

Journal of Laws 2005 No. 83 item 719

2009.06.18 as amended by Journal of Laws 2009 No. 42 item 341 Article 14

ACT

of 15 April 2005

**on the supplementary supervision of credit institutions, insurance undertakings,
reinsurance undertakings and investment firms in a financial conglomerate.**

Journal of Laws 13 May 2005

Section 1

General provisions

Article 1. 1. The Act lays down the rules for supplementary supervision of credit institutions, insurance undertakings, reinsurance undertakings and investment firms in a financial conglomerate and also the basis on which supplementary supervision covers other entities that operate in a financial conglomerate, including non-regulated parent entities.

2. The Act also establishes rules for cooperation of the national supervisory authority with foreign supervisory authorities with regard to supplementary supervision.

Article 2. 1. The purpose of supplementary supervision is to protect the financial stability of credit institutions, insurance undertakings, reinsurance undertakings and investment firms in a financial conglomerate.

2. Supplementary supervision is performed by examining:

- 1) the capital adequacy of a financial conglomerate and the strategy of management in respect of it;
- 2) significant intra-group transactions;
- 3) the level of risk concentration and significant risk concentration in a financial conglomerate ,
- 4) the risk of a conflict of interests between entities within a financial conglomerate;
- 5) the correctness of risk management;
- 6) the soundness and correctness of internal control.

Article 3. Terms used in this Act have the following meanings:

- 1) credit institution:
 - a) a domestic bank within the meaning of Article 4 paragraph 1 point 1 of the Banking Act of 29 August 1997 (Journal of Laws 2002 No. 72 item 665, as amended²⁾), hereinafter referred to as the 'Banking Act',
 - b) a foreign bank within the meaning of Article 4 paragraph 1 point 2 of the Banking Act,
 - c) a credit institution within the meaning of Article 4 paragraph 1 point 17 of the Banking Act, or
 - d) an electronic money institution within the meaning of Article 2 point 5 of the Act on Electronic Payment Instruments of 12 September 2002 (Journal of Laws No. 169 item

1385 and 2004 No. 91 item 870 and No. 164 item 959);

- 2) insurance undertaking:
 - a) a domestic insurance undertaking within the meaning of Article 2 paragraph 1 item 5 of the Law on Insurance Activities of 22 May 2003 (Journal of Laws No. 124 item 1151, as amended³⁾), hereinafter referred to as "the Law on Insurance Activities", or
 - b) a foreign insurance undertaking within the meaning of Article 2 paragraph 1 point 16 of the Law on Insurance Activities;
- 2a) reinsurance undertaking
 - a) a domestic reinsurance undertaking within the meaning of Article 2 paragraph 1 point 16a of the Law on Insurance Activities, or
 - b) a foreign reinsurance undertaking within the meaning of Article 2 paragraph 1 point 16b of the Law on Insurance Activities;
- 3) investment firm:
 - a) a brokerage house within the meaning of Article 29 paragraph 1 of the Law on Public Trading of Securities Act of 21 August 1997 (Journal of Laws 2002 No. 49 item 447, as amended⁴⁾), - the Law on Public Trading of Securities Act,
 - b) a foreign legal person referred to in Article 52 paragraph 2 of the Law on Public Trading of Securities Act ,
 - c) a foreign investment firm as referred to in Article 4 point 25 of the Law on Public Trading of Securities Act other than the foreign credit institutions as referred to in Article 4 paragraph 24 of that Act,
 - d) a commodity brokerage house which has obtained the authorisation as referred to in Article 38 paragraph 3 of the Act on Commodity Exchanges of 26 October 2000 (Journal Laws No 103 item 1099, as amended⁵⁾),
 - e) a foreign legal person conducting brokerage activities through a branch, as referred to in Article 50 paragraph 1 of the Act of Commodity Exchanges of 26 October 2000, which has obtained the authorisation as referred to in Article 38 paragraph 3 of that Act,
 - f) entities that with their registered office in a state which is not a Member State of the European Union, which engage in investment or brokerage activities in that state and which are subject to prudential rules at least as restrictive as those that acting such activities in a Member State of the European Union,
 - g) an investment fund company established under the Law on Investment Funds of 27 May 2004 (Journal of Laws No 146 item 1546), r hereinafter referred to as 'the Law on Investment Funds",
 - h) a management company, as referred to in Article 2 point 10 of the Law on Investment Funds,
- 4) regulated entity - a credit institution, an insurance undertaking, a reinsurance undertaking or an investment firm;
- 5) non-regulated parent entity - a parent entity, other than a regulated entity, which together with its subsidiaries, at least one of which is a regulated entity with its registered office in a Member State of the European Union, forms a financial conglomerate;
- 6) sectoral regulations - regulations that specify the conditions under which regulated entities perform their activities;
- 7) group - a group of entities consisting of a parent entity, its subsidiaries and entities related to them by participation and also a group of entities that are related to each other by a management agreement as referred to in Article 7 § 1 of the Code of Commercial Partnerships and Companies Act of 15 September 2000 (Journal of Laws No 94 item 1037,

2001, No. 102, item 1117 and 2003 No. 49 item 408 and No. 229 item 2276), or by another contract of a similar nature, or in such a way that the entity has a direct impact on the financial and operating policies of another entity;

- 8) banking sector - the sector composed of credit institutions, financial institutions within the meaning of Article 4 paragraph 1, point 7 of the Banking Act or enterprises providing ancillary banking services within the meaning of Article 4 paragraph 1 paragraph 12 of that Act;
- 9) insurance sector – the sector composed of insurance undertakings, reinsurance undertakings or a parent insurance entity within the meaning of Article 2 paragraph 1 point 13a of the Law on Insurance Activities;
- 10) investment services sector – the sector which is composed of investment firms;
- 11) financial sector – the sector comprised of at least one entity from the banking, insurance or investment services sector, hereinafter referred to as "sectors", or at least one non-regulated parent entity,
- 12) parent entity - an entity within the meaning of Article 4 point 16 of the Law on Public Trading of Securities Act;
- 13) subsidiary entity - an entity within the meaning of Article 4 point 16a of the Law on Public Trading of Securities Act;
- 14) significant participation – a share that means ownership by an entity directly or indirectly of at least 20% of the capital of another entity or the right to exercise at least 20% of votes in a decision-making body, and also other rights to such an entity's capital which establish durable links that make it possible for the entity possessing those rights to obtain benefits;
- 15) close links – links by:
 - a) participation in another entity or
 - b) being a parent or a subsidiary of another entity, or
 - c) being entitled as a stockholder, partner or shareholder of another entity to exercise a majority of voting rights under a management agreement as referred to in Article 7 § 1 of the Code of Commercial Partnerships and Companies Act of 15 September 2000 or under an agreement of a similar nature concluded with other stockholders, partners or shareholders of the entity;
- 16) Member States - Member States of the European Union and states that are signatories of the European Free Trade Association (EFTA) and parties to the agreement on the European Economic Area;
- 17) national supervisory authority - the Polish Financial Supervisory Authority;
- 18) foreign supervisory authorities – supervisory authorities from Member States other than the Republic of Poland which are authorised to exercise supervision over regulated entities;
- 19) coordinator - the national supervisory authority that exercises supplementary supervision;
- 20) foreign coordinator - a foreign supervisory authority that exercises supplementary supervision;
- 21) relevant competent authorities:
 - a) national supervisory authority or foreign supervisory authorities, which exercise consolidated or supplementary supervision of entities forming part of a financial conglomerate within the meaning of sectoral regulations,
 - b) coordinator or foreign coordinator,
 - c) other supervisory authorities identified by the authorities referred to in a) and b), in particular where the share of regulated entities, supervised by those authorities, that are part of a financial conglomerate exceeds a 5% share in net assets of, or share in gross

premium written in, a relevant market sector in the country in which they are registered, and in respect of the importance of the entities supervised by these authorities in a financial conglomerate;

- 22) intra-group transaction - a transaction by which a regulated entity belonging to a financial conglomerate, or an entity with regard to which an entity belonging to a financial conglomerate serves as the managing body, directly or indirectly commits to behave in a specified manner with regard to, or to perform a specified service for, another entity belonging to the same group or another entity that is closely linked to an entity belonging to the group;
- 23) significant risk concentration - the possibility of a loss being incurred by a regulated entity forming part of a financial conglomerate which is important enough to threaten the solvency or the financial condition of regulated entities within the financial conglomerate.

Section 2

Identification of financial conglomerates

Article 4. 1. A financial conglomerate is a group that meets the following conditions:

- 1) at least one of the entities in the group is a regulated entity, where:
 - a) it is the parent entity of an entity that belongs to the financial sector or of an entity that is related to an entity that belongs to the financial sector by a significant participation or by a management agreement as referred to in Article 7 § 1 of the Code of Commercial Partnerships and Companies Act of 15 September 2000, or by another agreement of a similar nature, or
 - b) is not an entity referred to in letter a, but the group is acting mainly in the financial sector within the meaning of Article 6 paragraph 1;
- 2) at least one of the entities in the group is within the insurance sector and at least one is within the banking sector or the investment services sector;
- 3) the consolidated activities of entities in the group within the insurance sector and the consolidated activities of entities within the banking sector and the investment services sector are significant within the meaning of Article 6 paragraph 2 or 3.

2. The coordinator notifies the leading entity in a financial conglomerate that the group meets the conditions as referred to in paragraph 1 and of its role as coordinator for the financial conglomerate.

3. The coordinator also provides the information as referred to in paragraph 2 to foreign supervisory authorities which have authorised regulated entities that belong to the group and to the European Commission.

4. The leading entity in a financial conglomerate, hereinafter referred to as a "leading entity", notifies regulated entities that belong to the financial conglomerate that the group meet the conditions as referred to in paragraph 1.

5. A leading entity is a parent entity that is a regulated entity or a non-regulated parent entity. If there are a number of parent entities in a financial conglomerate then the leading entity is the parent entity that is a regulated entity with the largest balance sheet total in the most important financial sector of the financial conglomerate. If there is no parent entity then the leading entity is the regulated entity with the largest balance sheet total in the most important financial sector of the financial conglomerate.

