

Information on protection of the clients through the Investment Guarantee Fund

The company Wealth Effect Management o.c.p., a.s., as an investment firm pursuant to act no. 566/2001 Coll. on securities and investment services and on change and amendment of other acts (hereinafter as the „**Securities Act**“) is a person involved in client protection through the Investment Guarantee Fund.

Article I.

Purpose of the Investment Guarantee Fund

1. The Investment Guarantee Fund (hereinafter as the „Fund“) is a legal entity registered in the Commercial register. The Fund collects financial contributions of investment firms and branches of foreign investment firms, asset management companies and branches of foreign asset management companies to provide compensation for inaccessible client assets received by investment firms and branches of foreign investment firms, asset management companies and branches of foreign asset management companies to provide investment service and the Fund manages acquired financial funds pursuant to the Securities Act.
2. The Fund, by its action, together with the Deposit protection Fund, creates the complex system of client protection in the investment on the money and capital market in the Slovak republic. The Fund is supervised by the National Bank of Slovakia (hereinafter as the „NBS“). The activities and the management of the Fund are subject to strict rules set by generally binding laws and bylaws.
3. Each of the investment firms, who were issued licence to provide investment services by the NBS, is pursuant to respective provisions of the Securities Act obliged to participate on client protection through the Fund and to pay contribution for this purpose.

Article II.

Client assets

1. Client assets are defined in provision 81 of the Securities Act. In order to precisely define it, precise definition of the client assets is necessary.
2. Client assets means pursuant to the Securities Act financial instruments and financial funds entrusted to an investment firm in relation to performing an investment service or ancillary services pursuant to section 6 subsection 2 letter a) of the Securities Act, including the financial instruments and funds obtained for these values, if the client is:
 - a) a natural person, including a natural person as an entrepreneur,
 - b) a foundation, non-investment fund, non-profit organization providing generally beneficial services, civil association, or an association of owners of residential and commercial premises,
 - c) a legal entity other than those mentioned in letter b), except for

- i. a bank, insurance company, supplementary pension insurance company, asset management company including investment fund assets, pension fund management company including pension fund assets, investment firm other than a bank, central depository, stock exchange, commodity exchange, post office, legal entity operating lotteries or other similar games, Export-Import bank of the Slovak Republic,
 - ii. a Slovak legal entity not mentioned in point i. or a foreign legal entity, which has at least partly same or similar business activity as any of the legal entities mentioned in point i.,
 - iii. a legal entity not mentioned in point i. or ii., which must have its financial statement audited pursuant to the separate law,
 - iv. the state, a state budget-founded organisation, a state budget-supported organisation, state fund, municipality, superior territorial unit and public administration authorities,
 - v. a legal entity established by law not covered by points i. to iv.,
 - vi. a legal entity controlling the investment firm or a foreign investment firm, or which is controlled pursuant to section 138 of the Securities Act by an investment firm or foreign investment firm in which, or in the branch of which, the client assets are maintained.
3. For the client assets are pursuant to subsection 2 considered also:
 - a) joint client assets which, according to records made by an investment firm or foreign stock investment firm before a day when the client assets became inaccessible pursuant to section 82 subsection 1 of the Securities Act, were kept for several clients, with information on individual clients having at least the extent specified in subsection 5 letter a) of the Securities Act,
 - b) assets in notarial custody with an investment firm or foreign investment firm, where the eligible beneficiary of financial instruments or funds in this custody is or should be a person, whose client's assets are protected under the Securities Act, if before the date when the client assets become inaccessible pursuant to the section 82 subsection 1 of the Securities Act, a notary administering this notarial custody delivers a written notice to the respective investment firm or foreign investment firm containing information on eligible beneficiaries at least in the extent specified in subsection 5 letter a) of the Securities Act.
4. Client's funds accepted by an investment firm or a branch of a foreign investment firm and kept in accounts covered by protection under a separate law are not considered as client assets.
5. The following are not protected client assets:
 - i. client assets which, according to records made by an investment firm or branch of the foreign investment firm before the client assets become inaccessible pursuant to section 82 subsection 1, is not kept for the client with at least the following minimum extent of client information:
 - ii. name, surname, personal identification number or date of birth, and permanent residence of the client, if a natural person,
 - iii. name, identification number, if assigned, and registered office of the client, if a legal entity, whose client assets are protected under the Securities Act, as well as the name, surname and permanent residence of a person or persons constituting or participating in the statutory body of the legal entity,
 - iv. joint client assets in the case of which the conditions defined in section 3 letter a) of this Article, are not met,
 - v. notarial custody in the case of which the conditions defined in section 3 letter b) of this Article, are not met.
6. Inaccessible client assets are client assets accepted by:

