



APPLICATION OF THE SINGLE BANKING PERMIT PRINCIPLE IN THE SLOVAK BANKING SECTOR

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On the day of the Treaty of Accession of the Slovak Republic to the European Union entering into effect, the provisions of Articles 11 to 20 of Act No 483/2001 Coll. on banks and amending certain acts (hereinafter simply the "Act on Banks") also entered into force, and in accordance with which foreign banks, foreign financial institutions and electronic money institutions incorporated in the territory of the single European Economic Area (EEA) can perform banking operations, provided the permit to do so has been issued for these entities in an EEA member state. As members of the EEA this applies also to Norway, Lichtenstein and Iceland.

A foreign financial institution is a financial institution, incorporated in the territory of a member state that is a subsidiary company of a foreign bank or subsidiary of two or more foreign banks. According to the Act on Banks it must at the same time however fulfil several conditions, of which the most important is that ownership of at least 90% of the voting rights in this institution be held by such a foreign bank or foreign banks, and the condition that the foreign bank or foreign banks ensure prudent management of the foreign financial institutions and ensure the irrevocable, joint and inseparable security for this institution's obligations.

A general principle of the single banking permit means that only one licence is issued that, in parallel with the possibility to perform permitted operations in the territory of the state whose respective authority has issued the licence (the home state), provides the licence holder with authorisation to conduct these operations in another EEA member state without the need for a licence from the respective authority of the host state, or host authority. In other words, a bank, financial institution or possibly electronic money institution needs only a licence granted in one of the EEA countries in order to offer its services in all EEA member states.

Conditions for using of a single banking permit

A foreign bank, foreign financial institution and electronic money institution can, while conducting business in other member states, use the advantages and benefits of the single banking permit only if it meets the following conditions:

– entity is incorporated in the territory of an EEA member state,

- it has been granted a valid licence from the respective authority of the home country,
- it is regulated by a supervisory body in its home country,
- it satisfies the notification criteria according to European Union law,
- if it is a foreign financial institution, it must fulfil precisely set legal conditions.

Ways of applying the single banking permit principle

Foreign banks, foreign financial institutions or electronic money institutions may perform their activity in the territory of other EEA member states in accordance with Directive No 2000/12/EC of the European Parliament and Council of 20 March 2000 relating to the taking up and pursuit of the business of credit institutions. These entities may provide their services either by establishing a branch, or by the free provision of cross-border services. However, in the case where a branch is not established in the host country, services may be offered only where this activity does not have the nature of being the permanent economic activity of this subject (also without the constant physical presence of its staff in the country). If nonetheless the entity wishes to be permanently physically present in the host country and does not plan to provide its services exclusively over the internet, or via contractual agents, it must have a branch established in such the host country.

Mutually recognised activities

Banking activities that individual entities may perform in the framework of the single banking permit principle are precisely specified in the list of activities subject to mutual recognition, given in Annex I to Directive No 2000/12/EC. These are:

1. acceptance of deposits and other repayable funds;
2. lending, including inter alia:
 - consumer credit,
 - mortgage credit,
 - factoring, with or without recourse,
 - financing commercial transactions (including forfeiting);
3. financial leasing;
4. money transmission services;
5. issuing and administering means of payment (e.g. credit cards, travellers' cheques and bankers' drafts);



6. guarantees and commitments;
7. trading for own account or for account of customers in:
 - (a) money market instruments (cheques, bills, certificates of deposit, etc.),
 - (b) foreign exchange,
 - (c) financial futures and options,
 - (d) exchange and interest-rate instruments,
 - (e) transferable securities;
8. participation in securities issues and the provision of services related to such issues;
9. advice to undertakings on capital structure, industrial strategy and related questions and advice as well as services relating to mergers and the purchase of undertakings;
10. money broking;
11. portfolio management and advice;
12. safekeeping and administration of securities;
13. credit reference services;
14. safe custody services.