6. In cases other than those defined in paragraph 5 the leading entity is the regulated entity

that belongs to the financial conglomerate which is indicated as such by administrative decision of the coordinator.

Article 5. If a group that meets the conditions as referred to in Article 4 paragraph 1 is part of another group which also meets these conditions, the financial conglomerate is only the second group and the provisions of the Act apply only to that second group.

Article 6. 1. A group is acting mainly in the financial sector if the balance sheet total of the financial sector entities in the group exceeds 40% of the balance sheet total of the group.

2. The activities of the group in particular sectors is significant if the arithmetic average of the indicator of this sector's structure and the indicator of this sector's solvency exceeds 10%. In calculating this ratio, the banking sector and the investment services sector are to be considered together.

3. The activities of a group in particular sectors is also significant if the balance sheet total of the least important sector in the group exceeds the equivalent of EUR 6 billion.

4. The indicator of a sector's structure in a group is calculated as the ratio of the balance sheet total of all entities in the group that belong to that sector and the balance sheet total of all the entities in the group that belong to the financial sector.

5. The indicator of a sector's solvency in a group is calculated as the ratio of the sum of capital requirements in the banking and investment sectors or the solvency margin in the insurance sector of all entities in the group that belong to the sector in question and the sum of capital requirements in the banking and investment sectors or the solvency margin in the insurance sector of all the entities that belong to the financial sector.

6. The least important sector in a financial conglomerate is the sector with the lowest average as referred to in paragraph 2 and the most important sector in a financial conglomerate is the sector with the highest average.

7. The equivalent in PLN of the sum referred to in paragraph 3 is calculated using the average EUR/PLN exchange rate published by the Polish National Bank that is effective at the date for which financial statements are prepared.

Article 7. 1. The amounts referred to in Article 6 are calculated on the basis of audited consolidated financial statements.

2. In the case of entities that belong to a financial conglomerate for which consolidated financial statements are not prepared or if the consolidated financial statements do not include the required data, the amounts referred to in Article 6 are calculated on the basis of the aggregated balance sheet total of the group's entities. The aggregated balance sheet total is determined on the basis of audited annual financial statements, with the balance sheet total of each entity being taken into account in proportional share of the group's capital commitment to the entity.

3. The assets of investment funds and the assets of pooled portfolios of securities within the meaning of the Law on Investment Funds are not taken into account when calculating the amounts referred to in Article 6.

Article 8. 1. Entities that form parts of a financial conglomerate are subject to supplementary supervision from the date of delivery of the notice in Article 4 paragraph 2.

2. If a foreign coordinator is the appropriate authority for the exercise of supplementary supervision then regulated entities subject to supervision by the national supervisory authority are subject to supplementary supervision from the date of notification that the group meets the

conditions for recognition as a financial conglomerate referred to in Article 4 paragraph 1.

3. Entities that form parts of a financial conglomerate are subject to supplementary supervision until the date of delivery to the leading entity of the notification referred to in Article 12 paragraph 1 or delivery of the decision referred to in Article 10 paragraph 3 or until the expiry of the period covered by an administrative decision as referred to in Article 10 paragraph 1.

4. If a foreign coordinator is the appropriate authority for the exercise of supplementary supervision the provisions of paragraph 3 apply *mutatis mutandis*.

Article 9. If a group that meets the condition referred to in Article 6 paragraph 3 does not meet the condition as referred to in Article 6 paragraph 2 the coordinator, after consultation with relevant competent authorities, may, by issuing a decision addressed to the leading entity, determine that the group will not be subject to supplementary supervision if that would be inappropriate or misleading in view of the objectives of supplementary supervision.

Article 10. 1. If a group ceases to meet the criteria set out in Article 6 the coordinator, after consultation with other relevant competent authorities, may, by issuing a decision that covers a period of no more than three years, determine that entities that belong to the group will continue to be subject to supplementary supervision for a period no longer than the period for which the decision is issued if:

- 1) the level of the indicators as referred to in Article 6 paragraphs 1 and 2 is respectively 35% and 8% or
- 2) the amount of balance sheet total as referred to in Article 6 paragraph 3 i exceeds the equivalent of EUR 5 billion.

2. The decision referred to in paragraph 1 enters into effect immediately.

3. Before the end of the period for which an decision has been issued in accordance with paragraph 1 the coordinator, after consultation with other relevant competent authorities, may revoke the decision despite the group's meeting the criteria referred to in paragraph 1.

4. The decisions referred to in paragraphs 1 and 3 are to be delivered to the leading entity without delay.

5. The equivalent in PLN of the sum as referred to in paragraph 1 point 2 is calculated using the average EUR/PLN exchange rate published by the Polish National Bank that is effective at the date for which financial statement is prepared.

Article 11. 1. Subject to the reservations contained in paragraph 2 if the subject is a leading entity with its registered office in a non-member state and regulated entities with their registered office in the territory of the Republic of Poland are not subject to supplementary supervision exercised by the supervisory authorities of the non-member state to an extent that corresponds to supervision performed on the basis of the provisions of the Act, then the provisions of Section 3 apply respectively to these regulated entities.

2. The national supervisory authority may order, by a decision directed to the regulated entity with the largest balance sheet total in the most important financial sector issued, after consulting relevant competent authorities, the establishment in the Republic of Poland by the leading or another entity that belongs to the financial conglomerate of a non-regulated parent entity under pain of application of the measures specified in sectoral regulations to the regulated entity.

Article 12. 1. If a group ceases to meet the conditions referred to in Article 4 paragraph 1 or in Article. 10 paragraph 1 the coordinator informs the leading entity of this without delay.

2. The coordinator also provides the information as referred to in paragraph 1 to foreign supervisory authorities which have granted licences to regulated entities that belong to the group or to the supervisory authorities of a Member State in which the non-regulated parent entity has a registered office, to the minister responsible for financial institutions and to the European Commission.

3. The leading entity is to inform regulated entities that belong to the financial conglomerate that the group has ceased to meet the conditions referred to in paragraph 4 paragraph 1 or in Article. 10 paragraph 1.

Article 13. 1. Only a natural person who meets all of the following conditions may be a member of the managing authority of a non-regulated parent entity that has a registered office in the territory of the Republic of Poland:

- 1) he or she has full legal capacity to act;
- 2) he or she guarantees to perform properly the duties of member of the management body of the non-regulated parent entity, taking into account the nature of its activities and its role in the financial conglomerate; and
- 3) he or she has never been convicted for a wilful offence.

2. If a non-regulated parent entity with its registered office in the territory of the Republic of Poland does not have a managing body then the provisions of paragraph 1 apply *mutatis mutandis* to the person or persons responsible for conducting the affairs of the non-regulated parent entity.

Article 14. No less than once a calendar year the national supervisory authority is to review financial sectors in order to identify groups that meet the criteria referred to in Article 4 paragraph 1.

Article 15. (repealed).

Article 16. (repealed).

Article 17. (repealed).

Article 18. (repealed).

Section 3

Supplementary supervision

Part 1

Principles of supplementary supervision

Article 19. Supplementary supervision is performed by regulated entities that are subject to supervision by the national supervisory authority:

- 1) which is a parent entity within a financial conglomerate,
- 2) whose parent entity is a non-regulated parent entity with its registered office in a Member State; or
- 3) which is linked with another financial sector entity by a management contract of the type

referred to in Article 7 § 1 of the Code of Commercial Partnerships and Companies Act of 15 September 2000, or by another agreement of a similar nature.

Article 20. Entities forming a financial conglomerate are obliged to provide the coordinator with information that is necessary for the performance of supplementary supervision of the financial conglomerate.

Part 2

Capital adequacy

Article 21. The capital adequacy of a financial conglomerate and the strategy followed by a financial conglomerate in relation to capital adequacy are subject to supplementary supervision.

Article 22 1. The own funds of a financial conglomerate should be maintained at a level no lower than the capital adequacy requirements of a financial conglomerate.

2. The coordinator may require the regulated entities forming a financial conglomerate to maintain own funds at a level that ensures that a deficiency of the financial conglomerate's own funds is covered by items that can be considered as components of own funds on the basis of sectoral regulations.

Article 23. The minister responsible for financial institutions, so as to avoid double counting of items included in own funds and inadequate creation of intra-group own funds and so as to make possible effective supplementary supervision of capital adequacy using the instruments of financial reporting, after consultation with the national supervisory authority, issues a regulation in which he specifies for financial conglomerates:

- 1) the methods to be used for calculation of own funds and for capital adequacy requirements together with the methods to be used for calculation the capital adequacy of a financial conglomerate, which may be indicated by the coordinator for the calculation of capital adequacy; and
- 2) detailed methods and ways of preparing reports on capital adequacy.

Article 24. 1. A leading entity with its registered office in the territory of the Republic of Poland is required to exercise the calculation of the financial conglomerate's capital adequacy. The capital adequacy calculation of a financial conglomerate is to be exercised on the basis of data on financial sector entities provided by regulated entities and by the non-regulated parent entity.

2. The leading entity is required to submit to the coordinator the results of calculations of the capital adequacy requirement of the financial conglomerate not less frequently than once a year.

3. The leading entity is to exercise calculation of the capital adequacy of the financial conglomerate in accordance with regulations issued under Article 23 as at the last day of the month that ends each quarter.

4. The leading entity is to submit the coordinator in writing within 30 days of the last day of the year:

- 1) the results of the calculation of capital adequacy as at the last day of the year prepared in accordance with regulations issued under Article 23;
- 2) a list of entities belonging to the financial conglomerate prepared in accordance with regulations issued under Article 23.

Article 25. In relation to a financial conglomerate, whose leading entity has its office in the territory of the Republic of Poland the choice of methods for calculating capital adequacy from among those specified in regulations issued under Article 23 is made, by administrative decision, by the coordinator, after consulting other relevant competent authorities.

Article 26. In the decision referred to in Article 25 the coordinator may exclude from the calculation of the financial conglomerate's capital adequacy an entity that is a part of it if:

- 1) the entity is situated in a non-member state and there are legal impediments to the transfer of information needed for effective supervision, without prejudice to the relevant sectoral rules regarding the obligation to refuse authorisation by foreign supervisory authorities, or
- 2) the entity is of negligible importance with respect to the objectives of supplementary supervision, or
- 3) inclusion of the entity in the scope of supplementary supervision would be inappropriate or misleading with respect to its objectives.

