



**SBERBANK**

# **Business Terms and Conditions for Securities Investment Services**

Effective as of December 2019

# BUSINESS TERMS AND CONDITIONS FOR SECURITIES INVESTMENT SERVICES

## Part I. Opening Provisions

- (1) These Business Terms and Conditions for Securities Investment Services (the “**Terms and Conditions**”) set forth the binding rules in relations between Sberbank CZ, a.s., with its registered office at U Trezorky 921/2, Prague 5 – Jinonice, 158 00, Co. Reg. No.: 25083325, incorporated in the Commercial Register kept by the Municipal Court in Prague, file No. B 4353 (the “**Bank**”), and the Bank’s client (the “**Client**”) arising from the Bank’s activities as a securities broker in the provision of investment services with the Investment Instruments.

## Part II. Definitions

- (1) For the purposes of these Terms and Conditions, the following terms shall have the meanings as provided below:
  - a) **Bank** – Sberbank CZ, a.s., with its registered office at U Trezorky 921/2, Prague 5 - Jinonice, postal code 158 00, Co. Reg. No.: 25083325; for more information about the Bank see Part III of these Terms and Conditions below.
  - b) **Custodian** – the legal entity which purchases and sells securities for the Client and further administers those securities under an agreement made with the Bank.
  - c) **Investment Instrument Register** – the place where the book-entry securities are registered, i.e. separate records of investment instruments or records that follow on the separate records of investment instruments.
  - d) **Investment Instruments** – the following book-entry investment securities:
    - i) **Bonds**, the sum of which amounts to at least CZK 3,000,000 (three million Czech crowns) or EUR 100,000 (one hundred thousand euros) or USD 100,000 (one hundred thousand dollars),
    - ii) **Mortgage bonds**,
    - iii) **Share certificates**.
  - e) **Client** – a private individual or legal entity that has entered into the Agreement with the Bank.
  - f) **Execution Venue** – a regulated market, multilateral trading system, organised trading system, systematic internaliser, market maker or other liquidity provider and a foreign execution venue, as stipulated by the Capital Market Undertakings Act.
  - g) **Agreement** – a commission agreement and agreement on the administration and custody of the Investment Instruments concluded between the Bank and the Client.
  - h) **Capital Market Undertakings Act** – Act No. 256/2004 Coll., on Capital Market Undertakings, as amended.
- (2) If terms other than those defined herein or in the relevant provisions hereof are used in these Terms and Conditions, then such terms shall have the meanings as usually attributed to them in business relationships.

## Part III. General Information

### Article III. 1. Information about the Bank

- (1) The basic information about the Bank, the investment services provided by it, the form of communication with the Bank and conflict of interest is part of the pre-transaction information available to the Client at [www.sberbank.cz](http://www.sberbank.cz).

## Part IV. Conditions for Entering into a Contractual Relationship

### Article IV. 1. General Terms and Conditions

- (1) **By signing the Agreement, the Client confirms that it has not violated any law or any of its contractual or other obligations by the execution of the Agreement, and that no further approval by any of its bodies or any other person is required to conclude the Agreement.**
- (2) The legal capacity of a private individual must not be restricted. In negotiations with the Bank, the private individual is required to present his/her identity card at the Bank’s request. A legal entity submits documents proving its existence. Persons acting on behalf of the legal entity are required to prove their authorisation. Documents submitted pursuant to this paragraph may be requested by the Bank in original or officially certified copies in Czech or officially translated into Czech.
- (3) The Bank provides investment services only in relation to the Investment Instruments traded in markets to which the Bank has access. The current list of Investment Instrument markets available to the Bank can be found at [www.sberbank.cz](http://www.sberbank.cz).

## Part V. Rights and Obligations of the Parties

### Article V. 1. Rights and Obligations of the Bank

- (1) In fulfilling the subject-matter of the Agreement, the Bank is obliged to proceed with professional care, consisting especially in a qualified, honest and fair conduct in the best interests of the Clients and the proper functioning of the market.
- (2) The Bank is obliged to inform the Client in a demonstrable manner about the potential risks that may arise from the required service or order, possible hedging against them and other legal requirements (see Part XII of the Terms and Conditions).

