

**DECREE****of Národná banka Slovenska of 5 October 2015****on the own funds of financial conglomerates and on capital requirement calculation methods for financial conglomerates pursuant to the Insurance Act**

Národná banka Slovenska, in accordance with Articles 79(11), 130(9), 131(5) and Article 138(1) of Act No 39/2015 Coll. on insurance (hereinafter 'the Insurance Act') and with Article 35(2) of Act No 747/2004 Coll. on financial market supervision, as amended, has adopted this Decree:

**Article 1****Subject matter**

This Decree lays down:

- (a) what constitutes own funds at the financial conglomerate level and the method for determining them, including the own funds of mixed financial holding companies;
- (b) what is meant by the minimum capital requirement for entities in a financial conglomerate and the method for calculating that requirement;
- (c) capital requirement calculation methods for financial conglomerates;
- (d) the method for calculating the exposures of financial conglomerates and what is meant by exposures of financial conglomerates;
- (e) the method for calculating risk concentration in financial conglomerates and details of risk concentration in financial conglomerates;
- (f) the structure, scope, content and templates of the statements reported, the reporting deadlines, and how, in what way and where the statements are to be reported, including instructions regarding reporting templates.

**Article 2****Own funds at the financial conglomerate level**

(1) The own funds:

- (a) of insurance sector participants comprise own funds items as defined in Article 45 of the Insurance Act and in a separate regulation<sup>1</sup>;
- (b) of banking sector participants other than electronic money institutions comprise own funds items as defined in a separate regulation<sup>2</sup>;
- (c) of electronic money institutions comprise own funds items as defined in a separate regulation<sup>3</sup>;

---

<sup>1</sup> Commission Delegated Regulation (EU) No 2015/35 of 10 October 2014 amending Directive 2009/138/EC of the European Parliament and of the Council on the taking-up and pursuit of the business of insurance and reinsurance (Solvency II) (OJ L 12, 17.1.2015).

<sup>2</sup> Article 29 of Act No 483/2001 Coll. on banks (and amending certain laws), as amended by Act No 213/2014 Coll.

<sup>3</sup> Article 85b of Act No 492/2009 Coll. on payment services (and amending certain laws), as amended.

Decree No 14/2011 of Národná banka Slovenska laying down certain details concerning the authorisation payment institutions and electronic money institutions (Notification No 443/2011 Coll.).

- (d) of asset management companies comprise own funds items in an amount determined under separate regulations<sup>4</sup>;
- (e) participants in the investment services sector other than management companies comprise own funds items in an amount determined under separate regulations<sup>5</sup>;
- (f) of mixed financial holding companies comprise own funds items in an amount determined under Article 45 of the Insurance Act;
- (g) of entities other than those referred to in points (a) to (f) are determined in accordance with points (a), (b), (c) or (e) depending on the field of business of the entity concerned.

(2) Own funds for financial conglomerates must be calculated using the capital requirement calculation methods specified in Article 4.

(3) Where the own funds of an entity in a financial conglomerate are less than the minimum capital requirement under Article 3, the total capital shortfall must be taken into account in calculating the own funds at the financial conglomerate level. If that entity is a subsidiary of the parent undertaking in the financial conglomerate<sup>6</sup> and if the parent undertaking's liability for the liabilities of the subsidiary is limited strictly and unambiguously to its share of the subsidiary's capital, the capital shortfall must be taken into account in proportion to that share.

(4) Where the own funds of a subsidiary in a financial conglomerate exceed the minimum capital requirement under Article 3, the own funds at the financial conglomerate level may be increased only by the difference that is transferable to the own funds of another entity in the financial conglomerate; the own funds items not transferable to the own funds of another entity in the financial conglomerate comprise subordinated debt and the participations of minority shareholders created within the consolidation process.