Article 27. The provisions of Article 26 paragraph 2 are not to apply if at least two entities would be excluded if these together are important with respect to the objectives of supplementary supervision.

2. In the circumstances specified in Article 26 point 3 the coordinator shall, except in cases of urgency, obtain the opinion of the national supervisory authority and of foreign supervisory authorities.

3. The leading entity is obliged to provide the national supervisory authority or foreign supervisory authorities with information about regulated entities that have been exempted by the coordinator on the basis of Article 26 points 2 and 3 which may facilitate their exercise of supervision of those regulated identities.

Article 28. A leading entity with its registered office in the territory of the Republic of Poland:

- 1) within 30 days of the leading entity's submission to the coordinator of the results of calculating capital adequacy in accordance with regulations issued under Article 23 is to prepare and provide the coordinator with a strategy for the financial conglomerate to follow in relation to capital adequacy; and
- 2) is to inform the coordinator about changes in the strategy to be followed by the financial conglomerate in respect of capital adequacy within 30 days of such changes being made.

Part 3

Significant intra-group transactions

Article 29. Significant intra-group transactions within a financial conglomerate are subject to supplementary supervision.

Article 30. Intra-group transactions may not threaten the financial stability of regulated entities in the financial conglomerate.

Article 31. 1. The coordinator, immediately after identifying a financial conglomerate and consulting relevant competent authorities, issues a decision, addressed to the leading entity, on the types of intra-group transactions concluded by entities in the financial conglomerate that are

subject to reporting obligation.

2. In the decision as referred to in paragraph 1 the coordinator may specify a threshold for recognising an intra-group transaction as significant.

3. If entities subject to supplementary supervision belong to a financial conglomerate which has a foreign coordinator then reporting obligations apply to significant intra-group transactions the value of which exceeds the threshold set by the national supervisory authority in a decision issued at the request of the foreign coordinator.

4. The decisions referred to in paragraphs 1 and 3 enter into effect immediately.

5. If the national supervisory authority, itself as a coordinator or at the request of a foreign coordinator, does not specify the threshold referred to in paragraph 2 and 3 then any intra-group transaction is considered to be significant if its value exceeds 5% of the capital adequacy requirement of the financial conglomerate.

Article 32 1. Regulated entities subject to supplementary supervision by the national supervisory authority are to inform the leading entity immediately of any significant intra-group transaction they conclude, providing information about the type of transaction, its subject and its value.

2. In the case of a leading entity with its registered office in the territory of the Republic of Poland information about significant intra-group transactions concluded by this entity is compiled on an on-going basis by the entity.

Article 33. 1. A leading entity with its registered office in the territory of the Republic of Poland is to submit to the coordinator or to the foreign coordinator a report on significant intra-group transactions at financial conglomerate level during a calendar year not later than within 3 months following the end of that year.

2. The report referred to in paragraph 1 contains:

- 1) information provided in accordance with Article 32 paragraph 1 by domestic regulated entities;
- 2) information provided by other regulated entities that belong to a financial conglomerate and have their registered offices in the Member States;
- 3) information compiled by the leading entity in accordance with Article; 32 paragraph 2.
- 4) additional information about threats identified by the entity submitting the report, to the solvency of regulated entities in the financial conglomerate related to significant intra-group transactions at financial conglomerate level or about the absence of such threats and information about actions that have been taken or are to be taken to restore normal conditions.

3. The report referred to in paragraph 1 is submitted to the foreign coordinator in Polish and in the official language of the Member State in which it has its registered office.

Article 34. The minister responsible for financial institutions determines, after consulting the national supervisory authority, by issuing a regulation:

- 1) the types of transactions performed by entities in a financial conglomerate, which may be identified by the coordinator as being subject to the reporting requirement as referred to in Article 33, and
 - 2) the manner in which the report on significant intra-group transactions at financial conglomerate level is to be prepared and submitted to the coordinator,
- having regard to the need to ensure the financial stability of the financial conglomerate and the

proper allocation of its own funds.

Part 4

Significant risk concentration

Article 35. A significant risk concentration is subject to supplementary supervision.

Article 36. A significant risk concentration may not threaten the financial stability of regulated entities in a financial conglomerate.

Article 37. 1. Regulated entities subject to supervision by the national supervisory authority inform the leading entity of every case in which a significant risk concentration occurs, with regard to Article 39 paragraph 1 or Article 40 paragraph 1.

2. In the case of a leading entity with its registered office in the territory of the Republic of Poland information regarding the matter specified in paragraph 1 on this entity is compiled on an on-going basis by the entity.

Article 38. 1. A leading entity with its registered office in the territory of the Republic of Poland submits to the coordinator or foreign coordinator, within three months of the end of a calendar year, a report on significant risk concentration during that calendar year.

2. The report referred to in paragraph 1 also contains information on significant risk concentration of the non-regulated parent entity.

3. The report as referred to in paragraph 1 contains:

- 1) the information referred to in Article 37 paragraph 1;
- 2) information provided by other regulated entities in financial conglomerate and have their registered offices in Member States;
- 3) information compiled by the leading entity in accordance with Article 37 paragraph 2; and
- 4) additional information about threats identified by the leading entity, to the solvency of regulated entities in the financial conglomerate related to significant risk concentration or about the absence of such threats and information about actions that have been taken or are to be taken to restore normal conditions.

4. The report as referred to in paragraph 1 is submitted to the foreign coordinator in Polish and in the official language of the Member State in which it has its registered office.

Article 39. 1. The coordinator, immediately after identifying a financial conglomerate and consulting relevant competent authorities, issues a decision, addressed to the leading entity, on:

- 1) the kind of risk of which significant concentration is subject to the reporting requirement, and
- 2) criteria for recognition of a risk concentration as being significant.

2. The decision in paragraph 1 enters into effect immediately.

3. The minister responsible for financial institutions determines, after consulting the national supervisory authority, by issuing a regulation:

- 1) the kinds of risk which may be identified by the coordinator as being subject to the reporting requirement,
- 2) how the coordinator is to determine the criteria for recognition of a risk concentration as being significant at financial conglomerate level, and

- 3) the manner in which the report on significant risk concentration at financial conglomerate level is to be prepared and submitted to the coordinator,
- having regard to the need to ensure the financial stability of regulated entities at financial conglomerate level and the need to avoid conflict of interests in a financial conglomerate and violations of sectoral prudential regulations.

Article 40. 1. Where entities that are subject to supplementary supervision belong to a financial conglomerate which has a foreign co-ordinator, the national supervisory authority on request of the foreign coordinator issues decisions specifying the kinds of risk a significant concentration of which is subject to the reporting requirement at financial conglomerate level and the criteria for recognition of risk concentration as being significant.

2. The decisions referred to in paragraphs 1 enter into effect immediately.

Part 5

Risk management and internal control

Article 41. Risk management and internal control at financial conglomerate level is subject to supplementary supervision exercised by the coordinator.

Article 42. Regulated entities subject to supervision by the national supervisory authority that belong to a financial conglomerate are obliged to implement adequate risk management systems and internal control systems.

Article 43. The implementation of risk management systems referred to in Article 42 consists of:

- 1) periodic verification of the rules of conduct that relate to all types of risk that are undertaken, including in particular the procedures referred to in paragraph 2;
- 2) implementation of procedural rules on capital adequacy that take into account the effects of the business strategy pursued on the risk profile and on capital requirements at financial conglomerate level as determined in accordance with the Act; and
- 3) implementation of procedures that ensure the effectiveness of risk management in the regulated entity, including in particular the undertaking of necessary actions in regulated entities, and making possible measurement, analysis and control of risk at financial conglomerate level.

Article 44. 1. The internal control systems referred to in Article 42 are intended to ensure compliance of the activities of entities in a financial conglomerate with the Act and the reliability of the reports submitted in accordance with the Act.

2. Implementation of internal control systems consists of:

- 1) implementation of procedures relating to capital adequacy that make it possible to determine and measure the level of risk and determine for that risk the appropriate level of own funds; and
- 2) implementation of information procedures and accounting procedures that make possible effective identification and control of intra-group transactions in a financial conglomerate and cases of significant risk concentration.

Article 45. Regulated entities that are subject to supervision by the national supervisory

authority are obliged to implement internal control procedures that ensure that all the data and information which may be significant for the purposes of supplementary supervision is effectively obtained and submitted.

Section 4

Coordinator

Article 46. The task of the coordinator is to exercise supplementary supervision.

Article 47. If a leading entity has its registered office in the territory of the Republic of Poland the coordinator is the national supervisory authority.

Article 48. (repealed).

Article 49. If a financial conglomerate contains a number of non-regulated parent entities with their registered offices in Member States and in each of these Member States at least one regulated entity has its registered office then the coordinator is the national supervisory authority which, if the regulated entities belong to the same financial sector, supervises the regulated entity with the largest balance sheet total or, if the regulated entities belonging to different financial sectors, that which supervises the regulated entity operating in the most important financial sector.

Article 50. If the leading entity is a non-regulated parent entity with its registered office in a Member State other than the Republic of Poland and all the regulated entities which are subsidiaries of that leading entity have their registered offices outside that Member State then the coordinator is the national supervisory authority if it exercises supervision over the regulated entity belonging to the financial conglomerate that has the largest balance sheet total in the most important financial sector.

Article 51. If a financial conglomerate does not contain a leading entity within the meaning of Article 4 paragraphs 5 and 6 and if it is impossible to determine the coordinator on the basis of Articles 47, 49 and 50 then the coordinator is the national supervisory authority if it exercises supervision of the regulated entity with the largest balance sheet total in the most important financial sector.

Article 52. 1. The provisions of Articles 47-51 do not apply if given the nature of the financial conglomerate's structure or its activities in various countries it would be inappropriate or misleading to establish a coordinator in accordance with those provisions.

2. In the circumstances referred to in paragraph 1 the national supervisory authority, after consulting other relevant competent authorities may, by administrative decision, recognise itself to be the coordinator.