- a) an investment firm or foreign investment firm which has been declared incapable of meeting its liabilities towards clients pursuant to section 86 subsection 3 of the Securities Act,
 - b) an investment firm or foreign investment firm whose use of client assets has been suspended by a bankruptcy court order during the bankruptcy proceedings pursuant to the separate law, provided that such an order became executable before a declaration under section 86 subsection 3 of the Securities Act.
7. Securities and other financial instruments accepted by an investment firm pursuant to section 6 of this Article which the investment firm or foreign investment firm is able to return to the client without damaging the claims of other clients, are not considered inaccessible client assets.
8. Effective from the date when client assets become inaccessible, until the payment of compensation pursuant to section 88 subsection 1 and subsection 2 of the Securities Act, is completed, the right to use financial instruments and funds constituting inaccessible client assets, to assign claims under inaccessible client assets against the investment firm, and to set off claims between the investment firm and other persons, is suspended. The investment firm is further barred from providing investment services or concluding other transactions increasing the assets or liabilities of the investment firm towards other persons.
9. A client of an investment firm is on the day, when client assets become inaccessible, entitled to reclaim its security or any other financial instrument pursuant to section 82 subsection 2 of the Securities Act, and the investment firm is obliged to comply with this request.

Article III.

Compensation for inaccessible client assets

1. Client is for inaccessible client assets entitled to compensation in euros from the Fund, and the Fund is obliged to compensate for such inaccessible client assets in the extent and under terms specified in the Securities Act. Instead of a client, another person may only be entitled to compensation if stipulated in the Securities Act.
2. For protected client assets the Fund provides compensation in the amount of the inaccessible client assets; however, a single client or another eligible person is entitled, in accordance with the Securities Act, to compensation from the Fund amounting to EUR 50,000 in total.
3. To determine the amount of compensation for protected client assets, the inaccessible client assets of the same client with an investment firm is added up, including its share in any joint client assets protected by the Securities Act, as at the date client assets become inaccessible. For each jointly owned client asset item a rule applies that, unless credible documents are presented to prove otherwise, each of the co-owners has an equal share. Interests and other property benefits associated with inaccessible client assets, for the purposes of determination of compensation, are calculated as at the date when the client assets become inaccessible, and are added to the respective inaccessible client assets of the client. For the purposes of compensation, the amount of inaccessible client assets determined in the manner described above is lowered by any precluded financial instruments and deposits, and any liabilities of the client towards the investment firm as at the date the client assets become inaccessible. Later changes in this situation are not taken into account. The calculated amount of compensation is rounded up to the nearest whole eurocents.