### **Article 3**

#### **Minimum capital requirement at the financial conglomerate level**

(1) The minimum capital requirement for entities in a financial conglomerate means, in the case of:

- (a) insurance sector participants, the solvency capital requirement calculated in accordance with Article 48 of the Insurance Act and with a separate regulation<sup>1</sup>;
- (b) banking sector participants other than electronic money institutions, the sum of the capital requirements under a separate regulation<sup>2</sup>;
- (c) electronic money institutions, the capital requirement under a separate regulation<sup>3</sup>;
- (d) asset management companies, the capital adequacy requirement under a separate regulation<sup>4</sup>;
- (e) participants in the investment services sector other than asset management companies, the capital requirement under a separate regulation<sup>5</sup>;
- (f) mixed financial holding companies, the capital requirement under Article 45 of the Insurance Act;

---

<sup>4</sup> Article 47 of Act No 203/2011 Coll. on collective investment, as amended by Act No 206/2013 Coll. Decree No 7/2011 of Národná banka Slovenska on the own funds of management companies (Notification No 266/2011 Coll.).

<sup>5</sup> Article 74 of Act No 566/2001 Coll. on securities and investment services (and amending certain laws) (the Securities Act), as amended.

<sup>6</sup> Article 126 of Act No 39/2015 Coll. on insurance (and amending certain laws).

(g) entities other than those referred to in points (a) to (f), the capital requirement calculated in accordance with points (a), (b), (c) or (e) depending on the field of business of the entity concerned.

(2) The minimum capital requirement for entities in a financial conglomerate must be calculated using the capital requirement calculation methods specified in Article 4.

#### **Article 4**

##### **Capital requirement calculation methods at the financial conglomerate level**

(1) The capital requirement calculation methods are as follows:

- (a) the accounting consolidation method under paragraphs 2 to 4;
- (b) the deduction and aggregation method under paragraphs 5 to 9;
- (c) a combination methods specified in points (a) and (b).

(2) Where the capital requirement at the financial conglomerate level is calculated using the accounting consolidation method, the capital requirement must be calculated as the difference between the own funds at the financial conglomerate level calculated in accordance with paragraph 3 and the minimum capital requirement for entities in the financial conglomerate calculated in accordance with paragraph 4.

(3) Own funds at the financial conglomerate level comprise the own funds items of entities in the financial conglomerate as specified in Article 2(1), consolidated by the method of:

- (a) full consolidation<sup>7</sup>, where the control exercised by the parent undertaking over the subsidiaries is in accordance with Article 5(g) of the Insurance Act, or where the ties between the parent undertaking and subsidiaries are as defined in the third point of Article 125(f) of the Insurance Act;
- (b) proportional consolidation<sup>7</sup>, where the participating interest of an entity in other entities is in accordance with Article 5(c) of the Insurance Act.

(4) The minimum capital requirement for entities in a financial conglomerate must be calculated as the sum of the minimum capital requirements for these entities in accordance with Article 3(1).

(5) Where the capital requirement at the financial conglomerate level is calculated using the deduction and aggregation method, the capital requirement must be calculated as the difference between the own funds calculated in accordance with paragraphs 6 and 7 and the minimum capital requirement for entities included in the financial conglomerate calculated in accordance with paragraphs 8 and 9.

(6) Own funds at the financial conglomerate level comprise the difference between the sum of:

- (a) the own funds items of entities in the financial conglomerate included in the capital requirement calculation under Article 2(1); and
- (b) the book values of the participations which entities in the financial conglomerate included in the capital requirement calculation have in other entities in the financial conglomerate

---

<sup>7</sup> Article 22(1) of Act No 431/2002 Coll. on accounting, as amended by Act No 561/2004 Coll.

included in the capital requirement calculation.

(7) The book value of participations that entities in the financial conglomerate have in other entities in the conglomerate must be determined using the same valuation method as that used in the financial statements of entities reporting a direct participation in another entity.

(8) The minimum capital requirement for entities in a financial conglomerate must be calculated as the sum of the minimum capital requirements for entities in the conglomerate as specified in Article 3(1); for the purposes of the minimum capital requirement calculation, the claims, liabilities and other relationships between entities in the financial conglomerate may not be set off against each other.