3. If, by agreement of the relevant competent authorities, a foreign coordinator is indicated as the appropriate one, the national supervisory authority, by administrative decision, recognises itself not to be appropriate.

Article 53. In particular circumstances, if it is impossible on the basis of Articles 47-52 to determine the coordinator, the national supervisory authority, after consulting other relevant

competent authorities may, by administrative decision, having particular regard to the specific nature of the organisational structure of the financial conglomerate and the need to ensure the effectiveness of supervision of regulated entities in the group, recognise itself to be the coordinator.

Article 54. The tasks of the coordinator include:

- 1) gathering and making available to foreign supervisory authorities information which is of importance for the performance of their statutory tasks regarding supervision of entities acting in particular sectors;
- 2) performing analyses and assessments of the financial situation of the financial conglomerate;
- 3) assessment of compliance of the activities with the rules on capital adequacy and risk concentration and intra-group transactions;
- 4) assessment of the structure, organisation and internal control systems of the financial conglomerate;
- 5) planning and coordination of on-going supervisory activities in cooperation with relevant competent authorities; and
- 6) performing other tasks, taking actions and adopting decisions arising from the Act.

Article 55. The coordinator may conclude with other relevant competent authorities agreements on cooperation in the scope of supplementary supervision, in particular when making decisions concerning regulated entities that belong to a financial conglomerate.

Section 5

Cooperation and exchange of information

Article 56. 1. The national supervisory authority cooperates with foreign supervisory authorities, including transfer of information necessary for the performance of tasks related to supplementary supervision, while preserving the provisions on professional secrecy laid down in sectoral regulations.

2. The national supervisory authority may transfer to foreign supervisory authorities all essential information necessary for performance of the tasks arising from the Act and from the scope of supplementary supervision.

Article 57. 1. The cooperation referred to in Article 56 in particular relies on gathering and transferring information relating to:

- 1) identification of relationships within a group for all the significant entities that belong to a financial conglomerate and identification of the supervisory authorities which are appropriate for entities in the group;
- 2) the strategy of a financial conglomerate;
- 3) the financial situation of a financial conglomerate, and in particular capital adequacy, significant intra-group transactions and significant risk concentration ;
- 4) significant shareholders and corporate bodies of regulated entities that belong to a financial conglomerate;
- 5) organisation, risk management and internal control systems in a financial conglomerate;
- 6) procedures for gathering information from regulated entities in a financial conglomerate and for the verification of this information;

- 7) circumstances that may affect the financial situation of regulated entities and other entities that belong to a financial conglomerate if they may affect the financial situation of the regulated entities; and
- 8) imposition of sanctions or undertaking of other supervisory actions with respect to entities subject to supplementary supervision.

2. If the performance of tasks in the scope of supplementary supervision so requires, the national supervisory authority may, in accordance with sectoral regulations, transfer the information as referred to in paragraph 1 to central banks of the European System of Central Banks and to the European Central Bank.

Article 58. 1. In the case of issuing a decision and taking other actions in relation to regulated entities that belong to a financial conglomerate in accordance with sectoral regulations, concerning in particular:

- 1) granting permission for a change of stakeholders, organisational structure or management structure of regulated entities in a financial conglomerate, or
- 2) imposing sanctions or taking other supervisory actions with regard to entities in a financial conglomerate

- the national supervisory authority requests information from foreign supervisory authorities if information from these authorities may be significant for the exercise of supplementary supervision.

2. In urgent or particularly justified cases the national supervisory authority when issuing decisions as referred to in paragraph 1 or taking other actions in the scope of supplementary supervision may forbear from applying to foreign supervisory authorities for information. The national supervisory authority is to inform foreign supervisory authorities without delay of decisions taken without requests being made for information.

Article 59. (repealed).

Article 60. 1. The national supervisory authority may address to the foreign supervisory authorities of the country in which an entity that belongs to a financial conglomerate has its registered office a request for:

- 1) verification of information on this entity by the foreign supervisory authority; or for
- 2) facilitation of its participation in verification performed by another supervisory authority.

2. At the request of a foreign supervisory authority the national supervisory authority is to verify information relating to a regulated entity with its registered office in the territory of the Republic of Poland and forming a financial conglomerate. With the consent of the national supervisory authority, authorised representatives of the authority which requested the inquiry may participate in these actions. These representatives have the same rights and obligations as employees of the national supervisory authority.

Section 6

Means of carrying out supplementary supervision

Article 61. The national supervisory authority, independently if it is the coordinator or at the request of a foreign coordinator, applies in relation to regulated entities which it supervises in accordance with sectoral regulations the measures specified by sectoral regulations which are to

be used in the event of regulated entities being found to have breached sectoral regulations.

2. The measures set out in sectoral regulations may be applied by the national supervisory authority in the event of:

- 1) breach of the provisions of the Act;
- 2) threats to the solvency of regulated entities, in particular as a result of failure to maintain own funds at the appropriate level, the appearance of significant risk concentration, or the conclusion of significant intra-group transactions; or
- 3) occurrence of obstacles to the proper performance of supplementary supervision.

3. In applying the measures specified in sectoral regulations the national supervisory authority is to take into account the importance and the nature of breaches of the provisions of the law or other irregularities and the degree to which the regulated entity has contributed to the occurrence of breaches of the provisions of the law or other irregularities at the financial conglomerate level which threaten the solvency of regulated entities that belong to a financial conglomerate or the proper performance of supplementary supervision.

Article 62. 1. If the leading entity is a non-regulated parent entity with its registered office in the territory of the Republic of Poland, which breaches the provisions of the Act or has a negative impact on the financial stability of entities in a financial conglomerate or does not meet the conditions referred to in Article 13 the coordinator, by administrative decision, specifies to the non-regulated parent entity the deadline for, and the manner of, restoring a state in accordance with the provisions of the law or removing a threat to the financial stability of the financial conglomerate.

2. If the deadline as referred to in Article 1 expires without effect, the coordinator may, in relation to the non-regulated parent entity with its registered office in the territory of the Republic of Poland, by administrative decision:

- 1) order the sale within a specified period of stocks or shares held in a regulated entity or stocks or shares in the parent entity of the regulated entity or
- 2) suspend for a specified period the exercise by it of voting rights in a decision-making body of a regulated entity or of the parent entity of the regulated entity, or
- 3) impose upon it a penalty of up to PLN 10 million.

3. Exercise of voting rights from stocks that have not been sold in accordance with paragraph 2 and from stocks which voting rights have been suspended is ineffective.

4. In taking the measures as referred to in paragraph 2 the coordinator is to take into account the importance and the nature of breaches of the provisions of the law or other irregularities and the degree to which the non-regulated parent entity in question has contributed to the occurrence of breaches of the provisions of the law or other irregularities at the financial conglomerate level which threaten the solvency of regulated entities in a financial conglomerate or the proper performance of supplementary supervision.

Article 63. 1. Proceeds from financial penalties imposed under Article 61 and Article 62 paragraph 2 constitute income of the state budget.

2. The provisions of the Act of 17 June 1966 on enforcement proceedings in administration (Journal of Laws 2002 No. 110 item 968 as amended⁶⁾) apply to the enforcement of financial penalties imposed under Article 61 and Article 62 paragraph 2.

Article 64. If breaches of the provisions of the law or other irregularities at financial conglomerate level are found the coordinator informs foreign supervisory authorities of the need

to take appropriate actions in relation to entities in a financial conglomerate with their registered offices in Member States.

Section 7

Amendments to existing regulations, transitional and final provisions

Article 65. The Law on Public Trading of Securities Act of 21 August 1997 (Journal of Laws 2002 No. 49 item 447, as amended⁷⁾) shall be amended as follows:

1) in Article 14 36a:

a) paragraph 2 shall be amended to read as follows:

"2. The issuance by the Authority the authorisation to perform activity of a brokerage joint stock company:

1) which is a subsidiary of a credit institution within the meaning of Article 4 paragraph 1 point 17 of the Banking Law Act or of an insurance undertaking which holds the authorisation to perform the activity issued by a foreign supervisory authority of a Member State,

2) which is a subsidiary of a parent entity of a credit institution within the meaning of Article 4 paragraph 1 point 17 of the Banking Law Act or of an insurance undertaking which holds the authorisation to perform the activity issued by a foreign supervisory authority of a Member State, or

3) on which significant influence is exercised by the same natural or legal persons that exercises a significant influence on a credit institution within the meaning of 4 paragraph 1 point 17 of the Banking Law Act or on an insurance undertaking which holds the authorisation to perform the activity issued by a foreign supervisory authority of a Member State,

- takes place after an opinion expressed in writing has been obtained from the authority of the Member State which has authorised the entity referred to in paragraphs 1-3 to perform the activity in that Member State; the purpose of obtaining this opinion is performance of an assessment of the shareholders of an entity that belongs to the same capital group as the applicant together with an assessment of the reliability and experience of members of the management board of an entity belonging to the same group as the applicant or of other persons who influence the management of this entity.",

b) paragraph 3 shall be added to read as follows:

"3. Exercising the significant influence as referred to in paragraph 1 point 3 and in paragraph 2 point 3 shall be understood as possession of not less than 20% and not more than 50% of votes at the general meeting of shareholders in the case of a joint stock company or a limited liability company or the authority to take a decision concerning the shaping of a financial policy or the current activity of the legal person.";

2) in Article 44 in paragraph 8 the first sentence shall be amended to read as follows:

"Entities authorised to audit financial statements of a brokerage house, of the parent entity of a brokerage house or of an entity that exercises a significant influence on a brokerage house within the meaning of Article 36a paragraph 3 shall be obliged to provide the Authority immediately with information which they come into possession of in connection with the performance of actions relating to the events resulting in:";

3) in Article 50 paragraphs 7 and 8 shall be amended to read as follows:

"7. If an entity acquiring shares in a brokerage house is a foreign investment firm, a foreign bank, or a credit institution within the meaning of Article 4 paragraph 1 point 17 of the Banking Act or an insurance undertaking which holds an authorisation to perform the activity issued by a foreign supervisory authority of a Member State, the Authority seeks the opinion of the supervisory authority that issued the authorisation to perform the activity to these entities.

