



## INFORMATION FOR CLIENTS ABOUT THE INVESTMENT GUARANTEE FUND

The Investment Guarantee Fund operates as a legal entity established by Act No. 566/2001 on securities and investment services (and amending certain laws) (hereinafter referred to as the "SA"), as amended, which issued in accordance with Section 90 par. 3 of the SA and following the prior consent of the Financial Market Authority No. GRUFT001/2003/GFI, as amended, for which the National Bank of Slovakia granted its 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**

##### **General Provision**

These General Terms and Conditions for the payment of compensation regulate the details of the procedures for claiming the right to compensation and the method of proving the right to compensation for unavailable client assets for securities brokers, foreign securities brokers according to Section 83(2) of the SA as well as for asset management companies and foreign asset management companies, if the obligation to participate in the client protection arises from a special law (hereinafter referred to as the "Client Protection Participant"), for the performance of an investment service.

#### **Article II**

##### **Scope of Protection of Client Assets**

###### **1. Protection of client assets under the SA applies to**

- a) funds and financial instruments of natural persons, including natural persons entrepreneurs and legal persons provided for by the SA, entrusted to the Client Protection Participant in connection with the performance of an investment service or ancillary services under Section 6(2)(a) of the SA, including financial instruments and funds received in return for these values,
- b) joint client assets held for more than one client, if they meet the conditions under Section 81(2)(a) of the SA, where each joint client asset is considered to have an equal share, unless different shares of the individual clients are proven by credible documents,
- c) notarial safekeeping deposited with the Client Protection Participant under Section 81(2)(b) of the SA, if the beneficiary of the financial instruments or funds from such safekeeping is or is to be a person whose client assets are protected under the SA, and if, prior to the date on which the client assets became unavailable, the notary administering this notarial safekeeping has delivered to the relevant Client Protection Participant a written notice with the details of the beneficiaries at least to the extent according to Section 81(5)(a) of the SA.

###### **2. The protection does not apply to**

- a) client assets which, according to records made by the Client Protection Participant before the date on which the Client Protection Participant's client assets became unavailable, according to Section 82(1)(a) of the SA, are not kept for the client at least to the extent of the following data: for a natural person - name and surname, birth number or date of birth and permanent residence; for a legal person - name, identification number, if assigned, registered office, name and surname and permanent residence address of the persons or the person who is the statutory body or members of the statutory body of the legal person,
- b) joint client assets which do not meet the conditions set out in paragraph 1(b) of this Article,



- c) notarial safekeeping which does not meet the conditions set out in paragraph 1(c) of this Article,
- d) the assets of the persons set out in Section 81(1)(c)(1) to (6) of the SA,
- e) client funds received by a securities broker, which is a bank or a branch of a foreign bank, and kept in accounts protected under the Act No. 118/1996 on the protection of deposits, as amended.

### **Article III Compensation for Unavailable Client Assets**

1. If the Client Protection Participant is declared by the National Bank of Slovakia to be incapable of fulfilling obligations towards clients in accordance with Section 86(3) of the SA, or has been suspended from handling client assets as a result of a decision of the bankruptcy court issued in bankruptcy proceedings under Act No.7/2005 on bankruptcy and restructuring and on amendment and supplementation of certain acts, as amended, if this decision became enforceable before the declaration under Section 86(3) of the SA, and at the same time it is unable to return the securities and financial instruments received without prejudice to the claims of other clients, the client assets become unavailable within the meaning of the SA.
2. For unavailable client assets that are protected under the SA, the client is entitled to compensation from the Investment Guarantee Fund (hereinafter referred to as the "Guarantee Fund") to the extent and under the conditions set out in the SA. Another beneficiary is entitled to compensation instead of the client only if the SA provides for this. Securities and other financial instruments received by a Client Protection Participant that the Client Protection Participant 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 shall be provided solely in euros in the amount of the unavailable client assets; however, in total, a single client or other person entitled under this SA shall be compensated 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 purpose of calculating the amount of compensation for protected assets, the unavailable client assets of the same client held with a single Client Protection Participant, including the client's shares in joint client assets that are protected by the SA, shall be summed as of the date the client assets became unavailable in accordance with Section 82(1) of the SA.
5. For purposes of calculating the amount of compensation, interest and other benefits related to unavailable client assets shall be calculated according to the state as of the date the client assets became unavailable in accordance with Section 82(1) of the SA and shall be added to the unavailable client assets of the client.
6. For the purposes of calculating compensation, the amount of unavailable client assets identified in accordance with paragraphs 4 and 5 of this Article shall be reduced by any time-barred financial instruments, deposits and obligations of the client to the Client Protection Participant as of the date on which the client assets became unavailable in accordance with Section 82(1) of the SA.
7. For the purpose of determining the value of client assets, the values which, as of the date on which the client assets became unavailable according to Section 82(1) of the SA, arise from the agreement between the Client Protection Participant or from special legislation applicable to the determination of the value of assets shall be determinative. When determining the value of securities admitted to trading on the listed securities market of a stock exchange, the value shall be based on the last price of those securities published by the stock exchange on the date on which the client assets became unavailable under Section 82(1) of the SA.



