

Information for clients about the Investment Guarantee Fund

Investment Guarantee Fund as a legal entity established by Act no. 566/2001 Coll. on Securities and Investment Services and on Amendments to Certain Acts (the Securities Act), as amended, issued in accordance with § 90 par. 3 of the cited Act and with the prior consent of the Financial Market Authority no. GRUFT-001/2003 / GFI as amended, for the issuance of which the National Bank of Slovakia granted prior approval by decision no. OPK-1441-1/2009 and decision no. ODT- 6705/2011 these

The General Terms for Payment replace the unavailable client assets

I. Article Introductory provisions

These general terms for the payment of compensation for unavailable client assets regulate details on the procedures for exercising the right to compensation and on the method of proving the right to compensation for unavailable client assets received by a securities trader, foreign securities trader pursuant to § 83 par. 2 of Act no. 566/2001 Coll. on Securities and Investment Services and on Amendments to Certain Acts as Amended (hereinafter the "Securities Act"), as well as by the asset management company and a foreign asset management company, if their obligation to participate in client protection results from a special law (hereinafter only "a person involved in the protection of clients"), to perform an investment service.

II. Article The scope of protection of client assets

1. According to the Securities Act, the protection of client assets applies to:
 - a. funds and financial instruments of natural persons, including natural persons entrepreneurs and legal entities established by the Securities Act entrusted to a person participating in the protection of clients in connection with the performance of investment services or ancillary services pursuant to § 6 par. 2 letter a), including financial instruments and funds obtained for these values,
 - b. joint client assets managed for several clients, if it meets the conditions pursuant to § 81 par. 2 letter a) of the Securities Act, whereby for each joint client asset it applies that each of the clients has the same share, unless other shares of individual clients are proved by credible documents,
 - c. notarial custody deposited with a person participating in the protection of clients pursuant to § 81 par. 2 letter b) of the Securities Act, if the authorized recipient of financial instruments or funds from this custody is or is to be a person whose client property is protected under the Securities Act, and if before the day when the client property became unavailable, the notary administering this notarial custody delivered to the relevant person participating in the protection of clients in writing

with data on eligible beneficiaries at least to the extent pursuant to § 81 par. 5 letter a) of the Securities Act.

2. Protection does not apply to:
 - a. client property which, according to the records made by the person participating in the client's protection, before the day when the client property of the person participating in the client protection became unavailable pursuant to § 82 par. 1 of the Securities Act, is not kept for the client at least in the scope of the following data: for a natural person - name and surname, birth number or date of birth and permanent residence; for a legal entity - the name, identification number, if assigned, registered office, name and surname and address of permanent residence of the person or persons who are the statutory body or members of the statutory body of this legal entity,
 - b. joint client assets which do not fulfil the conditions set out in paragraph 1 letter b) of this Article,
 - c. notarial custody which does not meet the conditions stated in paragraph 1 letter c) of this Article,
 - d. property of persons provided for in § 81 par. 1 letter c) points 1 to 6 of the Securities Act,
 - e. client's funds received by a securities trader who is a bank or a branch of a foreign bank and kept in accounts protected under a special law.

III. Article Compensation for unavailable client assets

1. If a person participating in the protection of clients is declared by the National Bank of Slovakia to be unable to fulfil its obligations to clients in accordance with § 86 par. 3 of the Securities Act, or its disposal of client property was suspended as a result of a bankruptcy court decision issued in bankruptcy proceedings pursuant to a special act, if this decision became enforceable before the declaration pursuant to § 86 par. 3 of the Securities Act, and at the same time it is not able to return the received securities and other financial instruments without damaging the claims of other clients, the client property becomes inaccessible within the meaning of the Securities Act.
2. For unavailable client property, which is protected in accordance with the Securities Act, the client has the right to compensation from the Investment Guarantee Fund (hereinafter the "Guarantee Fund") to the extent and under the conditions stipulated by the Securities Act. Another entitled person has the right to compensation instead of the client only if provided so by the Securities Act. Securities and other financial instruments accepted by a person involved in client protection, which this person is able to return to the client without prejudice to the claims of other clients, are not considered unavailable client assets.
3. Compensation shall be provided exclusively in euros in the amount of unavailable client assets, but in total for one client or another person entitled under the Securities Act shall be entitled to compensation of a maximum of EUR 50,000. The calculated amount of the refund shall be rounded up to the nearest euro cent.

