective communication concerning the global operations of Entities, and intend to consult regularly regarding

general Resolution developments, including the sharing of all relevant information, including, to the extent permitted by applicable law and not contrary to public policy, Entity-developed recovery plans and agency-developed Resolution plans pertaining to the group as a whole or to individual subsidiaries where plans of subsidiaries exist, and issues relevant to the operations, activities, and regulation of such Entities. Furthermore, the Authorities will seek to enhance cooperation in the analysis of Entities' Resolution issues, planning for potential Resolution scenarios, and appropriate simulations, contingency planning or other work designed to improve preparations of the Authorities for managing and resolving crises involving Entities.

2. The Authorities will also work with Other Governmental Entities and with Entities themselves in developing Resolution plans and strategies for Entities and in ensuring that such plans and strategies remain current. To the extent possible, in respect of any confidentiality and other restrictions, the Authorities intend to:

- i. discuss approaches to Resolution planning;
- ii. share ideas and strategies; and
- iii. facilitate mutual understanding of Resolution plan rulemaking, rules, practice and implementation in each other's jurisdiction.

3. To the extent practicable and as appropriate in the particular circumstances, including the status of efforts to address any difficulties experienced by an Entity, each Authority will endeavor to inform the other Authority:

- i. of any intended or conducted regulatory changes relating to Resolution regimes and which may have a significant, material impact on the operations or activities of an Entity in the other jurisdiction; and
- ii. of the respective statutory and other legal requirements, including procedural requirements, applicable to the recognition and enforcement of foreign Resolution proceedings under their respective jurisdictions.

This will, however, be without prejudice to any arrangements relating to specific prudential issues.

4. Each Authority will make available staff as appropriate to give presentations to, and run training sessions for, the other Authority, to share expertise and knowledge. Each Authority will designate a contact person or persons of sufficient seniority *ex ante*, to be involved in ongoing Resolution and crisis management of Entities. These contact people will be listed in Annex A of this Agreement. Each Authority will inform the other Authority of these appointments and any changes thereto. Senior-level contacts will be supported by regular working-level contact and collaboration, potentially including joint work on issue of common interest.

5. To the extent necessary to supplement periodic consultations, and so far as consistent with any Entity-specific cooperation agreements agreed by both parties through any Entity's CMG and with ensuring compliance with the laws or regulations of Serbia or the Czech Republic (and those of the European Union), the Authorities intend to cooperate with

each other in assisting with Resolution planning (including implementation of such planning). The assistance covered by this paragraph may include, as appropriate to each Entity and in accordance with the rights of each Authority to collect or otherwise obtain information, providing:

- i. information relevant to the financial and operational conditions of an Entity, including, for example, capital structure, liquidity, and funding profiles, internal controls procedures, external market or ratings information, Entities and locations providing important operational capabilities, and identification of materially significant subsidiaries, branches and affiliates, such as Entities engaged in capital markets, information technology and data processing services;
- ii. assistance in interpreting requested information, if such assistance is needed; and
- iii. assistance in obtaining other information located in the Requested Authority's jurisdiction that may be relevant to the Requesting Authority's planning and implementation of Resolution.

In addition, the Authorities will discuss and agree on the information each should provide to the other for the purpose of planning and implementing Resolutions (which may include monitoring of Entities, crisis management activities and review of recovery and Resolution plans).

6. The Authorities recognize that communication and coordination can play an important role in promoting efficiency and preserving value in the Resolution of an Entity. The Authorities further acknowledge that their legal duties and objectives will often align with the goals of maximizing recoveries, minimizing losses and minimizing moral hazard. Where this is the case, they will endeavor, subject to applicable laws and regulations, to cooperate and coordinate in order to identify and implement Resolution processes and joint communication strategies that meet these goals in both of their respective jurisdictions. For these purposes, both Authorities will provide each other with up-to-date lists of relevant units and responsible persons with their contact information in addition to those listed in the Annex A of this Agreement.

7. The Authorities recognize that there may from time to time be technical matters related to specific Resolution plans and Resolution cases upon which it might be necessary to take a broadly common view or position. Through regular dialogue, the Authorities will seek to identify such matters. To the extent that the respective objectives of the Authorities can be best advanced through a joint articulation of such view or position and/or through joint engagement with third parties, the Authorities will seek to do so.

8. English will be the working language in all written and spoken communication.

**ARTICLE 5**  
**EXECUTION OF REQUESTS FOR ASSISTANCE**

1. To the extent possible, a request for information pursuant to Article 4 should be made in writing and addressed to the relevant contact person(s). A request should generally specify the following:

- i. the information sought by the Requesting Authority;
- ii. a general description of the matter which is the subject of the request and the purpose for which the information is sought; and
- iii. the desired time period for reply and, where appropriate, the urgency thereof.

2. In Emergency Situations, the Authorities will endeavor to notify each other of the Emergency Situation and communicate information to each other as would be appropriate in the particular circumstances, taking into account all relevant factors, including the status of efforts to address the Emergency Situation. During Emergency Situations, requests for information may be made in any form, including orally, provided such communication is confirmed subsequently in writing. The Authorities will endeavor to provide information as quickly as possible during Emergency Situations.

**ARTICLE 6**  
**PERMISSIBLE USES AND CONFIDENTIALITY OF INFORMATION**

1. It is understood that information may be shared pursuant to this Agreement to the extent such sharing is reasonable and subject to any relevant statutory and regulatory provisions, including those restricting disclosure. In addition, the provision of, or request for, information under this Agreement may be denied on grounds of public interest or national security, or when disclosure would interfere with an ongoing criminal or administrative investigation.

