

INVESTMENT SERVICES TERMS AND CONDITIONS OF PPF banka a.s.

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1. General Information

- 1.1 These Investment Services Terms and Conditions regulate the provision of investment services by the Dealer, including, without limitation to, the Provision of Transactions, arranging the Settlement of Transactions, securing the services of Administration, Safekeeping and Deposit and the provision of Investment Consultancy, including the Provision of Transactions at foreign Trading Venues where the Dealer deals directly or indirectly and at Trading Venues in the Czech Republic, including markets organised by the PSE, all of which in accordance with a respective Client Agreement.
- 1.2 Provision of Transactions, arranging the Settlement of Transactions, provision of the services of Administration and/or Safekeeping and/or Deposit by the Dealer for the Client's account and provision of Investment Consultancy may only be carried out on the basis of a valid and effective Client Agreement.
- 1.3 These Investment Services Terms and Conditions constitute Specific Business Conditions (hereinafter "SBC") issued in accordance and in connection with the General Business Conditions of PPF banka a.s. (hereinafter the "GBC"), of which the Client has been informed together with these Investment Services Terms and Conditions.
- 1.4 These Investment Services Terms and Conditions have been issued under and in accordance with the provision of Section 273 of the Commercial Code. These Investment Services Terms and Conditions, the GBC and the Price List form part of the content of each Client Agreement.
- 1.5 Relations between the Client and the Dealer not regulated by a respective Client Agreement, by these Investment Services Terms and Conditions and/or the GBC shall be governed by the laws of the Czech Republic, including, without limitation to, the applicable provisions of the Securities Act, the Act on Undertaking on Capital Market and the Commercial Code, the CSD Operational Policy, and, where applicable, the operational policies and conditions of other Trading Venues and Other Depositories. In the event of any conflict between non-mandatory provisions of the law and demonstrably established general customs and practices on relevant financial markets, such customs and practices shall prevail. For the avoidance of all doubts, however, it is stated that the provisions of the Client Agreement, these Investment Services Terms and Conditions and/or the GBC shall prevail over such any such established general customs and practices.
- 1.6 Should the Client Agreement contain provisions at variance with these Investment Services Terms and Conditions, the provisions of the Client Agreement shall prevail. Should these Investment Services Terms and Conditions contain provisions at variance with the

provisions of the GBC, the provisions of these Investment Services Terms and Conditions shall prevail.

- 1.7 Capitalised terms or phrases used in these Investment Services Terms and Conditions have the meaning specified in the article "Definition of Terms" of the GBC and/or in the annex "Definition of Terms" which forms an integral part of these Investment Services Terms and Conditions and which is used in contractual documentation and information documentation for Clients, or, where applicable, the meaning specified in the individual provisions of these Investment Services Terms and Conditions. Such defined terms and phrases apply both to the single and the plural similarly.
- 1.8 The Client Agreement shall be signed by the Client in the presence of the Dealer's authorised employee. Where a Client Agreement is concluded in a different manner (e.g. by mail, remotely), or where prescribed by applicable legal regulations or the rules of trading on a given market, the signature of the Client on the original of the Client Agreement must be authenticated. The Dealer may also require the authentication of the Client's signature on the original of the Client Agreement or the issuance of a special power of attorney for the purposes of the Settlement of Transactions with Investment Instruments registered with the CSD or some Other Depository. Where the Client is a legal person, the respective Client Agreement shall be concluded by the person acting in the Client's name or authorised to act on the Client's behalf. The Dealer will verify the identity of the person acting on behalf/in the name of the Client.
- 1.9 The Dealer's employee will verify the identity of the Client and of any person concluding a Client Agreement on behalf/in the name of the Client in the manner prescribed in applicable legislation (Act No. 253/2008), will ascertain all the mandatory identification data and will carry out a check based on valid proof of identity. Where the Client is a legal person, the Client shall, before signing the Client Agreement, present the Dealer with valid and authentic proof of the existence of the Client and of the manner of acting on behalf of the Client (e.g., a valid Certificate of Incorporation from the Czech Companies Register not older than 3 months, a valid certificate from another public register not older than 3 months, and in the case of foreign registers not older than 6 months; in exceptional cases the bank may also accept an older document, although 1 year old at the most), and in the case of a foreign Client also its respective incorporation documents.
- 1.10 The Client Agreement may also be concluded by a person representing the Client based on a power of attorney with authenticated signatures. In such case, the power of attorney shall become an integral part of the Client Agreement and shall be deposited with the Dealer. The scope of executed Orders and provided services shall be limited by the scope of the

- authorisation granted in the relevant power of attorney.
- 1.11 The Dealer may refuse to conclude a Client Agreement if the Client fails to provide necessary cooperation or information needed for the Settlement of a Transaction.
- 1.12 The Dealer may refuse to conclude a Client Agreement if the Client fails to provide information necessary for the categorisation of the Client in accordance with the Act on Undertaking on Capital Market, and may refuse to recommend a transaction, service or Investment Instrument or to execute a Client Order if the Client refuses to provide the Dealer with information on the Client's financial situation, experience in the area of investments into Investment Instruments and the objectives to be achieved on the basis of activities under the respective Client Agreement, or if the Client provides false, incomplete or inaccurate information.
- 1.13 Before submitting an Order for the Provision of a Transaction, the Client has the right to be informed, upon request, of the current value of the Investment Instrument on the relevant Regulated Market, and to receive other information about the Investment Instrument relating to such Order.
- 2. Trading Venues**
- 2.1 The Dealer will Provide and Settle Transactions at selected Czech and foreign Trading Venues, including, without limitation, on Regulated Markets. A list of the main Trading Venues is available on the Dealer's Internet Website.
- 2.2 Trading and settlement at individual Trading Venues shall be governed by the rules of the respective Trading Venues.
- 3. Provision of Transactions, Settlement of Transactions, Administration and Orders**
- 3.1 The Dealer will handle only the Provision of Transactions involving the Investment Instruments with which the Dealer may Provide such Transactions based on the scope of the Authorisation granted to the Dealer by the CNB or by another supervisory body in respect of the relevant service, and only where this is possible based on the nature of the matter.
- 3.2 Minimum requirements for all Orders:
- a) identification of the Client (company name / business name / first name and surname, Company No. / personal identification number, Authorised Party);
 - b) the ISIN or other form of identification of the Investment Instrument to which the Order relates; the name of the issue of the Investment Instrument;
 - c) the number of pieces of the Investment Instrument in question (or, as the case may be, the volume stated in terms of nominal value);
- d) the date and time of the submission of the Order by the Client; and
 - e) the signature of the Client or an Authorised Party in accordance with the relevant provisions of the Client Agreement, if the Order is submitted in writing.
- 3.3 The minimum requirements for an Order for the Provision of a Transaction and an Order for the Settlement of a Transaction consist of the requirements specified in paragraph 3.2 of these Investment Services Terms and Conditions plus:
- a) the direction of the transaction (i.e. specification as to whether the Client is the buyer or the seller, or, as applicable, the creditor or the debtor based on a loan of Investment Instruments etc.);
 - b) designation of the Settlement System, the Trading Venue where the Order is to be executed by the Dealer, and the settlement details of the counterparty if these are known to the Client; and
 - c) the Client Bank Account to which the Investment Instrument transaction is to be settled if the Client requests a method other than as agreed in the Client Agreement or herein;
- 3.4 The minimum requirements for an Order for the Provision of a Transaction consist of the requirements specified in paragraphs 3.2 and 3.3 of these Investment Services Terms and Conditions plus:
- a) the type of Order for the Provision of a Transaction (transaction, buy and sell, repo, loan, transfer, other);
 - b) the price of the Investment Instruments in question or the value of the Investment Instruments for the purposes of a loan of Investment Instruments or a repo transaction, or for the purposes of the settlement of the relevant transaction, where this price of the Investment Instruments in question may be stated as a fixed amount or as an amount specifying limiting conditions for the Dealer (e.g. "as best as possible" or "stop loss order" etc.); and
 - c) specification of the period of validity of the Order, which shall not exceed 30 days unless agreed otherwise between the Dealer and the Client.
- 3.5 The minimum requirements for an Order for the Settlement of a Transaction consist of the requirements specified in paragraphs 3.2 and 3.3 of these Investment Services Terms and Conditions plus:
- a) the method for transaction settlement (delivery versus payment, delivery free of payment);
 - b) the currency;
 - c) the price of the Investment Instruments in question (price per piece, or in the case of bonds expressed as a % of the nominal value);
 - d) the total price, including accrued interest;
 - e) the Transaction Conclusion Date, the execution date, the settlement date; and
 - f) specification of the counterparty (name / company name, personal identification number / Company

- No., address / registered office), the Dealer of the counterparty (company name, Company No.).
- 3.6 The minimum requirements for an Order for Administration consist of the requirements specified in paragraph 3.2 of these Investment Services Terms and Conditions plus:
- a) the number of the Asset Account/Sub-Account of the Client;
 - b) specification of the required service (deposit, withdrawal, exercise of a subscription right to newly issued Investment Instruments, exercise of an option etc.);
 - c) the currency, price/nominal value of the Investment Instrument per piece, the total price/total nominal value of the Investment Instruments in question;
 - d) specification of the counterparty (name / company name, personal identification number / Company No., address / registered office); and
 - e) the date of acceptance/release of the Investment Instrument into/from Administration.
- 3.7 The Dealer may also Provide a Transaction, Settle a Transaction or perform Administration in cases where the Order in question does not contain all the necessary requirements, provided that it is sufficiently clear from the Order, or from the respective Client Agreement, how the Order is to be executed.
- 3.8 The Client agrees that its Orders submitted to the Dealer will be based on true and complete information, and that in connection with an Order the Client will always provide the Dealer with all the information necessary for its proper execution.
- 3.9 The Client shall issue all Orders as specified in Section 8 ("Method of Communication") of these Investment Services Terms and Conditions. The only persons authorised to submit Orders on behalf of the Client shall be the Authorised Party specified in an annex to the respective Client Agreement or the Client itself. An exception to the above shall be the issuance of an Order involving Administration in relation to the exercise of voting rights attached to the Investment Instrument in question, which may only be issued in writing.
- 3.10 Unless the Client expressly states otherwise when submitting an Order, the Client requests that the Dealer shall not disclose Limit Orders of the Client relating to Investment Instruments admitted to trading on European Regulated Markets which are not immediately executed or transmitted to the Regulated market due to currently prevailing market conditions.
- 3.11 Before issuing an Order relating to the purchase or sale of certificated domestic securities, the Client is obliged to conclude with the Dealer an Agreement on the Safekeeping of Certificated Securities or on the Deposit of Certificated Securities. The Dealer may transfer domestic certificated securities designated for sale into the secondary safekeeping of the respective depository; in the case of purchases of domestic certificated securities, these may be left in the secondary safekeeping of the respective depository unless the Client specifies otherwise. The Dealer is not obliged to carry out an Order involving domestic certificated securities or to safekeep domestic certificated securities under an Agreement on the Safekeeping of Certificated Securities or, as the case may be, on the Deposit of Certificated Securities in particular in cases where such securities are the subject of certificate replacement proceedings or if they are damaged, incomplete or lack the prescribed formal requirements, have been pledged, or are inadmissible for trading for other reasons.
- 3.12 The Client may propose the time for the settlement of a specific Order (using the same method as for submitting Orders). If the time for settlement proposed by the Client differs from the usual settlement time according to the rules of particular Trading Venues (such as the PSE Rules etc.), the Client's proposal of the time for settlement shall be subject to the Dealer's approval.
- 3.13 The Dealer may refuse to comply with a Client Order or refuse to accept a Client Order if:
- (a) the Dealer considers the Order to be disproportionate for the Client based on the information provided by the Client in the Investment Questionnaire and in view of the nature of the requested Investment Service or the Investment Instrument;
 - (b) the Order is incomplete, incorrect, indefinite or unclear;
 - (c) the Dealer has doubts as to whether the Order was submitted by an Authorised Party;
 - (d) there is a risk of a conflict of interest between the Dealer and the Client or between the Client and another client of the Dealer;
 - (e) the provision of the service might result in market abuse (e.g. market manipulation) or in the disruption of market transparency;
 - (f) the Dealer has reasonable suspicions that the Investment Instruments involved in the Order are the subject of criminal activities;
 - (g) the Dealer has reasonable suspicions that regulated market rules have been violated;
 - (h) the Dealer is not able (in its reasonable opinion) to ensure that the service will be provided with due professional care, or the service would involve disproportionately high costs that are not covered by the standard Consideration according to the respective Client Agreement; or
 - (ch) there are other serious reasons due to which the requested service may not be provided, and the contracting parties fail to agree otherwise.
- 3.14 The Dealer reserves the right not to disclose to the Client the reasons for refusing to accept or to execute an Order.
- 3.15 The Dealer shall take care to avoid causing any damage to the Client by refusing an Order. The Dealer shall notify the Client of its refusal to comply with or to accept an Order without undue delay. The periods for submitting Orders and for delivering account statements shall be governed by the conditions of the

individual Trading Venues and the limitations stated herein.