8. In the event that no other value of the client's assets or liability to the Client Protection Participant is credibly proven, the record of the value of the client's assets or liability according to the records of the Client Protection Participant shall be considered as the determinative record, unless a special law provides otherwise.
9. The client shall be entitled to compensation under this Article even if his financial instrument is redeemable by the end of the compensation period which is determined in accordance with Section 88(1) and (2) of the SA. This shall not apply if the financial instrument is restricted from being traded or paid under special regulations. Upon termination of the restriction, compensation may be granted, according to 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 to part thereof by decision of the competent authority.
10. Compensation is not available to clients who:
  - a) by their criminal activity, for which they have been lawfully convicted by a court in criminal proceedings, have partially or wholly caused the Client Protection Participant's inability to pay obligations to clients,
  - b) have acquired financial instruments and funds in connection with the laundering of the proceeds of crime for which they have been lawfully convicted in criminal proceedings,
  - c) within the meaning of Section 87(8) of the SA, are persons with a special relationship to the Client Protection Participant.
11. No compensation is provided for client losses arising from changes in the market value of financial instruments and funds.

#### **Article IV Payment of Compensation**

1. The Guarantee Fund shall, within five working days of the date on which the client's assets become unavailable, by notice delivered to the Client Protection Participant determine the date of beginning, duration, place and procedure for the payment of compensation. Those details shall be published by the Client Protection Participant in the national press and in its publicly accessible premises no later than one working day after receipt. The Guarantee Fund may specify in the notification the conditions under which the compensation shall be paid by wire transfer.
2. The payment of compensation shall be made no later than three months from the date on which the client assets became unavailable according to Section 82(1) of the SA. 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 assets became unavailable.
3. The Guarantee Fund shall pay compensation for unavailable client assets exclusively through the authorised bank.
4. If the client has client assets with the Client Protection Participant whose total amount exceeds the amount of compensation under Section 87(2) of the SA, compensation shall be granted for the financial instruments in the order of time as they were entrusted to the Client Protection Participant, up to the amount set out in Section 87(2) of the SA, unless the Guarantee Fund and the client agree otherwise.
5. The amount of compensation for client assets consisting of financial instruments and funds in foreign currency shall be converted according to the reference exchange rate determined and announced by the European Central



Bank or the National Bank of Slovakia on the date when the financial instruments or funds became unavailable according to Section 82(1) of the SA.

6. If the client or other entitled person was unable to claim the right to compensation within the period specified in the SA due to proven serious health reasons or other important reasons, the Guarantee Fund may, upon written request, provide compensation after this period and at the latest within one year from the date on which the client's assets became unavailable according to Section 82(1) of the SA.
7. The Guarantee Fund shall suspend the payment of compensation to persons who are the subject of criminal proceedings in connection with their activities which may be related to the inability of the Client Protection Participant to pay its obligations to its clients.
8. Compensation for unavailable client assets may not be granted and paid if the person or the representative of the person claiming the right to compensation for unavailable client assets has not complied with all the requirements and conditions required under the SA and these General Terms and Conditions to assess and document the legitimacy of the claimed right to compensation and to provide compensation for unavailable client assets.
9. Upon payment of compensation for unavailable client assets, the client's claim against the Client Protection Participant to the extent of the compensation paid shall cease to exist.
10. The provision of compensation from the Guarantee Fund shall not affect the right of the client or other eligible person to claim from the Client Protection Participant, with whom the assets have become unavailable, reimbursement of the part of the client's assets for which compensation has not been provided from the Guarantee Fund.