### Article V. 2. Method of Recording the Investment Instruments

- (1) The Bank, as a securities broker, uses asset accounts in accordance with the Capital Market Undertakings Act to record customer assets. Within these records, domestic Investment Instruments are held on the Bank’s own account in the Central Securities Depository (or the central Investment Instrument Register), whereby the Bank maintains separate records following the records of the Central Securities Depository (or other central Investment Instrument Register). The Custodian maintains separate records of foreign Investment Instruments for the Bank, except for the separate records of some mutual funds whose separate records are managed for the Bank directly by the investment company with which the Bank has concluded an Agreement on the Distribution of Mutual Funds. The internal records of the Bank of foreign Investment Instruments

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and mutual funds are kept as a follow-up to the separate records of Investment Instruments (Investment Instrument Register). The Bank keeps the Investment Instrument Register on the owners' accounts.

## Article V. 3. Holding the Investment Instruments or the Client's Funds

- (1) The Bank is required to comply with the following rules for the possession of the Investment Instruments or the Client's funds and, in particular, takes the following steps in this respect:
  - a) Maintains such records, in particular in the sense of accounting records, which consistently ensure the separation of the assets held for one client from the assets held for other clients and from the Bank's own assets,
  - b) In accordance with the business day schedule provided in the pre-transaction information, maintains and executes entries into the legally required Investment Instrument Register,
  - c) Performs regular reconciliations of accounting and other mandatory records regarding financial instruments and funds of the Client,
  - d) Provides the Client with regular statements from the relevant records,
  - e) The Bank is, in accordance with its statutory obligations, a participant in the following compensation schemes:
    - ea) The Securities Brokers' Guarantee Fund (for more information see Part XII, Article II below),
    - eb) The Deposit Insurance Fund (for more information see Part XII, Article III below).

## Article V. 4. Rights and Obligations of the Client

- (1) The Client is obliged to inform the Bank immediately of any changes in all reported identification data, the creation of any community property of the spouses and the change of any data of the Client kept in the Investment Instrument Register. In the event the Client fails to report to the Bank any change in the reported facts, the Client shall be liable for any damage that arises as a result of such a breach.
- (2) The Client is authorised, via an appendix to the Agreement, to empower third parties to act on behalf of the Client in accordance with the Agreement, in particular to issue orders to the Bank concerning transactions in the Investment Instruments.
- (3) The Client is obliged to give the Bank the required power of attorney if necessary due to the nature of the legal act which the Bank is to make at the Client's order.

## Article V. 5. Fees

- (1) For services provided by the Bank pursuant to the Agreement, the Client is obliged to pay the fees and costs specified in the List of Fees applicable on the date of performance of the charged service or the fees and costs agreed in the respective Agreement. The fees are charged to the current account agreed by the Bank and the Client, or specified by the Client in the order upon the transaction settlement. This is without prejudice to the right of the Bank

to charge the fee to any of the Client's accounts maintained by the Bank, especially where the account for charging the fee was not specified or may not be used for any reason. The current version of the List of Fees can be found on the Bank's website.

- (2) The Client is entitled to request a detailed breakdown of costs and fees (charged by the Bank or third parties) associated with each order.

## Article V. 6. Complaints

- (1) The Client is entitled to file a complaint regarding the fulfilment of the Bank's contractual obligations under the Agreement. The procedure in the event of a claim or complaint by the Client and the manner of their settlement is governed by the Bank's effective Claims Code.

## Part VI. Information Provided by the Client to the Bank

- (1) The Bank is required, within the meaning of the Capital Market Undertakings Act, to obtain from the Client, according to the type and extent of the investment services required by the Client, the necessary information about the Client's investment expertise and experience in the field of investments, the Client's financial background and investment objectives the Client wants to achieve through the required service.
- (2) In this context, the Bank will ask the Client to fill in a questionnaire entitled "Client Investment Profile". The Client is not obliged to answer the questions asked; any answers the Client provides are entirely voluntary. However, the Client acknowledges that the disclosure of information may be a prerequisite for the provision of certain Bank services. The information provided by the Client is subject to the obligation of confidentiality.