- 3.16 Where required by the nature of an Order for the Provision of a Transaction, such Order will be executed on the market only after the identity of the Client and his/her rights of disposal in regard to the respective Investment Instruments at the CSD or Another Depository have been verified. The period of validity of such Order shall also include this period of time.
- 3.17 The Dealer will execute Client Orders in accordance with the Execution Policy attached as an annex hereto.
- 3.18 When an Order for the Provision of a Transaction is executed at a Trading Venue, the requested volume of purchased or sold Investment Instruments is deemed to be a limit volume, and the volume actually purchased or sold depends on the current conditions prevailing on the given market.
- 3.19 For the period of effectiveness of an Order, the Client grants the Dealer exclusive rights of disposal over the Investment Instruments forming the subject of the Provision of the Transaction. The Client also acknowledges that the Suspension of Right according to Section 97 of the Act on Undertaking on Capital Market may apply to the respective Investment Instruments.
- 3.20 In the case of Investment Instruments registered at the CSD, the Dealer and the Client have agreed that the rights granted on the basis of the provision of paragraph 3.19 of these Investment Services Terms and Conditions shall be exercised by the Dealer in accordance with the CSD Operational Policy.
- 3.21 Should the Client decide to modify or cancel an Order already submitted, the Dealer shall allow the Client to do so provided that this Order has not yet been executed and no irreversible steps have yet been taken for the purpose of its execution.
- 3.22 The Dealer is entitled to deviate from Orders for the Provision of Transactions or Orders for Administration only if this is to the advantage of the Client, and is not expressly precluded in such an Order, and is not prohibited by law or by the rules of the Trading Venue where the Transaction is to be Provided, the Execution Policy or any administrative or court decision binding on the Client and/or the Dealer.
- 3.23 In the case of Orders for the Settlement of a Transaction it is expressly agreed that the Dealer shall execute such an Order of the Client for the price specified in such Order, which is fixed and invariable, irrespective of its amount or the possibility to arrange more favourable conditions for the Client.
- 3.24 The Dealer shall notify the Client of any incorrect or incomplete Orders in due time.
- 3.25 The Dealer may Provide a Transaction by itself taking the role of the respective counterparty, e.g. by selling an Investment Instrument to the Client from its own

assets or by buying an Investment Instrument from the Client to add to its own assets.

- 3.26 If the Client does not use a Bank Trading Account for the purpose of the Provision of Transactions, the Dealer will open an SCA for the Client, on which for the duration of the respective Client Agreement the Dealer will maintain any and all funds for the purposes of the performance of obligations arising from the respective Client Agreement or, as the case may be, from other arrangements of the contracting parties in connection with the respective Client Agreement. The Dealer shall handle the funds on the Bank Trading Account or the SCA of the Client in accordance with the Client Assets Handling Policy and according to the requirements of the Client stated in each Order, provided, however, that the execution of such Order does not prevent the Dealer from discharging its obligations under the respective Client Agreement.
- 3.27 The Dealer hereby agrees that as part of the service of Administration it will perform the following acts which are necessary for the exercise and maintenance of rights attached to Investment Instruments, and will do so even without respective Orders unless the Client stipulates otherwise in an Order:
- a) to demand the performance of obligations associated with the Investment Instruments; upon the maturity of the Investment Instruments to present the necessary documents and the Investment Instruments for the purpose of the repayment of the amount owed; and to present the Investment Instruments for the purpose of the payment of dividends, yields or revenues;
 - b) to execute in the name of the Client and for the Client's account any and all acts which the Dealer deems necessary in connection with the receipt of payments, income, yields and revenues, or the maintenance of other rights associated with the Investment Instruments;
 - c) to debit from the SCA or the Bank Trading Account amounts corresponding to the Dealer's Consideration, as well as any fees and other expenses incurred by the Dealer under and in accordance with the respective Client Agreement;
 - d) to withdraw or take over from, or to credit to the Asset Account or the SCA or the Bank Trading Account any income, payments, yields or revenues in connection with the Investment Instruments;
 - e) to conclude necessary agreements with third parties concerning the legal acts necessary for the due performance of the obligations of the Dealer arising from the respective Client Agreement;
 - f) in the event of a change of Authorised Administrator or Secondary Administrator, to transfer the Investment Instruments to another Authorised Administrator or Secondary Administrator, even without the consent of the Client;
 - g) to perform any and all acts in relation to Settlement Systems, Authorised Administrators

and Secondary Administrators which are necessary or appropriate in order for the Dealer to provide services to the Client under the respective Client Agreement;

- h) to sign any declarations on honour, certificates and other documents concerning the ownership of the Investment Instruments which may be required under applicable law in connection with Administration by any tax or regulatory authority or other authorised state authority of any relevant jurisdiction;
- i) in the event of any extraordinary changes or credit/debit activities on accounts, to inform the Client without undue delay after such a change occurs by means of a written confirmation, an extraordinary account Statement, or by some other method of communication as defined in paragraph 8.3 of these Investment Services Terms and Conditions;
- j) to exercise any conversion, exchange or preemptive rights attached to the Investment Instruments, and in particular, in the event of the winding up of the issuer, to exercise the right to exchange the Investment Instruments for Investment Instruments of the successor company, or to exercise the right to a cash payment, to exchange interim certificates and other Investment Instruments or certificates of temporary nature for definitive Investment Instruments, as well as to exercise any other rights connected with the winding up, cessation of trading or liquidation of the issuer of the Investment Instruments; and
- k) to accept for the Client yields and revenues from the Investment Instruments, to present for payment specific Investment Instruments which are to be paid for, repurchased, or redeemed, or which otherwise become mature, and specific coupons and other income items which are to be paid against presentation (or other proof of entitlement).

4. Safekeeping, Instructions

- 4.1 The Dealer is obliged to follow the Instructions of the Client.
- 4.2 The minimum requirements for an Instruction consist of the requirements specified in paragraph 3.2 of these Investment Services Terms and Conditions plus:
 - a) the number of the Asset Account/Sub-Account of the Client;
 - b) specification of the service requested (Safekeeping);
 - c) the currency /nominal value of the Security per piece /the total nominal value of the Securities in question; and
 - d) the date of acceptance/release of the Security into/from Safekeeping.
- 4.3 The provisions of paragraphs 3.8, 3.9, 3.13 and 3.26 of these Investment Services Terms and Conditions shall also apply in relation to Instructions mutatis mutandis.
- 4.4 The Dealer shall notify the Client without undue delay of any incorrect or incomplete Instructions if the

Dealer has ascertained that any such Instruction sent to it by the Client is not correct.

5. Settlement, Accounts at the CSD

- 5.1 During the Provision of a Transaction in which the Client becomes obliged to acquire respective Investment Instruments from a third party (i.e. in particular during the purchase of Investment Instruments or the acceptance of a loan of Investment Instruments), the Dealer may first transfer to itself the Investment Instruments involved in the Provision of the Transaction based on the relevant Order, and then subsequently transfer such Investment Instruments to the Client only after the final settlement of the relevant Order.
- 5.2 During the Provision of a Transaction in which the Client becomes obliged to transfer respective Investment Instruments to a third party (i.e. in particular during the sale of Investment Instruments or the provision of a loan of Investment Instruments), the Dealer may first transfer to itself the relevant Investment Instruments (i.e. in the case of book-entry Investment Instruments to its owner account at the CSD or Another Depository).
- 5.3 The Dealer will inform the Client of the execution of an Order (hereinafter "Confirmation"), as well as of the status of any Order that has not yet been executed, by means of an automatic output from the Dealer's information system which will be sent to the Client using the method described in Section 8 of these Investment Services Terms and Conditions. The Client hereby expressly agrees to this method of provision of Confirmation. Unless precluded by the nature of the matter, Confirmations shall always contain at least:
 - (a) the identification of the Dealer;
 - (b) the identification of the Client;
 - (c) the date of the execution of the Order;
 - (d) the time of the execution of the Order;
 - (e) the type of the Order;
 - (f) the designation of the Trading Venue;
 - (g) the identification data of the Investment Instrument;
 - (h) the direction of the transaction (purchase or sale);
 - (i) the nature of the Order, if it is not an Order to buy or sell;
 - (j) the quantity;
 - (k) the unit price and total price;
 - (l) the total amount of the commission and charged expenses; upon the Client's request, the Dealer will itemise the commission and charged expenses;
 - (m) information concerning the obligations of the Client in relation to the Settlement of the Transaction, including the period for payment or delivery and information regarding the account in the scope necessary for settlement, unless such information regarding the account was already communicated to the Client earlier; and
 - (n) information regarding the fact that in a given case the counterparty in the Transaction was the

Dealer itself, a person connected with the Dealer or another client of the Dealer, unless the Transaction was performed in the anonymous trading system.

The information specified above under points (e) and (n) is disclosed by the Dealer only to Retail Clients. Unless the Client informs the Dealer of objections in regard to the content of a Confirmation within 48 hours of receipt, the Confirmation shall be deemed approved, accurate and correct (unless shown otherwise), with the exception of manifest errors.

- 5.4 The Client and the Dealer have agreed that the Dealer will send a Balance Statement and a Change Statement only upon the request of the Client, unless the contracting parties agree otherwise.
- 5.5 The Dealer will pay out the Client's funds (in cases including where such funds are received in connection with the sale of the Client's Investment Instruments) on the basis of and in accordance with respective Orders and Instructions, the Client Agreement, and these Investment Services Terms and Conditions, by bank transfer to the Client Bank Account, the SCA or the Bank Trading Account. Based on the Client's Order, the Dealer shall transfer the Client's funds entrusted to the Dealer to the Client Bank Account at the latest within 3 Business Days from the day on which all the obligations of the Client towards the Dealer have been settled. Where such an Order is not submitted by the Client, it shall be assumed that the Client's funds are to be kept on the SCA or the Bank Trading Account after the Settlement of the Transaction. The Dealer shall notify the Client without undue delay using the method specified in these Investment Services Terms and Conditions in the event that it is not possible to execute the Client's order to pay out funds in the manner described above due to the lack of funds on the Bank Trading Account or the SCA or for other reasons.
- 5.6 During the Provision of a Transaction based on which the Client becomes obliged to pay the purchase price for Investment Instruments, fees for the loan of Investment Instruments, or to provide other financial performance, including to pay Consideration to the Dealer, the Client shall ensure that as of the date stipulated by customs and practices at the respective Trading Venue, or on the date specified by the terms and conditions of the respective Settlement System, and at the latest, however, as of the date of the settlement of the transaction, there are sufficient funds on the SCA or the Bank Trading Account in an amount corresponding to the obligation of the Client according to the preceding clause.
- 5.7 The Dealer may, at the time of the submission of an Order, and at the latest one day before the Provision of a Transaction, require that the Client provide an advance payment to cover the financial obligations according to paragraph 5.6 of these Investment Services Terms and Conditions, at most, however, in the amount of the purchase price of the Investment Instruments involved in the Provision of the

Transaction based on the Client's Order (or, in the case of an advance payment paid prior to submitting an Order for the Provision of the Purchase or Sale of an Investment Instrument, if the final purchase price is not known at that time, in the amount of the estimated purchase price, where this estimated purchase price shall be calculated using the most recent value of the Investment Instruments involved in the Provision of the Transaction based on the Client's Order to Provide the Purchase or the Sale of an Investment Instrument achieved at the respective Trading Venue where the Investment Instrument is to be purchased), plus the amount of the Consideration for the Dealer. Breach of this obligation to pay an advance payment shall render the Order invalid and ineffective, and the Dealer shall not be obliged to execute the Order. The Dealer will inform the Client of this fact.