#### **Article V Proving the Right to Compensation**

1. A client claiming the right to compensation must prove, according to the type of client assets, that they are entitled to payment of compensation for those client assets. In particular, the client shall prove this right by:
  - a) proof of claim to the financial instrument or funds, such as the original or a certified copy of the agreement with the Client Protection Participant, a document confirming receipt of the funds or financial instruments issued by the Client Protection Participant, a client account statement showing the balance of the funds or financial instruments issued by the Client Protection Participant; or
  - b) a decision of a competent authority.
2. A natural person claiming the right to compensation shall prove their identity by:
  - a) a valid identity card; or
  - b) a valid passport, diplomatic passport, service passport and, in the case of a foreigner, a residence permit for a foreigner in the territory of the Slovak Republic.
3. A legal person claiming the right to compensation shall prove its identity by:
  - a) an extract from the official records or register in which it is registered, which must not be older than one month prior to claiming the right to compensation,



b) where it is not clear from the document referred to in point a) who is authorised to act on behalf of the legal person, a document or an officially certified copy of a document indicating who is authorised to act on behalf of the legal person - the statutory body is also submitted.

4. If the client is represented by a representative, the representative must present a document or an officially certified copy of a document authorising them to represent the client. If the representative acts on behalf of a legal person, the document must contain the officially certified signature of the statutory body of that legal person. The representative is also required to present the documents referred to in Section 2 of this Article.

5. If an authorised representative acts on behalf of a natural person, representative or legal person, they are required to present, in addition to the documents referred to in Sections 2 to 4, a written authorisation with an officially certified signature of the authorising person in order to prove their identity.

## **Article VI Provision of Personal Data**

1. The person and representative of a person claiming the right to compensation for unavailable client assets are, as part of the demonstrating of compliance with the requirements and conditions of Article V, required to provide and enable the Guarantee Fund to obtain by copying, scanning, or otherwise recording:

a) personal identity data from an identity document within the scope of: photo, title, first name, surname, maiden name, 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, if it is a natural person,

b) identification data within the scope of Section 81(5)(a), second point of the SA, if it is a legal person,

c) a contact telephone number, a fax number and an electronic mail address, if available,

d) documents and details of client assets and other claims and liabilities against the Client Protection Participant with unavailable client assets, of the representative's authority to representation, and the compliance with other requirements and conditions necessary to assess and document the legitimacy of the claimed right to compensation and the provision of compensation for unavailable client assets.

2. The handling of personal data provided to the Guarantee Fund is subject to Section 89(6) of the SA and the provisions of special regulations.

## **Article VII Objections and Disputes**

1. Any client claiming the right to compensation from the Guarantee Fund may submit objections in writing to the Guarantee Fund, drawing attention to an incorrect procedure for the payment of compensation. The submission must be delivered in person or by registered mail to the registered office of the Guarantee Fund. The submission must state who is submitting it, against which Client Protection Participant it is directed, a true description of the facts, identification of the evidence claimed by the writer, as well as copies of documentary evidence. It must be clear from the submission what the writer is claiming.

2. The Guarantee Fund shall decide on the received objections within 30 days or, in especially difficult cases, normally within 60 days from the date of their receipt by the Guarantee Fund.



3. The decision of the Guarantee Fund on the objection shall not extinguish the client's right to claim their rights under generally binding legislation.
4. Disputes relating to compensation for unavailable client assets and their payment shall be settled by the court.

#### **Article VIII Final Provisions**

1. Provisions that are contrary to generally binding legislation are null and void.
2. Further information on the Investment Guarantee Fund can be found at [www.garancnyfond.sk](http://www.garancnyfond.sk)