## Part VII. Terms and Conditions of Trading

- (1) In addition to the Agreement, the rules and regulations of the Execution Venues apply to trading at the individual Execution Venues. If these Terms and Conditions are temporarily in conflict with the rules and regulations of those Execution Venues, the provisions of the Execution Venues shall apply.
- (2) **Orders for trading in the Investment Instruments are received by the Bank on business days from 8:30am to 5pm CET (or CEST). The indicated times represent a risk for Clients trading in foreign markets in other time zones that they will not be able to respond to the Investment Instrument price developments outside the specified hours.**
- (3) **The Bank may process orders for the trading in foreign securities through foreign third parties. In cases where there is a national holiday in the third-party country, trading at the Execution Venues (foreign markets) cannot be guaranteed. This implies an increased risk for investors.**

## Part VIII. Orders

### Article VIII. 1. Order and Its Form

- (1) The order and its form are regulated either directly in the Agreement or in these Terms and Conditions. In executing orders, the Bank proceeds principally according to the rules set out in a separate document entitled Rules for Best Execution of Client Orders.

### Article VIII. 2. Orders Relating to the Investment Instruments

- (1) The Client is authorised to provide the Bank with instructions (orders) to purchase or sell the Investment Instruments for the duration of the Agreement. Unless otherwise agreed by the Parties, the Client's order must be submitted in writing on the Bank's prescribed form to a person authorised by the Bank or by telephone, depending on what manner of transmitting trading orders is agreed by the Agreement between the Bank and the Client. By submitting an order, the Client authorises the Bank to perform all legal acts connected with the execution of the order and at the same time asks the Bank to manage the Investment Instruments purchased in accordance with the Agreement.
- (2) **The Client acknowledges and agrees that the orders given by the Client by means of a telecommunication device will be recorded and archived by the Bank as sufficient evidence as to the contents of that orders. If the telecommunication device is out of order, the Bank will accept the Client's order otherwise. Once technically feasible, the Client must subsequently confirm the order by telephone in accordance with the Agreement. The records of orders given by the Client (i.e. records of telephone calls and relevant communications) are available to the Client on request for a minimum of five years (seven years in case of a decision by the Czech National Bank).**
- (3) In the case of the sale of book-entry Investment Instruments, prior to their sale, it is necessary for the Investment Instruments in question to be kept by the Bank in the Securities Register. If a non-registered Investment Instrument is sold, it is first necessary to make a transfer to that register.

### Article VIII. 3. Minimum Requirements for the Order Relating to the Investment Instruments

- (1) Unless otherwise stated in the following paragraphs of this Article, the Client's order must include at least the following:
  - a) Identifying data of the Client – corporate name or the first name and surname of the Client or, where applicable, Co. Reg. No., LEI or personal number,
  - b) Agreed password (if the order is made by phone),
  - c) The account to serve to settle the transaction; if the Client does not specify another account, it is considered that any Client's account maintained by the Bank can be used to settle the transaction,
  - d) Whether the transaction concerns the purchase or sale of a security,
  - e) ISIN or other unambiguous identification of the security to which the order relates,

- f) The volume of purchased/sold Investment Instruments,
- g) Price limit,
- h) End of validity of the order,
- i) Determining the Execution Venue through which the order is to be executed.

In the case of an order to sell, the Bank shall settle the funds through an account specified in the order or the Client's account maintained by the Bank.