- 5.8 Provision of an advance payment for the Provision of a Transaction in accordance with the preceding paragraph shall not be required in cases where the Bank Trading Account or the SCA holds, on the day on which the advance payment is to be paid, sufficient funds from which the Dealer may debit the sum corresponding to the advance payment (to which the Client grants its consent by signing the Client Agreement) and where the debiting of such funds is not precluded by any factual or legal impediments.
- 5.9 The Client shall advise the Dealer sufficiently in advance of all payments made to the SCA using one of the communication methods set out in these Investment Services Terms and Conditions. Payments made without such advice will be collected on an omnibus account of the Dealer and will be credited to the SCA in favour of the Client after the submission of a bank confirmation of the payment of the sum in question, however without any entitlement to interest for the period from the receipt of the payment to its crediting to the SCA.
- 5.10 The Client shall advise the Dealer sufficiently in advance of all payments of the Client made to the Dealer Bank Account using one of the communication methods set out in these Investment Services Terms and Conditions. Payments made without such advice will be collected on an omnibus account and will be credited to the Dealer Bank Account after submission of a bank confirmation of the payment of the sum in question. The obligation of the Client shall be deemed discharged upon the identification of the payment according to the previous sentence.
- 5.11 The Dealer shall constantly monitor the balance of the funds on the SCA, and, upon request, inform the Client at any time of the amount of the available balance.
- 5.12 In the event of the termination of the Client Agreement, the Dealer shall, according to the Client's instructions, transfer the Client's funds entrusted to the Dealer from the SCA to the Client Bank Account or to another account notified by the Client at the latest within 3 Business Days from the date of the termination of the Client Agreement or from the date

on which all of the Client's obligations were settled, whichever is the later.

5.13 In cases where the Dealer Provides a Transaction for the Client based on an Order for the Provision of a Transaction and in connection with the same Transaction also performs the Settlement of the Transaction, it is not necessary for an Order for the Settlement of the Transaction to be sent to the Dealer, provided that the relevant instructions ensue from the already submitted Order for the Provision of the Transaction, or potentially from other information communicated by the Client at the request of the Dealer.

5.14 In cases where the Client has an established account at the CSD (and where the account is maintained in the CSD's "unclassified records") and/or at Another Depository, and where this is relevant for the provision of an investment service based on a respective Client Agreement, the Client shall inform the Dealer of the identification data of such account at the CSD and/or Another Depository without undue delay after the conclusion of the respective Client Agreement, however before submitting the first Order at the latest. In cases where the Client does not have an account established at the CSD through the Dealer and/or Another Depository, and where this is necessary for the provision of an investment service based on a respective Client Agreement, the Client hereby authorises the Dealer to open such an account at the CSD and/or Another Depository in the Client's name. The Client also hereby expressly authorises the Dealer to perform any and all services provided by the CSD and/or Another Depository in the scope necessary to discharge the obligations of the Dealer arising from the respective Client Agreement, and the Client expressly agrees that the Dealer will have access to the Client's account maintained at the CSD and/or Another Depository. The Client agrees that in connection with the Investment Instruments recorded on the Client's account at the CSD and/or at Another Depository for which the Dealer will perform Administration of Investment Instruments, the Dealer will be registered as the Account Administrator at the CSD in accordance with applicable law, or a similar act will be performed at Another Depository.

6. Contractual Fees, Charges and Costs

6.1 The Client hereby agrees to pay Consideration to the Dealer for the Provision of Transactions, Safekeeping, Administration or for the provision of Investment Consultancy based on a respective Client Agreement.

6.2 The Client also agrees to reimburse the Dealer for any and all charges paid by the Dealer to the CSD and/or Another Depository for activities performed according to paragraph 5.14 of these Investment Services Terms and Conditions.

6.3 The Client shall provide the Dealer with an advance payment against performance provided in connection

with Administration, as specified in paragraph 5.7 of these Investment Services Terms and Conditions.

6.4 In cases where the Client was obliged under the respective Client Agreement to provide the Dealer with an advance payment for the Provision of a Transaction, the Client is also obliged to provide the Dealer with an advance payment against the Consideration for the Provision of the Transaction.

6.5 In accordance with Section 364 of the Commercial Code, the Dealer may, without further prior written notice, set off its entitlement to Consideration which is more than 10 Business Days overdue against any receivable (whether due and payable or not) of the Client from the Dealer in the manner and under the conditions specified in the Client Assets Handling Policy, regardless of the place and currency of the payment (for this purpose the Dealer may perform the necessary currency conversion in accordance with the provision of Section 362 of the Commercial Code).

6.6 The Dealer's entitlement to Consideration shall arise upon its due performance of any activity based on a respective Client Agreement, irrespective of whether or not any profit or other benefit results for the Client from such activity. In the case of Investment Consultancy, the Dealer's entitlement to Consideration shall arise upon the due provision of the service of Investment Consultancy, irrespective of whether or not any profit or other benefit results for the Client from trades or other financial transactions which the Client performs based on the Investment Consultancy provided by the Dealer.

6.7 In the case of Consideration for the Provision of a Transaction, the relevant amount of Consideration will be debited by the Dealer directly from the SCA or from the Bank Trading Account during the Settlement of the Transaction in question. The Client grants his/her express consent to this procedure and agrees to ensure that his/her SCA or Bank Trading Account will always hold sufficient funds for this purpose. The Dealer may also apply this procedure even in the case that the Bank Trading Account does not have a sufficient balance of funds (i.e. as a result of the debiting of the Consideration a debit balance will result on the Bank Trading Account, which shall bear interest according to the current Price List).

7. Use of Third Parties

7.1 The Dealer may make use of other (third) parties to discharge its obligations based on the respective Client Agreement. In the case of an Agreement on Safekeeping, the Dealer may, at its own discretion, deposit Securities into separate safekeeping with a third party, which shall be responsible for the secure safekeeping of any or all of the Securities. In the case of its Administration obligation, the Dealer may make use of the services of third parties to discharge its obligations arising from the respective agreement, including, without limitation, Authorised Administrators, Settlement Systems and entities

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providing Investment Instrument administration services. The Dealer undertakes to proceed with due professional care during the selection of Authorised Administrators, Settlement Systems, Secondary Custodians, Secondary Administrators and other third parties.

- 7.2 No rights or obligations towards third parties shall arise for the Client based on the activities of the Dealer. However, the Client may request a third party to perform an obligation if the Dealer cannot do so due to facts and circumstances relating to the person of the Dealer.
- 7.3 In cases where the Dealer uses third persons to discharge its obligations under a respective Client Agreement, the Dealer shall nonetheless be liable to the Client as if the Dealer had procured the relevant matter itself.
- 7.4 The Secondary Custodian chosen by the Dealer must be a company with its registered office or organisational unit in the Czech Republic and with authorisation to do business in the Czech Republic.
- 7.5 Further to the Client's request, the Dealer shall provide the Client with all the accessible information necessary in order to assess the credibility of a third party with whom the Dealer is arranging a relevant agreement whose subject matter is the Provision of a Transaction, Safekeeping, Administration or Investment Consultancy.
- 7.6 Should a person with whom the Dealer has concluded a relevant agreement, whose subject matter is the Provision of a Transaction, breach its obligations, the Dealer shall enforce the fulfilment of these obligations on behalf of the Client. In such a case the Dealer is entitled to first request the provision of an advance payment against the costs of such enforcement. Instead of the enforcement of such obligations, the Dealer may also assign receivables to the Client corresponding to such obligations. In such a case, the Client agrees to accept the assignment of these receivables.
- 7.7 The Client may demand that the Dealer discharge an obligation of a third party where such third party has not discharged its obligation in relation to the Dealer only if the Dealer has acted contrary to instructions of the Client relating to the person with whom the relevant agreement should have been concluded on behalf of the Client.

8. Methods of Communication

- 8.1 The Client shall communicate with the Dealer in regard to the entire scope of the subject matter of the Client Agreement either in person or through Authorised Parties in any of the possible ways listed below which the Client chooses:
- a) in person, at the address stated in the introductory provisions of the respective Client Agreement or at another address notified by the Dealer to the Client in writing (e.g. in the List of Authorised Parties of the Dealer forming an annex

to the respective Client Agreement); Orders must be delivered in written form and their acceptance must be confirmed on behalf of the Dealer by the Authorised Party designated in the relevant annex of the Client Agreement;

- b) by fax, following written notification of the fax number (e.g. in the List of Authorised Parties of the Dealer forming an annex to the respective Client Agreement) via which communication with the Dealer is to be carried out;
- c) by telephone on the number notified by the Dealer (e.g. in the List of Authorised Parties of the Dealer forming an annex to the respective Client Agreement), after the Client has introduced him/herself by name and surname or by name and surname and company name. A password may be required for the purpose of identity verification, which the Dealer shall send to the Client after the conclusion of the relevant Client Agreement in writing by registered letter addressed to the Authorised Party of the Client (this password will be changed by the same means following mutual agreement between the Dealer and the Client). Should the Client refuse to state the password during a telephone conversation, or should the Client not state the correct password, such communication shall not be deemed valid and correct and shall not have any of the effects contemplated in the Client Agreement or set out in these Investment Services Terms and Conditions. The Client agrees that telephone calls may be recorded and that such records may serve as evidence in the case of a dispute between the contracting parties;
- d) by registered letter to the address stated in the introductory provisions of the respective Client Agreement or to another address notified by the Dealer to the Client in writing (e.g. in the List of Authorised Parties of the Dealer forming an annex to the respective Client Agreement);
- e) via the REUTERS or BLOOMBERG communication systems;
- f) by electronic mail;
- g) via SWIFT;
- h) by courier (with confirmation of receipt).

Every written Order must be signed on behalf of the Client by an Authorised Party designated in the relevant annex to the Client Agreement.

Contact details for communication using the methods above are stated in the List of Authorised Parties of the Dealer which forms an annex to the respective Client Agreement.

The Client shall keep the password under point c) of this article secret, and shall not disclose it to any third person except for Authorised Parties. The Client shall immediately notify the Dealer of the loss of the password or of any information indicating that a person other than the Client or an Authorised Party has obtained the password. The Client hereby expressly

acknowledges and agrees that during telephone conversations according to point c) above the Dealer may consider any person which proves its identity by means of a valid password according to point c) above to be an Authorised Party, including during the acceptance of Orders, with the exception of cases where the Client has notified the Dealer of facts according to the preceding sentence prior to the relevant communication and the acceptance of the Order. In the event of the notification of information according to this paragraph, the Dealer will terminate the validity of the password and issue a new password to the Client, which shall be delivered to the Client in the manner specified in point c) above.

8.2 The Client may also choose to use a combination of the methods according to paragraph 8.1 of these Investment Services Terms and Conditions for its communications with the Dealer, in which case the time of delivery of an Order shall be the time that it was first delivered. If an Order delivered to the Dealer using several methods contains different, contradictory information on each occasion, the Dealer shall clarify such discrepancies with the Client, if this is still possible before the commencement of the Provision of the Transaction based on such Order. Should it not be possible to resolve such discrepancies before the commencement of the Provision of the Transaction, the Dealer will not execute the Order. If the Client delivers an Order to the Dealer using several methods and this Order contains different, contradictory information on each occasion, and the Dealer has already commenced the Provision of the Transaction based on the Order that was delivered first and the Provision of the Transaction may not be suspended, the Dealer may complete the Provision of the Transaction without any liability for potential damage resulting from the contradictory nature of the Orders.

8.3 The Dealer shall communicate with the Client in regard to the entire scope of the subject matter of the Client Agreement through Authorised Parties in any of the possible ways listed below which the Dealer chooses:

- a) in person, at the address stated in the introductory provisions of the respective Client Agreement or at another address notified by the Client to the Dealer in writing (e.g. in the List of Authorised Parties of the Client forming an annex to the respective Client Agreement); if a report on the results of the Provision of a Transaction is provided in person this report must be delivered in written form and its acceptance must be confirmed on behalf of the Client by the Authorised Party designated in the relevant annex of the Client Agreement;
- b) by telephone on the number notified by the Client (e.g. in the List of Authorised Parties of the Client forming an annex to the respective Client Agreement), after giving a name and surname or company name. A password may be required for verification of identity. The Client agrees that telephone calls may be recorded and that such

records may serve as evidence in the case of a dispute between the parties;

- c) by fax, following written notification of the fax number (e.g. in the List of Authorised Parties of the Client forming an annex to the respective Client Agreement) via which communication with the Client is to be carried out;
- d) by letter to the address stated in the introductory provisions of the respective Client Agreement or to another address notified by the Client to the Dealer in writing (e.g. in the List of Authorised Parties of the Client forming an annex to the respective Client Agreement);
- e) via the REUTERS or BLOOMBERG communication systems;
- f) by electronic mail, however only if the Client has given written approval for this method of communication and information provision. For this purpose, the Client shall also notify the Dealer in writing of the email address to be used for communication with the Client;
- g) via SWIFT, if the Client is connected to this system;
- h) by courier (with confirmation of receipt).