2. Any confidential information received from a Requested Authority will be used only for the planning and implementation of Resolutions (which may include monitoring of Entities, crisis management activities and review of Resolution plans). To the extent permitted by law, a Requesting Authority will hold confidential all information (other than publicly available information) received from a Requested Authority pursuant to this Agreement and will not disclose such information other than as necessary to carry out its Entity monitoring, crisis management, Resolution planning or implementation responsibilities and consistent with paragraphs 3 to 6 of this Article.

3. Except as provided in the next paragraph, before a Requesting Authority discloses any confidential information received from a Requested Authority to a third party, the Requesting Authority will request and obtain prior written consent from the Requested Authority, which will not be unreasonably withheld.

4. In the event that a Requesting Authority is required by statute or legal process<sup>1</sup> to disclose confidential information provided pursuant to this Agreement, it will, to the extent permitted by law<sup>2</sup>, inform the Requested Authority about such possible onward sharing. If the Requested Authority does not consent to such disclosure, then, the Requesting Authority will take all available and appropriate steps to resist disclosure, including by employing legal means to challenge the order or by advising the third party requiring such information of the possible negative consequences that such disclosure might have on the future exchange of confidential information between the Authorities<sup>3</sup>.

5. With respect to paragraph 2, the CNB represents that it is required by Sections 174 *et seq.* of the of the Act on Recovery and Resolution in the Financial Market to disclose confidential information with bodies listed in the footnote 1 (“Czech Statutory Recipients”), as the case may be. The CNB further represents that obtaining consent of, or providing notice to, the NBS prior to such disclosure to the Czech Statutory Recipients would prove burdensome in light of the nature of this requirement to disclose. The CNB may therefore disclose confidential information to the Czech Statutory Recipients on a need-to-know basis pursuant to this requirement. The CNB will inform the NBS on a regular basis of such requests and of any information shared with any of the Czech Statutory Recipients as a result thereof.

6. With respect to paragraph 2, the NBS represents that it is required by 9b Paragraph 4 the Law on Banks to disclose confidential information with bodies listed in the footnote 1 (“Serbian Statutory Recipients”), as the case may be. The NBS further represents that obtaining consent of, or providing notice to, the CNB prior to such disclosure to the Serbian Statutory Recipients would prove burdensome in light of the nature of this requirement to disclose. The NBS may therefore disclose confidential information to the Serbian Statutory Recipients on a need-to-know basis pursuant to this requirement. The NBS will inform the CNB on a regular basis of such requests and of any information shared with any of the Serbian Statutory Recipients as a result thereof.

7. No privileges or confidentiality associated with information provided by an Authority are intended to be waived as a result of sharing such information pursuant to this Agreement.

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<sup>1</sup> In the case of the CNB, this may mean sharing with the Other Governmental Entities in the Czech Republic, European Systemic Risk Board, European Banking Authority, ESMA, EIOPA, European Commission and the European Central Bank. The CNB is furthermore obliged to inform the European Banking Authority about the conclusion of this Agreement.

In the case of NBS, this may mean sharing with other Governmental Entities in the Republic of Serbia,

<sup>2</sup> For example, a subpoena or court order requesting information may bar the Authorities from disclosing the existence of such subpoena or order

<sup>3</sup> For the avoidance of doubt, such steps also would be taken as appropriate in the context of the instances referred to in footnote 2



**ARTICLE 7  
REVIEW AND AMENDMENTS**

1. The Authorities may review the functioning and effectiveness of cooperation and information exchange under this Agreement, either every two (2) years, or after an earlier interval when deemed necessary by both Authorities.

2. Any amendment to this Agreement requires mutual consent of the Authorities and will be confirmed in writing unless otherwise agreed upon.

**ARTICLE 8  
DISCONTINUATION**

Cooperation in accordance with this Agreement shall commence as of the date written below and continue indefinitely subject to modification by the mutual consent of the Authorities or discontinuation by an Authority with 30 days advance written notice to the other Authority. After discontinuation, the confidentiality provisions in Article 6 will continue to apply to any information provided under this Agreement prior to discontinuation.

Signed at Belgrade, this 20 day of May 2021



Jorgovanka Tabaković  
Name: Jorgovanka Tabaković, PhD  
Position: Governor  
National Bank of Serbia

57.3651  
20.5.2021.

Signed at Prague, this 4<sup>th</sup> day of May 2021

Jiří Rusnok  
Name: Jiří Rusnok  
Position: Governor  
Czech National Bank

**Annex A**  
**List of contact persons**

**For the CNB:**

**Main senior-level contact:** Radek Urban  
Director of the Resolution Department  
radek.urban@cnb.cz  
+420 736 524 400

**Additional senior-level contact:** Tomáš Kahoun  
Deputy Director of the Resolution Department  
tomas.kahoun@cnb.cz  
+420 736 524 142

**For the NBS:**

**Main senior-level contact:** Ana Trifunović Repac  
Director of the Bank Resolution Center  
ana.trifunovic-repac@nbs.rs  
+381 11 33 38 744

**Additional senior-level contact:** Marija Trifunović  
Assistant Director of the Bank Resolution Center  
marija.trifunovic@nbs.rs  
+381 11 33 38 747