(9) Where a participation in an entity in a financial conglomerate is held by an entity not included in the capital requirement calculation for that conglomerate, the minimum capital requirement for the entity included in the capital requirement calculation must be taken into account on a proportional basis. The proportional amount is derived from the participation in the entity included in the capital requirement calculation held by the parent undertaking and other entities included in the capital requirement calculation at the level of that financial conglomerate.

## **Article 5**

### **Exposures of financial conglomerates**

(1) The exposures of a financial conglomerate comprise the sum of claims and other property rights of entities in a financial conglomerate vis-à-vis:

- (a) another person or entity;
- (b) a group of connected entities comprising a parent undertaking and its subsidiaries;
- (c) persons or entities that have a permanent address or registered office in the same country;
- (d) persons or entities included in the same economic sector;
- (e) the State and the central bank.

(2) A large exposure of a financial conglomerate is an exposure to a person or entity, or group of connected entities, which is equal to or greater than 10% of the financial conglomerate's own funds.

(3) Large exposures at the financial conglomerate level are valued by the method of:

- (a) full consolidation<sup>7</sup>, where the control exercised by the parent undertaking over the subsidiaries is in accordance with Article 5(g) of the Insurance Act, or where the ties between the parent undertaking and subsidiaries are as defined in the third point of Article 125(f) of the Insurance Act;
- (b) proportional consolidation<sup>7</sup>, where the participating interest of an entity in other entities is in accordance with Article 5(c) of the Insurance Act;
- (c) the deduction and aggregation method; or
- (d) a combination of the methods specified in points (a) to (c).

(4) The monitoring of large exposures does not take into account their reinsurance.

(5) The monitoring of large exposures at the financial conglomerate level is without prejudice to the obligation of regulated entities to comply with the exposure limits laid down

in a separate regulation<sup>8</sup>.

## **Article 6**

### **Risk concentration in financial conglomerates**

- (1) Risk concentration in a financial conglomerate may arise in respect of:
- (a) large exposures under Article 5;
  - (b) the centralised settlement of transactions under paragraph 2;
  - (c) the centralised management of assets under paragraph 3;
  - (d) the centralised management of risks under paragraph 4.

(2) The settlement of transactions of a financial conglomerate may be deemed centralised where one entity, regardless of whether or not it is an entity in the conglomerate, settles transactions of more than 40% of the entities in the conglomerate, or more than 40% of the total amount of transactions undertaken by entities in the conglomerate.

(3) The management of assets of a financial conglomerate may be deemed centralised where one entity, regardless of whether or not it is an entity in the conglomerate, manages assets of more than 40% of the entities in the conglomerate, or more than 40% of the sum of the total assets of entities in the conglomerate.

(4) The management of risks in a financial conglomerate may be deemed centralised where one entity, regardless of whether or not it is an entity in the conglomerate, manages risks in more than 40% of the entities in the conglomerate, or in entities in the conglomerate whose combined total assets constitute more than 40% of the conglomerate's total assets.

## **Article 7**

### **Reports**

(1) The following reports must be submitted to Národná banka Slovenska by the insurance undertaking, reinsurance undertakings or mixed financial holding company controlling a financial conglomerate:

Report identifier	Report name
(a) Ppn (ZZK) 41-02	Report on capital requirements at the financial conglomerate level;
(b) Ppn (ZZK) 42-01	Report on risk concentration at the financial conglomerate level;
(c) Ppn (ZZK) 43-01	Report on significant intra-group transactions at the financial conglomerate level;

(2) The report mentioned in paragraph 1(a) must be produced for the first half of each calendar year as at 30 June, using interim data, and for each twelve-month accounting period as at the end of the period, using audited data. Where the accounting period is a non-calendar year, the report must also be produced as at 31 December for the calendar year in which the accounting period began, using interim data.

---

<sup>8</sup> Article 33e of Act No 483/2001 Coll., as amended.

