

SAFEKEEPING OF BOOK-ENTRY SECURITIES

DISCLOSURE OF LEVELS OF PROTECTION AND COSTS

**UNICREDIT BANK CZECH REPUBLIC AND SLOVAKIA, A.S.,
POBOČKA ZAHRANIČNEJ BANKY**

1. INTRODUCTORY PROVISIONS

1.1 UniCredit Bank Czech Republic and Slovakia, a.s., with registered office at Želetavská 1525/1, 140 92 Prague 4 - Michle, ID: 649 48 242, registered in the Commercial Register kept by the Municipal Court in Prague, Section B, Entry 3608, performing banking activities in the territory of the Slovak Republic through the organizational unit of **UniCredit Bank Czech Republic and Slovakia, a.s., pobočka zahraničnej banky**, with its registered office at Šancová 1/A, 813 33 Bratislava, ID: 47 251 336, registered in the Commercial Register of the Bratislava I District Court, Section: Po, File No.: 2310/B (hereinafter “UniCredit”) is a participant and member of Centrálny depozitár cenných papierov SR, a.s., with its registered office at ul. 29. augusta 1/A, 814 80 Bratislava, ID: 31 338 976, registered in the Commercial Register of the Bratislava I District Court, Section: Sa, File No.: 493/B (hereinafter “CDCP”)

1.2 In accordance with Article 38, Par. 6 of the Central Securities Depository Regulation¹, UniCredit is publishing the levels of protection and costs associated with the different levels of segregation of accounts provided by UniCredit to its clients when holding securities in the CDCP on their behalf.

2. THE MAIN LEGAL IMPLICATIONS OF DIFFERENT LEVELS OF SEGREGATION OFFERED

2.1 Account types in CDCP

The Securities Act² stipulates the following types of securities accounts in which book-entry securities can be held in the CDCP:

- (A) the owner’s account;
- (B) the member’s client account;
- (C) holder’s account.

2.2 Owner’s Account

2.2.1 For securities registered in an owner’s account, it is assumed that the owner of the securities is the person on whose behalf the owner’s account was opened. Under the Slovak Securities Act, the owner of securities is a person who has acquired securities under a contract or other legal act established by law and is registered as the owner of the security in the relevant register³, unless the Securities Act provides otherwise. The owner’s account can be set up in the CDCP or under a member’s client account. In both cases the aforementioned assumption applies to the securities owner.

2.3 The Member’s Client Account

2.3.1 The member’s client account is an account of a member on which CDCP records information on securities whose owners it (CDCP) registers. A member’s client account is not an owner’s account, i.e. the owner of the securities registered in the member’s client account is not the person on whose behalf the account was opened. Securities registered in this account are held by a member/participant on behalf of third parties for whom it opens owner’s accounts in its records..

¹ Regulation of the European Parliament and Council 909/2014 of 23 July 2014 on improving the securities settlement in the European Union and on central securities depositories and amending Directives 98/26/EC and 2014/65/EU and Regulation (EU) No. 236/2012

² Act No. 566/2001 Coll. on Securities and Investment Services and on amendments and supplements to some acts

³ Registration according to Section 10, Par. 4 of the Securities Act

2.4 Holder's Account

- 2.4.1 The holder's account is an securities account of the person (Holder) on which CDCP records information on securities whose owners are registered with the Holder. The Holder is not the owner of the securities registered in the holder's account. This is a so-called custodianship or nominee concept. Information about the owner is registered by the Holder in its records, which it is obliged to maintain in accordance with the legal requirements related to protection of financial instruments and the client's funds. The subsequent sub-register of the Holder is governed by the legislation under which the Holder was established. In the case of UniCredit Bank, this is the legislation of the Czech Republic. <https://www.unicreditbank.cz/cs/ostatni/CSDR.html>
- 2.4.2 In the case of acts requiring the disclosure of information about the owner of securities as registered in the securities register, information on owners of securities registered in the holder's account shall be replaced by information about the Holder
- 2.4.3 The CDCP may only open a holder's account for the National Bank of Slovakia, a central securities depository or a foreign legal entity with a similar subject of business, possibly for a securities broker or a bank authorized to provide custodianship or foreign securities broker or a foreign bank authorized to provide custodianship.

3. SEGREGATION LEVELS

- 3.1 UniCredit offers its clients the possibility to open and maintain securities accounts representing at least the following levels of segregation:

- (A) omnibus client segregation or;
- (B) individual client segregation.

- 3.1.1 In all cases, UniCredit holds its own assets separately from client assets, regardless of the type of account offered.

3.2 Individual Client Segregation

- 3.2.1 The term "individual client segregation" is defined in Art. 38, Par. 4 of the Central Securities Depository Regulation. If the client requests individual client segregation, UniCredit will open:

- (A) **owner's account in the name of the client** with the purpose to hold the securities of the given client, opened under the UniCredit client account with the CDCP
- (B) **holder's account** for a given client **maintained in the name of UniCredit Bank**

- 3.2.2 Securities held on the aforementioned accounts 3.2.1. (A) and (B) are separated from UniCredit 's own securities and are also separated from UniCredit's other clients' securities.