- (2) The volume of purchased/sold Investment Instruments may be determined by the number of units of the Investment Instrument or, where applicable, by the volume limit. For bonds, the volume must be determined by the total nominal value of the purchased/sold bonds.
- (3) **The Client may specify in the order the lowest or highest price for which the Investment Instrument is to be sold or purchased. The price limit must meet the condition of the quotation step of the applicable Execution Venue. For bonds, the price limit must be entered as a percentage of the nominal value of the bond. In the event the Client does not set the price limit, the Bank proceeds under the Rules for Best Execution of Client Orders.**
- (4) **If the Execution Venue is not designated by the Client for the order to be executed, the Bank proceeds according to the Rules for Best Execution of Client Orders.**
- (5) **If the Client does not indicate the expiration date of the order, the order will be applied for one trading day from the date of the order's submission to the Bank. The trading day means the business day on which the relevant trading is performed at the Execution Venue. The information on the validity of the order must comply with the terms of the relevant Execution Venue.**
- (6) **The Client acknowledges that most Execution Venues do not allow the "All or Nothing" order, therefore the Client agrees that a partial execution of the order may be performed.**

### Article VIII. 4. Change or Cancellation of the Order Relating to the Investment Instruments

- (1) The Client is authorised to change or cancel the order given to the Bank. However, the change or cancellation of the order is possible only if the order is clearly identified by the Client and the processing of the order has not yet given rise to a third party liability.

### Article VIII. 5. Reserve on the Client's Current Account

- (1) **The Client is obliged, when submitting the order to procure the purchase of the Investment Instrument, to hold on its current account kept by the Bank funds corresponding to the amount of the order given (i.e. the price limit × the volume of purchased Investment Instruments + fee according to the List of Fees or the last price at the given Execution Venue × the coefficient of 1.2 × the volume of purchased Investment Instruments + fee according to the List of Fees), until the settlement of this transaction (or for the duration of the order). In the event of a breach of this obligation, the Client acknowledges that the execution of the requested order may result in an unauthorised overdraft (see Article IX(4) below).**



## Article VIII. 6. Rejection of the Order Relating to the Investment Instruments

- (1) The order of the Client must comply with the terms and conditions laid down in the Agreement and the Terms and Conditions, it must be absolutely clear and communicated to the Bank in an agreed manner, otherwise the Bank is entitled to refrain from executing the order. The Bank is not liable for any damage caused by failure to perform inaccurate, incomplete or delayed orders of the Client, for damage caused by inaccurate or incomplete completion of the order, altered or falsified documents on the condition that the Bank proceeded with professional care.
- (2) **The Bank may refuse to accept the telephone order without giving any reason, but it is obliged to inform the Client about this fact.**
- (3) **The Bank will also not execute the order if, despite the Client's explanation, it has reasonable grounds for suspecting that market manipulation may result from the provision of the service on the basis of that order. Furthermore, the Bank is not required to execute the order or any part thereof if there is a conflict of interest between the Bank and the Client or between the Bank's Clients. In the event of a conflict of interest between the Bank and the Client, the Bank shall always prioritise the interests of the Client before its own; in the event of a conflict of interest between the Client and other Bank Clients, the Bank shall ensure fair treatment of all Clients. Upon the Client's request, the Bank will provide the Client with additional information on conflict resolution.**
- (4) **The Bank will always reject an order regarding Investment Instruments traded in markets to which the Bank does not have access and which the Bank does not offer. Standing orders of the Client regarding Investment Instruments traded in markets to which the Bank does not have access will be cancelled if it is technically possible and taking into account the existing valid and enforceable obligations arising from the executed or submitted orders, and provided that the rules and practices of the relevant market so allow.**

## Article VIII. 7. Confirmation of the Order Relating to the Investment Instruments

- (1) The Bank shall inform the Client of the transactions it has concluded in the manner and within the time limits specified in the Capital Market Undertakings Act and the implementing regulations.

## Part IX. Transaction Settlement

- (1) Settlement takes place in accordance with the rules of the relevant Execution Venue.
- (2) Financial settlement of the sale of the Investment Instruments is performed by the Bank by the transfer of funds reduced by the Bank's fees to the Client's agreed account specified in the order or to the account of the Client maintained by the Bank as of the date of settlement at the respective Execution Venue. Payments to the account shall always be made by the Bank in the currency in which the Client's account is maintained. In the event the current account currency is different from the currency of the settled trade, the Bank will use the Bank's FX Rates valid

as of the date of execution of the transaction for the conversion. When transferring funds to the Client's account held in another bank, settlement will take place by crediting this account with a time lag corresponding to the usual time for such cashless transfers of money.

