

INFORMATION FOR CLIENTS ON THE INVESTMENT GUARANTEE FUND

The Investment Guarantee Fund operates as a legal entity established by Act No. 566/2001 Coll. on Securities and Investment Services and on Amendments to Certain Acts (hereinafter referred to as the "Securities Act") as amended, which was established in accordance with Section 90(3) of the Securities Act and following prior consent from the Financial Market Authority No.

GRUFT001/2003/GFI, as amended, for the issuance of which the National Bank of Slovakia granted prior consent No. OPK-1441-1/2009 and by Decision No. ODT-6705/2011, the following

General Terms and Conditions for the Payment of Compensation for Unavailable Client Assets

Article I

Introductory Provision

These general terms and conditions for the payment of compensation set out the details of the procedures for exercising the right to compensation and the method of proving the right to compensation for unavailable client assets with securities dealers, foreign securities dealers pursuant to Section 83(2) of the Securities Act, as well as management companies and foreign management companies, where their obligation to participate in client protection arises from a specific law (hereinafter referred to as the "Person Participating in Client Protection"), in the performance of investment services.

Article II

Scope of client asset protection

1. Client asset protection within the meaning of the Securities Act applies to

- a) funds and financial instruments of natural persons, including sole traders, and legal persons as defined by the Securities Act, entrusted to a Person involved in client protection in connection with the provision of investment services or ancillary services pursuant to Section 6(2)(a) of the Securities Act, including financial instruments and funds acquired in exchange for such assets,
- b) joint client assets held on behalf of multiple clients, provided they meet the conditions under Section 81(2)(a) of the Securities Act, whereby, in the case of any joint client assets, each client shall have an equal share unless credible documents prove otherwise regarding the shares of individual clients,
- c) notarial deposits held with a Person involved in client protection pursuant to Section 81(2)(b) of the Securities Act, provided that the authorised recipient of the financial instruments or funds from such a deposit is, or is to be, a person whose client assets are protected under the Securities Act, and if, prior to the date on which the client's assets became unavailable, the notary administering this notarial escrow delivered to the relevant person involved in client protection a written notice containing details of the entitled recipients at least to the extent specified in Section 81(5)(a) of the Securities Act.

2. The protection does not apply to

- a) client assets which, according to records made by the Person involved in client protection prior to the date on which the client assets of the Person involved in client protection became unavailable, are not recorded for the client in accordance with Section 82(1) of the Securities Act to the extent of at least the following details: for a natural person – first name and surname, personal identification number or date of birth and permanent address; for a legal person – name, identification number (if assigned), registered office, first name and surname and permanent address of the persons or the person who is a statutory body or a member of the statutory body of the legal person,
- b) joint client assets that do not meet the conditions set out in paragraph 1(b) of this Article,
- c) notarial escrow that does not meet the conditions set out in paragraph 1(c) of this Article,
- d) assets of persons specified in Section 81(1)(c)(1) to (6) of the Securities Act,
- e) client funds received by a securities dealer that is a bank or a branch of a foreign bank, and held in accounts protected under Act No. 118/1996 Coll. of the National Council of the Slovak Republic on the protection of deposits, as amended

Article III

Compensation for Unavailable Client Assets

1. If a person covered by the National Bank of Slovakia's client protection scheme is declared unable to meet its obligations to clients in accordance with Section 86(3) of the Securities Act, or if the disposal of client assets has been suspended as a result of a decision by the bankruptcy court issued in bankruptcy proceedings under Act No. 7/2005 Coll. on Bankruptcy and Restructuring and on Amendments to Certain Acts, as amended, if this decision became enforceable prior to the declaration under Section 86(3) of the Securities Act), and at the same time is unable to return the securities and financial instruments received without prejudice to the claims of other clients, the client's assets within the meaning of the Securities Act become unavailable.
2. In respect of unavailable client assets which are protected under the Securities Act, the client is entitled to compensation from the Investment Guarantee Fund (hereinafter the "Guarantee Fund") to the extent and under the conditions laid down in the Securities Act. Another eligible person is entitled to compensation in place of the client only if so provided for by the Securities Act. Securities and other financial instruments received by a Person involved in client protection which that person is able to return to the client without prejudice to the claims of other clients are not considered to be unavailable client assets.
3. Compensation is provided exclusively in euros in the amount of the unavailable client assets; however, in total, a single client or other eligible person under this Securities Act is entitled to compensation from the fund up to a maximum of EUR 50,000. The calculated amount of compensation is rounded up to the nearest euro cent.

