

**OFFICIAL INFORMATION  
OF THE CZECH NATIONAL BANK**

of 29 October 2004

**regarding the provisions of Article 1(3)(i) and Article 1(4) of Act No. 21/1992 Coll., on  
Banks, as amended**

The Czech National Bank hereby provides the following information on the provisions of Article 1(3)(i) and Article 1(4) of Act No. 21/1992 Coll., on Banks, as amended (hereinafter the “Act on Banks”):

Regarding Article 1(3)(i):

- 1) Under Article 1(3)(i) of the Act on Banks, money broking shall mean the intermediation of the activities listed in Article 1(1)(b) and Articles 1(3)(a) to (g) and (k) to (n) of the Act on Banks. The intermediation of other activities of a financial nature may also be included under money broking, provided that such broking activity performed by the bank is carried on in the name and on the account of a legal entity entitled to carry on the relevant financial activity as a business activity pursuant to special rules. This applies above all to the broking of building savings products or financial products offered by another bank, additional pension insurance, the activities of insurance brokers and the activities of investment brokers.<sup>1</sup>
- 2) The inclusion of money broking in the licence shall not affect the bank’s duty to proceed in accordance with a special legislative act<sup>2</sup> if that act stipulates that the carrying on of broking activity is subject to a decision of an administrative authority, for example on registration.

Regarding Article 1(4):

- 1) If a bank carries on business activities other than those permitted in its banking licence and if such activities are not those given in the second sentence of Article 1(4) of the Act on Banks, it is acting in contravention of the Act on Banks. The bank must immediately discontinue such activities.
- 2) According to the second sentence of Article 1(4) of the Act on Banks, a bank may carry on business activities for another entity, provided that they are associated with safeguarding its operation and the operation of other banks, financial institutions and ancillary banking services undertakings over which the bank exercises control. The words “for another entity” mean any legal entity or natural person. However, activities provided

---

<sup>1</sup> Article 29 of Act No. 256/2004 Coll., on Capital Market Undertakings.

<sup>2</sup> e.g. Act No. 38/2004 Coll., on Insurance Brokers and on Independent Loss Adjusters and on the amendment of the Trade Licensing Act (Insurance Brokers and Loss Adjusters Act), and Act No. 256/2004 Coll., on Capital Market Undertakings.

by the bank for another entity must be predominantly carried on to meet the bank's own needs. The bank does not have to simultaneously carry on such activities for another bank, financial institution or ancillary banking services undertaking over which it exercises control. The bank carries on these activities on the basis of a licence granted under the Act on Banks, not on the basis of a trade licence or any other licence.<sup>3</sup>

- 3) The entry of the line of business in the Companies Register and the bank's Articles of Association must be consistent with the banking licence. Every change to the banking licence must be entered in the Companies Register and the bank's Articles of Association without undue delay. The Czech National Bank does not require the activities referred to in Article 1(4) of the Act on Banks to be entered in the Companies Register.

On the date of promulgation of this Official Information in the CNB Bulletin, the Official Information of the Czech National Bank No. 19/1999 regarding Article 1(3) of Act No. 21/1992 Coll., on Banks, as amended, published on 30 September 1999 in Volume 16/1999 of the Bulletin of the Czech National Bank, shall be repealed.

Pavel Racoča  
Bank Board Member

Banking Regulation and Supervision Department  
Responsible:  
Snížková, tel.: 224 412 117

---

<sup>3</sup> According to Article 3(3)(a) of Act No. 455/1991 Coll., the Trade Licensing Act, as amended, the activities of a bank are not a trade.