- (3) Financial settlement when buying Investment Instruments is performed by the Bank by the collection of funds from the Client's current account held with the Bank and specified in the order as at the settlement date at the given Execution Venue. In the event the current account currency is different from the currency of the settled trade, the Bank will use the Bank's FX Rates valid as of the date of execution of the transaction for the conversion.
- (4) **If, as of the date of settlement of the purchase of the Investment Instruments, there are insufficient funds on the agreed account to cover the purchase, the Bank is authorised to charge that outstanding amount to the current account in accordance with the relevant provisions of the General Business Terms and Conditions, and the Client is then obliged to pay the relevant debit interest set for the unauthorised debit balance due to the overdraft on the current account. The penalty interest rate announced by the Bank for the unauthorised debit balance on current accounts is set in the Interest Deposit Terms.**
- (5) In the event of a delay in the settlement of transactions with the Investment Instruments, the Bank shall take the necessary measures to satisfy the Client. The Bank is not responsible for third party delays, nor is it liable for any exchange rate losses. If there is a suspension of the transaction in connection with the Client's transaction (the transaction was not settled properly in the standard time limit), a Bank employee informs the Client about this situation and its reasons.

## Part X. Securities Management

- (1) As a manager, the Bank is obliged to undertake, without the Client's instruction, the following legal acts necessary for the exercise and maintenance of the rights of the Client related to the Investment Instrument which is subject to management:
  - a) Accept the proceeds of the Investment Instrument (interest and dividends) and other receivables of the Client as the owner of the Investment Instrument and ensure their crediting to the agreed account of the Client. Revenue from Investment Instruments shall be paid by the Bank without undue delay after receiving it (from the issuer, the Custodian etc.),
  - b) Exercise the exchange rights associated with the Investment Instrument (take over the Investment Instruments received as a result of the exchange or distribution of Investment Instruments),
  - c) Inform the Client about takeover bids, other bids or reorganisation of the capital of the investment instrument issuer, preferential rights and subscription rights that the Bank learns of.

The Bank is obliged to make other than the aforementioned acts only if a special written agreement with the Client so provides.

- (2) The Client acknowledges that the Bank is not responsible for any of the Client's tax obligations arising out of the ownership of the Investment Instruments or their sale.

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- (3) Payments to the Bank relating to the management and custody of the Investment Instruments shall be settled and the proceeds from the Investment Instruments and other receivables of the Client as the owner of the Investment Instrument shall be credited to the Client's agreed account with the Bank. If the Bank maintains multiple accounts for the Client, the Bank shall be entitled to choose the account on which the amounts will be cleared/credited, while giving preference to one of the current accounts kept in the currency of the amount cleared/credited. If no current account of the Client in such a currency may be used, the Bank shall use the Bank's FX Rates valid as of the date of the amount clearing/crediting for the conversion.
- (4) The Bank shall calculate the amount of fees dependent on the nominal value of the Investment Instrument every day on a pro-rata basis using the value of the Investment Instrument as of that day, and shall charge the sum of the resulting amounts to the Client's account on the last day of the respective calendar month; where such a day is not a business day, the sum shall be charged on the first business day of the following calendar month. The fee shall always be calculated in the currency in which the nominal value of the Investment Instrument is determined. The Bank shall make the conversion, if any, into the currency of the account to which the fee shall be charged, if maintained in a different currency, using the Bank's FX Rates valid as of the date of the transaction, and shall round the amount to two decimal points.

## Part XI. Procedure in the Event of Termination of the Agreement and Changes in the Scope of the Investment Instruments offered by the Bank

### Article XI. 1. Termination of the Agreement by the Client

- (1) In the event of termination of the Agreement by the Client, the Client is obliged to submit to the Bank, within the notice period, an instruction to sell the Investment Instruments held by the Client or to transfer the portfolio of its Investment Instruments to another securities broker. The Bank shall proceed to the sale/transfer of the Investment Instruments immediately upon receipt of the Client's instruction to that effect.
- (2) In the case of another termination of the Agreement by the Client, paragraph 1 above shall apply mutatis mutandis, provided that the deadline for submitting the instruction of the Client is 1 (one) month from the date of termination of the Agreement.