This list is of a binding nature for host countries, meaning that they are obliged to allow individual foreign entities fulfilling the set criteria to perform the banking operations specified in this list in the country intended for their services. In the case should the entity not be permitted in its licence granted by its home regulatory authority to perform all the activities given in the list, it cannot carry on such activities, even by means of applying the single banking permit principle. Likewise, the principle applies vice versa; if the entity holds a licence to perform all activities subject to mutual recognition, the host countries is obliged to accept this licence. However, the single banking permit principle, under Slovak law, does not apply to specific banking operations, – mortgage trades pursuant to the provision of Article 2(2)(n) of the Act on Banks and the depository function pursuant to the provision of Article 2(2)(o) of the Act on Banks and pursuant to Act No 594/2003 Coll. on collective investment and amending certain acts. Should a foreign bank be also interested in performing these banking activities in the Slovak Republic, it must apply to the National Bank of Slovakia for a specific licence in order to perform these operations via its branch.

Procedure for foreign providers of banking services intending to operate in the SR

Foreign providers of banking services (foreign banks, foreign financial institutions and electronic money institutions) must, on the basis of applicable rules in the EEA, give notice of their presence via the regulatory authority of their home country. The procedure is that they request their home regulatory authority to inform the National Bank of Slovakia of their intention to provide services via the application of the single banking permit principle in

the territory of the Slovak Republic, and with this submit the required data. In assessing these notifications the banking supervision section of the National Bank of Slovakia cooperates with the Financial Market Authority, forwarding the notification to it for assessment from the aspect of pursuing activities whose supervision falls within the competence of the Authority. The Financial Market Authority subsequently sends its opinion to the banking supervision section, and this opinion, together with the confirmation of the notification by the National Bank of Slovakia, is sent back to the home regulatory authority and applicant bank, financial institution or electronic money institution. The National Bank of Slovakia states in its confirmation the scope of information it requires be submitted from individual providers of cross-border banking services on a regular basis at half-yearly intervals for ensuring sufficient documentation for the creation of selected analyses.

EEA member country business in Slovakia in the framework of the single banking permit

Over the course of 2004 the banking supervision section of the National Bank of Slovakia received no notifications on the establishment of a branch of a foreign bank in the SR. At the end of 2004 it however recorded 49 notifications by foreign regulatory authorities on the intention of foreign entities to provide their services. The greatest representation of these were from Great Britain, 18 entities, followed by Austria and Germany, 9 entities each, Ireland, 4 entities, Holland, France and Hungary – 2 each, and Luxembourg, Italy and Denmark with 1 entity each. An alphabetical list of these entities is given in the table below.

Despite the single licence principle and consolidated performance of supervision, applying in the EEA, and through which individual member states, and thus also banking supervisions, surrender a certain part of their competence, the legal responsibility of the regulatory authority in the individual member states for the stability of the local financial system remains unaffected.

The fact that foreign entities have, via their supervisory authorities, sent their notifications to the National Bank of Slovakia still need not mean that they have already started their active operation and the provision of services in the Slovak banking sector. In many cases this merely represents the creation of environment for the potential activities of such entities in the future. Notification does not bind them to the compulsory performance of banking activities, foreign entities have thus performed the necessary procedure also for the reason that if they were to intend to provide their services, no administrative obstacles would hinder them in this.



