# Introductory Provisions

## These Terms and Conditions (hereinafter the “**Terms and Conditions**”) represent the Product Conditions in the sense of the General Terms and Conditions. The Terms and Conditions comprise part of the Contract for the Procurement of a Purchase/Sale of Investment Instruments and the Client is obliged to acquaint himself with them and adhere to them.

## The Terms and Conditions regulate the rights and obligations of all the Services and simultaneously special rights and obligations relating to a specific Service.

## The **Services** provided by the Bank pursuant to the Contract are particularly:

### Transactions with Securities. These transactions are an investment service pursuant to the Capital Market Trading Act. Article 5 regulates special conditions for these Transactions.

### Transactions with Gold. These transactions are not an investment service pursuant to the Capital Market Trading Act. Article 6 regulates special conditions for the Transactions with Gold and they are provided regardless of the completion of the Investor Questionnaire.

## **Before providing the Services** (with the exception of Transactions with Gold), the Bank submits an **Investor Questionnaire** to the Client and asks it to complete it. The Client can refuse to complete the Investor Questionnaire. The Services will not be provided to the Client without completing the Investor Questionnaire if the Client has not explicitly refused to complete it.

## The result of the **Investor Questionnaire** pursuant to Article 1.4 is changed with the completion of a new Investor Questionnaire by the Client and the subsequent handover of the instructions related to this result to the Client.

## The Bank can change the **scope of the Services** provided pursuant to the Contract in the manner specified in the General Terms and Conditions.

## The Bank provides the Services in the sense of the relevant provisions of the Capital Market Trading Act, with the exception of Services that are not investment services pursuant to the Capital Market Trading Act or Instruments that are not investment instruments pursuant to the Capital Market Trading Act. The Bank only provides investment consulting to Clients who, for the purpose of providing investment consulting, responded to all the questions in the suitability test and the Bank evaluated the responses as corresponding to the knowledge, experience, investment goals and financial background of the Client.

## The Terms with an initial capital letter are used in these Terms and Conditions in the meaning specified in Article 9.

## The Client pays a Fee to the Bank to procure or sell Instruments and for other services provided to the Client pursuant to the Contract, whereas the Fee is comprised of the Bank fees specified in the Price List.

## The Client shall compensate the Bank, upon its request, for any and all reasonably expended costs, including all fees charged by third parties participating in providing the Services by the Bank under the Contract, originating in connection with the execution, discharging, amendment, termination or breach of the Contract and of any contracts entered into pursuant to or in connection with the Contract, as well as any costs incurred by the Bank in protection or exercise of any of the Bank's rights and titles arising from the Contract and from any contracts entered into pursuant thereto or in connection therewith. The Expenses and fees specified in the first sentence of this Article or their amount, which are connected with the fulfilment of the subject of the Contract, can be described in more detail in the Price List.

## The Fee and Expenses are payable on the date of the Transaction Settlement, on the day the Service is provided or within five (5) business days from the end of the calendar month immediately following the month in which the Service was provided.

## In relation to the provisioning of investment services, the Bank is entitled to receive fulfilment from third parties, i.e., incentives in the form of commissions. These incentives serve to improve the quality of the services provided by the Bank. The acceptance of such incentives is not contrary to the Bank’s obligation to act in the best interests of the Client. The Bank undertakes to inform the Client of accepted or provided incentives in accordance with legislation. The Bank does not accept incentives in connection with the direction or assignment of the Order to the Client that could lead to a breach of the rules for the execution of the Orders.

## The provisions of Sections 1401, 1415 (1) and 1432 to 1437 of the Civil Code[[1]](#footnote-1) or other provisions that will replace them in the future are not used for the purposes of the Contract.

## **Delivery.** The Bank may deliver any and all documents and information in relation to the Contract to an Electronic Client by e-mail.

## If it will not deliver through e-mail pursuant to para. 1.14, the Bank can deliver all documents and information in relation to the Contract (including Reports pursuant to para. 3.13) to a Client who has negotiated the Bank’s internet or other direct banking (including an Online Portfolio, data or other boxes in the Moje Banka application or similar applications) through such banking.

## For the purpose of fulfilling the Bank’s obligations in connection with the Contract, a Client that is a legal entity or entrepreneur acting in accordance with its/his business activities and that executes transactions with instruments tradable in the Execution Venue is obliged to have a LEI (Legal Entity Identifier) assigned. If the Client will not have an LEI assigned or will not have a valid and current LEI, the Bank is not authorised to accept or execute Trading Orders and is not obliged to fulfil its obligations on the basis of the Contract.