8. The provision of Article 7 applies *mutatis mutandis* if the entity acquiring shares in a brokerage house is the parent entity of an entity referred to in paragraph 7 or an entity that exercises a significant influence within the meaning of Article 36a paragraph 3 on an entity referred to in paragraph 7 and also if, as a result of that acquisition, the entity whose shares are to be acquired would become a subsidiary of the purchaser or an entity on which the purchaser would exercise a significant influence within the meaning of Article 36a paragraph 3.";

4) in Article 160 in paragraph 1b:

a) point 2 shall be amended to read as follows:

"2) in the circumstances specified in Article 15a, Article 85 paragraph 2a and in Article 161 paragraphs 7, 10a and 10c",

b) after point 5 a point 5a shall be added to read as follows:

"5a) by a brokerage house, a foreign legal person referred to in Article 52 paragraph 2 or by a foreign investment firm:

a) to a leading entity within the meaning of Article 4 paragraphs 5 and 6 of the Act on Supplementary Supervision of Credit Institutions, Insurance Undertakings and Investment Firms in a Financial Conglomerate of 15 April 2005 (Journal of Laws No 83 item 719), hereinafter referred to as the "Act on Supplementary Supervision",

b) to the coordinator within the meaning of Article 3 point 19 of the Act on Supplementary Supervision,

c) to the foreign coordinator within the meaning of Article 3 point 20 of the Act on Supplementary Supervision,

- in performance of the duties specified by the Act on Supplementary Supervision,";

5) in Article 161:

a) 62 paragraph 3 shall be amended to read as follows:

"3. The Authority or an authorised representative thereof may provide and receive information, including opinions from the Committee on Insurance and Pension Funds, the Governor of the Polish National Bank and the Banking Supervision Commission necessary for:

1) proper performance of supervisory tasks, including tasks specified in the Act on Supplementary Supervision, or

2) ensuring the proper conduct of administrative or criminal proceedings in matters related to the exercise of supervision.",

b) after paragraph 3, paragraph 3a is added to read as follows:

"3a. The procedure for the disclosure of information referred to in paragraph 3 is established in agreements concluded by the Authority with those supervisory authorities.",

c) paragraph 4 shall be amended to read follows:

"4. The Authority or an authorised representative thereof may provide and receive

information necessary for the purposes specified in paragraph 3 to and from a foreign authority that supervises the securities market or the financial market. The procedure for the provision of such information is established in an agreement concluded by the Authority with such a supervisory authority.",

d) after paragraph 10, paragraphs 10a-10c shall be added to read as follows:

"10a. In the scope of performing the tasks specified in the Act on Supplementary Supervision the Authority or an authorised representative thereof shall provide the supervisory authority of a Member State or a foreign coordinator referred to in Article 3 point 20 of the Act on Supplementary Supervision with possessed information, both on request, and on its own initiative.

10b If entities referred to in paragraph 10a request to be provided with information that the Authority does not possess it takes the steps necessary to obtain that information or informs the entities that it is impossible to obtain information requested.

10c Where necessary to perform the tasks specified in the Act on Supplementary Supervision the Authority may provide and receive information from the central banks of Member States, the European System of Central Banks and the European Central Bank; the provisions of paragraphs 4-6 apply respectively."

Article 66. The Banking Law Act of 29 August 1997 (Journal of Laws 2002 No 72 item 66 as amended⁸)) shall be amended as follows:

1) in Article 4 in paragraph 1:

a) points 10 and 11 shall be amended to read as follows:

"10) A financial holding is a group of entities in which the primary parent entity is a financial institution which is not a non-regulated parent entity within the meaning of Article 3 point 5 of the Act on Supplementary Supervision of Credit Institutions, Insurance Undertakings and Investment Firms that Form Part of a Financial Conglomerate of 15 April 2005 (Journal of Laws No 83 item 719), hereinafter referred to as the "Act on Supplementary Supervision" and the group consists solely or mostly of banks, credit institutions or financial institutions, with at least one subsidiary being a domestic bank, a foreign bank or a credit institution,

11) A mixed-activity holding is a group of entities in which the ultimate parent entity is an entity which is not a bank, a credit institution, financial institution or a non-regulated parent entity within the meaning of Article 3 point 5 of the Act on Supplementary Supervision, and at least one subsidiary is a domestic bank, a foreign bank or a credit institution,"

b).point 11c shall be amended to read as follows:

"11c) A hybrid holding is a group of entities in which the primary parent entity is a financial institution which is not a non-regulated parent entity within the meaning of Article 3 point 5 of the Act on Supplementary Supervision, and the group consists for the most part of entities that are not domestic banks, foreign banks, credit institutions or financial institutions, while at least one of those entities is a domestic bank,"

2) in Article 52 paragraph 3 shall be amended to read as follows:

"3. For the calculation of interest payable on funds held in the account it is assumed that a year has 365 days, unless the contract provides otherwise.";

3) in Article 105 in paragraph 1 in point 2 a letter shall be added to read as follows:

- “o) coordinator in connection with the exercise of supplementary supervision of a financial conglomerate within the meaning of the Act on Supplementary Supervision,”;
- 4) in Article 10, paragraphs 6 and 7 shall be added to read as follows:
- “6. The Commission for Banking Supervision makes available to and receives from foreign supervisory authorities information needed for performance of tasks associated with the supplementary supervision of a financial conglomerate in the area specified in the Act on Supplementary Supervision.
7. Information obtained in connection with the performance of statutory tasks from the relevant supervisory authorities is covered by the provisions on protection of information within the meaning of Article 55 of the Act on the Polish National Bank.”;
- 5) in Article 135, paragraph 4 shall be added to read as follows:
- “4. In view of the need to take special security precautions when selecting an auditor to audit the financial statements of a bank referred to in paragraph 2, the provisions of the Public Procurement Law Act of 29 January 2004 (Journal of Laws No 19 item 177 as amended⁹⁾) shall not apply.”;
- 6) Article 140a shall be amended to read as follows:
- “Article 140a. 1. Before issuing the authorisation for the establishment of a domestic bank or the authorisation referred to in Article 25, the Commission for Banking Supervision consults relevant supervisory authorities of the Member State if the bank will be:
- 1) a subsidiary of:
 - a) a credit institution,
 - b) a parent entity of a credit institution,
 - c) an insurance undertaking or an investment firm that has obtained the appropriate authorisation to perform the activity in a Member State, or
 - d) the parent entity of an insurance undertaking or an investment firm that has obtained the appropriate authorisation to perform the activity in a Member State,
 - 2) controlled by the same natural or legal persons who control a credit institution, an insurance undertaking or an investment firm which has obtained the appropriate authorisation to perform the activity in a Member State.
2. The Commission for Banking Supervision consults relevant supervisory authorities when assessing the persons involved in the management of another entity of the same group within the meaning of 3 point 7 of the Act on Supplementary Supervision, the Commission for Banking Supervision and other appropriate Polish supervisory authorities provides each other and to other appropriate supervisory authorities with all and any information that is necessary give an authorisation and for the purposes of on-going supervision.”;
- 7) in Article 141f is added paragraph 5 worded as follows:
- “5. Where a domestic bank is part of a financial conglomerate, whose parent undertaking is a non-regulated parent entity within the meaning of the Act on Supplementary Supervision, the provisions of the Act on Supplementary Supervision apply.”;
- 8) in Article 141i the existing text is identified as paragraph 1 and paragraphs 2-4 shall be added to read as follows:

2. Persons who belong to the management board of the parent entity in a financial holding shall provide a warranty of stable and prudent management of the entity.
 3. A domestic bank that operates within a mixed holding is obliged to have adequate internal controls and risk management processes that include reporting and accounting procedures to identify, measure, monitor and control the bank's transactions with the parent entity of the holding and with subsidiaries in the holding .
 4. A domestic bank as referred to in paragraph 3 is obliged to inform the Commission for Banking Supervision of every significant transaction within the meaning of the Act on Supplementary Supervision with the entities referred to in paragraph 3 with the exception of transactions that relate to exposures within the meaning of Article 71.";
- 9) in Article 141k paragraphs 3-5 shall be added o read as follows:
3. If a domestic bank operates within a foreign bank holding or a financial holding, whose parent entity has its registered office in a country other than a Member State and there is no agreement as referred to in Article 141f paragraph 3, the Commission for Banking Supervision shall verify whether the domestic bank is subject to consolidated supervision that corresponds to the principles set out in this section.
 4. The Commission for Banking Supervision shall undertake the activities referred to in paragraph 5 on its own initiative or at the request of the parent entity in a holding or at the request of a regulated entity within the meaning of Article 3 point 4 of the Act on Supplementary Supervision that holds an authorisation to operate in a Member State.
 5. If as a result of the investigation it appears that a domestic bank referred to in Article 141f paragraph 3 is not subject to consolidated supervision that corresponds to the principles set out in this section the provisions of this section shall apply.";
- 10) in Article 183 the existing text is identified as paragraph 1 and paragraph 2 is added to read as follows:
2. Agreements in connection with which prior to 1 January 1998 bearer certificates were issued which have not been converted in accordance with paragraph 1 shall expire on 1 January 2006, with the funds due under these agreements being returned to the holders of these certificates together with interest, from 1 January 2006 at the rate of interest paid on funds held in savings accounts in the bank on the basis of agreements concluded for an indefinite period.”.

Article 67. In the Act on Commodity Exchanges of 26 October 2000 (Journal of Laws No 103 item 1099, as amended¹⁰) in Article 54 point 2 shall be amended to read as follows:

2. This does not affect the obligation to maintain professional secrecy:
 - 1) transmission, storage and disclosure of data in the manner and under the conditions specified in the Act on Making Available Economic Information of 14 February 2003 (Journal of Laws No 50 item 424 and 2004 No. 68 item 623 and No. 116 item 1203),
 - 2) transmission of information by a commodity brokerage house or by a foreign legal person conducting brokerage activities through a branch:
 - a) to a leading entity within the meaning of Article 4 paragraphs 5 and 6 of the Act of 15 April 2005 on Supplementary Supervision of Credit Institutions, Insurance Undertakings and Investment Firms in a Financial Conglomerate (Journal of Laws No 83 item 719), hereinafter referred to as the "Act on Supplementary Supervision",
 - b) to the coordinator within the meaning of Article 3 point 19 of the Act on

- Supplementary Supervision, or
- c) to a foreign coordinator within the meaning of Article 3 point 20 of the Act on Supplementary Supervision,
- in performance of the duties specified by the Act on Supplementary Supervision,".

