



SBERBANK

Pre-trade Information on the Provision of Investment Services by Sberbank CZ

Effective from 3 January 2018

PRE-TRADE INFORMATION ON THE PROVISION OF INVESTMENT SERVICES BY SBERBANK CZ

Information provided to the Client under Act No. 256/2004 on capital market undertakings, as amended (the "Act"), European Directive 2014/65/EU on markets in financial instruments ("MiFID II") and the relevant measures of the CNB.

A. Information regarding Sberbank CZ, a.s. (the "Bank")

- (1) Basic data:
Sberbank CZ, a.s.
with its registered office at U Trezorky 921/2, 158 00 Prague 5, Jinonice
Co. Reg. No.: 250 83 325,
incorporated in the Commercial Register kept by the Municipal Court in Prague, File No. B 4353,
- (2) Contact details:
Bank Helpline: 800 133 444,
e-mail: mail@sberbankcz.cz,
Website: www.sberbankcz.cz,
Bank code: 6800,
SWIFT: VBOECZ2X,
Reuters: SBCZ.
- (3) The Bank is the holder of the banking licence under Act No. 21/1992 on banks, as amended, which was issued by the Czech National Bank, with its registered office at Na Příkopě 28, 115 03 Prague 1, on 20 October 1993, under Ref. No. 2004/1742/520 and contains, among others, the authorisation to provide investment services according to the Act.
- (4) The Czech National Bank is the supervisory authority for the provision of investment services.
- (5) Contact: Czech National Bank, Na Příkopě 28, 115 03 Prague 1, tel.: 224 411 111, www.cnb.cz, toll-free number (mainly for complaints): 800 160 170.
- (6) The top parent company is Sberbank of Russia, which has a registered office in Russia.
- (7) The Bank's activities include, in particular:
 - i) provision of loans and guarantees in CZK and foreign currencies;
 - ii) receipt and provision of deposits in CZK and foreign currencies;
 - iii) keeping current and term accounts in CZK and foreign currencies;
 - iv) provision of standard banking services through a network of branches and agencies;
 - v) conducting transactions in foreign currencies on the interbank money market;
 - vi) financing international trade and provision of the related banking services;
 - vii) trading in securities.
- (8) The Bank provides the following investment services:
 - i) Reception and transmission of orders regarding investment instruments;
 - ii) Execution of orders regarding investment instruments on behalf of clients;
 - iii) Trading in investment instruments on own account;
 - iv) Investment advice regarding investment instruments;

- v) Underwriting of financial instruments or placing of financial instruments on a firm commitment basis;
- vi) Placing of financial instruments without a firm commitment basis.

It also provides the following ancillary investment services:

- i) Safe-keeping and administration of investment instruments including related services;
 - ii) Granting credits or loans to a client to allow him to carry out a transaction with financial instruments, where the firm granting the credit or loan is involved in the transaction;
 - iii) Advice on capital structure, industrial strategy and related matters and advice and services relating to transformation or transfer of undertakings (corporate finance);
 - iv) Provision of investment recommendations including the analysis of investment opportunities;
 - v) Conducting foreign exchange operations where these are related to the provision of investment services.
- (9) Investment advice is not provided on an independent basis. In order for the Bank to cover its costs related to the provision of advice, it receives or provides the so-called inducements. The Bank guarantees that these inducements are not contrary to the best interest of the Client and they are used to further improve the quality of the services related to investment instruments.
- (10) The investment advice is based on a more restricted analysis of different types of investment instruments but, at the same time, the range is not limited to financial instruments issued or provided by entities having close links with the Bank or any other legal or economic relationships so close as to pose a risk of impairing the independent basis of the advice provided.
- (11) The Bank does not provide a period assessment of the suitability of the financial instruments recommended unless otherwise agreed with the Client.

B. Communication

- (1) All the communication between the Bank and the Client, including written documents and other communications, is conducted in Czech and/or English.
- (2) The specific manner of communication, in particular, any submission and reception of orders for the individual investment services, is set out in the relevant contract. When conducting the transactions, the Bank shall follow the Client order, which the Client sends to the Bank in the manner and under the conditions agreed in the relevant contract and set out in the business terms and conditions for the provision of investment services regarding securities ("**Business Terms and Conditions**"). The bank executes the client orders in the order in which they were received. The Client may submit the order to the Bank in writing and/or by telephone, depending on the agreement between the Bank and the Client. The requirements for each order (whether provided in writing or by telephone) are set out in the Business Terms and Conditions.
- (3) The form of communication used in the business contact between the Bank and the Client is primarily based on personal contact.

C. Use of tied agents

- (1) The Bank does not use tied agents in the provision of investment services.