## **Conditions of Use of Online Portfolio**. The use of the Online Portfolio adheres to the Conditions of use of the Online Portfolio available at the internet address: <http://trading.kb.cz/online_portfolio/podminky_pouzivani.pdf> or at another address that replaces this address or elsewhere on the Internet Address. For the use of the Online Portfolio, it is necessary to provide agreement with the Conditions for the use of the Online Portfolio when logging into the Online Portfolio. In the event of disagreement with the Conditions of use of the Online Portfolio, it is not possible to use the Online Portfolio.

## In accordance with the CSDR, the Bank offers its customers a choice between omnibus client segregation and individual client segregation. The Bank provides more information on these segregations, including information on the expenses and risks related with both possibilities, at the Internet Address (on the date these Terms and Conditions come into effect it is [www.kb.cz/CSDR](http://www.kb.cz/CSDR)). The bank updates this information.

# Information on the Rules of the Execution of Orders

## **General provisions**. The Bank satisfies the Orders of its clients at the relevant Execution Venue under the best possible conditions, while particularly taking into account:

### the price of the Instruments that can be achieved under the given market conditions at the relevant Execution Venue;

### the expenses;

### the speed with which the Order can be executed after it is accepted;

### the probability of the execution of the Order, i.e., the probability that the Bank will be able to fully execute the Order. On less liquid markets, this factor can have a decisive influence;

### the volume of the requested Transaction, which can influence the price and the probability of the execution of the Order;

### the conditions and manner of the Transaction Settlement;

### the type of Order, which can influence the Bank’s ability to adhere to the rules for executing the orders to the full extent (e.g., the place for the execution of the Order selected by the Client does not accept the type of order defined by the Client);

### other factors important for satisfying the orders under the best conditions.

## For specifying the relative importance of the factors specified in point 2.1, the Bank takes the following criteria into effect:

* the characteristic of the customer, including its categorisation, i.e., whether it is a non-professional or professional customer;
* the characteristic of the customer’s Order, including whether the Order is connected with a transaction ensuring financing (SFT);
* characteristic features of the Instruments, which are the subject of this Order;
* the characteristic of the Execution Venue, to which this Order is directed.

## The Bank executes the Client’s Orders in relation to the orders of other clients according to the chronological priority of its acceptance.

## **Non-Professional Customer**. When executing the orders under the best possible conditions for non-professional customers, the decisive criteria are primarily the price of the Instrument and all the expenses connected with the execution and settlement of the transaction. Other factors, such as speed, the probability of execution and settlement, the size and type of the Order, etc., only have priority if it brings the Client the best possible result of the execution of the Order from an overall perspective.

## **Professional Customer.** When executing the orders under the best possible conditions for professional customers, other criteria are taken under consideration, though the price and Expenses are the decisive parameters. Other important criteria are the speed and the probability of the execution of the Order. Other criteria are assessed depending on the type of the Instrument.

## **Selection of Execution Venue.** The Bank satisfies its clients’ orders from the rules for such Execution Venues, where the liquidity of the given Instrument that the Order applies to is highest. These Execution Venues usually fulfil the condition of the lowest price and Expenses for executing the Order, while the high liquidity ensures the satisfaction of the Client’s Order in the requested volume without delay. If the liquidity of the Instrument is the same in multiple places, the Bank decides on the placement of the Order on the basis of the criteria described in the previous points.

## If the liquidity of the Instrument is insufficient and the Client’s Order would not be satisfied under the existing market conditions, the Bank purchases the Instrument on its own behalf and subsequently transfers it to the Client’s account. The Bank decides on the Execution Venue on the basis of the price of the specific Instrument. By this procedure for illiquid Instruments, the Bank is able to achieve better prices for the Client and to satisfy his Order to the full extent without unnecessary delay. The Client does not pay any additional fees beyond the fees specified in the Price List for this method of executing the Order.

## The Client agrees that the Bank is authorised, for the purpose of the execution of the Order according to the conditions of the relevant Execution Venue, to execute the purchase of the Instrument for the Client on its own behalf and to subsequently transfer it to the Client’s account or to another account according to the Client’s instructions.

 A list of the Execution Venues is available at www.kb.cz/mifid2.

