

## INFORMATION FOR CLIENTS ON INVESTMENT GUARANTEE FUND

The Investment Guarantee Fund is a legal person established by Act No. 566/2001 Coll., on Securities and Investment Services and on Change and Amendment to Some Acts (the Securities Act) as amended, which issued, in compliance with section 90(3) of the Securities Act and upon the prior consent of the Office for Financial Market No. GRUFT-001/2003/GFI with the changes to the issue of which the National Bank of Slovakia granted its consent No. OPK-1441-1/2009, these **General conditions for payment of compensation**.

### 1. Introductory Provision

1.1. These General Conditions of Payment of Compensation regulate the details about the procedures in the assertion of the right to compensation and about the manner of proving the right to compensation for the unavailable client`s property at the securities brokers, foreign securities brokers pursuant to section 83(2) of Act No. 566/2001 Coll., on Securities and Investment Services and on Change and Amendment to Some Acts as amended (hereinafter the "Securities Act"), as well as at the management companies if the duty to participate in the protection of the clients arises for them from a special act (hereinafter the "person participating in the protection of the clients").

### 2. Scope of Protection of Client`s Property

- 2.1. The protection of the client`s property in accordance with the Securities Act shall relate to:
- (a) the financial means and financial instruments of the natural persons including the natural persons – entrepreneurs and the legal persons established by the Securities Act entrusted to the person participating in the protection of the clients in connection with the provision of an investment service or the secondary services pursuant to section 6(2) a) of the Securities Act, including the financial instruments and the financial means obtained at this value,
  - (b) the common client`s property administered for more clients if they meet the conditions pursuant to section 81(2) a) of the Securities Act; with respect to each common client`s property it shall apply that each client has the equal share unless other shares of the individual clients are proved by credible documents,
  - (c) the notarial custody deposited in the person participating in the protection of the clients if the entitled recipient of the financial instruments or the financial means from this custody is or is to be a person whose client`s property is protected pursuant to the Securities Act and if before the day on which the client`s property became unavailable the notary administering the notarial custody delivered a written notice to the person participating in the protection of the clients with the data about the entitled recipients at least within the scope of the Securities Act.

## 2.2. The protection shall not relate to:

- (a) the client`s property which, according to the records obtained by the person participating in the protection of the client before the day on which the client`s property of the person participating in the protection of the clients, is not administered for the client at least to the extent of the following data: for a natural person – name and surname, birth identification number or the date of birth and the permanent address; for a legal person – the corporate name, identification number if assigned, the registered office, name and surname and permanent address of the persons or person which is the statutory body of the legal person,
- (b) the common client`s property which does not meet the conditions mentioned in para 2.1 b) of this Article,
- (c) the notarial custody which does not meet the conditions mentioned in para 2.1 c) of this Article,
- (d) the property of the persons mentioned in section 81(1) c) para 1 to 6 of the Securities Act,
- (e) the client`s property entrusted to the securities broker which is a bank or a branch office of a foreign bank and which is protected pursuant to Act No. 118/1996 Coll. of the National Council of the Slovak Republic, on the Protection of Deposits as amended.

## 3. Compensation for Unavailable Client`s Property

- 3.1. If the person participating in the protection of the clients is declared by the National Bank of Slovakia to be unable to fulfill the obligations towards the clients in compliance with section 86(3) of the Securities Act or a court decided on the suspension of the disposal of the client`s property and this decision became enforceable prior to the announcement pursuant to section 86(3) of the Securities Act (the decision pursuant to Act No. 7/2005 Coll., on Bankruptcy and Restructuring and on Change and Amendment to Some Acts as amended) and at the same time it is not able to return the received securities and financial instruments without detriment to the claims of the other clients, the client`s property has become unavailable in accordance with the Securities Act.
- 3.2. For the unavailable client`s property which is protected in accordance with the Securities Act the client shall be entitled to the compensation from the Investment Guarantee Fund (hereinafter the “Guarantee Fund”) to the extent and under conditions stipulated by the Securities Act.
- 3.3. For secure client`s assets provides compensation fund at the amount of unavailable client assets, in total and for one client or to another allowed person under this law maximal substitute from the fond in maximum amount of 50 000 eur.
- 3.4. For the purposes of the calculation of the compensation amount the unavailable client`s property of the particular client at one person participating in the protection of the clients is calculated, including his/its shares in the common client`s property which is protected by the Securities Act, according to the status on the day on which the client`s property became unavailable.

- 3.5. For the purposes of the calculation of the compensation amount the interest and any other proprietary advantages associated with the unavailable client`s property shall be calculated according to the status on the day on which the client`s property became unavailable and shall be added to the unavailable client`s property of the client.
- 3.6. For the purposes of the calculation of the compensation the unavailable client`s property shall be decreased by all statute-barred financial instruments, deposits and client`s obligations towards the person participating in the protection of the clients according to the status on the day on which the client`s property became unavailable.
- 3.7. Unless any other value of the client`s property or a client`s obligation towards the person participating in the protection of the clients is credibly proved, the record on the value of the client`s property, or more precisely of the obligation according to the filings of the person participating in the protection of the clients, shall be considered decisive.
- 3.8. The compensation shall not be paid to the persons who:
  - (a) in part or in whole caused the incapability of the person participating in the protection of the clients to pay the obligations to the clients by their criminal activity for which they were condemned under a final and conclusive decision of the court in the criminal proceedings,
  - (b) acquired the financial instruments and financial means in connection with the legalization of the proceeds of crime for which they were condemned under a final and conclusive decision in the criminal proceedings,
  - (c) are the persons with personal relation to the person participating in the protection of the clients in accordance with section 87(8) of the Securities Act.
- 3.9. The compensation shall not be provided for a client`s loss arising from a change in the market value of the financial instruments or financial means.