Written messages and reports must be signed on behalf of the Dealer by an Authorised Party designated in the relevant annex to the Client Agreement, with the exception of Confirmations, which due to their nature will not be signed in any manner.

Contact details for communication using the methods above are stated in the List of Authorised Parties of the Client which forms an annex to the respective Client Agreement, or have been notified by the Client to the Dealer in some other demonstrable manner in accordance with these Investment Services Terms and Conditions.

8.4 The Dealer may also choose to use a combination of the methods according to paragraph 8.3 of these Investment Services Terms and Conditions for its communications with the Client. Where there is a contradiction in the contents of a report or message delivered to the Client in several ways, the definitive content shall be the content of the report or message which the Dealer subsequently confirms to the Client as correct.

8.5 In the event of any doubts, the Dealer has the right (but not the obligation) to verify the authenticity of any Order with the Client, either by telephone or by some other means, and not to act on the basis of any such Order until its authenticity has been satisfactorily verified.

8.6 The Dealer shall not be liable for any errors or delays resulting from fax transmission or if transmission fails entirely, or for other consequences or potential damage caused by force majeure. The Client acknowledges that electronic communication via fax or electronic mail may result in the loss, destruction, incomplete or delayed delivery, unauthorised acquisition, use or abuse of the data transmitted. The Dealer and the Client

shall therefore at all times proceed so as to minimise the risk of such loss of data as far as possible.

- 8.7 All notices, Orders and communications sent in accordance with the respective Client Agreement shall be deemed effectively delivered upon their factual delivery to the addressee, with the proviso that an Order or communication which is delivered after 4.30 p.m. Prague Local Time on any Business Day may be deemed by the addressee to have been delivered at 9.00 a.m. on the immediately following Business Day.
- 8.8 The Dealer agrees to inform the Client immediately of the procedure and method for communication in the event of any failure of the information system, telecommunications equipment and the recording devices used by the Dealer.
- 8.9 If one of the contracting parties updates its List of Authorised Parties, the new List of Authorised Parties shall be effective for the other contracting party on the first Business Day following the delivery of the new List of Authorised Parties to the other contracting party, unless the contracting parties agree otherwise.
- 8.10 The provisions of this section of these Investment Services Terms and Conditions shall apply to any and all communications between the Dealer and the Client, including, without limitation to, Orders and Instructions.
- 8.11 The Client hereby agrees to immediately notify the Dealer of any change in the Client's identification and contact details stated in the header of the respective Client Agreement and/or which were provided by the Client to the Dealer in connection with the conclusion of the respective Client Agreement, and to evidence any such change in a proper manner.

9. Client Categorisation Policy

- 9.1 The Dealer is obliged to perform the categorisation of its Clients in connection with the provision of investment services. The Dealer provides each category of Client with a different level of information and protection in accordance with the Act on Undertaking on Capital Market and its implementing regulations. The Dealer distinguishes three categories of Clients – Professional Clients, Retail Clients and Eligible Counterparties. Retail Clients are provided with the highest level of protection by the Dealer and Eligible Counterparties are provided with the lowest level of protection by the Dealer.
- 9.2 The Dealer classifies Clients into these categories primarily on the basis of information obtained from a Client Classification Questionnaire completed by the Client, and based on additional information provided by the Client or gained by the Dealer during the contractual relationship.
- 9.3 The Dealer decides on the classification of a Client into a respective category and notifies the Client accordingly.

Professional Client

- 9.4 A Professional Client means a client that possesses sufficient experience, knowledge and expertise to make its own investment decisions and to properly assess the risks that it incurs. The Dealer observes a specific, limited set of conduct of business rules in its dealings with Professional Clients.

A Professional Client means:

- (a) a person authorised or regulated to operate in the financial markets. Such a person may be a bank or an electronic money institution, a savings and loan association, a dealer in securities, an insurance or reinsurance company, an investment company, an investment fund, a pension fund, a pension company or a similar foreign entity;
- (b) a person established as an undertaking which, according to its most recent financial statements, meets at least two of the following requirements:
- total assets corresponding to at least EUR 20,000,000;
 - net annual turnover corresponding to at least EUR 40,000,000;
 - equity corresponding to at least EUR 2,000,000;
- (c) a state or a member state of a federation, a legal person authorised to manage state assets during the procurement of the purchase, sale or administration of state receivables or other assets or during the restructuring of companies or other legal persons having a state ownership interest, the Czech National Bank, foreign central banks or the European Central Bank, the World bank, the International Monetary Fund, the European Investment Bank or some other international financial institution;
- (d) a person whose principal activity is
- securitisation;
 - trading on its own account in investment instruments in order to reduce the risk (hedging) resulting from transactions with financial, commodity and exotic derivatives and similar investment instruments pursuant to the relevant provisions of the Act on Undertaking on Capital Market;
 - trading on its own account in commodities or commodity derivatives with the right to physical delivery or settlement in cash pursuant to the relevant provisions of the Act on Undertaking on Capital Market;
- (e) a foreign person with similar activities to any of the persons stated above.

Eligible Counterparty

- 9.5 An Eligible Counterparty means a Professional Client, with the exception of major corporations as defined under Article 9.4(1)(b) hereof, to whom the Dealer provides investment services pursuant to Section 4(2)(a),

- (b) or (c) of the Act on Undertaking on Capital Market.
- 9.6 In relation to Eligible Counterparties the Dealer is not required to comply with the following obligations ensuing from the Act on Undertaking on Capital Market during the main investment services of accepting and transferring orders involving Investment Instruments, execution of orders involving Investment Instruments for the account of Clients and trading in Investment Instruments for the Dealer's own account:
- the rules on dealing with clients;
 - the rules on communication with clients;
 - the rules on the provision of information to clients;
 - the rules on requesting information from clients;
 - the best execution policy;
 - the order processing policy;
 - the provision of information regarding orders and the status of Client assets.
- Retail Client**
- 9.7 A Retail Client is a client that is not classified either as a Professional Client or as an Eligible Counterparty.
- Changes in Clients' Categorisation**
- 9.8 The Client may at any time during the contractual relationship request the Dealer to change its categorisation, either generally for all investment services or for a particular investment service and a particular transaction.
- 9.9 If the Client delivers a notification to the Dealer of changes in material facts relevant for its categorisation, or a request for a change in its categorisation, based on which the Dealer is obliged to change the categorisation of the Client, the Dealer will assess such notification of changes in material facts relevant for categorisation or such request for a change in categorisation, make a record of the change and notify the Client of the change in its categorisation.
- 10. Information on Inducements**
- 10.1 The Dealer may accept the payment of a charge, a fee or non-monetary compensation in connection with the provision of an investment service (hereinafter "Inducement") from a third party, or the Dealer may provide such an Inducement to a third party.
- 10.2 The Dealer may provide or accept an Inducement only if:
- the acceptance or provision of an Inducement is not in conflict with the Dealer's obligation to act professionally, honestly and fairly and in the best interests of the Client;
 - there is no risk that a conflict of interest would be caused as a consequence of the acceptance or provision of an Inducement (in the scope specified in the "Conflict of Interest Policy"); and
- (c) the acceptance or provision of an Inducement results in an enhancement of the quality of the service provided to the Client.
- 10.3 Other admissible Inducements also include those which are necessary for the provision of an investment service, however, only in the case that their provision or acceptance is not contrary to the Dealer's obligation to act with due professional care and in the best interests of the Client.
- 10.4 The Dealer provides specific information to the Client regarding any Inducement relating to a particular provided investment service and the Investment Instrument involved prior to commencing the provision of such Investment Service. Such information mainly consists of information on the existence, nature and amount or value of the Inducement. Clients can find current information about specific Inducements on the Internet Website.
- 10.5 In cases where the amount or value of a particular Inducement cannot be determined in advance, information on this amount or value according to paragraph 10.4 hereof may be substituted by information regarding the procedure for calculating the amount or value of this specific Inducement (e.g. expressed in %, as a formula, or as a description of the procedure for calculating the Inducement's amount).
- 10.6 The Dealer shall provide the Client with detailed information concerning Inducements in relation to particular investment services and investment instruments beyond the scope of the General Information according to paragraph 10.4 hereof only at the express request of the Client.
- 11. Representations**
- 11.1 The Client hereby represents in relation to him/herself that:
- he/she has legal capacity to conclude the respective Client Agreement and to discharge the obligations arising therefrom;
 - he/she will not be in violation of laws or his/her company formation documents or internal legal regulations or any contractual relationships to which the Client is a party by concluding the respective Client Agreement, discharging the obligations and exercising the rights arising therefrom;
 - no circumstances exist or are impending, such as the bankruptcy of the Client, the filing of a petition for the instigation of insolvency proceedings in respect of the Client, court, arbitration or administrative proceedings, liquidation etc., which would prevent the Client from discharging his/her obligations arising from the respective Client Agreement or which would or could have a material adverse effect on the Client's financial or business situation;
 - he/she has full and unrestricted rights of disposal over the Investment Instruments involved in Orders;

- (e) no violation of laws will result from the submission of Orders or Instructions or from their execution, including, without limitation, of Sections 124 and 126 of the Act on Undertaking on Capital Market;
- (f) the respective Client Agreement was concluded in conformity with the Client's company formation documents and internal regulations governing the decision-making process.

11.2 The Client further represents that:

- (a) prior to the conclusion of the Client Agreement the Client was provided with all relevant information relating to the Provision of Transactions, the Settlement of Transactions, Safekeeping, Administration and Investment Consultancy in the scope set out in these Investment Services Terms and Conditions, and in particular was notified of the potential risks connected with the provided investment services and with Investment Instruments and Securities, and of the possibility that Investment Instruments may lose their value on markets;
- (b) he/she is not aware of any facts which would prevent him/her from using the services of the Dealer based on the respective Client Agreement, including, without limitation, during the provision of the purchase and sale of Investment Instruments or other transactions with Investment Instruments, Administration, Safekeeping or Investment Consultancy;
- (c) he/she is aware that information regarding the historical development of the value of Investment Instruments is for information purposes only, and does not guarantee any future returns, and that the value of Investment Instruments may both rise and fall over time;
- (d) he/she acknowledges that the Dealer is in no way liable for losses incurred due to changes in the value of Investment Instruments or due to breaches of obligation by any person directly or indirectly bound on the basis of the Investment Instrument;
- (e) he/she has provided the Dealer with all information necessary for the performance of Client categorisation and for assessing proportionality, and in the context of Investment Consultancy also for assessing the suitability of the requested investment services and the Investment Instruments which the Client may request, and that this information is complete, true and free of distortion;
- (f) before signing the respective Client Agreement he/she was informed to a sufficient extent by the Dealer about the guarantee system operated by the Security Traders Guarantee Fund established pursuant to the applicable provisions of the Act on Undertaking on Capital Market, and in particular about the amount and scope of compensation which may be provided from this fund; the Client is also aware that he/she is entitled to request further information regarding

the operation of this fund from the Dealer, including as regards the conditions for the provision of compensation and the manner of its payment;

- (g) all the information provided by the Client to the Dealer in connection with the conclusion and performance of the respective Client Agreement is complete, accurate, correct and not misleading;
- (h) the obligations established in the respective Client Agreement are valid, binding and enforceable in accordance with the conditions specified in the respective Client Agreement (with the exception of the limitations stipulated by Act No. 162/2008, the Insolvency Act, or, as the case may be, by other legal regulations placing general restrictions on the rights of creditors);
- (i) all the services and transactions for which the Client makes use of the Dealer based on the respective Client Agreement are in every respect in accordance with all applicable laws;
- (j) he/she acknowledges, and by signing the Client Agreement agrees, that any and all information regarding the facts and circumstances specified in Section 15f of the Act on Undertaking on Capital Market and information regarding any material changes therein, if such changes are of importance for an investment service provided by the Dealer to the Client, as well as other information may be disclosed on the Internet Website under the conditions stipulated by law. If the Client requires the provision of any information in writing, he/she shall communicate this request to the Dealer and the Dealer is obliged to comply with such request;
- (k) he/she has access to internet services, uses these services regularly, and is able to consult the information provided on the Internet Website prior to every case of the provision of an investment service by the Dealer;
- (l) if the Dealer and the Client have agreed on the provision of information via electronic mail, the Client has the possibility to consult documents and information sent by the Dealer to the email address communicated by the Client.

