Pursuant to Article 43, paragraph (2), item (9) of the Act on the Croatian National Bank (Official Gazette 75/2008, 54/2013) and in connection with Article 9 and Article 17 of the Act on the Act on the Croatian National Bank, the Governor hereby issues the

Decision
on the general conditions of foreign currency purchase and sale for the purpose of interventions in the foreign exchange market

Article 1

The Croatian National Bank shall intervene in the foreign exchange market by purchasing foreign currency from the banks and selling foreign currency to the banks at auctions.

The Croatian National Bank may purchase foreign currency from the banks or sell foreign currency to the banks outside auctions, provided this is in the interest of pursuit of the determined monetary and foreign exchange policies.

Article 2

The Croatian National Bank shall intervene in the foreign exchange market in EUR and/or USD currencies by means of:
- outright purchase or sale;
- swap transactions (simultaneous purchase and sale of foreign currency or vice versa with different settlement dates).

Article 3

The Croatian National Bank shall announce auctions through the Reuters–dealing system (NBHHH), Bloomberg information systems or by telephone. An auction may be repeated on the same day if the original bid is not accepted.

Article 4

In their foreign currency purchase or sale bids, the banks shall indicate:
- the currency code;
- the amount;
- the exchange rate.

**Article 5**

The banks shall submit their bids to the Croatian National Bank as a rule no later than one hour after the bid has been announced unless some other time limit has been determined for the submission of bids on a particular day.

**Article 6**

No individual amount may be lower than EUR 300 000.00 or USD 300 000.00.

**Article 7**

Each bank may submit to the Croatian National Bank up to three bids on purchase and/or sale of foreign currency, all of which being binding for the bank in the total amount.

**Article 8**

The banks shall submit their bids to the Croatian National Bank through the HNB Browse – Devizne Intervencije application.

In exceptional cases of technical difficulties in the work of the application HNB Browse – Devizne Intervencije, the bids may be submitted to the Croatian National Bank through the Reuters–dealing (NBHH), Bloomberg or by telephone.

**Article 9**

The Croatian National Bank may conduct auctions in accordance with the three following models:
1. the model of the differentiated exchange rate, i.e. the model of the most favourable exchange rate offered (for purchases, from the lowest to the highest and for sales, from the highest to the lowest);
2. the model of uniform exchange rate offered in advance by the CNB;
3. the model of uniform exchange rate determined by the CNB based on the bids obtained from the banks.
Article 10

Generally, the Croatian National Bank shall use the model of the differentiated exchange rate and when it decides to use the model of the uniform exchange rate, it shall notify the banks accordingly in advance.

Article 11

If the amount of foreign currency bid or asked by the banks exceeds the amount determined by the Croatian National Bank for interventions that day, some banks' requests for foreign currency purchase or sale may be partially met only. This means that in one or several banks quoting the same least favourable exchange rate that was last taken by the Croatian National Bank into account, the amount asked shall be reduced by the same percentage, depending on the total remaining amount of the intervention.

Article 12

The settlement of mutual obligations between a bank and the Croatian National Bank shall be carried out simultaneously, i.e. on the day of the agreed payment value date and in exceptional cases, where obligations in different payment currencies are settled, other terms of settlement of mutual obligations may be agreed upon.

Article 13

The banks failing to meet the obligations of an agreement concluded with the Croatian National Bank on foreign currency purchase or sale transactions and the banks that have been issued a decision on the prohibition by the Prudential Regulation and Bank Supervision Area shall not be allowed to participate in Croatian National Bank auctions.

Article 14

The Croatian National Bank shall notify the banks and the public media about the results of the auction, providing data that may indicate the total amount of intervention by the Croatian National Bank, and the highest, lowest and the average exchange rate achieved at that day's auction.

Article 15

The Croatian National Bank shall reserve the right to change the general conditions under which it will purchase foreign currency from and sell foreign currency to the banks as an intervening party, and shall announce such conditions in advance on its website.
Article 16

By way of derogation from Article 8, paragraph (1) of this Decision, the Banks may over a period of six months following the entry into force of this Decision, submit bids to the Croatian National Bank through Reuters-dealing (NBHH), Bloomberg or by telephone.

Article 17

On the date of entry into force of this Decision, the Decision on the general conditions under which the Croatian National Bank purchases and sells foreign currency for the purpose of intervention in the foreign exchange market (Decision No. 224-020/12-02/ŽR of 9 December 2002) shall cease to have effect.

Article 18

This Decision shall enter into force within eight days after the day of its publication on the website of the Croatian National Bank.

No.: 35-020/02-16/BV
Zagreb, 12 February 2016

Croatian National Bank
Governor

Boris Vujčić