Article 68. In the Act on the Settlement Finality in Payment and Securities Settlement Systems and the Principles of Supervision of Such Systems of 24 August 2001 (Journal of Laws No 123 item 1351 as amended¹¹) Article 5 shall read as follows:

Article 5. The legal consequences arising from the declaration of bankruptcy or opening of foreign insolvency proceedings against a firm with its registered office in the territory of the Republic of Poland which is a participant in a payment system or securities settlement system governed by the laws of another Member State relating to the rights and obligations of that entity arising as a consequence of participation in the system are determined by the law that governs the system."

Article 69. The Act on Insurance Activities of 22 May 2003 (Journal of Laws No 124 item 1151, 2004 No. 91 item 870 and No. 96 item 959 and 2005 No. 48 item 447) shall be amended as follows:

1) in Article 2 in paragraph 1:

a) after point 2, point 2a shall be added to read as follows:

"2a) investment firm – this shall mean an investment firm within the meaning of the Act of 15 April 2005 on the Supplementary Supervision of Credit Institutions, Insurance Undertakings and Investment Firms in a Financial Conglomerate (Journal of Laws No 83 item 719), hereinafter referred to as the "Act on Supplementary Supervision";",

b) after point 3, point 3a shall be added to read as follows:

"3a) a credit institution – this shall mean a credit institution as defined by the Act on Supplementary Supervision";",

c) after point 5, points 5a-5c shall be added to read as follows:

"5a) a financial conglomerate – this shall mean a financial conglomerate as defined by the Act on Supplementary Supervision;

5b) mixed-activity insurance holding company - this shall mean a parent undertaking other than:

a) insurance undertaking,

b) insurance holding company, or

c) non-regulated parent entity, as defined by the Act on Supplementary Supervision

- if at least one of its subsidiaries is an insurance undertaking;

5c) supplementary supervision - this shall mean supervision of a domestic insurance undertaking forming part of an insurance group in accordance with the provisions of the Polish law or of a foreign insurance undertaking forming part of an insurance group in accordance with relevant regulations adopted in Member States of the European Union;"

d) after point 8, point 8a shall be added to read as follows:

"8a) subsidiary – this shall mean a subsidiary within the meaning of the Law on Public Trading of Securities Act;"

e) point 12 shall be amended to read as follows:

- "12) insurance capital group – this shall mean a group of undertakings, consisting of an insurance undertaking which is subject to supplementary supervision and at least:
- a) another insurance undertaking which is a subsidiary of an insurance undertaking that is subject to supplementary supervision or in which an insurance undertaking subject to supplementary supervision has a significant participation or is in other manner closely related to an insurance undertaking that is subject to supplementary supervision, or
 - b) an insurance holding company, insurance undertaking engaged exclusively in the reinsurance activity or a foreign insurance undertaking that has its registered office in a country that is not a Member State of the European Union, which are parent entities of an insurance undertaking that is subject to supplementary supervision, or
 - c) a mixed-activity insurance holding company which is the parent entity of an insurance undertaking that is subject to supplementary supervision, and also
 - d) entities that are subsidiaries, entities with a significant participation or otherwise closely related to an insurance undertaking that is subject to supplementary supervision,
 - e) parent entities, entities with a significant participation in or otherwise closely linked with an insurance undertaking that is subject to supplementary supervision, and
 - f) entities that are subsidiaries of and entities with a significant participation in or that are otherwise closely related to those referred to in letter e;”,
- f) after point 13, points 13a and 13b shall be added to read as follows:
- "13a) insurance holding company – this shall mean a parent entity which is not a non-regulated parent entity within the meaning of the Act on Supplementary Supervision that has significant participation in subsidiaries and whose subsidiaries are exclusively or mostly insurance undertakings and at least one of these insurance undertakings is a domestic insurance undertaking or a foreign insurance undertaking which has obtained authorisation in one of the Member States of the European Union;
- 13b) significant participation – this shall mean a significant participation within the meaning of the Act on Supplementary Supervision;”,
- g) point 17 shall be amended to read as follows:
- "17) close links – this shall mean close links within the meaning of the Act on Supplementary Supervision;”;
- 2) in Article 19, paragraph 5 shall be added to read as follows:
- "5. The obligation of secrecy, referred to in paragraph 1, shall not be breached by submitting notification of a crime.”;
- 3) in Article 30 point 2 shall be amended to read as follows:
- "2. In the case of a domestic insurance undertaking forming part of an insurance group and subject to supplementary supervision in accordance with the Act the internal regulations referred to in paragraph 1 shall ensure:
- 1) adequate collection and transfer of information and data for supplementary supervision purposes;
 - 2) identification, measurement, monitoring and control of transactions made with the participation of the insurance undertaking in an insurance group.”;
- 4) in Article 35:

a) Paragraphs 1 and 2 shall be amended to read as follows:

- "1. An entity which intends, directly or indirectly through subsidiaries or through agreements, to acquire or take up shares or rights attached to shares in a domestic insurance undertaking in the number providing the achievement or exceedance of 10% of the total number of votes at the general shareholder meeting or of its share capital, shall every time no later than 30 days prior to the acquisition or taking up notify the supervisory authority of its intention and of the number of shares or rights attached to shares that are to be acquired or taken up.
2. An entity that intends, directly or indirectly through subsidiaries or through agreements, to purchase or take up shares or rights attached to shares in a domestic insurance undertaking in the number providing the achievement or excess of 20%, 33% or 50% of votes at the general shareholder meeting or of its share capital is obliged on each occasion to notify the supervisory authority of its intention to acquire or take up shares or rights attached to shares. An entity that intends to undertake other actions referred to in Article 4 point 16 of the Law on Public Trading of Securities Act that cause a domestic insurance company to become its subsidiary shall every time notify the supervisory authority of its intention. An entity making the notification provides also information about the shares or rights attached to shares held directly or indirectly through subsidiaries or through agreements in a domestic insurance undertaking and also about the parent entities of this entity and agreements concluded by the entity and about the factual and legal situation that enable other entities to exercise rights attached to shares in a domestic insurance undertaking or to take the actions referred to in Article 4 point 16 of the Law on Public Trading of Securities Act;

b) After paragraph 2, paragraphs 2a and 2b shall be added to read as follows:

- "2a. If as a result of acquiring or taking up the shares or rights attached to shares referred to in paragraph 2 or as a result of undertaking other actions referred to in paragraph 2 a domestic insurance undertaking would become a subsidiary of or an entity in which a significant participation would be held by:
 - 1) an insurance undertaking, a credit institution or an investment firm which has obtained an authorisation to perform the activity within the territory of the Republic of Poland or another Member State of the European Union, or
 - 2) a parent entity of an insurance undertaking, credit institution or investment firm which has obtained an authorisation to perform the activity within the territory of the Republic of Poland or another Member State of the European Union, or
 - 3) a natural or legal person holding a significant participation in a credit institution or an investment firm which has obtained an authorisation to perform the activity within the territory of the Republic of Poland or another Member State of the European Union- the notification referred to in paragraph 2 shall contain appropriate information in this regard, indicating in particular the entities in relation to which the domestic insurance undertaking would become a subsidiary or an entity in which they would hold a significant participation.
- 2b. 2. Should the circumstances specified in paragraph 2a occur, the supervisory authority shall submit a written request to the competent supervisory authority of the European Union Member State regarding the provision of information concerning the insurance undertaking, credit institution, investment firm, founders

or shareholders of such entities, parent entities of those entities or natural or legal persons holding a significant participation in these entities so as to determine whether the conditions referred to in paragraph 4 are met.",

c) 3 and 4 shall be amended to read as follows:

"3. The supervisory authority may lodge, by a way of a decision, within three months since the date of lodging of the notice referred to in paragraph 2, an objection as regards the acquisition or taking up of shares or rights attached to shares or undertaking other actions referred to in Article 4 point 16 of the Law on Public Trading of Securities Act that would result in a domestic insurance undertaking becoming a subsidiary of the entity submitting the notification. If the supervisory authority does not lodge the objection it may, by way of decision, set a time-limit for the acquisition or taking up of shares or rights attached to shares or undertaking other actions referred to in Article 4 point 16 of the Law on Public Trading of Securities Act that would result in a domestic insurance undertaking becoming a subsidiary of the entity submitting the notification.

4. The supervisory authority may lodge the objection referred to in paragraph 3 if the entity acquiring or taking up shares or undertaking other actions referred to in Article 4 point 16 of the Law on Public Trading of Securities Act that would result in a domestic insurance undertaking becoming a subsidiary of the entity submitting the notification does not demonstrate that:

- 1) it provides the warranty to the domestic insurance undertaking's matters in a manner duly securing the interests of the policyholders, insured persons and beneficiaries or persons entitled under insurance contracts;
- 2) during the period from the date of submitting the notification to the supervisory authority referred to in paragraph 2 to the date of acquisition, the financial resources allotted for the acquisition or taking up of shares or rights attached to shares in a domestic insurance undertaking or for undertaking other actions referred to in Article 4 point 16 of the Law on Public Trading of Securities Act that would result in a domestic insurance undertaking becoming a subsidiary do not come from a loan and are not encumbered in any other way;
- 3) the payments for shares or for undertaking other actions referred to Article 4 point 16 of the Law on Public Trading of Securities Act that would result in a domestic insurance undertaking becoming a subsidiary do not come from illegal or undisclosed sources;

5) After the Article 37, Articles 37a-37c shall be added to read as follows:

Article 37a. 1. A member of the management board of an insurance holding company with its registered office in the territory of the Republic of Poland can only be a natural person who meets all of the following conditions:

- 1) has full capacity for legal actions;
 - 2) provides a warranty to duly perform the function of a member of the management board of the insurance holding company; and
 - 3) has not been convicted of a wilful crime by a valid court sentence.
2. If case an insurance holding company with its registered office in the territory of the Republic of Poland shall not have a management board, the provisions of paragraph 1 shall apply respectively for a person or persons responsible for conducting the affairs of that entity.