11.3 The Client hereby acknowledges that:

- (a) legal relations between the Dealer and Trading Venues, Authorised Administrators and Settlement Systems may be governed by foreign laws or by rules and regulations of the specific Trading Venues, Settlement Systems and Authorised Administrators providing for matters including, without limitation to, the manner of trading, the settlement of transactions and the administration of the Investment Instruments or Securities traded at the relevant Trading Venue;
- (b) the Dealer is not liable for tax withholdings or for the due performance of the Client's tax obligations;
- (c) the activities of the Dealer are subject to supervision or oversight by the CNB, public administrative authorities, the PSE or some other organiser of the Regulated Market, and that

therefore the respective Client Agreement, as well as other documents, information and personal data relating to the Client and to the performance of the subject matter of the respective Client Agreement which the Dealer has at its disposal may be disclosed to such supervising (overseeing) institutions, to which the Client expressly consents. However, such disclosure must be limited to the scope necessary in the given situation and must be in accordance with laws and regulations of general application;

- (d) since personal data of the Client or his/her employees and Authorised Parties have been or will be collected and processed by the Dealer during the discharge of its obligations based on the respective Client Agreement, the Client confirms by signing the respective Client Agreement that he/she agrees to such collection and processing of personal data for the above-stated purposes. The Client furthermore confirms that where required by laws and regulations of general application he/she has procured consent for such collection and processing for the above-stated purposes from his/her employees or Authorised Parties in the scope required by applicable law, and will provide proof of such consent upon request. In all other respects, the processing of personal data shall be governed by these Investment Services Terms and Conditions and the GBC;
- (e) during the provision of Investment Consultancy the Dealer does not give consideration to its tax issues in relation to the Client and his/her tax situation, unless agreed otherwise by the contracting parties in writing for a given case; and
- (f) the Dealer does not perform the notification duty regarding shares in voting rights for the Client pursuant to Section 122 of the Act on Undertaking on Capital Market in connection with the Investment Instruments involved in transactions based on the respective Client Agreement. In view of the exemption set forth in Section 122a(1)(c) of the Act on Undertaking on Capital Market, the Dealer also does not perform this duty in cases involving an Agreement on the Administration of Investment Instruments.

11.4 For the purposes of Agreements on the Safekeeping of Securities, the Client also represents that:

- a) at the time of the hand-over of the Securities to the Dealer or to a Secondary Custodian designated by the Dealer the Client is the sole and exclusive owner of such Securities, which are free and clear of any pledge rights or other third-party rights; and
- b) he/she may exercise any and all rights attached to the Securities without restriction; in the event that any of the Client's rights arising from ownership of any Security are restricted in any way, the Client shall immediately inform the Dealer of this fact.

12. Liability for Damage and Claims

12.1 Liability for damage shall be governed by the provisions of the Commercial Code.

12.2 Irrespective of the other provisions of these Investment Services Terms and Conditions or the Client Agreement, the Dealer shall bear no liability for:

- a) the loss of value of Investment Instruments purchased or otherwise procured;
- b) the non-execution or the incomplete execution of a given Order, if the Dealer discharged its obligations during the Provision of the Transaction on the basis of such Order;
- c) errors made during the settlement of transactions or bank transfers refused as a result of erroneous or inaccurate information provided by the Client, an Authorised Party of the Client or any other third party;
- d) any loss, damage or destruction of Securities accepted for Safekeeping due to fire, floods or other natural disasters, or due to other causes resulting from force majeure, i.e. not as a consequence of any fault or negligence on the part of the Dealer, or if the Dealer is the victim of a crime in connection with the acceptance, holding or delivery of Securities;
- e) breach of obligation by any person bound by an Investment Instrument;
- f) damage incurred due to any circumstance or event beyond the Dealer's control (in particular for the failure of a system supporting the functioning of a given market, the PSE, the CSD, the CNB, Another Depository or for other unavoidable circumstances).

12.3 The procedure for handling any claims in relation to the Investment Services provided by the Dealer is specified in the Dealer's Claims Code, which is published on the Dealer's Internet Website.

12.4 The Dealer hereby informs the Client of the possibility to file a complaint against the Dealer with a competent Supervisory Authority or the PSE or another organiser of the relevant Regulated Market.

13. Termination of the Client Agreement

13.1 Unless stated otherwise in the respective Client Agreement, the Client or the Dealer may serve written notice of termination on the respective Client Agreement with one month notice period, which shall start to run on the first day of the calendar month immediately following the day on which the notice has been delivered to the other party. The Dealer shall, without undue delay following the termination of the respective Client Agreement, inform the Client of any Transactions that the Dealer is still Providing for the Client and of any transactions whose Provision the Dealer has not completed. In cases where the Dealer, in its sole discretion, believes that the failure to complete the Provision of a Transaction would result in damage being incurred by the Client, the Dealer will inform the Client of the measures which must be taken in order to avert such damage.

- 13.2 Unless stated otherwise in the respective Client Agreement, the Dealer may serve written notice of termination on the respective Client Agreement with effect as of the end of the calendar month following the month in which such notice was delivered to the Client, unless a later time is specified in the notice. The Dealer shall complete the Provision of Transactions based on the Orders which the Dealer has received prior to the date of the delivery of notice to the Client.
- 13.3 The Dealer may also withdraw from the respective Client Agreement under the conditions stated in paragraph 14.1 hereof.
- 13.4 The Dealer shall, without undue delay following the termination of the respective Client Agreement, or after the completion of the Provision of Transactions according to paragraphs 13.1 and 13.2 hereof, whichever is the later, prepare all final accounts, documents and other materials to be handed over to the Client.
- 13.5 The Client Agreement may also be terminated by the written agreement of both contracting parties.
- 14. Authorisation and Cooperation**
- 14.1 The Client hereby authorises the Dealer to perform any and all legal acts necessary to achieve the purpose of the respective Client Agreement. In cases where any obligation under the respective Client Agreement which is to be performed by one contracting party may only be reasonably performed with the cooperation of the other contracting party, the other contracting party shall, at the request of the first contracting party, provide any and all cooperation necessary for the performance of such obligation. The Client shall grant a power of attorney in due form of law to the Dealer should this be necessary in order for the Dealer to discharge its obligations based on the respective Client Agreement, and shall similarly effect any other measures requested by the Dealer which are necessary in order for the Dealer to discharge its obligations based on the respective Client Agreement. In the case of Administration of Investment Instruments, the Client also agrees to issue and deliver any documents to the Dealer which the Dealer may reasonably request for the purpose of discharging its obligations under the respective Client Agreement, and to seasonably effect measures to ensure that the Dealer has sufficient authorisation to issue orders for dispositions of Investment Instruments. Any failure to provide necessary cooperation by the Client shall be deemed a material breach of the respective Client Agreement. In such case the Dealer is entitled to withdraw from the respective Client Agreement with immediate effect.
- 14.2 In cases where the performance of relevant services as part of the Provision of a Transaction requires a special power of attorney to be granted or other documents to be submitted, the Client shall grant such a power of attorney to the Dealer or present such requested documents without undue delay after being requested to do so by the Dealer. The Client shall be liable for the authenticity and completeness of these documents. In the event of any doubts, the Dealer may reject these documents or request their supplementation.
- 14.3 By signing the respective Client Agreement, the Client authorises the Dealer, in cases where the currency stated in the Order differs from the currency in which the Bank Trading Account or the SCA is held, or in other cases where necessary for the proper provision of services based on the respective Client Agreement, to carry out the necessary currency conversion using the foreign exchange buy/sell rate announced by the Dealer on the day on which the conversion is performed, unless agreed otherwise by the contracting parties.
- 14.4 In cases where the performance of relevant services as part of the provision of Investment Consultancy requires a special power of attorney to be granted, the Client shall grant such a power of attorney to the Dealer without undue delay after being requested to do so by the Dealer.
- 15. Transitional Provisions**
- 15.1 In cases where agreements concluded prior to 11 July 2011 (hereinafter referred to as "Original Agreements") refer to the application of the Investment Services Terms and Conditions, the following transitional provisions shall apply:
- (i) Wherever an Original Agreement refers to a paragraph of Section 5 of the Investment Services Terms and Condition, this shall be deemed a reference to the respective paragraph of Section 8 of these Investment Services Terms and Conditions;
 - (ii) Wherever an Original Agreement uses the term "Instruction" or "Instructions for Settlement" in connection with the Settlement of a Transaction, this shall be deemed to mean an Order for the Settlement of Transaction;
 - (iii) Wherever an Original Agreement uses the term "Instruction" in connection with "Securities Administration", this shall be deemed to mean an Order for the Administration of Investment Instruments;
 - (iv) Wherever an Original Agreement uses the term "Provision of a Transaction" in connection with the settlement of a transaction, this shall be deemed to mean the Settlement of a Transaction;
 - (v) Wherever an Original Agreement uses the term "Securities Administration", this shall be deemed to mean Administration;
 - (vi) Wherever an Original Agreement uses the term "Securities Safekeeping", this shall be deemed to mean Safekeeping;
 - (vii) Wherever an Original Agreement uses the term "Securities Deposit", this shall be deemed to mean Deposit;
 - (viii) Wherever an Original Agreement uses the term "Security" in a context other than in connection with Administration or Deposit, this shall be deemed to mean an Investment Instrument;

- (ix) The term “Client Agreements” shall also mean Original Agreements; and
- (x) In the case of Original Agreements, the provision of paragraph 1.7 of these Investment Services Terms and Conditions shall not apply, save to the extent that these Investment Services Terms and Conditions provide for a certain issue differently from an Original Agreement, in which case the respective provision of these Investment Services Terms and Conditions shall apply with effect from 11 July 2011. However, if an Order or Instruction was submitted prior to 11 July 2011, it will be executed in the manner and under the terms and conditions of the Original Agreement.
- 16. Final Provisions**
- 16.1 Client Agreements and any information provided by the Dealer to the Client or by the Client to the Dealer in connection with such Agreements are deemed confidential, with the exception of any information that is or becomes publicly available from a source other than from one of the parties to the Client Agreement in violation of the provisions of Client Agreements, or which was already known to such a third party.
- The Dealer and the Client hereby agree not to disclose any such confidential information to a third party without the prior written consent of the other party. The foregoing shall not apply in the case of a duty to disclose any such confidential information in accordance with applicable law or a decision of a competent public administrative authority or court.
- 16.2 In the event that the Dealer maintains an account for the Client at the CSD, and the Client does not, prior to the effectiveness of the termination of an agreement, provide the Dealer with information regarding the new CSD Participant via which he/she will access the CSD, the Dealer shall be entitled to bill the Client for any and all Charges and Consideration according to the valid Price List associated with maintaining the Client’s account at the CSD even after the termination of the agreement.
- 16.3 The Dealer’s principal business activities consist of the provision of banking services according to Sections 1(1) and (3) of Act No. 21/1992, on Banks, as amended (hereinafter the “Banking Act”) and the provision of investment services according to Sections 4(2)(a), (b), (c), (e), (g) and (h) and 4(3)(a), (b), (c), (d), (e) and (f) of the Act on Undertaking on Capital Market.
- 16.4 The Dealer and its activities are subject to supervision by the CNB. The Client has the right to seek the assistance of the CNB in regard to the out-of-court settlement of complaints against the Dealer concerning or arising from Client Agreements.
- 16.5 For the purposes of these Investment Services Terms and Conditions, the respective provisions of the GBC concerning Client – Consumers which regulate relations provided for in regard to Clients – Consumers differently, i.e. in accordance with the Payment System Act, shall not apply.
- 16.6 In the event of any change in the terms and conditions for trading in Investment Instruments at the particular Trading Venues specified herein, the terms and conditions for the settlement of transactions or for the maintenance of Investment Instruments held with third parties, the terms and conditions for safekeeping with a Secondary Custodian or the terms and conditions for the provision of services by Authorised Administrators, Settlement Systems or Secondary Administrators in the case that the Dealer makes use of their services, the Dealer shall amend these Investment Services Terms and Conditions. The Dealer hereby undertakes to inform the Client of any amendments made to these Investment Services Terms and Conditions without undue delay after making such adjustments.
- 16.7 In the event that the Dealer amends these Investment Services Terms and Conditions or any annex or part hereof otherwise than in a manner exclusively reflecting changes according to paragraph 16.6 hereof, the Dealer shall inform the Client of such amendment or of the issuance of new Investment Services Terms and Conditions in a suitable manner at the latest 30 days prior to the effectiveness of the relevant amendment or prior to the issuance of the new Investment Services Terms and Conditions. Within the same period the Dealer shall publish the amended or new Investment Services Terms and Conditions at its Places of Business and on its Internet Website.
- Unless the Client expresses its disagreement with the new or amended version in writing prior to the effectiveness of the amendment or the issuance of the new Investment Services Terms and Conditions, the Client shall be deemed to have agreed to comply with such new or amended version of the Investment Services Terms and Conditions.
- 16.8 The Dealer informs Clients of proposed amendments to the Price List at least 2 months prior to the proposed date of effectiveness of such Price List amendments either in accounting reports or by other suitable means, including information regarding the proposed date of effectiveness of the Price List amendment. The Dealer discloses the proposed texts to Clients. Clients are obliged to familiarise themselves with the proposed texts either at the Dealer’s Places of Business or via the Internet Website, on which the Dealer is obliged to publish and make the proposed texts available.
- 16.9 In the event of any newly provided Banking Services, the Bank may add such new Banking Services to the Price List, and Disclose Information regarding the addition of the Price List and its effectiveness to Clients.