## **Explicit instructions of the Client.** When executing the Order, the Bank will proceed in accordance with the Client’s instructions. The Bank shall inform the Client that an explicit instruction of the Client concerning the execution of the Order (e.g., specifying limit prices, specifying the Execution Venue at which the Order is to be executed, specifying the type of the Order, etc.) can prevent the Bank from executing the Order in accordance with these rules. A Client that submits clarifying instructions to the Bank concerning the execution of the Order is aware of this risk and the Bank will not inform the Client of this each time the Client informs the Bank of clarifying instructions. The Bank shall execute the Client’s Order in accordance with these rules with regard to the criteria that the Client does not specify in his Order.

## With regard to the complexity and variability of the financial markets, the Bank cannot ensure the best possible result for each individual Order. The goal of these rules for the execution of the Orders is to achieve a constantly high share of orders executed with the best possible result.

## The Bank reviews the rules for the execution of the orders and their effectiveness at least once a year and also after every important change in the situation on the financial markets or change of another factor able to influence the achievement of the best possible result for the Client. Once a year, the Bank publishes

## five Execution Venues at which it executed the clients’ orders in the last calendar month and that are the most important from the perspective of the volume of executed transactions; and

## the summaries and conclusions of analyses ensuing from the monitoring of the quality of the executed transactions with Instruments at the Execution Venues at which the customers’ orders were executed in the last calendar year.

The Bank publishes this information on the Bank’s website [www.kb.cz/mifid2](http://www.kb.cz/mifid2).

## **Method for submitting the Orders**. The Client will give the Bank the Orders:

1. **orally by telephone**, provided the Bank accepts such an order;
2. **personally, in writing** on the Bank’s form in the Bank’s place of business, where permitted;
3. **by e-mail,** if the Bank announces in advance that it accepts such Orders;
4. through the **Online Portfolio**; or
5. **in another manner**, that the Bank informs the Client of;

provided the Contract does not specify a specific form **for a certain Order**.

 The Order is in effect and binding from the date given by the Client in the Order, if the Bank permits this for the given Order. If the Client does not give a date of effect in the Order, the Order is binding starting at the moment the Bank is informed of it, if the Bank is informed of the Order by phone, or at the moment it is delivered or submitted to the Bank in the manner pursuant to the Contract, if the Bank is informed of the Order in writing, until the date specified by the Client, though at most after the longest period of validity of the Order specified in the Terms and Conditions.

## **Method for submitting the Orders.** On the basis of the Bank’s approval, the Client is also entitled to give any Order in other than written form or orally by telephone. The Bank is authorised, though not obliged, to accept any Order that was submitted in a manner other than a manner prescribed in the Contract.

## **Bank forms.** The Client is obliged to use the relevant Bank forms, which the Bank provides, for the Orders. If the Client does not submit the Order on the appropriate Bank form, the Bank is authorised to not execute such an Order.

## **Particulars of Orders.** The Order must contain all the decisive particulars required by the Bank pursuant to the Contract. The Bank can ask the Client that the Order should contain particulars and information required by the Bank, even beyond the scope of the particulars and information specified in the Contract or in the Bank’s forms, and it reserves the right, upon its own discretion, to not accept or execute the Order if it is incomplete and does not contain such particulars and information.

## In individual cases, the Bank is authorised, upon its own discretion, to accept and execute even incomplete Orders.

## **Communication Links to the Bank for the purpose of Orders.** When submitting the Orders under the Contract, the Client shall be obliged to use and follow the links (contacts, individuals, accounts, places of business of the Bank, or other links) and rules which have been stipulated in the Communication Links to the Bank or in the Terms and Conditions for a specific Order or Service and were published for this purpose, or communicated to the Client for this purpose. The Bank shall be entitled, but not obliged, to accept an Order submitted otherwise than through defined links and according to defined rules; if the Bank still accepts such an Order, it shall be deemed a validly submitted Order.

## The Bank is authorised to ask the Client to confirm, without unnecessary delay, the Order given to it by phone by sending the written form of the Order, either personally, through a courier service, or by recommended mail with an acknowledgement of receipt. In such a case, the Order given to the Bank by phone is binding for the Client, but the Bank is not obliged to execute the Order before the Client confirms it in the manner specified in the previous sentence.

## The Parties note that the Bank is authorised to record telephone calls during which the Client or a person authorised by it give the Order or else the Client or person authorised by it and the Bank communicate other facts related to the Contract. The Client notes that this recording can be used as proof in a court of law or supervisory body on the content of a specific Order or the content of the conversation between the Client or person authorised by it and the Bank related to the Contract.