List of providers of free cross-border banking services

	Business name	Address	Scope of activities pursuant to Annex 1 to Directive 2000/12/EC
1.	Aareal Bank AG	Paulinenstrasse 15, 65189 Wiesbaden, Germany	Points 2, 6
2.	ABN AMRO Bank N.V.	Gustav Mahlerlaan 10, 1082 PP Amsterdam, Holland	Points 1, 2, 3, 4, 5, 6, 7 a - e, 8, 9, 10, 11, 12, 13, 14
3.	Banca Caboto Spa	Via Arrigo Boito 7, 20121 Milan, Italy	Points 1, 7 a - e, 8, 12
4.	Bank für Arbeit und Wirtschaft Aktiengesellschaft	Seitzergasse 2-4, 1010 Vienna, Austria	Points 1, 2, 3, 4, 5, 6, 7 a - e, 8, 9, 10, 11, 12, 13
5.	Bank Medici Aktiengesellschaft	Operngasse 6/4, 1010 Vienna, Austria	Points 1, 2, 4, 6, 7 a - e, 8, 9, 11, 12, 13, 14
6.	Bank of America Securities Limited	5 Canada Square, London E14 5AQ, Great Britain	Points 2, 3, 6, 7 a - e, 8, 9, 11, 12, 14
7.	Bank Winter & Co. Aktiengesellschaft	Singerstrasse 10, 1010 Vienna, Austria	Points 1, 2, 4, 5, 6, 7 a - e, 8, 9, 10, 11, 12
8.	Banque Privée Edmond de Rothschild Europe	20, Boulevard Emmanuel Servais, L-2535 Luxembourg, Luxembourg	Points 8, 9, 11, 14
9.	Barclays Bank Plc	54 Lombard Street, London EC3P 3AH, Great Britain	Points 1, 2, 3, 4, 5, 6, 7 a - e, 8, 9, 10, 12, 14
10.	Central-European International Bank Ltd.	Medve u. 4-14, H-1027 Budapest, Hungary	Points 1, 2, 3, 4, 5, 6, 14
11.	CIBC World Markets Plc	Cottons Centre, Cottons Lane, London SE1 2QL, Great Britain	Points 2, 3, 4, 6, 7 a - e, 8, 9.
12.	Coöperatieve Centrale Raiffeissen-Boerenleenbank B.A. (Rabobank Nederland)	Croeselaan 18, 3500 Utrecht, Holland	Points 1, 2, 3, 4, 5, 6, 7 a - e, 8, 9, 10, 11, 12, 13, 14
13.	Credit Suisse First Boston International	One Cabot Square, London E14 4JQ, Great Britain	Points 1, 2, 6, 7 a - e, 8, 9, 11
14.	Credit Suisse (UK) Limited	5 Cabot Square, London E14 4QR, Great Britain	Points 1, 2, 3, 4, 5, 6, 7 a - e, 8, 9, 10, 11, 12, 13, 14
15.	DekaBank Deutsche Girozentrale	Mainzer Landstrasse 16, 60325 Frankfurt/Main, Germany	Points 1, 2, 7 a - e, 10, 11, 12
16.	DEPFA ACS BANK	3 Harbourmaster Place, Dublin 1, Ireland	Points 1, 2, 6, 7 a - e, 8
17.	DEPFA BANK Plc	3 Harbourmaster Place, Dublin 1, Ireland	Points 1, 2, 3, 4, 5, 6, 7 a - e, 8, 9, 10, 11, 12, 13, 14
18.	Deutsche Bank AG	Taunusanlage 12, 60325 Frankfurt/Main, Germany	Points 1, 2, 3, 4, 5, 6, 7 a - e, 8, 9, 10, 11, 12, 13, 14
19.	Dresdner Bank AG	Jürgen-Ponto-Platz 1, 60329 Frankfurt/Main, Germany	Points 1, 2, 3, 4, 5, 6, 7 a - e, 8, 9, 10, 11, 12, 13, 14
20.	Dresdner Kleinwort Wasserstein Limited	P.O.Box 560, 20 Fenchurch Street, London EC3P 3DB, Great Britain	Points 1, 2, 3, 6, 7 a - e, 8, 9, 11, 12, 14
21.	EULER HERMES SFAC CREDIT	1 rue Euler, 75008 Paris, France	Points 2, 4, 6
22.	Eurohypo AG	Taunusanlage 9, D-60329 Frankfurt/Main, Germany	Points 1, 2, 4, 6, 7 a - e, 8, 10, 11, 12, 13
23.	Goldman Sachs International Bank	Peterborough Court 133 Fleet Street, London EC4A 2BB, Great Britain	Points 1, 2
24.	HSBC Bank Plc	Level 42, 8-16 Canada Square, London E14 5HQ, Great Britain	Points 1, 2, 3, 4, 5, 6, 7 a - e, 8, 9, 10, 11, 12, 13, 14
25.	Hypo Real Estate Bank International	International House, 3 Harbourmaster Place, IFSC, Dublin 1, Ireland	Points 1, 2, 4, 6, 8, 9