- 16.10 If a Client does not reject a proposed amendment in writing at the latest as of the Business Day preceding its date of effectiveness, the Client is considered to have accepted the proposed amendment to the Price List along with the date of effectiveness proposed by the Dealer.
- 16.11 Should the permanent residence of the Client be outside the Czech Republic, the Client agrees that at the latest as of the date of effectiveness of the respective Client Agreement he/she will deliver to the Dealer the original (or an authenticated copy) of a document proving his/her tax residency issued by the competent tax office (of the Client's "tax domicile"), and furthermore to submit such proof to the Dealer each year for the duration of the contractual relationship established under the respective Client Agreement, at all times by 31 January at the latest. The Client acknowledges that if the Client fails to submit such proof of tax residency to the Dealer, the Client will be subject to taxation without application of the benefits secured under the respective double-taxation avoidance agreement.
- 16.12 The Dealer and the Client hereby agree that they will endeavour to resolve any disputes arising between them on the basis of the respective Client Agreement or in connection therewith, including issues of its validity (hereinafter "Disputes"), by negotiation. If no resolution is found for a Dispute within 30 days of the date on which one of the contracting parties received an invitation from the other contracting party to enter into negotiations on the resolution of such Dispute, the Dispute shall be resolved by the general courts of the Czech Republic. In such a case, the contracting parties have hereby agreed that the territorial jurisdiction of the court shall be determined according to the location of the registered office of the Dealer.
- 16.13 The following annexes form an integral part of these Investment Services Terms and Conditions:
1. Definition of Terms;
 2. Execution Policy;
 3. Client Assets Handling Policy;
 4. Conflict of Interest Policy.
- 16.14 These Investment Services Terms and Conditions supersede the Terms and Conditions for Trading with Investment Instruments of 11 July 2011. These Investment Services Terms and Conditions come into force on 1 October and effect on 1 November 2012.



DEFINITION OF TERMS

USED IN THE CONTRACTUAL DOCUMENTATION AND THE CLIENT INFORMATION DOCUMENTATION

1. Definitions

1.1 In the agreements, materials and documents listed in paragraph 2.1 below:

“Account Administrator at CSD” (“Správce účtu v CDCP”)	means a person registered as an account administrator at the CSD within the meaning of Section 36(5) of the Securities Act;
“Act on Undertaking on Capital Market” (“Zákon o podnikání na kapitálovém trhu”)	means Act No. 256/2004, on Undertaking Business on the Capital Market, as amended;
“Administration” (“Správa”)	means an obligation of the Dealer to carry out for the Client’s account any and all legal acts needed for the exercise and maintenance of the Client’s rights relating to Investment Instruments, on which the Dealer and the Client have agreed;
“Another Depository” (“Jiný depozitář”)	means a domestic or foreign securities depository in the relevant market other than the CSD (e.g. the short-term bond system (SKD, Systém krátkodobých dluhopisů) organised by the Czech National Bank; Euroclear);
“Asset Account” (“Majetkový účet”)	means a Securities and/or Investment Instruments account maintained by the Dealer in its banking system, on which the Dealer records Securities and/or Investment Instruments for the Client;
“Authorised Administrator” (“Autorizovaný správce”)	means an authorised administrator, custodian or other person maintaining a register of Investment Instruments in the Czech Republic or abroad;
“Authorised Parties” (“Oprávněné osoby”)	means the persons specified in an annex to the relevant Client Agreement and the members of a governing body of the Dealer or the Client authorised to communicate and act on behalf of the Dealer or the Client in the performance of the obligations of the Dealer or the Client under the relevant Client Agreement, i.e. in particular to communicate, submit or change Orders, in the case of a Client, or to communicate, accept Orders and give information on their execution, in the case of the Dealer;
“Balance Statement” (“Stavový výpis”)	means a statement of the balance of Investment Instruments from the Records kept by the CSD as of a certain date;
“Bank Trading Account” (“Bankovní účet k obchodování”)	means a Client Bank Account to which the Dealer has access and which holds funds that are used in the course of the provision of investment services by the Dealer to the Client;
“CSD” (“CDCP”)	means the Central Securities Depository (Centrální depozitář cenných papírů, a.s.), Company No. 250 81 489, or its legal successor, if any;
“CSD Operational Policy” (“Provozní řád CDCP”)	means the set of rules and regulations for providing CSD services, the current version of which is posted on the internet website at www.centralnidepozitar.cz ;

“Change Statement” (“Změnový výpis”)	means a statement containing the same information as a Balance Statement as well as any changes entered in the CSD Records, stating the balance before entry, after entry and the date of entry (Article 27 of the CSD Operational Policy);
“Client” (“Zákazník”)	means a person defined as a Client in the Client Classification Questionnaire, in specific Client Agreements or other documents or materials of the Dealer;
“Client Agreement” (“Zákaznická smlouva”)	means: (a) a Commission Agreement on Provision and Settlement of Transactions with Investment Instruments and on Investment Instruments Administration; (b) a Mandate Agreement on Provision and Settlement of Transactions with Investment Instruments and on Investment Instruments Administration; (c) a Commission Agreement on Settlement of Transactions with Investment Instruments and on Investment Instruments Administration; (d) a Mandate Agreement on Settlement of Transactions with Investment Instruments and on Investment Instruments Administration; (e) an Agreement on Investment Consultancy; (f) an Agreement on Investment Consultancy and Provision of Transactions with Investment Instruments; (g) an Agreement on Safekeeping and/or Deposit of Securities; (h) a Consultancy Services Agreement; (i) a Mandate Agreement on Provision of Issuance of Securities, or (j) any other contract in which the Dealer undertakes to carry out activities aimed at the Provision of Transactions with Investment Instruments in its own name and for the account of the Client or in the name and for the account of the Client;
“Client Assets Handling Policy” (“Pravidla nakládání s majetkem Zákazníka”)	means the Client Assets Handling Policy that constitutes an integral part of the Investment Services Terms and Conditions;
“Client Bank Account” (“Bankovní účet Zákazníka”)	means a bank account of the Client specified in the relevant Client Agreement or otherwise specified by the Client and notified to the Dealer in accordance with the Client Agreement and the Investment Services Terms and Conditions;
“CNB” (“ČNB”)	means the Czech National Bank (Česká národní banka), having its registered office at Na Příkopě 28, 115 03 Praha 1;
“Client Classification Questionnaire” (“Dotazník pro účely zařazení zákazníka”)	means a questionnaire presented by the Dealer to the Client in connection with the conclusion of the relevant Client Agreement for the purposes of Client classification in accordance with the Investment Services Terms and Conditions;
“Commercial Code” (“Obchodní zákoník”)	means Act No. 513/1991, the Commercial Code, as amended;
“Confidential Information” (“Důvěrné informace”)	means information provided by the contracting parties to each other in connection with the performance of an agreement, except for information denoted as excluded from this protective regime;
“Conflict of Interest” (“Střet zájmů”)	means in particular a conflict of interest or a potential conflict of interest that arises or may arise between the Client or a potential Client and (a) the Dealer, including its senior management, (b) tied agents or employees of the Dealer, (c) the senior management of tied agents, (d) persons controlling the Dealer, (e) persons controlled by the Dealer, or (f) other Clients of the Dealer;

“Consideration” (“Úplata”)	means the aggregate of Fees, Charges and all other reasonable Costs;
“Consultancy Services” (“Poradenské služby”)	means in particular: <ul style="list-style-type: none">(a) identification and determination of Client objectives and key factors of a transaction,(b) financial analysis of a transaction and its valuation,(c) organising the selection and advising on the selection of legal, accounting or other specialised advisors,(d) organising the preliminary due diligence by the Dealer, legal and accounting advisors,(e) approximate valuation of the subject of a transaction,(f) identification of potential investors, drafting and delivery of a written list of investors,(g) proposing the structure of a transaction,(h) drafting and delivering an information memorandum describing the structure of a transaction and the Client’s situation,(i) in collaboration with a legal advisor, drafting terms and conditions and preparing materials for a call for tenders from investors,(j) organising a call for tenders, in particular addressing investors, distributing relevant materials, organising Client visits by investors, assisting the Client in analysing and assessing investor offers, short-listing of investors,(k) preparation and organisation of due diligence for short-listed investors, in particular presentation of written documents regarding the preparation of due diligence (areas of information to be presented), assistance to legal advisors in preparing due diligence, preparation of a Data Room, preparation of the presentation by the management for selected investors,(l) drafting the criteria for the final selection of an investor/investors,(m) assisting specialised advisors in the preparation of transaction documents,(n) representing the Client during negotiations on the terms and conditions of the transaction with the selected investor/investors, and(o) other comprehensive financial advisory services depending on needs arising in connection with the transaction and according to Client requirements approved by the Dealer.
“Costs” (“Náklady”)	mean all other costs reasonably incurred in connection with the Provision of Transactions/Administration of Investment Instruments with the exception of Charges, unless their payment is already included in the Fees;
“Client Categorisation Policy” (“Pravidla kategorizace Zákazníka”)	means the Client Categorisation Policy stated in Article 9 of the Investment Services Terms and Conditions;
“Dealer” (“Obchodník”)	means PPF banka a.s., a company having its registered office at Prague 6, Evropská 2690/17, post code: 160 41, Company No.: 47116129, incorporated in the Companies Register of the Municipal Court in Prague, Section B, File 1834;
“Dealer Bank Account” (“Bankovní účet obchodníka”)	means a bank account of the Dealer specified in the relevant Client Agreement or otherwise specified by the Dealer and notified to the Client in accordance with the Client Agreement and the Investment Services Terms and Conditions;
“Deposit” (“Uložení”)	means the obligation of the Dealer to accept certificated Securities from the Client for Safekeeping and Administration;

“Execution only” (“Execution only”)	means the provision of the following investment services: (a) acceptance and transmission of Orders relating to Non-complex Investment Instruments, (b) execution of Orders relating to Non-complex Investment Instruments for the Client’s account; in the manner set out under Section 15k(1) of the Act on Undertaking on Capital Market , i.e. the Client issues the Order at his/her own initiative (i.e. the Client is not responding to any individual offer or communication by the Bank), and the Bank does not assess the Client’s expertise and experience in investments
“Employee of the Dealer” (“Pracovník obchodníka”)	means a person who is employed or is in a similar relationship with the Dealer under a mandate or other similar agreement;
Execution Policy” (“Pravidla provádění pokynů”)	means the Order Execution Policy constituting an integral part of the Investment Services Terms and Conditions;
“Charges” (“Poplatky”)	mean charges paid by the Dealer to third parties, particularly to Trading Venues, other investment firms, Authorised Administrators, Settlement Systems, Secondary Custodians and Secondary Depositories;
“GBC” (“VOP”)	means the General Business Conditions of PPF banka a.s.;
“Inducement” (“Pobídka”)	means a charge, fee or any non-monetary benefit paid by or to the Dealer;
“Instruction” (“Instrukce”)	means an order of the Client under a Safekeeping Agreement;
“Internet website” (“Internetové stránky”)	means the Dealer’s internet website at www.ppfbanka.cz ;
“Investment Instrument” (“Investiční nástroj”)	means an investment instrument under the Act on Undertaking on Capital Market;
“Investment Services Terms and Conditions” (“Obchodní podmínky pro investiční služby”)	means the Terms and Conditions for Investment Services issued by the Dealer as amended from time to time;
“KOBOS”	means a continuous trading system on the market organized by the PSE;
“Limit Order” (“Limitní pokyn”)	means an Order to buy or sell an Investment Instrument at its specified price limit or better and/or with a specified volume;
“List of Authorised Parties” (“Seznam Oprávněných osob”)	means a list of the Authorised Parties of the Client and a list of the Authorised Parties of the Dealer containing their contact details;
“List of Charges and Fees” (“Sazebník”)	means the valid Price List of Services of PPF banka a.s.;
“Multilateral Trading Facility (MTF)” (“Mnohostranný obchodní systém”)	means a multilateral trading facility as defined by the Act on Undertaking on Capital Market;
“Non-complex Investment Instrument” (“Jednoduchý investiční nástroj”)	means any of the investment instruments defined under Section 15k(2) of the Act on Undertaking on Capital Market (including, without limitation, shares and bonds admitted to trading on a European regulated market). A detailed list of Non-complex Investment Instruments is provided in the Execution-Only Policy;
“Investment Consultancy” (“Investiční poradenství”)	means a main investment service as defined in Section 4(2)(e) of the Act on Undertaking on Capital Market;

