



ACTIONS BY SLOVENIAN AUTHORITIES TO ASSURE THE STABILITY OF THE FINANCIAL SYSTEM

Following the Eurogroup declaration of 12 October 2008 and the conclusions of the October European Council, Slovenia is implementing measures to assure the stability of its financial system within the commonly agreed framework.

The financial system in Slovenia remains sound. Yet given the general volatility of the markets and to underpin the confidence in the stability and efficiency of our financial system, Slovenian authorities are putting in place a set of support measures. These could be activated efficiently and on a relatively short notice in order to safeguard the stability of the system.

Within the framework of common EU measures to address the current situation, the decisions outlined below also aim at preventing the deterioration of the competitive position of the Slovenian financial system.

Against this background, the Slovenian authorities are determined to act in a decisive manner to provide a regulatory framework, implementing measures and the necessary financial resources, should their deployment become necessary.

The Government has already proposed amendments to the Banking Act in order to raise the level of guaranteed deposits. The amendments are now in the Parliamentary procedure. In addition, the Ministry of Finance, in close co-operation with the Central Bank and the supervisory authorities, drafted amendments to the Law on Public Finance. The key objective of the proposed measures is to assist the financial system in providing liquidity given the current constraints in the interbank market. The proposed amendments to the Law on Public Finance would allow for swift action in case of need without the

obligation to adopt an amending budget. The amendments would allow for the following measures:

- Guarantees by the Republic of Slovenia for refinancing operations by credit institutions incorporated in Slovenia. The extent of the guarantees will not exceed 8 bn EUR. The guarantee can be given by the Ministry of Finance or by an institution, authorised by the Government to do so.
- Provision of credit to credit institutions, insurance, reinsurance and pension companies incorporated in Slovenia.
- Capital investments by the Republic of Slovenia in credit institutions incorporated in Slovenia.

The criteria and modalities for the measures set-out above will be defined in the necessary by-laws and will be based on the commonly agreed EU framework.

Concrete measures will be sanctioned by Government decision based on an assessment by the supervisory authorities for each financial institution on a case-by-case basis. The Government will be obliged to notify the Parliament on each decision taken.

All proposed measures are of temporary nature and remain in force until 31 December 2009, while their implementation will only follow should the circumstances so require.