	Business name	Address	Scope of activities pursuant to Annex 1 to Directive 2000/12/EC
26.	J. P. Morgan Europe Limited	125 London Wall, London EC2Y 5AS, Great Britain	Points 1, 2, 4, 5, 6, 7 a - e, 8, 9, 11, 12, 14
27.	J. P. Morgan International Bank Limited	125 London Wall, London EC2Y 5AS, Great Britain	Pointss 1, 2, 4, 5, 6, 7 a - e, 11, 12, 14
28.	Kommunalkredit Austria AG	Türkenstrasse 9, 1092 Vienna, Austria	Pointss 1, 2, 3, 6, 7 a - e, 8, 9
29.	Magyar Külkereskedelmi Bank Rt (Hungarian Foreign Trade Bank Ltd.)	Váci u. 38, H-1056 Budapest, Hungary	Pointss 1, 2, 3, 6, 13
30.	Merrill Lynch Capital Markets Bank Limited	Treasury Building, Lower Grand Canal Street, Dublin 2, Ireland	Points 1, 2, 3, 4, 5, 6, 7 a - e, 8, 9, 10, 11, 12, 13, 14
31.	Merrill Lynch International Bank Limited	2 King Edward Street, London EC1A 1HQ, Great Britain	Points 1, 2, 4, 6, 7 a - e, 11, 12
32.	Morgan Stanley Dean Witter Bank Limited	25 Cabot Square, Canary Wharf, London E14 4QW, Great Britain	Points 1, 2, 5, 6
33.	Nomura Bank International Plc	Nomura House, 1 St Martin's-le-Grand, London EC1A 4NP, Great Britain	Points 1, 2, 3, 6, 7 a - e, 8, 9, 10, 12, 14
34.	Norddeutsche Landesbank Girozentrale	Friedrichswall 10, 30159 Hannover, Germany	Points 1, 2, 3, 4, 5, 6, 7 a - e, 8, 9, 10, 11, 12, 13, 14
35.	NRW.BANK	Heerdter Lohweg 35, 40549 Dusseldorf, Germany	Points 1, 7 a - e, 8
36.	Oberbank AG	Hauptplatz 10 - 11, 4020 Linz, Austria	Pointss1, 2, 3, 4, 5, 6, 7 a - e, 8, 9, 10, 11, 12, 13, 14
37.	Österreichische Volksbanken AG	Peregringasse 3, 1090 Vienna, Austria	Points 1, 2, 3, 4, 5, 6, 7 a, c, d, e, 8, 9, 10, 11, 12
38.	Raiffeisen Zentralbank Österreich Aktiengesellschaft	Am Stadtpark 9, 1030 Vienna, Austria	Points 1, 2, 3, 4, 5, 6, 7 a - e, 8, 9, 10, 11, 12, 13, 14
39.	Raiffeisenlandesbank Oberösterreich AG	Europaplatz 1a, A-4020 Linz, Austria	Points 1, 2, 3, 4, 5, 6, 7 a - e, 8, 9, 10, 11, 12, 13, 14
40.	Rathbone Investment Management Limited	159 New Bond Street, London W1S 2UD, Great Britain	Points 1, 2, 4, 5, 6, 7 a - e, 8, 11, 12, 14
41.	Saxo Bank A/S	Smakkedalen 2, 2820 Gentofte, Denmark	Points 7b-e, 10, 11, 12
42.	SOCIETE GENERALE	29 boulevard Hausmann, 75009 Paris, France	Points 1, 2, 3, 4, 5, 6, 7 a - e, 8, 9, 10, 11, 12, 13
43.	Standard Bank London Limited	Cannon Bridge House 25 Dowgate Hill London EC4R 2SB, Great Britain	Points 1, 2, 4, 6, 7 a - e, 9, 11, 12, 14
44.	Sumitomo Mitsui Banking Corporation Europe Limited	Temple Court, 11 Queen Victoria Street, London EC4N 4TA, Great Britain	Points 1, 2, 3, 4, 6, 7 a - e, 9
45.	TD Bank Europe Limited	Triton Court, 14-18 Finsbury Square, London EC2A 1DB, Great Britain	Points 1, 2, 6, 7 a - e, 8, 12
46.	UBS Limited	100 Liverpool Street, London EC2M 2RH, Great Britain	Points 1, 2, 4, 5, 6, 7 a - e, 8, 9, 10, 11, 12, 13, 14
47.	Volksbank Linz Mühlviertel Gen.m.b.H.	Schillerstrasse 10, 4013 Linz, Austria	Points 1, 2, 3, 4, 5, 6, 7 a, c, d, e, 9, 10, 11, 12
48.	WestLB AG	Herzogstrasse 15, 40217 Düsseldorf, Germany	Points 1, 2, 3, 4, 5, 6, 7 a - e, 8, 9, 10, 11, 12, 13, 14
49.	Württembergischer Hypo AG	Büchsenstrasse 26, 70174 Stuttgart, Germany	Points 1, 2, 7 a - e