

Investment Guarantee Fund (hereinafter referred to as „IGF“) is a legal entity and was established in accordance with Section 80 et seq. of Act No. 566/2001 Coll. on Securities and Investment Services and on amendments and supplements of some acts as amended for the purpose of concentrating financial contributions from securities brokers and branches of foreign securities brokers, asset management companies and branches of foreign asset management companies (hereinafter referred to as “**entities engaged in protecting clients**”) to provide compensation for inaccessible client assets. IGF has its registered office in Radlinského street No 27/B, 811 07, Bratislava, website www.garancnyfond.sk.

The protection of client assets

The protection of client assets in accordance with Act No. 566/2001 Coll. on Securities and Investment Services and on amendments and supplements of some acts as amended (hereinafter referred to as “**Act**”) relates to:

a) monetary resources and financial instruments of natural persons including entrepreneurs natural persons and legal persons established by the Act entrusted to securities broker or foreign securities broker in respect to performing investment services or subsidiary services according to Section 6 (2) (a) of the Act, namely including financial instruments and monetary resources acquired for these values,

b) common client assets managed for more clients if it meets requirement according to Section 81 (2) (a) of the Act, whereby for every common client assets it shall apply that each of the clients holds an equal share if other shares of particular clients are proven by reliable evidence,

c) notary deposits deposited at the securities broker of foreign securities broker if the eligible beneficiary of financial instruments or monetary resources from this deposit is or shall be person whose client assets is protected according to the Act and if before the day the client assets became inaccessible, the public notary administering this notary deposit delivered a written notice with information on eligible beneficiaries to respective securities broker or branch of foreign securities broker at the minimum within the range of the Act.

The protection of client assets does not relate to:

a) client assets which according to records made by the securities broker or branch of foreign securities broker before the day the client assets became inaccessible are not kept on record for the client at the minimum within the range of the following data: for natural person – name and surname, personal identification number or date of birth and place of permanent residence; for legal entity – name, identification number if assigned, registered office, name and surname and place of permanent residence of persons or person that is the statutory body of the legal person

b) common client assets that do not meet requirements stated in letter b) of the previous paragraph,

c) notary deposit that does not meet requirements set by letter c) of the previous paragraph (i.e. the protection does not relate to assets of banks, insurance companies, supplementary retirement insurance companies, asset management companies, securities brokers, central depository, stock exchange, post office, legal entities operating lotteries and similar games, legal entities that are obliged to have their statement of finances checked by an auditor in terms of Act on Bookkeeping etc.),

d) client assets entrusted to securities broker that is a bank or branch of a foreign bank and is protected according to an individual legal provision (Act No 118/1996 Coll. on Protection of Deposits and on amendments and supplements of some acts as amended).

Compensation for inaccessible client assets

If the securities broker shall be declared by the National Bank of Slovakia to be unable to fulfil his obligations towards clients or the appropriate court by its enforceable judgement suspended his disposal of client assets (judgement pursuant to Act No 7/2007 on Bankruptcy and Restructuring and on amendment and supplements of some acts as amended) and at the same time he is not able to return received securities and financial instruments without damage to rights of other clients, the client assets become inaccessible within the provisions of the Act.

The client shall have a right for compensation for the inaccessible client assets, which are protected according to the Act, from the IGF to the extent and under conditions set by the Act. Compensation is provided in the amount of 100% of the client assets, but no more than EUR 50,000. For the purposes of calculation of the amount of compensation the inaccessible client assets of one client at one securities broker are summed including his shares in common client assets according to the situation as of the date the client assets became inaccessible. Interest and other proprietary advantages related to inaccessible client assets are calculated, for the purposes of calculation of the amount of compensation, according to the situation as of the date the client assets became inaccessible and are added to the inaccessible client assets of the client. For the purposes of calculation of compensations the inaccessible client assets shall be reduced by all statute-barred financial instruments, deposits and obligations of the client towards the broker according to the situation as of the date the client assets became inaccessible. In case the value of the client assets is not reliably proven the record on value of the client assets according to the broker's evidence shall be considered determining.

The compensation shall not be paid to persons who:

- have partially or fully caused the inability of the broker to meet his liabilities towards clients through their criminal activity, for which they have been in criminal procedure lawfully sentenced, ,
- have acquired financial instruments and monetary resources in connection with legalisation of income from criminal activity for which they were lawfully sentenced in criminal procedure,
- are persons in personal relation with the broker according to Section 87 (8) of the Act.

The compensation shall not be provided for the loss of the client resulting from changes of market value of financial instruments and monetary resources.

Payment of compensations

Within five days from the day when the client assets became inaccessible by a notice delivered to the broker, IGF shall set the date of commencement, place, method and procedure of payment of compensations. The broker shall publish this information in press with national coverage and on his publicly accessible premises no later than one business day from their delivery. IGF is allowed to set in the notice under what terms the compensation shall be paid by noncash transfer. Payment of compensation shall take place no later than three months from the day the client assets became inaccessible. In exceptional and substantiated cases and after approval from the National Bank of Slovakia this term can be extended by three months at most. However, in each case payment of compensations has to be completed no later than one year from the day the client assets became inaccessible. IGF pays compensations for inaccessible client assets solely through the chartered bank. The amount of compensation for the client assets comprised of financial instruments and monetary resources in foreign currency shall be converted according to the exchange rate announced by the National Bank of Slovakia on the date the client assets became inaccessible. Interest and other proprietary advantages related to inaccessible client assets shall be calculated, for the purposes of calculation of the amount of compensation, according to the situation on the date the client assets became inaccessible and are added to the inaccessible client assets of the client. If the client or other authorized person could not make claim for compensation in time prescribed by law due to provably substantial health or other important issues, the IGF can, based on written request, provide compensation, and that no later than one year from the day the client assets became inaccessible. IGF shall suspend payment of compensations to persons against whom the criminal procedure is conducted in connection with their operation which is connected with the inability of the broker to fulfil his liabilities towards clients.

On the day of payment of compensation for the inaccessible client assets, the client's claim towards the broker to the extent of compensation paid is discharged.

Proving the right for compensation

The client who shall claim the right for compensation has to prove the right to compensation. The client proves this right mainly by means of:

- a certificate for title to investment instrument or monetary resources, which shall be, e.g. the original or the officially verified copy of the agreement with the broker, document proving receiving of monetary resources or investment instruments issued by the broker, statement of the client's account on status of monetary resources or investment instruments issued by the broker, or
- the decision of the respective authority.

Natural persons claiming the right for compensation prove their identity by means of:

- valid identity card or
- valid passport, diplomatic passport, service passport and in case of a foreigner – permit for the residence of the foreigner in the Slovak Republic.

Legal persons claiming the right for compensation prove their identity by means of:

- extract from the official evidence or register wherein it is entered, whereas this extract shall not be older than one month prior to the claim for the right for compensation,
- providing that from the document according to letter a) is not evident who is authorized to act in the capacity of the legal person, also a document or officially verified copy of the document from which it is evident, who is authorized to act in the capacity of the legal person, is to be submitted.

Providing that a representative is acting on behalf of the natural person, the representative shall be obliged to submit a document or the officially verified copy of the document that authorizes him to representation. The representative shall be obliged to prove his identity as well.

Providing that an attorney is acting on behalf of the natural person, the representative or the legal person, he shall be obliged to submit also written power of attorney with officially attested signature of the constituent of power in order to prove his identity.