## During each assignment of an Order or request to perform another act, the Bank is authorised to ask the Client to prove its identity in a manner satisfactory for the Bank; the Bank is also authorised to ask for the Client to prove its identity using a contractual password or using technical identification means, if they are at the Client’s disposal (hereinafter “**Authorisation**”). If the Bank does not perform the Authorisation, it has no effect on the validity of the Order. In the event of any doubts about the identity of the persons listed in the Specimen Signatures, the Bank is not obliged to execute the Order.

## Only a person specified in the Specimen Signatures is authorised to provide an Order to the Bank on behalf of the Client in the manner specified therein. If a person not listed in the Specimen Signatures is acting on behalf of the Client, the Bank is entitled to require a power of attorney issued by the Client with officially-verified signatures. The Client is obliged to ensure that all the persons acting on behalf of the Client in connection with the Contract, i.e., persons listed and not listed in the Specimen Signatures, are familiar with the Contract, including these Terms and Conditions, and adhere to these provisions.

## In the Order to procure or sell Instruments, the Bank does not examine the Client’s entitlement to procure or sell the Instrument, with the exception of the exceptions specified in these Terms and Conditions. Upon receiving the Order, the Bank performs the activities necessary to procure or sell according to the Order. The Bank is authorised to procure or sell the Instruments by selling the Instrument to the Client from its assets or buying the Instrument from the Client on its own behalf.

## **Combining Orders**. The Bank is entitled to combine multiple Orders from its clients with the same price conditions, while in this case it performs the order on its own behalf for the Bank’s clients (in the case of Investment Fund Securities to the account of the Bank’s clients) and during the subsequent satisfaction of the Orders to the clients, the Bank respects the chronological priority of the submitted Orders. The Bank only performs the combination of the Orders if it is not probable that the combining of the Orders will be less advantageous for the Client or clients than their separate execution. The Bank notifies the Client that in spite of the adherence to the rules for the execution of the Orders, the combination of the Orders could be disadvantageous for the Client for the given Order. If the combined Orders are only partially satisfied, the clients’ individual Orders are satisfied chronologically according to when the Bank received the Orders from the clients. The Bank is entitled to combine the clients’ Orders with orders on its own behalf. In such a case, the Bank always gives precedence to the satisfaction of the clients’ orders over orders on its own behalf.

## The Bank notifies the Client that if the trading with some or all of the Instruments registered or traded at the given Execution Venue is stopped by the Execution Venue or Supplier or other entity and while it is stopped the period of validity of the Order expires, the Order will not be executed. The conditions specified in the previous sentence do not apply if the Bank managed to execute the Order under the same or better conditions through a third party in the cased specified by these Terms and Conditions.

## If there is a defect in an information system, telecommunications device or recording device, the Bank shall inform the Client, upon its request, of information on the procedure and the method of communication. The Bank and the Client can agree on another procedure.

## The Bank notifies the Client that in the case of electronic communication (primarily through mobile phones, e-mail and the Internet) there can be a loss, destruction, incomplete or delayed delivery, or the unauthorised access, use or abuse of the transmitted data. The Bank and the Client are obliged to proceed in such a manner as to limit this risk during mutual communications. The Bank notifies the Client that the terns specified in these Terms and Conditions are valid under the assumption that the processing of the Order is not prevented by technical problems of the system through which the Order is executed.

## The Client can cancel or change the Order communicated to the Bank under the condition that the conditions of the relevant trading venue, Supplier or other relevant entity permit its cancellation or change. The Bank allows the Client to change or cancel the Order, if it is technically possible and if the Bank has not taken irrevocable steps to execute the Order.

## The Bank only performs such Orders for which a successful Order Validation has been performed, with the exception specified under letter c) of this paragraph.