“Order” (“Pokyn”)	means an order (i) for the Provision of a Transaction, (ii) for the Settlement of a Transaction or (iii) for Administration of Investment Instruments, submitted by the Client under and in accordance with the relevant Client Agreement;
“Participant” (“Účastník”)	means a CSD participant within the meaning of Section 109 of the Act on Undertaking on Capital Market;
“Personal Data Protection Act” (“Zákon o ochraně osobních údajů”)	means Act No. 101/2000, on the Protection of Personal Data, as amended;
“Prague Local Time” (“Pražský čas”)	means the time officially valid at a given moment on the territory of the Czech Republic (“Central European Time” or “Summer Time”);
“Price List” (formerly the “List of Charges”) (“Ceník” (dříve též “Sazebník”))	means the Price List of Services of PPF banka a.s., which contains an overview of the charges, prices and fees for Banking Services and acts related to Banking Services,
“Professional Client” (“Profesionální zákazník”)	means a professional client as defined by the Act on Undertaking on Capital Market;
“Provided Information” (“Předané informace”)	means documents and information provided by the Client that the Dealer deems necessary for the provision of services requested by the Client;
“Provision of Transaction” (“Obstarání obchodu”)	means the performance of activities by the Dealer aimed at bringing about, in particular, (i) the purchase or sale of an Investment Instrument, (ii) the loan and return of an Investment Instrument, (iii) a repo transaction using an Investment Instrument, or potentially at achieving the creation of some other contractual relationship involving an Investment Instrument, at the exercise of rights and the performance of obligations arising from such a contractual relationship, as well as the exercise, performance and enforcement of the rights and obligations arising from such a contractual relationship or from another transaction;
“PSC” (“SCP”)	means the Prague Securities Centre – Středisko cenných papírů, Company No.: 481 12 089, whose records have been transferred to the CSD with effect from 7 July 2010;
“PSE” (“BCPP”)	means the Prague Stock Exchange — Burza cenných papírů Praha, a.s., Company No.: 471 15 629, or its legal successor, if any;
“Records” (“Evidence”)	means the central records of securities within the meaning of Section 92 of the Act on Undertaking on Capital Market and separate records of investment instruments within the meaning of Section 93 of the Act on Undertaking on Capital Market;
“Regulated Market” (“Regulovaný trh”)	means a regulated market as defined by the Act on Undertaking on Capital Market;
“Fee” (“Odměna”)	means the contractual fee in accordance with the Special Arrangements on Fees that constitute an annex of the Client Agreement, or if no such annex is agreed by the contracting parties, according to the Price List, unless agreed otherwise between the contracting parties in a specific case;
“Retail Client” (“Neprofesionální zákazník”)	means a Client who is not a professional, as defined by the Act on Undertaking on Capital Market;

<p>“Safekeeping” (“Úschova”)</p>	<p>means separate safekeeping of a certificated Security; if the Dealer uses the services of the CSD as a Secondary Custodian, this shall constitute bulk Safekeeping of certificated Securities;</p>
<p>“SCA” (“PZZ”)</p>	<p>means an internal sub-account “Sub-account for Client’s Advances” maintained by the Dealer;</p>
<p>“Secondary Administrator” (“Druhotný správce”)</p>	<p>means a person appointed by the Dealer as a third-party administrator who has entered into an agreement on the administration of Investment Instruments with the Dealer;</p>
<p>“Secondary Custodian” (“Druhotný schovatel”)</p>	<p>means a person appointed by the Dealer as a third-party custodian who has entered into an agreement on the safekeeping of Investment Instruments with the Dealer;</p>
<p>“Secondary Depository” (“Druhotný opatrovatel”)</p>	<p>means a person appointed by the Dealer as a third-party depository who has entered into an agreement on the deposit of Securities or Investment Instruments with the Dealer;</p>
<p>“Securities Act” (“Zákon o cenných papírech”)</p>	<p>means Act No. 591/1992, on Securities, as amended;</p>
<p>“Security” (“Cenný papír”)</p>	<p>means certificated Securities within the meaning of the Securities Act, held for Safekeeping or Deposit under the relevant Client Agreement;</p>
<p>“Settlement of Transactions” (“Vypořádání obchodů”)</p>	<p>means an obligation of the Dealer to arrange for the Client and for the Client’s account the settlement of Investment Instrument transactions already made by the Client or by the Dealer or by a third party for the Client’s account;</p>
<p>“Settlement System” (“Vypořádací systém”)</p>	<p>means an entity providing the settlement of transactions involving Investment Instruments (such as UNIVYC, Euroclear, Clearstream, etc.);</p>
<p>“SPAD”</p>	<p>means the System for trading shares and bonds on the market organised by the PSE;</p>
<p>“Special Arrangements on Fees” (“Zvláštní ujednání týkající se Odměny”)</p>	<p>means an annex to the Client Agreement stipulating an agreed fee for the Dealer different from the fee stipulated in the Price List;</p>
<p>“Statements” (“Výpisy”)</p>	<p>means statements from the Client’s Asset Account;</p>
<p>“Supervisory Authority” (“Orgán dohledu”)</p>	<p>means the Czech National Bank or any other body competent to carry out supervision and/or oversight on a given market;</p>
<p>“Suspension of Right” (“Pozastavení práva”)</p>	<p>means suspension of the exercise of the owner’s right of disposal over an investment instrument registered in the Records within the meaning of Section 97 of the Act on Undertaking on Capital Market.</p>
<p>“Trading Venue” (“Převodní místo”)</p>	<p>means a trading venue as defined by the Act on Undertaking on Capital Market, i.e.:</p> <ul style="list-style-type: none"> (a) a regulated market, (b) a multilateral trading facility (MTF), (c) a systematic internaliser, (d) dealing on own account by the Dealer or any other authorised party from the same group, (e) a market maker, a specialist in any trading system or venue or persons performing a similar activity, (f) a similar person having its registered office outside the EU;

2. Scope of Application of Definitions

2.1 The definitions given in paragraph 1.1 above shall have their respective meanings in the agreements, materials and documents stated below, unless specified otherwise in a particular agreement, material or document:

- (a) in documents for Client classification, specifically in:
 - (i) the Client Classification Questionnaire;
 - (ii) the Investment Questionnaire;
- (b) in information documents for the Client, specifically in:
 - (i) Information on Risks;
 - (ii) Information on Service(s) Provided;
- (c) in documents governing the Dealer's conduct and procedures, specifically in:
 - (i) the Execution Policy;
 - (ii) the Client Assets Handling Policy;
 - (iii) the Conflict of Interest Policy;
 - (iv) the Information on Execution Only Regime;
- (d) in contractual documentation between the Dealer and the Client, specifically in:
 - (i) the Investment Services Terms and Conditions;
 - (ii) Client Agreements;
- (e) in other agreements, materials and documents where expressly specified.

2.2 This document does not take into account the terms and definitions stated in treasury agreements of PPF banka a.s.



EXECUTION POLICY

BEST EXECUTION POLICY AND ORDER PROCESSING POLICY

1. Persons to Whom this Execution Policy is Addressed

- 1.1. Unless otherwise stated herein, this Execution Policy relates to Orders submitted both by Retail Clients and Professional Clients.
- 1.2. This Execution Policy shall apply during the processing and execution of Client Orders in relation to Investment Services.
- 1.3. This Execution Policy shall also apply, as appropriate, to the acceptance and delivery of Orders relating to Investment Instruments made for the Client's account and to dealing in Investment Instruments on own account, if such services are provided to the Client.
- 1.4. This Execution Policy also relates to the acceptance and execution of Instructions, as appropriate.

2. Basic Principles of the Execution of Orders

- 2.1. The Dealer executes Client Orders in the shortest possible time and in a manner ensuring fair and equitable treatment with respect to the Orders of other Clients.
- 2.2. The Dealer executes comparably similar Orders of Clients in the chronological order of their delivery, unless the specific nature of an Order, a Client's interests or the current market situation justify a different procedure.
- 2.3. When the Dealer handles the execution of an Order for the Provision of a Transaction, it also handles the due Settlement of the Transaction executed on the basis of the Order for the Provision of a Transaction, unless the settlement of transactions is handled for the Client by another securities dealer or a custodian.
- 2.4. If a Limit Order is not executed immediately, the Dealer will immediately execute such Limit Order as soon as market conditions allow.
- 2.5. During the execution of Orders the Dealer proceeds in accordance with the applicable provisions of the Act on Undertaking on Capital Market, its implementing regulations and the rules of the relevant Trading Venues.

3. Order Aggregation

- 3.1. The Dealer may, to the extent permitted by applicable legislation and the rules of regulated markets, aggregate the Client's Orders for the Provision of Transactions together with Orders for the Provision of Transactions of other Clients, or, as applicable, with transactions for the Dealer's own account, however only where it is unlikely that such aggregation of Orders for the

Provision of Transactions will be less advantageous for the respective Clients than the separate execution of such Orders for the Provision of Transactions.

- 3.2. If the aggregation of an Order for the Provision of a Transaction may be less advantageous for the Client than the separate execution of such Order for the Provision of a Transaction, the Dealer shall notify the Client of this fact.
- 3.3. When aggregating Orders for the Provision of Transactions, the Dealer shall ensure that such aggregated Orders for the Provision of Transactions are executed and settled fairly and equitably, without detriment to the interests of any of the Clients. The final settlement of each Order for the Provision of a Transaction is carried out according to the chronological order in which Clients' Orders for the Provision of Transactions were submitted to the Dealer.
- 3.4. In cases where an aggregated Order for the Provision of a Transaction from a Client and a transaction on the Dealer's own account was executed only partially, the Dealer will preferentially assign the performance and corresponding obligations to the Client, unless the Dealer can prove that the aggregated Order for the Provision of a Transaction was executed under more advantageous conditions than those which could probably have been achieved in the case of separate Orders for the Provision of Transactions, or that a separate Order for the Provision of a Transaction would not have been executed at all, in which case the Dealer may divide the performance and obligations pro rata.

4. Handing of Information Relating to the Execution of Orders

- 4.1. If any substantial difficulties arise during the processing of a Client Order, the Dealer will immediately inform the Client of these difficulties.
- 4.2. Unless the Client expressly states otherwise when submitting an Order, the Client requests that the Dealer shall not disclose Limit Orders of the Client relating to Investment Instruments admitted to trading on European Regulated Markets which are not immediately executed or transmitted to the Regulated market due to currently prevailing market conditions.

5. Best Execution of Orders for the Provision of a Transaction

- 5.1. The Dealer has adopted a policy with the aim of achieving the best possible result for the Client.