(3) The reports mentioned in paragraph 1(b) and (c) must be produced for each twelve-month accounting period as at the last day of the accounting period, using audited data. Where the accounting period is a non-calendar year, the report must also be produced as at 31 December for the calendar year in which the accounting period began, using interim data.

(4) The reports mentioned in paragraph 1 must be submitted electronically via the Statistics Collection Portal information system, by the following deadlines:

- (a) interim reports must be submitted within three months after the end of the half-year period; where the accounting period is a non-calendar year, interim reports must be submitted within six months after the end of the calendar year;
- (b) reports based on audited data must be submitted within six months after the end of the accounting period.

(5) Templates of the reports mentioned in paragraph 1 are set out in Annexes 1 to 3. The Annexes also include instructions regarding reporting templates.

**Article 8**  
**Legally binding acts of the European Union**  
**enacted in Slovak law by this Decree**

This Decree enacts in Slovak law the legally binding acts of the European Union listed in Annex 4.

**Article 9**

This Decree repeals Decree No 8/2014 of Národná banka Slovenska of 15 April 2014 on the own funds of financial conglomerates and on capital requirement calculation methods for financial conglomerates pursuant to the Insurance Act (Notification No 113/2014 Coll.).

**Article 10**  
**Entry into force**

This Decree enters into force on 1 January 2016.

**Jozef Makúch**  
**Governor**

**represented by**  
**Ján Tóth**  
**Deputy Governor**

Issuing unit: Regulation Department  
Insurance Regulation Section

Tel.: +421 2 5787 3301  
Fax: +421 2 5787 1118

## TEMPLATE

**Report on capital requirements at the financial conglomerate level**

Name of parent undertaking

Company registration no

First and last name of the person responsible for producing the report

Telephone number of the person responsible for producing the report

First and last name of the person that produced the report

Status as at (date)

Telephone number of the person that produced the report

**1. Summary**

<b>Item</b>	<b>Line No</b>	<b>Amount of own funds</b>	<b>Minimum capital requirement</b>	<b>Decrease in own funds</b>	<b>Calculation method</b>
a	b	1	2	3	4
<b>Insurance sector</b>	1				
<b>Banking sector</b>	2				
<b>Electronic money institutions</b>	3				
<b>Investment services sector</b>	4				
<b>Mixed financial holding company</b>	5				
<b>Financial conglomerate in total</b>	6				

Ppn (ZZK) 41-02

Name of parent undertaking

Company registration no

**2. Capital requirement details**

<b>Line No</b>	<b>Name of entity in the financial conglomerate</b>	<b>Amount of own funds</b>	<b>Minimum capital requirement</b>	<b>Percentage of the entity's capital included in the calculation</b>
b	1	2	3	4



## **Instructions regarding reporting template Ppn (ZZK) 41-02**

1. *Person responsible for producing the report* means the natural person who is responsible for the accuracy of data stated in the report and who sends the report to Národná banka Slovenska using the information system Statistics Collection Portal. If more than one person is responsible for producing the report, only one of them is to be stated, as determined in accordance with the internal rules of the insurance undertaking, reinsurance undertaking or mixed financial holding company.
2. In the box *Status as at (date)*, the date as at which the report is produced is to be stated.
3. Values expressed in monetary terms are to be stated in EUR thousands.
4. In the box *Own funds*, in Part 1, the sum of the own funds of entities under Article 2(1) is to be stated.
5. In the box *Minimum capital requirement*, in Part 1, the sum of the own funds of entities under Article 3(1) is to be stated.
6. In the box *Decrease in own funds*, in Part 1, capital shortfalls that are reported by entities in the financial conglomerate and contribute to the capital shortfall at the financial conglomerate level are to be stated.
7. In the box *Calculation method*, in Part 1, the capital requirement calculation method applied at the financial conglomerate level in accordance with Article 4 is to be stated.
8. In the box *Percentage of the entity's capital included in the calculation*, in Part 2, the sum of the percentage shares that are held in an entity included in the capital requirement calculation for a financial conglomerate by the parent undertaking and other entities included in that calculation is to be stated. The percentage is to be rounded to two decimal places and the percentage sign (%) is not to be inserted.