### Article XI. 2. Termination of the Agreement by the Bank and Change in the Scope of the Investment Instruments offered by the Bank

- (1) In the event of termination of the Agreement by the Bank, the Bank shall invite the Client to submit an instruction similarly to Article XI.1, paragraph 1 above.
- (2) The Bank shall also invite the Client to submit the instruction referred to in the previous paragraph in the event that the Bank ceases to offer any of the Investment Instruments. In such a case, the Bank is obliged to provide the Client with a deadline for submitting a selling/transfer instruction for the Investment Instruments which the Bank has ceased to offer of at least 4 (four) weeks from the date of delivery of the notice of change of the Bank's offer.

### Article XI. 3. Common Provisions upon Termination of the Agreement

- (1) **As of the date of the notice of termination of the Agreement by the Bank, all unsatisfied orders for acquiring the Investment Instruments and orders for the purchase of Investment Instruments which were only partially satisfied at the date of the termination of the Agreement shall cease to exist to the extent that they have not yet been satisfied.**
- (2) The Bank will no longer execute Client Investment Instruction purchase orders on the day the Bank sends its notice of termination.
- (3) **If the Client fails to deliver to the Bank, at the latest one day before the expiry of the notice period, an instruction to sell or transfer its Investment Instruments, the Bank shall sell all Investment Instruments registered in the Client's account by linking these Investment Instruments to the Investment Instruments of other Clients who have not submitted the required instruction, and, on the first business day following the expiration of the notice period, the Bank will issue to the securities market a bulk order for the sale of all these Investment Instruments at the current market price according to the Rules for Best Execution of Client Orders.**
- (4) Any instruction delivered to the Bank after this day will no longer be accepted by the Bank and therefore will not be executed.
- (5) Funds from the sale of these Investment Instruments will be converted into CZK at the Bank's foreign exchange purchase rate set at the settlement date of the transaction and transferred to the Client's account held with the Bank or another account held with another domestic Bank communicated by the Client to the Bank. In the event of failure to notify the Bank of such an account and the absence of a current account of the Client maintained with the Bank, such funds will be transferred to the Bank's internal account and will not bear interest. The Client may then request the Bank to pay out the funds via a written request with an officially certified signature or a request executed in front of a Bank employee.

## Part XII. Reporting Obligations of the Bank in Relation to the Client

### Article XII. 1. Information about Risks

- (1) Information on possible risks associated with the Investment Instruments, as well as other mandatory information on incentives etc., can be found in the pre-transaction information at [www.sberbank.cz](http://www.sberbank.cz), or in product sheets of investment instruments.

### Article XII. 2. Information on the Securities Brokers' Guarantee Fund and Compensation

- (1) The Bank participates in the guarantee system provided by the Securities Brokers' Guarantee Fund (the "Fund"). Under the terms of the Capital Market Undertakings Act, the Fund is required to pay compensation to the clients of the securities brokers for assets that these securities brokers are unable to issue to their customers due to their financial situation.
- (2) The Fund is a legal entity incorporated in the Commercial Register, which provides a guarantee system from which

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compensation is paid to the clients of securities brokers unable to meet their debts to their customers.