4. The determination of the value of client assets is based on values which, as at the date client assets become inaccessible, are applicable under a contract with the investment firm or under separate legislation concerning valuation of assets. The value of securities admitted to trading on a stock exchange market for listed securities shall be based on the last price of the securities concerned quoted by the stock exchange on the date client assets become inaccessible.
5. Unless a different value of a client's assets or liabilities towards an investment firm can be reliably documented, the values recorded in the books of the investment firm are decisive, unless a separate law provides otherwise.
6. The client is entitled to compensation pursuant to section 1 and 2 of this Article even if its financial instrument is not payable within the period set for the payment of compensation, which is determined according to section 88 subsection 1 and subsection 2 of the Securities Act. This does not apply in the case there is a ban on using or paying the financial instruments pursuant to separate regulations. After the ban is lifted, compensation can be provided, depending on the nature of the matter, to the client or to another person, provided that to such a person arose a right to the client's financial instrument or any part thereof by virtue of a decision of a competent authority.
7. No compensation is provided for precluded financial instruments and deposits and for client assets of clients who have had a special relationship to an investment firm at any time within one year before the date the client assets become inaccessible. The Fund may, in accordance with section 90 subsection 1 of the Securities Act, request an investment firm to supply a list of such persons covering the period concerned.
8. For the purposes of the Securities Act, the following persons are deemed to have a special relationship to an investment firm:
 - a) members of the statutory body of the investment firm, executive officers of the investment firm, other employees of the investment firm specified in the articles of association of the investment firm, and the proxy of the investment firm,
 - b) members of the supervisory board of the investment firm,
 - c) legal entities or natural persons who control the investment firm, members of the statutory body of these legal entities and executive officers of these legal entities,
 - d) persons close to members of the board of directors of the investment firm, members of the supervisory board of the investment firm, executive officers of the investment firm, or natural persons who control the investment firm,
 - e) legal entities, in which any of the persons specified in points a), b), c) or d) have a qualifying holding,
 - f) shareholders with a significant influence over an investment firm and any legal entity that is under their control or that has control over them,
 - g) legal entities controlled by the investment firm,
an auditor or a natural person that carries out an audit on behalf of the auditing company,
 - h) a member of the statutory body of another investment firm and the manager of a branch of a foreign investment firm,

- i) the manager of a branch of a foreign investment firm and his deputy.
9. No compensation is provided to clients who:
- j) by their criminal activities for which they were lawfully sentenced, partly or fully caused the inability of the investment firm to meet its liabilities towards clients,
 - k) acquired financial instruments and funds in connection with legalisation of income from criminal activity for which they were lawfully sentenced.
10. The Fund suspends compensation payments to clients against whom there is a criminal proceeding underway in connection with their criminal activity which may have an impact on the inability of an investment firm to meet its liabilities towards clients.

Article IV.

Payment of compensation

1. No later than within five working days from the date client assets held by an investment firm become inaccessible, the Fund sets the beginning, duration, procedure, and place of the payment of compensation. This announcement is delivered to the investment firm without delay.
2. The payment of compensation must be completed no later than within three months of the announcement pursuant to section 86 subsection 3 of the Securities Act, or from the delivery of an executable court order pursuant to section 82 subsection 1 letter b) of the Securities Act. The Fund may, subject to prior approval of the NBS, in extraordinary and justified instances, extend this period by three months at most. However, the payment of compensation must be completed not later than within one year of the announcement pursuant to section 86 subsection 3 of the Securities Act or from the delivery of an executable court verdict pursuant to section 82 subsection 1 letter b) of the Securities Act.
3. An investment firm is obliged to publish information pursuant to section 1 of this Article together with the announcement pursuant to section 86 subsection 3 of the Securities Act, or a decision on an executable court verdict pursuant to section 82 subsection 1 letter b) of the Securities Act, in a national newspaper and in publicly accessible premises of the investment firm on the next working day following the delivery of the announcement pursuant to section 1 of this Article.
4. The Fund pays compensation for inaccessible client assets through a bank it commissions with this task. For this purpose, the Fund is entitled to give necessary instructions to the bank. These instructions are binding upon the bank.
5. A person who has and exercises the right to compensation must prove, depending on the type of client assets, its right to payment of compensation for the client assets concerned; this right is demonstrated in particular by a document establishing the title to the investment instrument or funds, or by a decision of a competent authority. A natural person exercising its right to compensation must also evidence its identity; a legal entity exercising its right to compensation must present a statement from an official register or official records, where it is registered, issued no more than one month prior to the exercise of the compensation claim. A representative of a client must also document his identity and present a document, or an officially certified copy thereof, showing its authorisation to represent the client; in the case of a legal entity, whose right to compensation is not exercised by its statutory body, such a document must contain an officially certified signature of its statutory body. If a client or his legal representative is acting through an

agent, the agent must also document its identity and present a power of attorney with an officially certified signature of the principal; where the principal is a legal entity, the power of attorney must contain an officially certified signature of its statutory body. The identity of a client, its representative or of their agent is documented by:

- a) a valid identity card, or
 - b) a valid passport, diplomatic passport, service passport and, if a foreigner, a foreigner's permit to reside in the territory of the Slovak Republic.
6. The announcement of the Fund made pursuant to section 1 of this Article may specify the conditions under which the compensation will be paid by a bank transfer.
7. If the client's assets held by the investment firm exceed in total the compensation sum under section 87 subsection 2 of the Securities Act, the compensation covers financial instruments in the order as they were deposited with the investment firm up to the amount set in section 87 subsection 2 of the Securities Act, unless otherwise agreed between the Fund and the client.
8. The amount of compensation for client assets consisting of financial instrument and funds denominated in a foreign currency shall be calculated using the foreign exchange reference rate set and published by the European Central Bank or the NBS ruling valid on the date when the financial instruments or funds become inaccessible.
9. If a client or another person pursuant to section 87 subsection 6 of the Securities Act were unable to exercise their right to compensation within a deadline pursuant to section 1 and section 2 of this Article for documented serious health reasons or other serious reasons, the Fund may provide compensation based on a written application even after the deadline expires, but no later than within one year after the client assets become inaccessible.
10. Any person or their representative who exercises the right to compensation for inaccessible client assets are obliged, in order to demonstrate the fulfilment of the requirements and conditions, to provide the following information and allow it to be obtained by photocopying, scanning or other means of recording:
- a) personal identification information from an identity document that includes a visual likeness, title, name, surname, maiden name, personal identification number, date of birth, place and district of birth, address of permanent residence, address of temporary residence, record of any restriction of legal capacity, type and number of the identity document, the issuing authority, date of issue and expiry date of the identity document, if a natural person,
 - b) identification information to the extent set out in section 81 subsection 5 letter a) point 2 of the Securities Act, if a legal entity,
 - c) contact telephone number, fax number and electronic mail address, if has it,
 - d) documents and information on client assets and any claims and liabilities towards the investment firm holding the inaccessible client assets, on the representative's power of attorney, an on the fulfilment of other requirements and conditions necessary for assessing and documenting the justification of the exercised right to compensation and to the provision of compensation for the inaccessible client assets protected by law.

11. Compensation for inaccessible deposits may not be provided and paid where the person or their representative who exercises the right to compensation for inaccessible assets has not met all the requirements and conditions pursuant to the Securities Act and to the general terms and conditions for the payment of compensation, which are necessary for assessing and documenting the justification of the exercised right to compensation and to the provision of compensation for legally protected inaccessible client assets.
12. On the date compensation is paid, the Fund acquires a claim to and becomes the creditor of an investment firm in the extent of compensation paid to its client by the Fund. On that date, the client's claim on the investment firm is discharged in the extent of compensation paid.
13. The Fund may also claim from the investment firm reimbursement of actual costs incurred in connection with the payment of compensation.
14. Unless otherwise provided in the Securities Act, the legal relationships between the Fund and the investment firm, for whose inaccessible client assets the Fund paid compensation, are governed by the provisions of the Civil Code on guarantees.
15. The payment of compensation for inaccessible client assets, the amount of interest and other property benefits determined pursuant to section 87 subsection 4 of the Securities Act, and the outstanding liability for which compensation was not provided is recorded in the books of the investment firm and in documents on relations to a financial instrument, in which the amount of a liability is specified.
16. The provision of compensation from the Fund is without prejudice to the right of the client or other authorised person to claim from the investment firm holding its inaccessible assets the payment of that part of the client assets for which compensation was not provided from the Fund.