#### **4. Payment of Compensation**

- 4.1. Within five working days from the day on which the client`s property became unavailable the Guarantee Fund shall specify a date of the commencement, duration, the place and procedure of the payment of the compensation in the form of a notice delivered to the person participating in the protection of the clients. The person participating in the protection of the clients shall publish this data in the press with a nation-wide scope of activity and in its publicly accessible premises no later than within one working days upon the delivery thereof. The Guarantee Fund may specify in the notice on what conditions the compensation is to be paid via non-cash transfer.
- 4.2. The payment of the compensation shall take place no later than within 3 months from the day on which the client`s property became unavailable. In exceptional and reasoned cases and upon the prior consent of the National Bank of Slovakia this time-limit may be extended by no more than three months.
- 4.3. The Guarantee Fund shall pay the compensation for the unavailable client`s property solely through an entrusted bank.

- 4.4. If a client has at the broker assets that are greater than compensation in accordance to article III. 3, the compensation will be paid in for financial instruments, based on the time, how they have been provided to the investment firm, up to the limit stated in article III 3, unless the compensation fund will agree with the client differently.
- 4.5. The amount of the compensation for the client`s property comprising of the financial instruments and financial means in a foreign currency shall be converted according to the reference exchange rate set and declared by the European Central Bank or the National Bank of Slovakia on the day on which the client`s property became unavailable.
- 4.6. If the client or any other entitled person could not assert the right to compensation within the time-limit stipulated by the law for demonstrably serious health reason or any other serious reasons, the Guarantee Fund may provide the compensation based on a written request no later than within one year from the day on which the client`s property became unavailable.
- 4.7. The Guarantee Fund shall suspend the payment of the compensation to the persons against which the criminal proceedings in connection with their activity relating to the incapability of the person participating in the protection of the clients to pay its obligations towards the clients are conducted.
- 4.8. On the date of the payment of the compensation for the unavailable client`s property the client`s claim towards the person participating in the protection of the clients shall cease to exist to the extent of the compensation paid.

## 5. Proving of Right to Compensation

- 5.1. The client asserting the right to the compensation must prove that he/it has the right to the payment of the compensation. The client shall prove this right in particular by:
  - (a) the document on the right to the financial instrument or the financial means, which is for example an original or a certified copy of the contract with the person participating in the protection of the clients, the document confirming the acceptance of the financial means or financial instruments issued by the person participating in the protection of the clients, a statement of the client account on the status of the financial means or financial instruments issued by the person participating in the protection of the clients, or
  - (b) a decision of the competent body.
- 5.2. A natural person asserting the right to the compensation shall prove his identity:
  - (a) by the valid identity card or
  - (b) by the valid passport, diplomatic passport, service passport or by valid residence permit applicable within EU member state.
- 5.3. A legal person asserting the right to the compensation shall prove its identity:
  - (a) by a copy of entry in the official registration or the register in which it is registered; this copy of entry must not be older than one month before the assertion of the right to the compensation,

- (b) if it is not apparent from the document pursuant to para a) who is authorized to act on behalf of the legal person, also the document or a certified copy of the document from which it is evident who is authorized to act on behalf of the legal person – statutory body shall be submitted.
- 5.4. In the event that a representative acts on behalf of the natural person, the representative shall be obliged to submit a document or a certified copy of the document authorizing him to the representation. The representative shall be obliged to prove his identity by the documents mentioned in para 5.2 of this Article.
- 5.5. In the event that an authorized person acts on behalf of the natural person, representative or legal person, the authorized person shall be obliged to submit, in addition to the documents mentioned in para 5.2 to 5.4, a written power of attorney with the certified signature of the person granting the power of attorney to prove his identity.

## 6. Objections and Disputes

- 6.1. Each client asserting the right to the compensation from the Guarantee Fund may submit objections to the Guarantee Fund in the form of a written filing in which he/it shall draw attention to an incorrect procedure with respect to the payment of the compensation. He/it shall be obliged to deliver the filing in person or by registered mail to the registered office of the Guarantee Fund. The filing must mention the person who submits the filing, what person participating in the protection of the clients it relates to, the true description of the facts, the evidence the writer seeks as well as a copy of the documentary evidence. It must be clear from the filing what the writer seeks.
- 6.2. The Guarantee Fund shall decide on the delivered objections within 30 days, in any especially difficult cases generally within 60 days upon the delivery thereof to the Guarantee Fund.
- 6.3. By the decision of the Guarantee Fund on an objection the client`s right to seek his/its rights in accordance with the generally binding legal regulations shall not cease to exist.
- 6.4. The disputes relating to the compensation for the unavailable client`s property and the payment thereof shall be resolved by the court.

## 7. Final Provisions

- 7.1. The relations not regulated by these General Conditions and the relations arising from these General Conditions shall be governed by the provisions of the Securities Act.
- 7.2. The provisions which are in contradiction with the generally binding legal regulations are invalid.
- 7.3. More information on the Investment Guarantee Fund can be found at [www.garancnyfond.sk](http://www.garancnyfond.sk).