4. For the purposes of calculating the amount of compensation for protected client assets, the unavailable client assets of the same client at one person participating in client protection, including its shares in joint client assets protected by the Securities Act, are added together according to the status as of the date the client assets became unavailable according to § 82 par. 1 of the Securities Act.
5. Interest and other property benefits associated with unavailable client assets shall be calculated for the purposes of calculating the amount of compensation according to the situation on the day when the client assets became unavailable pursuant to § 82 par. 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 par. 4 and 5 of this article shall reduce by all expired financial instruments, deposits and liabilities of the client to the person participating in the protection of clients according to the situation as of the date when the client's property became unavailable pursuant to § 82 par. 1 of the Securities Act.
7. To determine the value of client assets, the determining values are the values that on the day when the client assets became unavailable according to § 82 par. 1 of the Securities Act, results from a contract between a person involved in the protection of clients or from special legal regulations relating to the determination of the value of property. The determination of the value of securities admitted to trading on the market of listed securities of the stock exchange is based on the last exchange rate of these securities published by the stock exchange on the day when the client's assets became unavailable pursuant to § 82 par. 1.
8. If no other value of the client's property or liability of the client towards the person participating in the protection of clients is reliably proven, the record of the value of the client's property, resp. obligation from the records of the person participating in the protection of clients is decisive, unless a special law provides otherwise.
9. The client is entitled for compensation under this article even if its financial instrument is not due by the end of the period for payment of compensation, which will be determined according to § 88 par. 1 and 2 of the Securities Act. This does not apply to the prohibition of the handling of a financial instrument or to the prohibition of its payment according to special regulations. Upon termination of the prohibition, compensation may be provided to the client or another person, depending on the nature of the matter, if the right to the clients financial instrument or part thereof arises based on resolution of the competent authority.
10. Compensation does not belong to clients who:
 - a. by their criminal activity for which they have been legally convicted by a court in criminal proceedings, have caused, in part or in full, the inability of the person involved in the protection of clients to pay obligations to clients,
 - b. have acquired financial instruments and funds in connection with the money laundering for which they have been convicted in criminal proceedings,
 - c. pursuant to § 87 par. 8 of the Securities Act are persons with a special relationship to a person involved in the protection of clients.
11. No compensation is provided for the client's loss resulting from changes in the market value of financial instruments and financial funds.

IV. Article

Payment of compensation

1. The Guarantee Fund shall, within five working days from the date on which the clients assets becomes unavailable, notify the person participating in the client protection of the date of commencement, duration, place and procedure for the payment of compensation. This information shall be published by the person participating in the protection of clients in the press with nationwide coverage and in its publicly accessible premises no later than one working day after their delivery. The Guarantee Fund may specify in the notification the conditions under which the compensation shall be paid by non-cash transfer.
2. The payment of compensation must end no later than 3 months from the day when the client's assets became unavailable pursuant to § 82 par. 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 clients assets became unavailable.
3. The Guarantee Fund pays compensation for unavailable client assets exclusively through an authorized bank.
4. If the client has clients assets with a person participating in the protection of clients, the total amount of which exceeds the amount of compensation pursuant to § 87 par. 2 of the Securities Act, compensation will be provided for financial instruments gradually in the chronological order as they were entrusted to the person participating in the protection of clients, up to the amount stipulated in § 87 par. 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 is calculated according to the reference exchange rate determined and announced by the European Central Bank or the National Bank of Slovakia on the day when financial instruments or funds became unavailable under § 82 par. 1 of the Securities Act.
6. If the client or another entitled person could not exercise the right to compensation specified in the Securities Act due to proven serious health reasons or for other serious reasons, the Guarantee Fund may, upon written request, provide compensation after this period, no later than one year from the day when the client assets became unavailable according to § 82 par. 1 of the Securities Act.
7. The Guarantee Fund shall suspend the payment of compensation to clients who are the subject to criminal proceedings in connection with their activities, which may be related to the inability of the person involved in client protection to pay its obligations to clients.
8. Compensation for unavailable clients assets may not be provided and paid if the person or representative of the person exercising the right to compensation for unavailable client assets has not met all the requirements and conditions required by the Securities Act and these general conditions for assessment and documentation for assessment and proving the eligibility of the exercised right to compensation and for provision of compensation for unavailable clients asset.

9. On the day of payment of compensation for unavailable clients asset, the client's receivable from the person participating in the protection of clients expires, to the extent of the compensation paid.
10. The provision of compensation from the Guarantee Fund does not affect the right of the client or other entitled person to recover from the person participating in client protection at whom the asset has become unavailable, for payment of that part of the client's asset for which no compensation was provided from the Guarantee Fund.