- 5.2. In applying this Execution Policy the Dealer will consider the factors which are important with regard to the purpose of the execution of the Order for the Provision of a Transaction, i.e. primarily the price of the respective Investment Instrument, the associated costs, the speed, the likelihood of the execution of the Order for the Provision of the Transaction, the volume of the requested transaction and the conditions for its settlement.
- 5.3. In determining which factors are important during the execution of Orders for the Provision of Transactions, the Dealer assesses the following criteria:
- the categorisation of the Client, i.e. whether the Client is a Professional Client or a Retail Client;
 - the nature of the Client's Order for the Provision of a Transaction;
 - the type of Investment Instrument to which the Order for the Provision of the Transaction relates;
 - the type of Trading Venue where the Order for the Provision of the Transaction is to be executed.
- 5.4. When the Dealer executes an Order for the Provision of a Transaction submitted by a Retail Client, the Dealer will give consideration to the price of the Investment Instrument and the costs associated with the execution of the Order for the Provision of the Transaction, including all the charges associated with execution.
- 5.5. When executing an Order for the Provision of a Transaction submitted by a Professional Client, the Dealer will take into account the Professional Client's own considerations and intentions, such as in regard to the speed and the likelihood of the execution of the Order for the Provision of the Transaction.
- 5.6. The Dealer considers the relatively most important factors to be the price achievable at the given Trading Venue and the costs for the execution of the Order for the Provision of a Transaction. However, this does not prevent the Dealer from prioritising other factors during the execution of Orders for the Provision of a Transaction based on available information on the current situation prevailing on markets in Investment Instruments, such as speed, the likelihood of execution and settlement, the volume and type of the Order for the Provision of the Transaction, the liquidity of the respective Investment Instrument and other factors relevant to achieving the best possible outcome for the Client.
- 6. Trading Venues and their Selection**
- 6.1. The Dealer will select a Trading Venue for the execution of an Order for the Provision of a Transaction which will enable the Client's Order for the Provision of a Transaction to be executed under the best conditions. When selecting a particular Trading Venue the Dealer will take into account the respective Investment Instrument, its specifics and the specifics of the respective Trading Venue. If an Order for the Provision of a Transaction is to be executed as swiftly as possible, the Dealer will select a Trading Venue from among the venues which are open at the time of the receipt of the Order for the Provision of the Transaction.
- 6.2. If an Investment Instrument forming the subject of an Order for the Provision of a Transaction is traded at several Trading Venues, the Dealer will give preference to the Trading Venue with the highest liquidity, while also taking into account where and in which currency the transaction is to be settled. Where venues for the execution of an Order for the Provision of a Transaction are comparably similar, the Dealer will take into account only the costs for the execution of the Order for the Provision of the Transaction at each Trading Venue, including its own commission.
- 6.3. Once a Trading Venue has been selected, the Order for the Provision of the Transaction will be transmitted to this venue for execution, where it will remain until its execution or partial execution, or until its validity period expires or the Order for the Provision of the Transaction is cancelled.
- 6.4. In accordance with the Execution Policy, the Dealer executes Orders for the Provision of Transactions using one or a combination of the following methods:
- A Client's Order for the Provision of a Transaction may be executed directly on a Regulated Market or in a Multilateral Trading Facility. If the Dealer is not a member of a given Regulated Market or Multilateral Trading Facility, for the purpose of the execution of an Order for the Provision of a Transaction the Dealer may transfer such Order for the Provision of a Transaction for execution to a third party which is, for example, a participant in the relevant Regulated Market or Multilateral Trading Facility;
 - An Order for the Provision of a Transaction may be transferred for execution to another securities dealer or another suitable entity which is a member of the same financial group as the Dealer. In such a case the Dealer will check whether the other dealer has implemented and applies measures enabling the Dealer to proceed in accordance with this Execution Policy. If this is not so, the Dealer will determine the Trading Venue and provide the other dealer with instructions on how to duly proceed. The Dealer is not, however, obliged to evaluate the execution policy of any other dealer in Investment Instruments when the Dealer is providing an investment service according to Article 1.3 of this Execution Policy;
 - With the Client's prior express consent the Dealer may, while complying with this Execution Policy, execute an Order for the Provision of a Transaction outside a Regulated Market or a Multilateral Trading Facility;

- d) In the case of collective investment securities, an Order may be transferred for execution to an authorised transfer agent.
- 6.5. A list of Trading Venues is available on the Internet Website at www.ppfbanka.cz.
- 7. Recommendation Against the Execution of an Order**
- 7.1. Based on the information provided by the Client in the Investment Questionnaire and the Client's requirements regarding the investment service / the manner of its provision / and the Investment Instrument which is to be the subject of such service, the Dealer may evaluate an Order for the Provision of a Transaction requested by the Client as unsuitable in view of the Client's expertise and experience. If the Client refuses to provide requested information, or the information provided by the Client is insufficient or incomplete, the Dealer will not be able to evaluate that the Order for the Provision of the Transaction is suitable for the Client. Following its evaluation the Dealer will inform the Client that the Dealer recommends against executing the Order for the Provision of Transaction.
- 7.2. In the event of such a recommendation against executing an Order for the Provision of a Transaction, the Client has the right to expressly request that the Dealer execute the Order for the Provision of the Transaction. In such case, however, the Dealer is released from any liability for the provision of such an investment service which is unsuitable in view of the Client's expertise and experience pursuant to the applicable provisions of the Act on Undertaking on Capital Market.
- 8. Execution Only Regime**
- 8.1. In the case of Non-complex Investment Instruments, the Dealer provides the investment services of "accepting and transferring orders involving Investment Instruments" and "execution of orders involving Investment Instruments for the account of Clients" in Execution Only regime, unless agreed otherwise with the Client.
- 8.2. When the Dealer provides investment services in Execution Only regime, the scope of the protection provided to the Client pursuant to the Act on Undertaking on Capital Market is limited. More detailed information on the Execution Only regime is contained in the document "Information on the Execution Only Regime", which is available on the Internet Website at www.ppfbanka.cz.
- 9. Explicit Directions of Clients**
- 9.1. When executing Orders for the Provision of Transactions, the Dealer will consider the factors referred to paragraph 5.2 above in the light of the criteria set out in paragraph 5.3 of this Execution Policy. If, however, the Client explicitly states otherwise in its Order for the Provision of a Transaction, the Dealer will execute the Order according to the Client's specific directions.
- 10. Monitoring and Regular Evaluation of the Effectiveness of the Execution Policy**
- 10.1. The Dealer regularly evaluates whether the Execution Policy is effective and whether it is successfully ensuring that Clients' Orders for the Provision of Transactions are being executed under the best conditions. Any deficiencies will be rectified without undue delay.
- 10.2. The Dealer evaluates the Execution Policy and associated procedures at least once a year. The Dealer informs Clients of any material change in the Execution Policy in the manner described in the Investment Services Terms and Conditions. The current version of the Execution Policy is available on the Internet Website at www.ppfbanka.cz.
- 11. Client Approvals and Provision of Information about the Execution of Orders**
- 11.1. The Dealer must obtain the Client's approval in regard to this Execution Policy before executing Orders for the Provision of Transactions.
- 11.2. In approving this Execution Policy, the Client acknowledges that an Order containing explicit, specific directions to follow a particular procedure or method for executing an Order for the Provision of a Transaction may mean that the Dealer will not be able to proceed in accordance with this Execution Policy.
- 11.3. The Dealer performs its information obligations pursuant to applicable legislation and contractual documents in the manner specified in the Investment Services Terms and Conditions.
- 11.4. Before executing Orders for the Provision of Transactions outside a Regulated Market or a Multilateral Trading Facility the Dealer must obtain the Client's approval in regard to such procedure.
- 11.5. The Client is also entitled to request the Dealer to provide information regarding the execution of a particular Order or as to whether it is being executed in accordance with this Execution Policy.



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.

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. 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.

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.



CONFLICT OF INTEREST POLICY AND GENERAL INFORMATION ON INDUCEMENTS

1. Definition of Conflicts of Interest

1.1. During the provision of Investment Services the Dealer identifies potential conflicts of interest and adopts measures aimed at avoiding them. If a conflict of interest arises, the Dealer adopts measures aimed at preventing any adverse impacts of such conflict of interest on the legitimate interests of Clients. The Dealer identifies and manages conflicts of interest to the extent required of the Dealer by applicable legislation.

1.2. Conflicts of interest mean, in particular, conflicts of interest or potential conflicts of interest which arise or may arise between a Client or a potential Client and

- a) the Dealer, including its managers;
- b) tied agents or employees of the Dealer or Workers of the Dealer;
- c) managers of tied agents;
- d) persons controlling the Dealer;
- e) persons controlled by the Dealer; or
- f) other Clients of the Dealer.

2. Identification of Conflicts of Interest

2.1. In accordance with paragraph 1.1, the Dealer takes steps necessary to identify potential conflicts of interest.

2.2. In order to identify potential conflicts of interest, during the provision of Investment Services the Dealer assesses in particular whether any of the persons according to paragraph 1.2:

- a) may make financial gains or avoid financial losses at the expense of the Client;
- b) has an interest in the outcome of a service provided to the Client or in the outcome of a transaction executed in the name of the Client differing from the Client's interest;
- c) has a financial or other incentive to favour the interests of one Client over the interests of another Client or group of Clients;
- d) is engaged in business in the same line of business as the Client;
- e) receives any Inducement from or provides any Inducement to a third party in connection with the provision of Investment Services to the Client which differs from

the standard commission or fee for such services.

2.3. In the interest of transparent conflict of interest identification, the Dealer keeps records of conflicts of interests in accordance with the requirements of legislation.

3. Management of Conflicts of Interest

3.1. In order to prevent or reduce the risk of the occurrence of conflicts of interest, the Dealer has implemented the following measures:

- a) organisational measures to ensure the separation of the persons processing Client Orders and the persons performing the settlement of Client Orders;
- b) application of the "four eyes principle", in which defined services and the handling of Client Assets may be performed only by means of the cooperation of two persons;
- c) setting-up a remuneration system for the employees of the Dealer [and persons with whom the Dealer cooperates (e.g. tied agents)] so that there is no direct relationship between the amount of the fees earned by an employee [a person with whom the Dealer cooperates] and the provision of particular services to the Client;
- d) the introduction of rules relating to the personal transactions of employees of the Dealer and parties with a special relationship to the Dealer;
- e) maintenance of lists of Investment Instruments (Watch List, Restricted list) where conflicts of interest may arise;
- f) maintenance of a list of insiders, i.e. people who have access to inside information;
- g) implementation of an Order Processing Policy and procedures for Order aggregation;
- h) The Dealer maintains a strict prohibition on giving preference to dealing on its own account under equal or better conditions than those enjoyed by the Client.

3.2. The Dealer ensures the impartiality and the independence of the persons involved in preparing analyses of investment opportunities, in particular in respect of persons whose interests may be in conflict with the interests of the persons to whom

- such an investment opportunities analysis is to be distributed.
- 3.3. All the organisational units of the Dealer are obliged to participate in the identification and management of conflicts of interest, and in the event of a risk or the occurrence of a conflict of interest they are obliged to report this fact to the Compliance Department.
- 4. Conflict of Interest Identification Procedure**
- 4.1. If the Dealer is unable to prevent a conflict of interest in a specific case, the Dealer notifies the Client of this fact, in particular informing the Client of the nature or the source of the potential conflict of interest.
- 4.2. The Dealer shall provide the Client with the information according to paragraph 4.1 prior to providing the respective investment service, so that the Client can make an informed decision as to whether or not to use the investment service offered by the Dealer.
- 4.3. The information according to paragraph 4.1 will be provided via the means of communication specified in the Investment Services Terms and Conditions.
- 4.4. If a conflict of interest between the Dealer and the Client cannot be avoided, the Dealer will always give preference to the Client's interests over its own interests. In the event that a conflict of interest occurs between Clients, the Dealer will ensure that such Clients are given fair treatment.
- 5. General Information on Inducements and their Permissibility**
- 5.1. The Dealer may accept the payment of a charge, a fee or non-monetary compensation in connection with the provision of an investment service (hereinafter "Inducement") from a third party, or the Dealer may provide such an Inducement to a third party.
- 5.2. The Dealer may provide or accept an Inducement only if:
- a) the acceptance or provision of an Inducement is not in conflict with the Dealer's obligation to act professionally, honestly and fairly and in the best interests of the Client;
 - b) there is no risk that a conflict of interest would be caused as a consequence of the acceptance or provision of an Inducement (in the scope specified in this Conflict of Interest Policy); and
 - c) the acceptance or provision of an Inducement results in an enhancement of the quality of the service provided to the Client.
- 5.3. Other admissible Inducements also include those which are necessary for the provision of an investment service, however, only in the case that their provision or acceptance is not contrary to the Dealer's obligation to act with due professional care and in the best interests of the Client.
- 5.4. The Dealer provides specific information to the Client regarding any Inducement relating to a particular provided investment service and the Investment Instrument involved prior to commencing the provision of such Investment Service. Such information mainly consists of information on the existence, nature and amount or value of the Inducement. Clients can find current information about specific Inducements on the Internet Website.
- 5.5. In cases where the amount or value of a particular Inducement cannot be determined in advance, information on this amount or value according to paragraph 5.4 hereof may be substituted by information regarding the procedure for calculating the amount or value of this specific Inducement (e.g. expressed in %, as a formula, or as a description of the procedure for calculating the Inducement's amount).
- 5.6. The Dealer shall provide the Client with detailed information concerning Inducements in relation to particular investment services and Investment Instruments beyond the scope of the information in this paragraph (and in particular paragraph 5.4) only at the request of the Client.