Ppn (ZZK) 42-01

## TEMPLATE

## Report on risk concentration at the financial conglomerate level

Name of parent undertaking

Company registration no

First and last name of the person responsible for producing the report

Telephone number of the person responsible for producing the report

First and last name of the person that produced the report

Status as at (date)

Telephone number of the person that produced the report

Line No	Person or entity, or group of connected entities, to which there is a large exposure	Value of exposure	Share of exposure
a	1	2	3

## **Instructions regarding reporting template Ppn (ZZK) 42-01**

1. *Person responsible for producing the report* means the natural person who is responsible for the accuracy of the data stated in the report and who sends the report to Národná banka Slovenska using the information system Statistics Collection Portal. If more than one person is responsible for producing the report, only one of them is to be stated, as determined in accordance with the internal rules of the insurance undertaking, reinsurance undertaking or mixed financial holding company.
2. In the box *Status as at (date)*, the date as at which the report is produced is to be stated.
3. Values expressed in monetary terms are to be stated in EUR thousands.
4. In the box *Person or entity, or group of connected entities, to which there is a large exposure*, information identifying the person or entity(ies) under Article 5(1) is to be stated, for example as follows: business name / first and last name of natural person, economic sector, country.
5. In the box *Value of exposure*, the sum of claims and other property rights of entities in the financial conglomerate vis-à-vis the person or entity to which there is a large exposure is to be stated.
6. In the box *Share of exposure*, the exposure as a percentage share of the total own funds of the financial conglomerate is to be stated. The percentage is to be rounded to two decimal places and the percentage sign (%) is not to be inserted.

Ppn (ZZK) 43-01

## TEMPLATE

## Report on significant intra-group transactions at the financial conglomerate level

Name of parent undertaking

Company registration no

First and last name of the person responsible for producing the report

Telephone number of the person responsible for producing the report

First and last name of the person that produced the report

Telephone number of the person that produced the report

Status as at (date)

Line No	Type of intra-group transaction	Description of entities between which the significant intra-group transaction was conducted	Value of intra-group transaction	Share of intra-group transaction	Description of transaction
b	1	2	3	4	5

### **Instructions regarding reporting template Ppn (ZZK) 43-01**

1. *Person responsible for producing the report* means the natural person who is responsible for the accuracy of data stated in the report and who sends the report to Národná banka Slovenska using the information system Statistics Collection Portal. If more than one person is responsible for producing the report, only one of them is to be stated, as determined in accordance with the internal rules of the insurance undertaking, reinsurance undertaking or mixed financial holding company.
2. In the box *Status as at (date)*, the date as at which report is produced is to be stated.
3. Values expressed in monetary terms are to be stated in EUR thousands.
4. In the box *Type of intra-group transaction*, a brief identifier of the type of transaction is to be stated, as, for example, credit provided, guarantee provided, investment, outsourcing, or cost distribution agreement.
5. In the box *Description of entities between which the significant intra-group transaction was conducted*, the business names and registered offices of these entities are to be stated.
6. In the box *Share of intra-group transaction*, the value of the transaction as a percentage share in the own funds of the financial conglomerate is to be stated. The percentage is to be rounded to two decimal places and the percentage sign (%) is not to be inserted.
7. In the box *Description of transaction*, a brief description of the intra-group transaction is to be given.

**Annex 4 to Decree No 10/2015**

**Schedule of legally binding acts of the European Union  
enacted in Slovak law by this Decree**

Directive 2002/87/EC of the European Parliament and of the Council of 16 December 2002 on the supplementary supervision of banks, insurance undertakings and investment firms in a financial conglomerate and amending Council Directives 73/239/EEC, 79/267/EEC, 92/49/EEC, 92/96/EEC, 93/6/EEC and 93/22/EEC, and Directives 98/78/EC and 2000/12/EC of the European Parliament and of the Council (OJ L 35, 11.2.2003, Special Edition, Chapter 6, Volume 04), as amended;