Art. 37b. 1. In the event of breach of law or other irregularities that threaten the solvency

of an insurance undertaking forming part of an insurance group, including at the request of the supervisory authority of a European Union Member State where is the registered office of the insurance undertaking, the supervisory authority may take against the insurance holding company having the registered office in the territory of the Republic of Poland the measures referred to in Article 209 or Article 212 paragraph 1 points 1 and 2; whereas the fine imposed on the insurance holding company may not exceed the amount of PLN 10 million.

2. In cases referred to in paragraph 1 the supervisory authority may, by way of a decision, prohibit the exercising of voting rights attached to shares held in an insurance undertaking by an insurance holding company.

Art. 37c. 1. Having consulted the supervisory authorities of European Union Member States where insurance undertakings forming part of an insurance group have received the authorisation, the supervisory authority may, by way of a decision addressed to a domestic insurance undertaking forming part of the insurance group and is subject to supplementary supervision, determine that, for the purposes of supplementary supervision in accordance with the Act, certain entities referred to in Article 2 paragraph 1 point 12 letters a-c shall not be considered to form part of the insurance group.

2. When issuing the decision referred to in paragraph 1, the supervisory authority shall take into account the role of the entity in the insurance group and the proper and effective performance of supplementary supervision.";

6) in Article 92 paragraph 3, point 23 shall be added to read as follows:

"23) a declaration of the founders as to whether a domestic insurance undertaking will be a subsidiary of, or in which a significant participation will be held by:

- a) an insurance undertaking, credit institution or investment firm which has obtained adequate authorisation to perform the activity in a European Union Member State ,
- b) a parent entity of an insurance undertaking, credit institution or investment firm that has obtained adequate authorisation to perform the activity in a European Union Member State, or
- c) a natural or legal person holding a significant participation in an insurance undertaking, credit institution or investment firm that has obtained adequate authorisation to perform the activity in a European Union Member State

- with an indication of the names and addresses of the registered offices of the entities referred to in (a) to (c)';"

7) after Article 93, Article 93a shall be added to read as follows:

"Article 93a. Should the circumstances referred to in Article 92 paragraph 3 point 23 occur, before authorising insurance activity, the supervisory authority shall submit a written request to the competent authority of the European Union Member State regarding the provision of information concerning:

- 1) an insurance undertaking, credit institution or investment firm supervised by this authority,
- 2) the founders or shareholders of undertakings referred to in point 1,
- 3) parent entities of the entities referred to in point 1, and
- 4) natural or legal persons holding a significant participation in the entities referred to in point 1

- which may be useful for assessing whether the founders, shareholders or

persons assigned as members of the management board or of the supervisory board of a domestic insurance undertaking provide a warranty that the affairs of the domestic insurance undertaking will be conducted in a due manner.";

8) in Article 146 paragraph 1 shall be amended to read as follows:

"1. The insurance undertaking shall be obliged to possess own funds in an amount not lower than the required solvency margin and not lower than the guarantee fund.";

9) in Article 148

a) paragraphs 1 and 2 shall be amended to read as follows:

- "1. The own funds of an insurance undertaking shall be the assets of the insurance undertaking with the exclusion of assets covering all predictable liabilities and also intangible assets together with own shares held by the insurance undertaking.
2. Shares and other assets financing the capital or reserves of other insurance undertakings belonging to the same insurance group shall be excluded from the assets constituting own funds of an insurance undertaking that is subject to supplementary supervision."

b) after paragraph 2, paragraphs 2a-2d shall be added to read as follows:

- "2a. Shares and other assets financing the capital or reserves of other insurance undertakings, credit institutions or financial institutions within the meaning of the Banking Law or investment firms that are held by an insurance undertaking forming part of a financial conglomerate, shall be excluded from the assets constituting own funds of that insurance undertaking .
- 2b. The following, held by the insurance undertaking in relation to other insurance undertakings, credit institutions and financial institutions, within the meaning of the Banking Law, and investment firms, shall be excluded from the assets constituting own funds of that insurance undertaking
 - 1) subordinated loans granted by the insurance undertaking that meet the conditions specified in paragraph 4 point 2;
 - 2) accumulated unpaid dividends from preference shares.
- 2c. At the request of an insurance undertaking, if shares in another credit institution, investment firm, financial institution or insurance undertaking are held temporarily for the purpose of providing financial aid for the reorganisation or maintenance of the undertaking, the supervisory authority may consent to waive the application of the deduction-related provisions specified in paragraphs 2a or 2b.
- 2d. At the request of an insurance undertaking that is subject to supplementary supervision, the supervisory authority may consent to waive the deduction of the components specified in paragraph 2a or 2b from the insurance undertaking's own funds, in relation to the entities specified in paragraph 2a or 2b, provided that they are subject to supplementary supervision in accordance with the relevant provisions."

c) paragraph 8 shall be amended to read as follows:

"8. The minister responsible for financial institutions shall lay down, by way of a regulation, the detailed manner of calculation of the own funds of domestic insurance undertakings forming part of an insurance group, in a manner preventing the same assets from being counted twice, directly or indirectly, in the insurance group's own funds."

10) in Article 154 paragraph 8 shall be amended to read as follows:

"8. In case of a domestic insurance undertaking being subject of supplementary supervision,

the assets financing capital or reserves of insurance undertakings belonging to the same insurance group do not constitute assets covering technical provisions of that insurance undertaking.";

11) in Article 173:

a) paragraph 1 shall be amended to read as follows:

"1. A domestic insurance undertaking being subject to supplementary supervision and a main branch shall be obliged to draw up and submit to the supervisory authority, together with the statement referred to in Article 169 paragraph 1, annual reports on transactions conducted within the insurance group and in particular in the scope of the following:

- 1) loans;
- 2) guarantees and other off-balance sheet transactions;
- 3) financial resources that cover the required solvency margin;
- 4) investments;
- 5) reinsurance activities;
- 6) agreements concerning costs sharing."

b) paragraph 3 shall be amended to read as follows:

"3. In the case of finding that the transactions referred to in paragraph 1 threaten or may threaten the solvency of an insurance undertaking, the supervisory authority may take the measures specified in Article 187, Article 189 paragraph 1, Article 209 and Article 212.";

12) Article 204 shall be amended to read as follows:

"Article 204. 1. In the case of an insurance group that includes a domestic insurance undertaking and a foreign insurance undertaking having its registered office in a European Union Member State, the supervisory authority may conclude an agreement with supervisory authorities of the European Union Member States on cooperation in the exercise of supplementary supervision of insurance undertakings forming part of an insurance group.

2. The supervisory authority, pursuant to agreements concluded in accordance with paragraph 1 may, upon the request of a supervisory authority of a European Union Member State, carry out an on-site inspection of a domestic insurance undertaking that forms part of an insurance group or ensure the possibility of conducting such an on-site inspection by representatives of the supervisory authority of the European Union Member State, in accordance with the provisions of Article 208 paragraphs 1-4 and provisions issued pursuant to Article 208 paragraph 5.

3. The supervisory authority, pursuant to the agreements concluded in accordance with paragraph 1, may request the supervisory authority of a European Union Member State to carry out an on-site inspection of a foreign insurance undertaking which has received authorisation in that Member State or to ensure the possibility of conducting such an on-site inspection by representatives of the supervisory authority.";

13) after Article 207, Article 207 shall be added to read as follows:

Article 207a. 1. The supervisory authority may require information, explanations or data necessary for supplementary supervision from an entity other than an insurance undertaking forming part of an insurance group and having its registered office within the territory of the Republic of Poland.

2. If the entity referred to in paragraph 1 does not provide the requested information, explanations or data within the time-limit set for their provision, the supervisory authority may take the measures referred to in Article 212 paragraph 1 points 1 and 2 against the entity; whereas the fine imposed on the entity may not exceed the amount of PLN 10 million.;
- 14) After Article 208, Article 208a shall be added to read as follows:
- Article 208a. 1. The supervisory authority may, at any time, conduct an on-site inspection of the entities referred to in Article 207a as to the reliability of information, explanations or data provided under Article 207a.
2. The provisions of Article 208 paragraphs 3 and 4 and regulations issued on the basis of Article 208 paragraph 5 apply respectively to on-site inspections conducted in accordance with paragraph 1.
 3. If the entity referred to in paragraph 1 hampers or prevents the inspection, the supervisory authority may take the measures referred to in Article 212 paragraph 1 points 1 and 2 against the entity; whereas the fine imposed on the entity may not exceed the amount of PLN 10 million.;
- 15) after Article 214, Article 214a shall be added to read as follows :
- Article 214a. 1. The supervisory authority may put forward to the European Commission a proposal to negotiate agreements with states other than European Union Member States, concerning the exercising of supplementary supervision over the following:
- 1) insurance undertakings from European Union Member States in which entities with a registered office in a state other than a European Union Member State participate;
 - 2) insurance undertakings from states which are not European Union Member States in which entities with a registered office in a European Union Member State participate .
2. The proposals of negotiation of the agreements referred to in paragraph 1 should be aimed at ensuring:
- 1) information necessary for the performance of supplementary supervision of insurance undertakings with a registered office in the territory of the European Union which have subsidiaries or participating entities in entities with a registered office in the territory of states other than European Union Member States, to supervisory authorities from European Union Member States;
 - 2) information necessary for the performance of supplementary supervision of insurance undertakings with a registered office in the territory of such states, which have subsidiaries or participating entities in entities with a registered office in the territory of the European Union Member States, to supervisory authorities from states other than European Union Member States .
3. A participating entity shall be a parent company or other entity that has a significant participation or an entity that is related to the entity in such a way that it can undertake other actions referred to in Article 4 point 16 of the Law on Public Trading of Securities Act.”.

