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**DECREE**

**of 26 August 2025,**

**amending Decree No. 163/2014 Coll., on the  
performance of the activities of banks, credit unions  
and investment firms, as amended**

The Czech National Bank stipulates the following pursuant to Article 8b(9), Article 12af(3), Article 12ag(8), Article 12m(6) and Article 24(1) and (2) of Act No. 21/1992 Coll., on Banks, as amended by Act No. 135/2014 Coll., Act No. 353/2021 Coll. and Act No. 280/2025 Coll., pursuant to Article 7a(5), Article 8aj(5) and Article 27(1) of Act No. 87/1995 Coll., on Credit Unions and Certain Related Measures and on the Amendment of Czech National Council Act No. 586/1992 Coll., on Income Taxes, as amended, as amended by Act No. 120/2007 Coll., Act No. 135/2014 Coll., Act No. 353/2021 Coll. and Act No. 280/2025 Coll., and pursuant to Article 199(2) regarding the implementation of Article 12f(b) of Act No. 256/2004 Coll., on Capital Market Undertakings, as amended by Act No. 96/2022 Coll.:

**Article I**

Decree No. 163/2014 Coll., on the performance of the activities of banks, credit unions and investment firms, as amended by Decree No. 392/2017 Coll., Decree No. 354/2021 Coll. and Decree No. 197/2025 Coll., shall be amended as follows:

1. Footnote 1 shall read as follows:

“<sup>1)</sup> Directive 2013/36/EU of the European Parliament and of the Council of 26 June 2013 on access to the activity of credit institutions and on the prudential supervision of credit institutions and investment firms, amending Directive 2002/87/EC and repealing Directives 2006/48/EC and 2006/49/EC, as amended by Directives of the European Parliament and of the Council 2014/17/EU, 2014/59/EU, (EU) 2015/2366, (EU) 2018/843, (EU) 2019/878, (EU) 2019/2034, (EU) 2021/338, (EU) 2022/2556, (EU) 2023/2864 and (EU) 2024/1619 and Regulation (EU) 2023/1114.”.

2. In Article 2, Article 107(4), Article 111(2), Article 115(3) and Article 116(4), the words “branch of a bank” shall be replaced by the words “foreign bank”.

3. Article 6 shall read:

**“Article 6**

Article 107(4), Article 111(2), Article 115(3), Article 116 and Article 116b shall apply to foreign banks established in a third country.”.

4. Article 7(1)(f) shall read:

“f) ‘internal approach’ means

1. the Internal Ratings Based Approach pursuant to Article 143(1) of the Regulation;
2. the Internal Models Approach pursuant to Article 221 of the Regulation;
3. the Internal Model Method pursuant to Article 283 of the Regulation;

4. the Alternative Internal Model Approach pursuant to Article 325az of the Regulation; or
  5. the Internal Assessment Approach pursuant to Article 265(2) of the Regulation;”.
5. Article 7(2)(j) shall be repealed.
- The existing subparagraphs k) to m) shall be designated as subparagraphs j) to l).
6. Article 7(3)(b) shall be repealed.
- The existing subparagraphs c) to m) shall be designated as subparagraphs b) to l).
7. In Article 13(3)(c) and in Article 18(1)(g)(2), the word “compliance” shall be replaced by the words “činnosti compliance”. [Translator’s note: Relevant to the Czech version only; the English version remains unchanged.]
8. In Article 16, the existing text shall be designated as paragraph 1 and the following paragraphs 2 to 5, including footnote 24, shall be added:
- “(2) The management body shall prepare, and monitor compliance with, plans containing quantifiable objectives and processes to monitor and address financial risks arising
    - a) in the short, medium and long term from environmental, social and governance factors (hereinafter “ESG factors”);
    - b) from the adaptation process and transition trends linked with the regulatory objectives and legal acts of the European Union and its Member States relating to ESG factors, above all the objective of achieving climate neutrality and, where relevant, linked with the regulatory objectives and legal acts of non-Member States.
  - (3) Climate neutrality pursuant to paragraph 2(b) shall mean the general objective of achieving climate neutrality by 2050 as set out in Article 2(1) of the directly applicable legal act of the European Union governing European Climate Law.<sup>24)</sup>
  - (4) When acting pursuant to Article 2, the management body shall take into account reports and measures adopted by the European Scientific Advisory Board on Climate Change. Where a liable entity prepares a sustainability report or a consolidated sustainability report pursuant to the Act on Accounting or under equivalent foreign legislation, the management body shall ensure that the plans referred to in paragraph 2, which include in particular measures relating to the business model and strategy of the liable entity, are consistent with the plans set out in the sustainability report or consolidated sustainability report.
  - (5) The management body of a liable entity that qualifies as a small and non-complex institution within the meaning of Article 4(1)(145) of the Regulation may, when acting in accordance with paragraphs 2 and 3, apply one or more of the following simplifications:
    - a) a reduced scope, level of detail, and frequency in the preparation of the plans;
    - b) the determination of a smaller number of scenarios and a narrower thematic focus of the plans, which may be based on a simplified set of key parameters and assumptions, including only selected relevant risks, time horizons and territorial breakdowns of impacts;
    - c) a more limited set of indicators when setting targets and the possibility to formulate targets to a greater extent in qualitative terms.