4. For the purposes of calculating the amount of compensation for protected assets, the unavailable client assets of the same client held by a single entity participating in client protection, including their shares in joint client assets protected under the Securities Act, as at the date on which the client assets became unavailable pursuant to Section 82(1) of the Securities Act.
5. Interest and other financial benefits associated with the unavailable client assets shall, for the purposes of calculating the amount of compensation, be calculated as at the date on which the client assets became unavailable pursuant to Section 82(1) of the Securities Act and shall be added to the client's unavailable client assets.
6. For the purposes of calculating compensation, the amount of unavailable client assets determined in accordance with paragraphs 4 and 5 of this Article shall be reduced by all time-barred financial instruments, deposits and the client's liabilities to the Entity Participating in Client Protection as at the date on which the client assets became unavailable pursuant to Section 82(1) of the Securities Act.
7. The values determining the value of client assets are those which, as at the date on which the client assets became unavailable pursuant to Section 82(1) of the Securities Act, result from the contract between the Entity involved in client protection or from specific legal regulations relating to the determination of asset value. When determining the value of securities admitted to trading on the listed securities market of a stock exchange, the basis shall be the last price of such securities published by the stock exchange on the date on which the client's assets became unavailable pursuant to Section 82(1) of the Securities Act.
8. Where no other value of the client's assets or the client's liability to the Entity Participating in Client Protection is credibly demonstrated, the record of the value of the client's assets or liability as recorded in the Entity Participating in Client Protection's records shall be deemed decisive, unless otherwise provided for by a specific law.
9. The client is entitled to compensation under this Article even if their financial instrument is not due for payment by the end of the compensation payment period, which is determined in accordance with Section 88(1) and (2) of the Securities Act. This does not apply where there is a prohibition on disposing of the financial instrument or on its settlement under specific regulations. Once the prohibition has ended, compensation may be provided, depending on the nature of the case, to the client or to another person if that person has acquired a right to the client's financial instrument or a part thereof pursuant to a decision of the competent authority.
10. Compensation shall not be payable to clients who
 - a) through their criminal activity, for which they have been lawfully convicted by a court in criminal proceedings, have partially or wholly caused the inability of the entity involved in client protection to meet its obligations to clients,
 - b) acquired financial instruments and funds in connection with the laundering of proceeds from criminal activity for which they have been lawfully convicted in criminal proceedings,

c) within the meaning of Section 87(8) of the Securities Act, are persons with a special relationship to the Person involved in client protection.

11. No compensation is provided for any loss incurred by a client as a result of changes in the market value of financial instruments and cash.

Article IV

Payment of compensation

1. Within five working days of the date on which the client's assets became unavailable, the Guarantee Fund shall, by means of a notice delivered to the Client Protection Authority, specify the start date, duration, place and procedure for the payment of compensation. The Client Protection Authority shall publish this information in a national newspaper and in its publicly accessible premises no later than one working day after its receipt. The Guarantee Fund may specify in the notice the conditions under which compensation shall be paid by bank transfer.

2. Compensation shall be paid no later than three months from the date on which the client's assets became unavailable (Section 82(1) of the Securities Act). In exceptional and justified cases, and with the prior consent of the National Bank of Slovakia, this period may be extended by a maximum of three months. However, the payment of compensation must be completed no later than one year from the date on which the client's assets became unavailable.

3. The Guarantee Fund pays compensation for unavailable client assets exclusively through an authorised bank.

4. If a client holds client assets with a Person involved in client protection, the aggregate value of which exceeds the amount of compensation under Section 87(2) of the Securities Act, compensation shall be provided for financial instruments in the order in which they were entrusted to the entity participating in client protection, up to the amount specified in Section 87(2) of the Securities Act, unless the Guarantee Fund agrees otherwise with the client.

5. The amount of compensation for client assets consisting of financial instruments and funds in foreign currency shall be converted at the reference exchange rate determined and published by the European Central Bank or the National Bank of Slovakia on the date on which the financial instruments or funds became unavailable pursuant to Section 82(1) of the Securities Act.

6. If a client or other authorised person was unable to exercise the right to compensation within the time limit specified in the Securities Act due to proven serious health reasons or other serious reasons, the Guarantee Fund may, upon written request, provide compensation even after this time limit, no later than one year from the date on which the client's assets became unavailable (Section 82(1) of the Securities Act).

