



CLIENT ASSETS HANDLING POLICY

This document sets out the statutory obligations of the Dealer during the handling of Clients' assets.

1. Depositing of Clients' Funds

- 1.1. If the Client does not use a Bank Trading Account for the Provision of a Transaction, in accordance with the applicable provisions of the Act on Undertaking on Capital Market the Dealer will record Client Funds provided by the Client for the purpose of the provision of the respective investment service on an SCA which the Dealer undertakes to establish for these purposes based on the respective Client Agreement.
- 1.2. The Dealer pays interest on Client Funds held on SCAs in CZK, EUR and USD. Client Funds held on SCAs in other currencies do not accrue interest. The Dealer credits interest on Client Funds held on SCAs to Clients on a quarterly basis, at all times at the latest by the 10th day of the month following the end of the calendar quarter. In accordance with the Act on Income Tax, No. 586/1992, withholding tax in the amount of 15% is deducted from interest where this represents the income of natural persons - both residents and non-residents - who have not submitted a certificate regarding their tax domicile. If a non-resident Client submits a certificate regarding his/her tax domicile, withholding tax shall be governed by the respective double taxation avoidance agreement between the Czech Republic and the country in which the Client has his/her tax domicile.
- 1.3. The Dealer maintains records of funds received from the Client, and takes steps to ensure the effective and adequate separation of the Client's Funds from the funds of other clients and from the Dealer's own funds.
- 1.4. The Dealer may set off any entitlement to Consideration, comprising Fees, Costs and Charges, which arises in connection with the provision of an investment service against the Client Funds held on the Bank Trading Account or the SCA, after first informing the Client of the amount of such Consideration.
- 1.5. The Dealer may set off revenue (interest) from Client Funds which are deposited on the Bank Trading Account or SCA in connection with the performance of the Dealer's obligations against the Dealer's receivable based on Fees for the provision of an investment service.

2. Depositing of Clients' Investment Instruments

- 2.1. In accordance with the requirements of the Act on Undertaking on Capital Market, the Dealer maintains records of the Client's Investment Instruments entrusted into its custody. However, Client Securities held on the

Client's Asset Account directly at the CSD are not considered to have been entrusted into the Dealer's custody.

- 2.2. The Dealer may deposit the Client's Investment Instruments on an account held with a third party, in particular in the case of certificated Investment Instruments and foreign Investment Instruments. When the services of a third party are used, the Dealer ensures that such third person is carefully selected in accordance with the applicable provisions of the Act on Undertaking on Capital Market.
- 2.3. In cases where the Client's Investment Instruments are kept on an omnibus account together with the Investment Instruments of other clients, the Dealer employs measures to prevent the risks of one Client's transactions or the Dealer's transactions from being transferred to other clients. However, in exceptional cases such risk transfer may occur, and the Client's Investment Instruments kept on the omnibus account may be used by the Dealer or a third party as security for the obligations of another client or the Dealer, which includes the possibility of their sale or other alienation.¹

3. Depositing of Clients' Assets Abroad

- 3.1. If it is necessary for the provision of a service requested by the Client, the Dealer may deposit the Client's Investment Instruments and funds with a third party abroad, including countries outside the European Union.
- 3.2. In cases where the Client's Investment Instruments and funds are deposited with a foreign entity, the Dealer employs measures to ensure their differentiation from such entity's assets. However, in exceptional cases such differentiation may not be possible or sufficient. In such a case, the Client's Investment Instruments and funds deposited with such entity may be used as security for the obligations of such entity, which includes the possibility of their sale or other alienation.

4. Information on Order Execution Status

- 4.1. The Dealer informs the Client of the execution of an Order, or potentially of the failure to execute an Order, without undue delay in the manner specified in the Investment Services Terms and Conditions.

¹ This provision represents a warning in regard to the risks of omnibus accounts in accordance with Section 20(3)(c) of Decree No. 303/2010.

- 4.2. At the Client's request, the Dealer will provide information on the status of an Order not yet executed in the manner specified in the Investment Services Terms and Conditions, and will do so without undue delay after receipt of the Client's request.
5. **Information on Client Assets Status**
- 5.1. The Dealer is obliged to inform the Client of the balance of the Client's funds and the status of the Client's Investment Instruments once a year, unless the Client requests more frequent information.
6. **Information about the Security Traders Guarantee Fund and the Deposit Insurance Fund**
- 6.1. Pursuant to the Act on Undertaking on Capital Market, the Security Traders Guarantee Fund ("Guarantee Fund") operates a compensation system from which it pays out compensation to clients of securities dealers which are incapable of meeting their obligations towards their clients.
- 6.2. Under the conditions laid down by the Act on Undertaking on Capital Market, following persons and entities may not claim compensation from the Guarantee Fund:
- a) the Czech Consolidation Agency;
 - b) local government units;
 - c) any person who, in the 3 years preceding the submission of notification to the Guarantee Fund by agreement with the Czech National Bank about security dealer's incapacity to meet its obligations towards its clients (the submission of notification shall include the place, manner and deadline for registration of claims for compensation and beginning of the disbursement of compensation from the Guarantee Fund or other matters relating to the registration of claims);
 - i. performed an audit or participated in the performance of an audit on a securities dealer whose clients are receiving compensation paid out from the Guarantee Fund;
 - ii. was a manager of a securities dealer whose clients are receiving compensation paid out from the Guarantee Fund;
 - iii. was a person with a qualified holding in a securities dealer whose clients are receiving compensation paid out from the Guarantee Fund;
- iv. was a close person within the meaning of the Civil Code of a person according to points (i) to (iii);
 - v. was a person belonging to the same group of companies as a securities dealer whose clients are receiving compensation paid out from the Guarantee Fund;
 - vi. performed an audit or participated in the performance of an audit on a person belonging to the same group of companies as a securities dealer whose clients are receiving compensation paid out from the Guarantee Fund;
- d) was a manager of a person belonging to the same group of companies as a securities dealer whose clients are receiving compensation paid out from the Guarantee Fund;
 - e) a person in which a securities dealer whose clients are receiving compensation paid out from the Guarantee Fund, or a person with a qualified holding in such securities dealer, holds an interest in the registered capital or voting rights of greater than 50%;
 - f) a person which, in connection with the legitimisation of the proceeds of crime (money laundering), entrusted funds obtained from criminal activities to a securities dealer whose clients are receiving compensation paid out from the Guarantee Fund;
 - g) a person whose criminal act caused a securities dealer whose clients are receiving compensation paid out from the Guarantee Fund to be incapable of meeting its obligations towards its clients.
- 6.3. Under the conditions laid down by the Act on Undertaking on Capital Market, the compensation provided from the Guarantee Fund to clients is equal to 90% of the amount of the funds and of the real value of the Investment Instruments which could not be released to the client. However the amount paid out may not exceed the CZK equivalent of EUR 20,000 per client for a single securities dealer.
- 6.4. Pursuant to the Act on Banks, the Deposit Insurance Fund provides compensation for receivables based on deposits to eligible persons.
- 6.5. Detailed information about the deposit insurance are available at Dealer's points of sale and on the Dealer's website.