<sup>24)</sup> Regulation (EU) 2021/1119 of the European Parliament and of the Council of 30 June 2021, establishing the framework for achieving climate neutrality and amending Regulations (EC) No 401/2009 and (EU) 2018/1999 (‘European Climate Law’).”.

9. In Article 17(3), Article 17(4)(b), Article 18(4) and (5), Article 20(4), Article 22(1)(i) and (j), Article 41(5) and Article 48(3)(a), (c) and (d), in Annex 1, paragraph 1(b), in Annex 2, paragraph 7(a) and in Annex 2, paragraph 12(d), the word “senior” shall be replaced by the word “upper”.
10. In Article 18(1) in the opening part of the provision, the word “regularly” shall be replaced by the words “at least once every two years”.
11. In Article 18(1)(d), the words “including risks arising from the short-, medium- and long-term impacts of ESG factors and” shall be inserted after the word “cycle,”.
12. Article 21(5) and (6) shall be repealed.
13. A new Article 21a shall be inserted after Article 21:

### “Article 21a

- (1) A liable entity shall establish and continuously maintain internal control functions that are independent of operational units and have a statute, sufficient powers, resources, and access to a governing body.
- (2) A liable entity shall ensure that
  - a) internal control functions are established and maintained in a manner that ensures proper identification, measurement and reporting of all material risks and are capable of providing a comprehensive view of the overall scope of risks of the liable entity;
  - b) the risk management function actively participates in the preparation of the liable entity’s risk management strategy, monitors its implementation and is involved in all significant decisions in this area;
  - c) the internal audit function performs an independent review of the implementation of the liable entity’s risk management strategy and is not compatible with other activities of the liable entity or with other internal control functions;
  - d) the compliance function ensures that the liable entity’s risk management strategy takes into account the risk of non-compliance with legal regulations in the activities of the liable entity, the risk of inconsistency between the liable entity’s internal regulations and legal regulations and the risk of mutual inconsistency among the liable entity’s internal regulations, and further ensures that these risks are assessed prior to any significant decision in the risk management area.
- (3) A liable entity shall ensure that staff working in internal control functions are independent of the units they inspect.
- (4) A liable entity shall ensure that staff working in internal control functions have the ability to
  - a) access the controlling body directly;
  - b) report to it independently of members of the management body and independently of persons in upper management;
  - c) communicate concerns and, where appropriate, issue warnings to the controlling body if a particular risk is developing in a manner that has or may have an adverse impact on the liable entity.
- (5) A liable entity shall ensure that the head of the internal control function is independent of other persons in upper management and has clearly defined responsibilities and powers in the area of risk management, compliance or internal

audit of the liable entity.

- (6) Where the organisation of the risk management function or the compliance function under paragraph 5 is not proportionate to the nature, scale and complexity of the liable entity's activities, the risk management function or the compliance function may be carried out by another sufficiently experienced staff member who performs other tasks, or both functions may be performed by the same person, provided that
- a) no conflict of interest arises;
  - b) the staff member responsible for the risk management function or the compliance function has sufficient professional competence to perform tasks in different areas; and
  - c) the staff member responsible for the risk management function or the compliance function devotes sufficient time to the proper performance of all their functions.”.

