

## INFORMATION ON INDUCEMENTS (IN CONNECTION WITH THE PROVISION OF INVESTMENT SERVICES)

### 1. General Provisions

- (a) In the context of the provision of Investment Services, the Bank may be the provider or recipient of a fee, commission or a non-monetary benefit) provided to or received from a third party in relation to certain Investment Instruments (the “**Inducement**”).
- (b) The Bank may only receive or provide Inducements where the conditions specified in Section 14.5 of the Conditions are met and in accordance with the applicable regulations.
- (c) Inducements are governed by the Capital Market Act, implementing regulation No 308/2017 on the more detailed regulation of certain rules in the provision of investment services, and the Official Information of the CNB of 17 January 2014 regarding the conditions of the admissibility of inducements in the distribution of certain products on the financial market.
- (d) Capitalised terms and expressions used in this document have the meaning specified in the Conditions. The rules of interpretation under the Conditions also apply to the provisions of this document. This document is an Investment Document.

### 2. Types of Inducements

- (a) The Bank distinguishes the following specific types of Inducements:
  - (i) **Client Inducements**, i.e., those provided by the Client or a third party on the Client’s behalf, as well as Inducements paid by the Bank to the Client.

Client Inducements include, in particular, any fees, costs, etc. paid by the Client to the Bank on the basis of the Price List or on the basis of a contractual arrangement between the Client and the Bank or, on the other hand, those provided by the Bank to Clients (e.g., discounts).
  - (ii) **Operating Inducements**, i.e., those facilitating or essential for the provision of Investment Services.

In accordance with the relevant Official Information of the CNB, the Bank considers operating Inducements to include, for example, all costs paid by the Bank to third parties in connection with the provision by the Bank of Investment Services to Clients, including, but not limited to:

- (1) Fees charged by the Trading Venues and Trading Facilities (PSE (*BCPP*), MTS Czech Republic etc.), settlement systems and depositories (for example CSD (*CDCP*), custodians (for example Clearstream Banking, Luxembourg; Deutsche Bank Aktiengesellschaft, Prague Branch; Raiffeisen Bank International AG, Vienna), persons keeping registers of Investment Instruments and investment firms and banks;
- (2) Fees for the safekeeping and administration of securities;
- (3) Payments for audit, accounting services, legal services and tax services;
- (4) Costs of meeting the obligations to the CNB (administrative charges, costs of the reporting system);
- (5) Contributions to the Guarantee Fund of Investment Firms;
- (6) Postal and other communication charges, including SWIFT charges;
- (7) The Bank’s fees for maintaining accounts, fees for using paid information services (e.g., Bloomberg, Reuters); or
- (8) Training courses required by legislation (e.g., AML).

The Client is informed about the amount of operating Inducements under points (ii)(1) and (ii)(2) as part of the Costs overview under Section 12.4 of the Conditions in the Statement or in another form. The Bank provides a breakdown of the Costs and operating Inducements to all Clients upon request.

- (iii) **Other Inducements**, i.e., those that are directly or indirectly paid to or received from a third party and are not included in operating Inducements.

The Bank's other Inducements may include those provided by issuers of Investment Instruments to the Bank for ensuring that issues of Investment Instruments are issued and subscribed, or the level of the Inducement may be linked to the size of the Investment Instruments for which the Bank facilitates subscription and sale.

**The Bank furthermore includes the following under other Inducements:**

- (1) **Non-monetary benefits**, which according to the Bank include any third-party unpaid investment research solicited by the Bank as well as any third-party unpaid unsolicited investment research;
- (2) **Minor non-monetary benefits**, which according to the Bank are the following benefits, which are justifiable and reasonable and their scope is such that it is likely that they will not influence the Bank's conduct so as to impair the best interest of the Client:
  - A third-party document commissioned or paid by an issuer that is a legal entity or by a potential issuer with a view to promoting a new issue by such issuer, or where the issuer has concluded a contract with and paid to a third party to create such a document on an ongoing basis, if their relationship is clearly described in the document and if such document is also available to all securities traders who wish to obtain it or to the general public;
  - Participation in conferences, seminars or other educational events focused on the benefits and features of a specific Investment Instrument or Investment Service;
  - Low-value entertainment offered during a business meeting or conference, seminar or other educational event as per the preceding indent; or
  - Other non-monetary benefits, a list of which the CNB publishes on its website; such a benefit must enhance the quality of the service provided to the Client with regard to the total level of the benefits provided by one person or a group of persons and is of a scale and nature such that it is likely that it will not influence the Bank's conduct so as to impair the best interest of the Client.

### **3. Final Provisions**

- (a) More details about other Inducements are made available by the Bank to Clients upon request, and Clients are informed about other Inducements (except for non-monetary benefits and minor non-monetary benefits) as part of the performance of information obligations before the provision of an Investment Service and the subsequent information obligations in accordance with the regulation and other Investment Documents.
- (b) This document is effective from 1 January 2018 and supersedes the preceding information document on inducements.