- (3) The Fund is not a state fund and insurance regulations do not apply to it. The Fund is managed by a five-member Administrative Board, which is its governing body; the members of the Administrative Board are appointed and dismissed by the Minister of Finance of the Czech Republic.
- (4) Compensation from the Fund shall be provided to the Clients if the Fund receives written notice from the Czech National Bank that
  - a) Due to its financial situation the Bank is unable to meet its debts to the Clients under the statutory and contractual terms and that it is unlikely that it will be able to do so within 1 (one) year, or
  - b) The court has issued a bankruptcy order on the assets of the Bank or has issued a different decision that results in the Bank's Clients not being able to effectively demand the release of their assets by the Bank.
- (5) The Fund shall immediately after the notification under the previous paragraph, by agreement with the Czech National Bank, announce in an appropriate manner
  - a) That the Bank is unable to meet its debts,
  - b) The place, method and deadline for registering the right to compensation and commencement of payment of compensation from the Fund and
  - c) Any other facts related to the right registration.
- (6) Compensation from the Fund is granted for the Client's assets which could not be issued for reasons directly related to the Bank's financial situation. The amount of such assets is determined in accordance with the relevant provisions of the Capital Market Undertakings Act.
- (7) Compensation is provided to the Client in the amount of 90 % of the Client's assets which could not be issued for reasons directly related to the Bank's financial situation, but not more than the equivalent of EUR 20,000 (twenty thousand euros) in Czech crowns per Client.
- (8) Compensation from the Fund must be paid within 3 (three) months from the date of verification of the registered right and the calculation of the amount of compensation. At the request of the Fund, the Czech National Bank may, in exceptional cases, extend this period, but not more than by 3 (three) months.
- (9) The Client's right to receive compensation from the Fund shall be time-barred after the expiration of 5 (five) years from the due date of the Client's claim for payment of compensation from the Fund.
- (10) The Fund shall in no case serve to cover exchange rate losses or losses arising from non-compliance with obligations on the part of the issuer (e.g. payment of bonds).
- (11) Upon Client's request, the Bank will provide the Client with additional information regarding the Fund.

### Article XII. 3. Information on the Deposit Insurance Fund

- (1) The Client's receivables from deposits placed on a current or other account in the Bank in connection with the provision of investment services are insured under the terms and conditions laid down by Act No. 21/1992 Coll., on Banks, as amended, under the deposit receivable insurance scheme operated by the Deposit Insurance Fund. Additional infor-

mation on the Deposit Insurance Fund is available in the General Business Terms and Conditions. Upon Client's request, the Bank will provide the Client with additional information regarding the Deposit Insurance Fund.

### Article XII. 4. Protection of Client Assets

- (1) The Client's funds are held by the Bank distinct from the funds of other Clients and from the Bank's own funds.
- (2) The Client's investment instruments and their claims against the Bank arising from their deposits are protected under the Capital Market Undertakings Act. In addition, the Client's claims against the Bank arising from their deposits are also protected under Act No. 21/1992 Coll., on Banks, as amended.
- (3) The Bank keeps the financial instruments entrusted by the individual Clients distinct from its own assets. At the same time, the Bank keeps the Clients' Investment Instruments on the individual Client asset accounts.
- (4) The Investment Instruments of the Client may also be held by a third party on behalf of the Bank. The Bank exercises professional diligence when selecting third parties and concluding contracts for the administration and custody of such Investment Instruments. It takes into consideration and regularly verifies the expertise and trustworthiness of the third parties on the market as well as the provisions of the general laws and regulations or market practices which are applicable to holding these Investment Instruments and may adversely affect the Clients' rights in respect of the Investment Instruments.
- (5) In order to protect the Client's rights in respect of the Investment Instruments, the Clients' Investment Instruments are kept distinct from the third party's or the Bank's own Investment Instruments.
- (6) The Client's Investment Instruments held in the Central Securities Depository (or another central securities register) on behalf of the Bank are not held on aggregate accounts. However, the Custodian may hold foreign securities through other foreign securities managers or depositaries. The Investment Instruments may be held by these persons on aggregate client accounts (nominee accounts, omnibus accounts). The Client is always entitled to receive such a share of the Investment Instruments held in a foreign aggregate account as corresponds to the number of Investment Instruments held for the Client by the Bank. However, the applicable foreign laws and business practices apply to the Investment Instruments held abroad. For that reason, the Client's rights in relation to investment instruments held abroad may differ.
- (7) Foreign laws and regulations usually grant investors protection in case of the bankruptcy of a securities manager or depositary in that the investors' Investment Instruments held by the securities manager or depositary do not become a part of the bankrupt's assets. However, it is impossible to rule out cases where there is no such protection and the Investment Instruments held indirectly in the omnibus account do become a part of the assets of the securities manager or depositary in bankruptcy.
- (8) The Bank is liable to the Client for third party actions in accordance with the applicable law. The Client is entitled to compensation from the Guarantee Fund for the Client's unavailable assets that are protected under the Capital Market Undertakings Act to the extent of, and subject to,

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the conditions set out in the Capital Market Undertakings Act (for more information see Article XII. 2 of this Part above).