14. Article 29 shall be repealed.

15. A new subparagraph b) shall be inserted in Article 31 after subparagraph a), reading as follows:

“b) ESG risks,”.

The existing subparagraphs b) and c) shall be designated as subparagraphs c) and d).

16. At the end of Article 35(1), the full stop shall be replaced by a comma and a subparagraph (d) shall be added, reading as follows:

“(d) before an exposure in crypto-assets is accepted, the exposure is evaluated and a proportionality assessment of existing processes and procedures for counterparty risk management is performed, and shall notify the Czech National Bank without undue delay of these assessments.”.

17. In Article 38, a new paragraph 2 shall be inserted after paragraph 1, reading as follows:

“(2) Before a liable entity accepts an exposure in crypto-assets, it shall evaluate such exposure and perform a proportionality assessment of existing processes and procedures for market risk management, and shall notify the Czech National Bank without undue delay of these assessments.”.

The existing paragraph 2 shall be designated as paragraph 3.

18. Article 39(2) shall read:

(2) In direct dependence on its size, internal organisation, and the nature, scope and complexity of its activities, a liable entity shall consider the establishment of tools for the internal evaluation of market risk and for the setting of capital requirements for positions in the trading portfolio using an internal model, together with the use of an internal model for calculating the capital requirements for default risk, in particular where the liable entity's exposures to default risk are significant in absolute terms and where the liable entity holds a large number of significant positions in traded debt instruments of various issuers. The fulfilment of the requirements set out for the use of alternative internal models for the setting of capital requirements for market risk shall remain unaffected by this requirement.

19. In Article 40(1), the words “of models” shall be replaced by the words “from direct and indirect exposures in crypto-assets and vis-à-vis crypto-asset service providers”.

20. In Article 42, a paragraph 3 shall be added, reading as follows:

“(3) In the case of crypto-assets with no identifiable issuer, the liable entity shall assess concentration risk from the perspective of exposure in crypto-assets with similar properties.”.

21. Article 45 shall read:

### **“Article 45**

- (1) A liable entity shall establish and maintain strategies, policies, procedures and systems for the identification, measurement, management and monitoring of ESG risks over the short, medium and long term in a manner proportionate to the scale, nature and complexity of the ESG risks associated with its business model and the scope of its activities. The long term shall mean a period of at least 10 years.
- (2) A liable entity shall test its resilience to long-term adverse impacts of ESG factors, including factors related to climate change, under both a baseline and an adverse scenario within a relevant time frame. A liable entity shall include in its resilience testing various scenarios that reflect the potential impacts of environmental and social changes and related public policies on the long-term business environment. In the resilience testing process, a liable entity shall use credible scenarios based on those developed by international organisations.”.

22. Article 47(1) shall be repealed.

The existing paragraphs 2 and 3 shall be designated as paragraphs 1 and 2.

23. In Articles 48(1), (3) and (4), the word “compliance” shall be replaced by the words “činnosti compliance”. [Translator’s note: Relevant to the Czech version only; the English version remains unchanged.]

24. In Part Three, Title I, including the heading, shall be repealed.

25. Article 70, including the heading, shall be repealed.

### **“Article 70**

#### **Particulars of a plan to restore capital**

A plan to restore capital shall contain

- a) estimates of revenue and expenditure and the anticipated balance sheet of the liable entity;
- b) measures to ensure an increase in the capital ratios of the liable entity;
- c) a plan and time frame for increasing the liable entity’s capital with the aim of fully meeting the requirement for the combined capital buffer and, where applicable to the liable entity, the requirement for the leverage ratio capital buffer;
- d) information demonstrating the feasibility of the plan to restore the capital of the liable entity.”.