D. Reporting of the services provided

- (1) The Bank uses a durable medium to send the Client the basic information on the execution of the Client order – a confirmation. Confirmations sent on a durable medium confirm the execution of the order no later than on the first business day following the execution or, if the Bank has received the confirmation from a third party, no later than on the first business day following the receipt of the confirmation from that person.
- (2) At the Client's request, the Bank will provide information about the status of the Client order. As regards orders which relate to share certificates in open-end mutual funds or collective investment securities and are executed regularly, the Bank sends the information at least once in six months.
- (3) The Bank is under no obligation to send the confirmations or statements if such confirmations or statements are provided to the Client by a third party.
- (4) The Bank will send the Client a statement of its assets held by the Bank at least once in a quarter.
- (5) In addition, the Bank will send the Client information about the costs and the related fees at least once a year.

E. 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 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 instrument in 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 safe-keeping 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 investments 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 which held in the Central Securities Depository (or another securities register) or by other depositories on behalf of the Bank are not held in aggregate accounts together with the Bank's account. However, other depositories may hold foreign se-

curities through other foreign securities managers or depositories. The investment instruments may be held by these persons in 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 depository in that the investors' investment instruments held by the securities manager or depository 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 depository in bankruptcy.
- (8) The Bank is liable to the Client for third party actions or omission in accordance with the applicable law. The Client is entitled to compensation for the Client's unavailable assets that are protected under the Capital Market Undertakings Act to the extent of, and subject to the conditions set out in, the Capital Market Undertakings Act.
- (9) The Bank has concluded contracts for the administration and safe-keeping 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 the MiFID II).

F. Conflict of interest

- (1) As the protection of the clients' interests is a priority for the Bank, it has adopted the client protection policy in case of conflicts of interest, comprising procedures and controls which are primarily intended to:
 - i) prevent conflicts of interest, including the possibility of not executing an order, activity or service where the conflict of interest cannot be otherwise eliminated;
 - ii) conduct business with regard to the best interest of the Clients while maintaining strict confidentiality across all the activities of the Bank if they can even potentially create a conflict of interest.
- (2) The Bank considers it appropriate to aim at adequate care so that it acts impartially with regard to any identified potential conflict of interest and avoid damage to the clients' interests. For that reason, the following measures have been adopted:
 - i) The so-called "Chinese Walls" between organisational units that can create conflicts of interest. The Chinese Walls ensure the physical and organisation division of units that can create conflicts of interest, thus preventing the circulation of both internal and sensitive information and preventing such information from being used in a manner that may be detrimental to the integrity of the financial markets or the Clients' interests.
 - ii) Procedures aimed at detecting and preventing conflicts of interest created in corporate advice and/or financing.

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- iii) Administrative and organisational measures to ensure the independence of investment recommendations.
 - iv) Procedures aimed at ensuring the appropriate execution of the client orders, in particular in relation to the distribution of assets and investment instruments and the preference of client orders to dealing on own account.
 - v) Rules for the remuneration of Bank employees set up so as to exclude participation in the yield on specific transactions for specific positions.
 - vi) Rules for the use of related fees, commissions or non-monetary benefits.
- (3) In cases where the adopted procedures cannot sufficiently manage any occurred or impending conflict of interest, the Bank may refuse to perform the activity leading to the conflict of interest. Where this procedure is allowed by the confidentiality provisions, the Bank will disclose, to the extent of the applicable regulations, the details regarding the reasons for, and nature of, the conflict of interest to the Client or prospective Client so as they can make an informed decision about whether or not they wish to carry out the transaction with the Bank.
- (4) The objective of this Client protection is to ensure adherence to the strengthened rules for the professional conduct by the Bank. The Bank periodically reviews its internal guidelines and other rules so as to take into account any changes in the laws and regulations or in its own business.
- (5) The Bank always acts in a manner that respects the integrity of the markets and prioritises the interests of the Clients. In connection with this rule, additional organisational and material rules have been adopted and further detailed in the internal guidelines, in particular, in those concerning the reception and transmission of Client orders and ensuring the appropriateness and suitability of the provision of investment services.
- (2) Inducements in the form of portfolio commissions are usually funded from the administrative fees of investment fund managers. They are payable periodically depending on the volume of the relevant fund (typically, a certain percentage of the fund volume is defined).
 - (3) Portfolio commissions differ depending on the investment fund manager and the market; they can also be structured according to different criteria.
 - (4) Inducements can also arise from the payment of the transaction fees by the investment fund manager to the Bank.

G. Inducements

a. General information about inducements

- (1) The bank pays or receives inducements in the form of commissions or other monetary or non-monetary benefits from the issuers of investment instruments, investment fund managers and other third parties.
- (2) Such inducements may be in the form of ad hoc benefits in connection with the purchase of investment instruments, such as compensation for the transaction costs, premiums for a securities issue, final commissions etc., or they may be periodical (portfolio commissions etc.).
- (3) Direct costs, such as administrative fees, transaction fees and statutory fees, are not considered an inducement. These amounts are charged in the course of the provision of the service and are described in the information materials which relate to the individual investment products and are available in the branches of the Bank or on its website.

b. Inducements concerning funds

- (1) The prospectus of an investment fund includes the administrative fees and issue premiums. A part of the issue premium is included in the issue price (purchase price) of share certificates of investment funds.