- (9) The Bank has concluded Agreements on the administration and custody of Investment Instruments only with third parties from those Member States of the EU which have implemented all the measures sufficient to protect the Clients' rights (within the meaning of Directive 2014/65/EU of the European Parliament and of the Council on markets in financial instruments).

## Article XII. 5. Recording and Retention of Telephone Calls, Communications and Documents

- (1) The Client agrees that the telephone calls between the Bank and the Client made for the purposes of, or in connection with, an investment transaction will be recorded and archived by the Bank as sufficient evidence as to the contents thereof.
- (2) Records of telephone calls, other communications and documents relating to the investment services will be retained by the Bank for a minimum of five years (seven years in case of a decision by the Czech National Bank).

## Article XII. 6. Fee for Distribution

- (1) The Client hereby bears in mind and agrees that in the case of investment into mutual funds offered by the Bank, the Client shall pay as part of the price of the mutual fund certificate also a fee for distribution. This fee shall be calculated as a share of the fee for fund management, which the Client shall pay in the price of the mutual fund certificate directly to the investment firm.
- (2) The fee for distribution is for the mutual funds:
  - a) of NN Investment Partners CR, a.s.: 50% of the management fee;
  - b) of Generali Investments CCE, investiční společnost a.s.: 50% of the management fee.

The specific amount of the fee will be figured for the Client always at least once per calendar year in the statement of fees and costs.

- (3) The Client shall pay the fee to the investment firm, which will ensure its transfer to the Bank's account.

## Part XIII. Declaration of Suitability and Continuous Suitability Assessment

- (1) **In the event the Bank is obliged to provide the Client with a declaration of suitability, including information on the investment advice provided and the compliance of the Investment Instrument with the Client's profile (the "Declaration of Suitability"), the Client agrees that the Declaration of Suitability is provided to it after the transaction with the given Investment Instrument is closed, if at the same time it will be given the opportunity to postpone the transaction in order to obtain the Declaration of Suitability before closing the transaction.**
- (2) The Bank may agree with the Client that the Bank will provide the Client with the so-called continuous suitability assessment service with respect to the Client's portfolio. For the avoidance of any doubts, the Client acknowledges that the Bank is not obliged to provide this service and,

if the service is agreed, it may be charged in accordance with the current List of Fees.

- (3) In the event the service is agreed between the Bank and the Client, the Bank will periodically verify and procure up-to-date information on the Client's objectives, its tolerance of risk, its financial circumstances, its knowledge and experience and, depending on the risk profile of the Client, the Bank will evaluate at least once a year the suitability of the recommended investment instruments/ portfolio and will inform the Client whether the recommended investment instrument/portfolio is still appropriate and suitable for the Client.

## Part XIV. Final Provisions

- (1) In the event the provisions of the Agreement on a specific banking transaction concluded between the Bank and the Client govern any matter differently from the provisions of these Terms and Conditions, the provisions of the Agreement shall prevail.
- (2) The Bank is entitled to amend these Terms and Conditions, the Claims Code and the List of Fees in accordance with Part III, Article III of the General Terms and Conditions.
- (3) Where the Bank or the Client withdraws from the Agreement, the commitment expires as of the effective date of the withdrawal.
- (4) These Terms and Conditions shall become effective as of 15 December 2019 and replace the Terms and Conditions dated 1 January 2019.
- (5) The Client is entitled to resolve any disputes arising from the Agreement out of court through the Financial Arbitrator with its registered office at Legerova 1581/69, 110 00 Prague 1, [www.finarbitr.cz](http://www.finarbitr.cz).

## Part XV. Important Arrangements

**The Bank considers the provisions highlighted in bold to be important arrangements, with which the Client is properly acquainted and which the Client explicitly accepts.**