26. In Part Three, Title III, including the heading, shall be repealed.

27. In Part Four, Title I, including the heading, shall be repealed.

28. Article 76 shall be repealed.

29. Article 78 shall be repealed.

30. In Part Four, Title V, including the heading, shall be repealed.

31. In the heading of Part Six, the text “Article 12af(3), Article 12ag(8) and” shall be inserted after the word “Re”.

32. Article 108(2) shall read:

“(2) A liable entity shall inform the Czech National Bank of the results of calculations

- a) according to its internal approaches for its exposures or positions listed in the benchmark portfolios, where it uses an internal approach to calculate the amount of risk-weighted exposures or to calculate capital requirements;
- b) for its exposures or positions listed in the benchmark portfolios, where it uses the alternative standardised approach under Part Three, Title IV, Chapter 1a of the Regulation, and the size of its on- and off-balance-sheet business that is subject to market risk under Article 325a(1)(b) of the Regulation is at least the equivalent of EUR 500 million;
- c) according to the approaches used for determining the size of expected credit losses on exposures or positions listed in the benchmark portfolios, where it uses the internal ratings-based approach under Part Three, Title II, Chapter 3 of the Regulation or the standardised approach under Part Three, Title II, Chapter 2 of the Regulation, and simultaneously
  1. prepares financial statements in accordance with international accounting standards under Regulation (EC) No 1606/2002 of the European Parliament and of the Council of 19 July 2002 on the application of international accounting standards, as amended (hereinafter the “international accounting standards”);
  2. values assets and off-balance-sheet items and determines own funds under Article 24(2) of the Regulation in accordance with international accounting standards; or
  3. does not value assets and off-balance-sheet items in accordance with international accounting standards, but uses a model for expected credit losses that is the same as the model used in international accounting standards.”.

33. In Article 108, a new paragraph 3 shall be inserted after paragraph 2, reading as follows:

“(3) A liable entity shall inform the Czech National Bank at least once a year of the results of the calculations referred to in paragraph 2, together with an explanation of the methodologies used and all qualitative information that may clarify the impact of these calculations on capital requirements, in accordance with Commission Implementing Regulation (EU) 2016/2070 of 14 September 2016 laying down implementing technical standards for templates, definitions and IT-solutions to be used by institutions when reporting to the European Banking Authority and to competent authorities in accordance with Article 78(2) of Directive 2013/36/EU of the European Parliament and of the Council, as amended.”.

The existing paragraphs 3 to 5 shall be designated as paragraphs 4 to 6.

- 34. Article 108(6) shall be repealed.
- 35. In Articles 109, 110 and 112, paragraph 2 shall be repealed, and the designation of paragraph 1 shall also be repealed.
- 36. Articles 113 and 114, including the headings, shall be repealed.
- 37. In Article 116a(3), the words “or in documentary form to the address of the Czech National Bank” shall be replaced by the words “to the data box of the Czech National Bank”.

38. Article 116b, including the heading, shall read as follows:

**“Article 116b**

**Verification reports**

- (1) A foreign bank from a non-Member State shall submit to the Czech National Bank a verification report pursuant to Article 12af of the Act on Banks in electronic form, signed by a verifier selected in accordance with Article 22b of the Act on Banks, using a method recognised by other legal regulations as having the same legal effect as a handwritten signature, to the data box of the Czech National Bank at least once every two years, always within six months after the end of the financial year.
  - (2) A foreign bank from a non-Member State shall submit to the Czech National Bank a verification report pursuant to Article 12ag of the Act on Banks in electronic form, signed by a verifier selected in accordance with Article 22b of the Act on Banks, using a method recognised by other legal regulations as having the same legal effect as a handwritten signature, to the data box of the Czech National Bank annually, always within six months after the end of the financial year.
39. In Annex 1, paragraph 1(b), the words “member of senior” shall be replaced by the words “person in upper”.
40. In Annex 1, paragraph 1(b), the word “internal” shall be inserted after the words “responsibility for the”.
41. In Annex 1, paragraph 1(c), the words “pursuant to Article 4(1) point 146 of the Regulation” shall be repealed.
42. In Annex 1, paragraph 9(b), the words “, including the approach to risks pursuant to Article 31,” shall be inserted after the word “criteria”.
43. In Annex 2, paragraph 10, the words “, including risks arising from the impact of ESG factors,” shall be inserted after the word “risks”.

**Article II**

**Effect**

This Decree shall take effect on 11 January 2026, with the exception of the provisions of Article I(3), (24), (26) to (30), (35) and (38), which shall take effect on 11 January 2027.

Governor

Ing. Michl, Ph.D., duly signed