V. Article

Proof of right to compensation

1. A client claiming compensation must prove, depending on the type of client asset, that it is entitled to compensation for that client asset. The client proves this right in particular:
 - a. proof of entitlement to the financial instrument or funds, such as the original or an officially certified copy of the contract with the client, a document confirming receipt of the funds or financial instruments issued by person involved in client protection, statement of the client's account on balance of financial funds or financial instruments issued by a person involved in client protection, or
 - b. by resolution of the competent authority.
2. The natural person claiming the right to compensation shall prove its identity by:
 - a. a valid identity card; or
 - b. a valid passport, diplomatic passport, service passport and, in the case of an alien - a residence permit for an alien in the territory of the Slovak Republic.
3. The legal entity exercising the right to compensation shall prove its identity:
 - a. an extract from the official registry or the official register in which it is entered, and this extract may not be older than one month before the exercising the right to compensation,
 - b. where it is not clear from the document referred to in point (a) who is authorized to act on behalf of the legal person, a document or an officially certified copy of the document shall be submitted, showing who is authorized to act on behalf of the legal person - the statutory body.
4. If the client is represented by its representative, the representative is obliged to submit a document or an officially certified copy of the document entitling it to represent. In the case of a representative of a legal person, the signature of the statutory body of that legal person must be officially certified on this document. The representative shall at the same time prove itself with the documents referred to in paragraph 2 of this Article.
5. If an attorney acts on behalf of a natural person, representative or legal entity, it shall, in addition to the documents referred to in paragraphs 2 to 4, submit a written power of attorney with the officially certified signature of the principal in order to prove its identity.

VI. Article Provision of personal data

1. The person and representative of the person exercising the right to compensation for unavailable client asset shall, in proving compliance with the requirements and conditions under Article V., provide and enable the Guarantee Fund to obtain by copying, scanning or otherwise recording:
 - a. personal data on identity from the identity document to the extent: pictorial image, title, name, surname, birth surname, birth number, date of birth, place and district of birth, address of permanent residence, address of temporary residence, record of restriction of legal capacity, type and number of the identity document, issuing authority, date of issue and validity of the identity document in the case of a natural person,
 - b. identification data to the extent pursuant to § 81 par. 5 letter a) the second point of the Securities Act, if it is a legal entity,
 - c. contact telephone number, fax number and e-mail address, if any,
 - d. documents and particulars of client assets and other claims and obligations on the person involved in the protection of clients with unavailable client assets, the authorization of the representative to represent them and the fulfilment of other requirements and conditions necessary to assess and substantiate providing compensation for unavailable client assets.
2. For handling personal data provided to the Guarantee Fund applies § 89 par. 6 of the Securities Act and the provisions of special regulations

VII. Article Objections and disputes

1. Any client who exercises the right to compensation from the Guarantee Fund may file a written objections to the Guarantee Fund, in which it shall point out the incorrect procedure in the payment of compensation. The filing must be delivered in person or by registered mail to the registered office of the Guarantee Fund. The filing must state who is filing it, against which person involved in client protection it is directed, a true description of the facts, an indication of the evidence sought by the writer, as well as copies of documentary evidence. It must be clear from the filing what is the writer demanding.
2. The Guarantee Fund shall decide on the received objections within 30 days, in particularly complex cases usually within 60 days from the day of their delivery to the Guarantee Fund.
3. The resolution of the Guarantee Fund on the objection does not terminate the client's right to claim its rights in accordance with generally binding legal regulations.
4. The court shall decide on disputes related to compensation for unavailable client assets and their payment.

VIII. Article Final provisions

1. The provisions of the Securities Act shall apply to relations not regulated in these General Terms and Conditions and to relations arising from these General Terms and Conditions.

The resolution of the Board of the Investment Guarantee Fund approving the General Conditions for the Payment of Compensation for Unavailable Client Assets at Securities Dealers was adopted by the Board of the Investment Guarantee Fund on 13th March 2003. Changes of these conditions, as amended by their changes approved by Guarantee Fund Board on 17th December 2008, were approved by the Board of the Investment Guarantee Fund on 29th April 2011.

The resolution of the Financial Market Authority granting the Investment Guarantee Fund prior consent to issue the General Terms and Conditions for the Payment of Compensation for Unavailable Client Assets was issued by the Office on 4th June 2003 under number GRUFT-001/2003/GFI. The resolution was delivered to the Investment Guarantee Fund on 5th June 2003. The National Bank of Slovakia granted prior approval by decision no. OPK-1441-1 / 2009, which entered into force on 20.2.2009 and by resolution no. ODT - 6705/2011, which entered into force on 3rd June 2011.

The trading company U.P. o.c.p., a.s., with its registered office at Pribinova 20, Bratislava – city district Staré Mesto 811 09, Slovak Republic, ID number 52 506 452, registered in the Commercial Register of the District Court Bratislava, Section Sa, Insert no. 6970/B, participates, in accordance with § 83 of the Securities Act, in the protection of clients through the Investment Guarantee Fund and pays contributions to the Investment Guarantee Fund for this purpose.