3.3 Omnibus Client Segregation

- 3.3.1 The term "omnibus client segregation" is defined in Art. 38, Par. 3 of the Central Securities Depository Regulation. UniCredit will use omnibus client segregation if the client agrees or explicitly asks for the custodianship/nominee concept to be used.

- 3.3.2 In the case of “omnibus client segregation”, UniCredit holds securities of multiple clients on one **holder’s account** in the CDCP. This means that the holder’s account will be used by UniCredit for the holding of securities of multiple clients in collective mode. UniCredit will not, however, hold or must not hold any of its own securities on the same omnibus account.
- 3.3.3 The holder’s account is opened for UniCredit. As described above in par. 2.4.2., UniCredit will conduct its own follow-up records according to the law of the Czech Republic within which it establishes securities accounts for its clients.

4. THE LEVELS OF PROTECTION, APPLICABLE LEGISLATION ON INSOLVENCY

4.1 In general

- 4.1.1 In the event of UniCredit’s insolvency, insolvency proceedings will be governed by the legislation of the Czech Republic. In case of application of insolvency proceedings in relation to UniCredit, securities held within individual client segregation or omnibus client segregation do not form part of UniCredit’s assets and are not available to satisfy claims of UniCredit’s creditors. In such a case, the insolvency trustee is obliged to release these securities without undue delay to UniCredit clients. However, Czech legislation does not stipulate any specific timeframe for the release of clients’ assets. Appropriate timing will therefore depend on the circumstances of each individual case as assessed by the insolvency trustee.
- 4.1.2 If UniCredit, as the CDCP participant, is declared insolvent, the client will have to enter into a contractual relationship with another participant of the CDCP in order to continue to having access to the CDCP (hereinafter referred to as the “new participant”). The reason is that the CDCP participant may not be insolvent.

4.2 Owner’s Account (par. 2.2)

- 4.2.1 If the securities are held in the CDCP on the owner’s account, the account owner has the highest level of asset protection. Due to the fact that the given end-investor will be registered in the CDCP as an account owner, he/she will not be required to prove his/her claim on the securities held in that individual account.

4.3 The Holder’s Account Established for UniCredit (par. 2.3)

- 4.3.1 If the securities are held in the CDCP on UniCredit holder’s account, these securities will need to be transferred from the holder’s account to a new securities account established for the client by a new participant.
- 4.3.2 In such a case, however, the holder’s account, should it holds securities of several clients, may also contain securities of other UniCredit clients. In accordance with the principles described in Par. 4.1, the UniCredit insolvency trustee will treat each client as the owner of the securities that were assigned to the UniCredit holder’s account for each client in the follow-up UniCredit records.

5. COSTS: INDIVIDUAL CLIENT SEGREGATION AND OMNIBUS CLIENT SEGREGATION

- 5.1 This paragraph 5 lists the overview of costs, that can be related to both omnibus client segregation or individual client segregation and how they can differ per level of segregation.

5.2 This information disclosure provides an overview of the costs related to the different levels of segregation, however, it is not aimed to provide all information the client would need to make a decision which type of account in CDCP to choose.

5.3 This cost disclosure is for information purposes only and is not intended to provide any legal, regulatory, tax, investment, accounting, financial or other advice by UniCredit. This cost disclosure may not be used or relied upon by any person for any legal, regulatory, tax, investment, financial, or other decision, nor to provide advice to any other person in this matter. Recipients of this cost disclosure should obtain guidance and/or advice, based on their own particular circumstances, from their own legal, tax or other appropriate advisor. UniCredit is not responsible for any loss suffered as a result of the use of information in this disclosure.

5.4 UniCredit Fees

5.4.1 UniCredit fees are set out in a specific agreement between the client and UniCredit, depending on the extent of the services provided, the extent of the investment instruments provided within those services and the extent of the liability on the part of UniCredit. UniCredit fees may therefore vary depending on whether the client chooses to hold their securities in omnibus client segregation or individual client segregation, and further depending on the type of account the client chooses to maintain.

5.4.2 With the maintenance of a specific type of securities account there are connected the following costs and fees:

- (A) custody fee;
- (B) asset management fee;
- (C) transaction fees (including cancellation, amendment, and repair fees);
- (D) expenditure (for example, reimbursement of notary or translation fees);
- (E) tax returns and fast tax refunds;

5.5 Costs of CDCPs and Other Third Parties

5.5.1 This cost disclosure is based on the CDCP charging structure as of the date of this disclosure. The CDCP may change the charging structure from time to time if it is duly authorized by the Central Securities Depository regulation. The clients can find information regarding current CDCP fees on the CDCP website mentioned below in this par.

5.5.2 Fees associated with accounts maintained in the CDCP may vary depending on the type of account chosen and demands on the operational performance and monitoring.

5.5.3 There may be additional costs/charged amounts that the Central Depository (or third party) will pay in accordance with the circumstances and which will be charged to the client. However, these costs will not differ depending on the level of segregation chosen by the client.

5.5.4 The following is a link to the CDCP website of which UniCredit is a participant:

Centrálny depozitár	Link to the CDCP website
Centrálny depozitár cenných papierov SR, a.s.	https://www.cdcp.sk/
CDCP price list:	https://www.cdcp.sk/dokumenty/cennik/