7. The Guarantee Fund shall suspend the payment of compensation to persons against whom criminal proceedings are being conducted in connection with their activities which may be related to the inability of the Person involved in client protection to meet its obligations towards clients.
8. Compensation for unavailable client assets may not be granted or paid if the person or representative of the person claiming the right to compensation for unavailable client assets has not fulfilled all the requirements and conditions necessary, under the Securities Act and these General Terms and Conditions, for the assessment and substantiation of the validity of the asserted right to compensation and for the provision of compensation for unavailable client assets.
9. On the date of payment of compensation for unavailable client assets, the client's claim against the Entity Participating in Client Protection shall cease to exist to the extent of the compensation paid.
10. The provision of compensation from the Guarantee Fund shall not affect the right of the client or any other entitled person to claim from the Entity Participating in Client Protection, with whom the assets became unavailable, payment of that part of the client's assets for which no compensation was provided from the Guarantee Fund.

Article V

Proving the right to compensation

1. A client exercising the right to compensation must prove, depending on the type of client assets, that they are entitled to payment of compensation for those client assets. The client shall prove this right in particular by:

a) a document evidencing a claim to a financial instrument or funds, such as the original or a certified copy of a contract with a Person Participating in Client Protection, a document confirming the receipt of funds or financial instruments issued by a Person Participating in Client Protection, a statement from the client's account showing the balance of funds or financial instruments issued by a Person involved in client protection, or

b) by a decision of the competent authority.

2. A natural person claiming the right to compensation shall prove their identity by means of:

a) a valid identity card or

b) a valid passport, diplomatic passport, service passport and, in the case of a foreign national, a residence permit for the Slovak Republic.

3. A legal person claiming the right to compensation shall prove their identity by:

a) an extract from the official register or register in which it is entered, provided that this extract must not be more than one month old at the time of claiming the right to compensation,

b) if it is not clear from the document referred to in point (a) who is authorised to act on behalf of the legal entity, a document or a certified copy of a document must also be submitted showing who is authorised to act on behalf of the legal entity – the statutory body.

4. If a representative acts on behalf of the client, the representative is obliged to submit a document or a certified copy of a document authorising them to act as a representative. In the case of a representative of a legal entity, this document must bear the certified signature of the statutory body of that legal entity. The representative is also required to present the documents specified in paragraph 2 of this Article.

5. If a proxy acts on behalf of a natural person, a representative or a legal entity, the proxy is required, in addition to the documents specified in paragraphs 2 to 4, to present a written power of attorney bearing the principal's officially certified signature in order to prove their identity.

Article VI

Provision of personal data

1. The person and the representative of the person exercising the right to compensation for unavailable client assets are obliged, in order to demonstrate compliance with the requirements and conditions under Article V, to provide and allow the Guarantee Fund to obtain, by means of copying, scanning or other recording:
 - a) personal identification data from an identity document, including: a photograph, title, first name, surname, maiden name, personal identification number, date of birth, place and district of birth, permanent address, temporary address, record of any restriction on legal capacity, type and number of identity document, issuing authority, date of issue and validity of the identity document, in the case of a natural person,
 - b) identification details within the scope of Section 81(5)(a)(ii) of the Securities Act, in the case of a legal person,
 - c) contact telephone number, fax number and email address, if available,
 - d) documents and information regarding the client's assets and other claims and liabilities vis-à-vis the entity involved in the protection of clients with inaccessible client assets, regarding the representative's authority to representation, and on the fulfilment of other requirements and conditions necessary for assessing and documenting the validity of the asserted right to compensation and for the provision of compensation for unavailable client assets.
2. The handling of personal data provided to the Guarantee Fund is governed by Section 89(6) of the Securities Act and the provisions of specific regulations.

Article VII

Objections and Disputes

1. Any client exercising the right to compensation from the Guarantee Fund may submit objections to the Guarantee Fund in writing, drawing attention to any incorrect procedure in the payment of compensation. The submission must be delivered in person or by registered post to the registered office of the Guarantee Fund. The submission must state who is making it, against which Person involved in client protection it is directed, a truthful description of the facts, an indication of the evidence the writer is seeking, as well as copies of documentary evidence. It must be clear from the submission what the writer is seeking.
2. The Guarantee Fund shall decide on the objections received within 30 days, and in particularly complex cases, as a rule, within 60 days of the date of their receipt by the Guarantee Fund.

3. The Guarantee Fund's decision on the objection does not extinguish the client's right to assert their rights under generally binding legal regulations.
4. Disputes relating to compensation for unavailable client assets and the payment thereof shall be decided by the court.

Article VIII

Final Provisions

1. Relationships not governed by these General Terms and Conditions and relationships arising from these General Terms and Conditions shall be governed by the provisions of the Securities Act.
2. Provisions that conflict with generally binding legal regulations are invalid.
3. Further information on the Investment Guarantee Fund is available at www.garancnyfond.sk