Article 70. In the Act on the Insurance and Pension Supervision and on the Insurance

Ombudsman of 22 May 2003 (Journal of Laws No 124 item 1153, as amended¹²) in Article 17:

1) paragraph 2 shall be amended to read as follows:

"2. The Authority may provide authorities that supervise the activities of financial institutions in other states with information that it possesses in connection with performance of its statutory duties if:

- 1) information shall be used exclusively for the purposes of performing by these authorities the tasks of supervision; and
- 2) the passing on of this information outside these authorities shall occur only upon the prior consent of the Authority.";

2) paragraphs 4-6 shall be added to read as follows:

"4. In the case of supervisory authorities of states that are not Member States of the European Union the provision of information on the terms set out in paragraph 2 may take place solely on the basis of reciprocity.

5. The Authority may provide foreign authorities of the European Union Member States with information that it possesses in connection with performance of tasks in the area of supervision of the activities of insurance undertakings in the area related to performance of tasks in the area of supplementary supervision referred to in the Act on Supplementary Supervision of Credit Institutions, Insurance Undertakings and Investment Firms in a Financial Conglomerate of 15 April 2005 (Journal of Laws No 83 item 719).

6. The Authority may provide information that it possesses in connection with performance of its statutory task to central banks or other institutions of the European Union Member States that perform tasks in the area of monetary policy and to other public bodies that perform tasks in the area of supervision of payment systems if this information is to be used solely for the purposes of the tasks performed by these authorities. The passing on of this information outside these authorities shall occur only upon the prior consent of the Authority."

Article 71. In the Act on Certain Financial Securities of 2 April 2004 (Journal of Laws No 91 item 871) in Article 2 in paragraph 1 point 4 shall read as follows:

"4) multilateral development banks within the meaning of Article 1 paragraph 19 of Directive 2000/12/EC of the European Parliament and Council Relating to the Taking up and Pursuit of the Business of Credit Institutions (Official Journal of the European Union L 126 of 26 May 2000);".

Article 72. The Act on Investment Funds of 27 May 2004 (Journal of Laws No. 146 item 1546) shall be amended as follows:

1) in Article 49:

a) paragraph 2 shall be amended to read as follows:

"2. If a management company carries out the activities referred to in Article 45 paragraph 2 point 1, the initial capital shall be increased to the zloty equivalent of EUR 730,000, calculated at the mid exchange rate announced by the Polish National Bank for a day preceding the date of filing the applications referred to in Article 38 paragraph 3.",

b) After paragraph 2, paragraph 2a shall be added to read as follows:

"2a Subject to the provisions of paragraph 2, if the management company conducts the activities referred to in Article 45 paragraph 2 point 2, the initial capital shall be increased to the zloty equivalent of EUR 175,000, calculated at the mid exchange

rate announced by the Polish National Bank for the day preceding the date of filing the applications referred to in Article 38 paragraph 3.";

2) in Article 50:

a) Paragraphs 1 and 2 shall be amended to read as follows:

"1. The management company is obliged to maintain its shareholders' equity at a level not lower than 25% of the difference between the total costs and the variable costs of distribution incurred in the previous fiscal year, as disclosed in the reports filed with the Commission under Article 225 paragraph 1, and if the management company has not conducted any operations or has operated for less than one year – at the level not lower than 25% of the difference between the total costs and the variable costs of distribution specified in the feasibility study referred to in Article 58 paragraph 1 point 3, subject to the provisions of paragraphs 2 and 3.

2. The management company shall maintain its shareholders' equity at a level not lower than specified in Article 49."

b) paragraph 10 shall be amended to read as follows:

"10. The minister responsible for financial institutions shall define, by way of a regulation, having due regard to the need to protect the interests of unit-holders, the criteria which must be met by the distribution costs to qualify as variable costs, which are deducted from the total costs when calculating the amount of shareholders' equity referred to in Article 50 paragraph 1.";

3) In Article 282 in paragraph 3:

a) after point 3, point 3a shall be added to read as follows:

"3a) by a management company or a foreign management company:

a) to the leading undertaking, as defined in Article 4 paragraphs 5 and 6 of the Act of 15 April 2005 on Supplementary Supervision of Credit Institutions, Insurance Companies and Investment Firms in a Financial Conglomerate (Journal of Laws No 83 item 719), hereinafter referred to as the "Act on Supplementary Supervision",

b) to the coordinator as defined in Article 3 point 19 of the Act on Supplementary Supervision,

c) to a foreign coordinator as defined in Article 3 point 20 of the Act on Supplementary Supervision,

- in performance of the duties set out in the Act;"

b) in point 4 letter c shall read as follows:

"c) on the basis of Article 283 paragraphs 1, 3 and 9,";

4) in Article 283:

a) paragraph 1 shall be amended to read as follows:

"1. The Commission or an authorised representative thereof may provide and receive information, including opinions from the Commission on Supervision of Insurance and Pension Funds, the Governor of the Polish National Bank and the Banking Supervision Commission that is necessary for:

1) proper performance of supervisory tasks, including tasks specified in the Act on Supplementary Supervision, or

2) ensuring the proper conduct of explanatory, inspection, administrative or criminal proceedings in matters related to the performance of supervision."

b) paragraphs 9 and 10 shall be added to read as follows:

"9. In performing the tasks specified in the Act on Supplementary Supervision the

Commission or an authorised representative thereof provides a supervisory authority in a European Union Member State or a foreign coordinator with information possesses, as referred to in Article 3 point 20 of the Act on Supplementary Supervision both when asked for such information and on its own initiative.

10. If the entities referred to in paragraph 9 ask to be provided with information that the Authority does not possess, it shall take the necessary steps to obtain that information or to inform the entities that it is impossible to obtain the information requested.”.

Article 73. Proceedings in matters covered by the provisions of acts which are amended by this Act that are initiated but not completed before the date of its entry into force shall take place in accordance with the provisions of those acts, which shall apply as amended by this Act.

Article 74. 1 The first meeting of the Coordinating Committee on Financial Conglomerates referred to in Article 15 paragraph 2 is to be convened by the minister responsible for financial institutions within 30 days of the Act’s entering into force. During that meeting the chairman of the Coordinating Committee on Financial Conglomerates is to be elected for a term of two years.

2 Within three months of the date of the Act’s entering into force national supervisory authorities are obliged to adopt, in a form of a multilateral agreement, rules of procedure for the Coordinating Committee on Financial Conglomerates referred to in Article 18 paragraph 1.

Article 75. This Act enters into force 30 days after the date of its publication, with the exception of Article 68, which enters into force on the date of publication.

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- 1) This Law introduces to Polish law the provisions of Directive 2002/87/EC of the European Parliament and Council of 16 December 2002 on the supplementary supervision of credit institutions, insurance undertakings and investment firms in a financial conglomerate and on amendment of 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 the Council (Official Journal of the European Union L 035 of 11 February 2003).
 - 2) Amendments to the consolidated text of the Act were published in the Journal. of Laws 2002 No. 126 item 1070, No. 141, item 1178, No. 144, item 1208, No. 153, item 1271, No. 169, items 1385 and 1387 and No. 241 item 2074, 2003 No. 50 item 424, No 60, item 535, No 65, item 594, No 228, item 2260 and No. 229, item 2276 and 2004 No. 64 item 594, No. 68, item 623, No. 91, item 870, No 96, item 959, No. 121, item 1264, No. 146, item 1546 and No. 173, item 1808.
 - 3) Amendments to the Act were published in the Journal of Laws 2004 No. 91 item 870 and No. 96, item 959 and 2005 No. 48 item 447 and No. 83, item 719.
 - 4) Amendments to the consolidated text of the Act were published in the Journal of Laws 2002 No. 240 item 2055, 2003 No. 50 item 424, No. 84, item 774, No. 124, item 1151, No. 170, item 1651 and No. 223, item 2216, 2004 No. 64 item 594, No. 91, item 871, No. 96, item 959, No. 116, item 1205, No. 146, item 1546 and No. 273, item 2703 and 2005 No. 62 item 551.
 - 5) Amendments to the Act were published in the Journal of Laws 2002 No. 200 item 1686, 2003 No. 50 item 424, No. 84, item 774 and No. 223, item 2216 and 2004 No. 64 item 594

and No. 273, item 2703.

- 6) Amendments to the consolidated text of the Act were published in the Journal of Laws 2002 No. 113 item 984, No. 127, item 1090, No. 141, item 1178, No. 153, item 1271, No. 169, item 1387, No. 199, item 1672, No. 200, item 1679 and No. 216, item 1824, 2003 No. 80 item 718, No. 135, item 1268, No. 137, item 1302, No. 193, item 1884, No. 217, item 2124 and No. 228, item 2255 and 2004 No. 68 item 623, No. 91, item 870 and 871, No. 96 item 959 and No. 116, item 1203.
- 7) Amendments to the consolidated text of the Act were published in the Journal of Laws 2002 No. 240 item 2055, 2003 No. 50 item 424, No. 84, item 774, No. 124, item 1151, No. 170, item 1651 and No. 223, item 2216, 2004 No. 64 item 594, No. 91, item 871, No. 96, item 959, No. 116, item 1205, No. 146, item 1546 and No. 273, item 2703 and 2005 No. 62 item 551.
- 8) Amendments to the consolidated text of the Act were published in the Journal of Laws 2002 No. 126 item 1070, No. 141, item 1178, No. 144, item 1208, No. 153, item 1271, No. 169, item 1385 and 1387 and No. 241 item 2074, 2003 No. 50 item 424, No. 60, item 535, No. 65, item 594, No. 228, item 2260 and No. 229, item 2276 and 2004 No. 64 item 594, No. 68, item 623, No. 91, item 870, No. 96, item 959, No. 121, item 1264, No. 146, item 1546 and No. 173, item 1808.
- 9) Amendments to the Act were published in the Journal of Laws 2004 No. 96 item 959, No. 116, item 1207, No. 145, item 1537 and No. 273, item 2703.
- 10) Amendments to the Act were published in the Journal of Laws 2002 No. 200 item 1686, 2003 No. 50 item 424, No. 84, item 774 and No. 223, item 2216 and 2004 No. 64 item 594 and No. 273, item 2703.
- 11) Amendments to the Act were published in the Journal of Laws 2003 No. 60 item 535 and No. 223, item 2216 and 2004 No. 64 item 594 and No. 96, item 959.
- 12) Amendments to the Act were published in the Journal of Laws 2003 No. 170 item 1651, 2004 No. 93 item 891 and No. 96, item 959 and 2005 No. 48 item 447.