* + 1. In the case of an Order to procure the Instrument with an “as best as possible” Price Limit, the Bank is entitled, in order to perform the Order Validation, to ask the Client to deliver the funds to the Cash Subaccount in such an amount that before the Order Validation, the funds in the Cash Subaccount of the relevant Portfolio Account equals the amount corresponding to the amount of the Debts secured at the moment the Order is submitted increased by 25%; the Bank is entitled to determine the amount lower than the amount specified in the previous sentence, also taking into account a method selected by the Client for submitting the relevant Order. In the case of an Order to procure the Instrument with a Price Limit specified by a specific amount, the funds in the Cash Subaccount must equal the amount of the Debts during the Validation.
		2. The Order Validation to procure or sell Instruments also includes funds, or the Instruments from the Transactions that were concluded at the moment the Validation was performed, but for which the Transaction Settlement was not yet performed, if the Transaction Settlement will be performed before the Transaction Settlement concluded on the basis of the Order that is validated is performed.
		3. For the purpose of the validation of the Trading Orders covered by monetary funds, the Bank is authorised to include Instruments for which it can justifiably be expected they will become part of the Portfolio Account. For Non-Trading Orders, the Order Validation only includes the current status of the Portfolio Account, under the assumption that at the moment of the Order Validation, not other Order was submitted directed at the decrease of the Cash or the number of Instruments recorded in the Portfolio Account.
		4. If the Client submits an Order to procure Instruments denominated in another currency than the Client has funds in the Cash Subaccount by any other method than through the Online Portfolio, the Bank will translate the foreign currency to another foreign currency for the purpose of the Order Validation using the current **exchange rate according to the Bank’s exchange rate list modified by the volatility** of the currency calculated by the Bank as at the expected date of the Order Validation.
		5. If the Client submits an Order to procure the purchase of the Instrument through the Online Portfolio, the Bank will check that there is a sufficient amount of funds in the Cash Subaccount in the currency in which the purchase of the Instrument is to be procured for the purpose of the Order Validation, and simultaneously, the Bank will check the total balance of funds in the Cash Subaccount regardless of the currency; the total balance of funds in the Cash Subaccount, regardless of the currency, must always be higher than the amount specified in the relevant Order to procure the purchase of the Instrument .

## If the Client submits an **Order to purchase** Instruments **denominated in another currency** than the Client has funds in the Cash Subaccount, the Bank shall perform a **translation of the currency** at the Client’s request. The currency translation is performed after the conclusion of the Transaction and before it is settled in the manner determined pursuant to paragraph 2.28 for the conversion of currencies, unless the contracting parties decide otherwise.

## The Bank and the Client can conclude a transaction, the content of which is the fixed procurement or sale of funds in one currency under certain conditions for funds in another currency for a rate that is agreed at the moment such a transaction is concluded whereas this transaction will be settled no later than the second Business Day after its conclusion (in the Contract as a “**Spot**”).

## If the rate specified in the previous paragraph will not be agreed, for the translation the Bank uses the rate determined in the manner specified in the General Terms and Conditions for the translation of currencies. Payment transactions made in connection with the settlement of Spots and the currency conversions adheres to the Notification of the Execution of Payment System. The Contract and the Terms and Conditions is in the scope regulating the concluding of Spots by the Contract on Payment Services, as is defined in the General Terms and Conditions.

## If, in the period from the Order Validation until the performance of the currency translation, the relevant exchange rates move to the disadvantage of the Client, it may occur that the Client will not have enough funds in the Cash Subaccount to pay the Debts as a result of these exchange rate movements and after the recognition of the Transaction the Cash Subaccount will show a negative balance.

## The execution of the Orders is subject to legal regulations and business conditions that apply for the trading with the Instruments at the Execution Venue at which the relevant Instruments are traded. The relevant trading rules and regulations of the given Execution Venue also apply to the Orders. The Bank provides these rules and regulations to the Client upon its request.

## The Bank respects the conditions that the Client set when submitting the Order to procure or sell the Instrument and considers these conditions to be binding when satisfying the Order. After the performance of a successful Order Validation, the Bank undertakes, without unnecessary delay, to perform activities leading to the sending of the Order to the relevant Execution Venue. The Bank reserves the right to stop the execution of the Order in the case of a justified suspicion that the Client’s assets come from illegal activities or in other cases specified by the Contract. If the justified suspicions are confirmed, the Bank will not execute the stopped Order.

## The Bank notifies the Client that the dates specified here are valid under the assumption that the processing of the Order is not prevented by technical problems of the system through which the Order is executed.

## When processing the clients’ orders, the Bank respects the chronological priority of their submission.

## **Refusing to execute the Order.** The Bank is entitled to refuse to execute the Order if its execution would be **contrary to legal regulations, the rules of the relevant Execution Venue**, a statute of the relevant investment or other fund, the trade policy of the Bank, SG or its financial group or another subject that contributes to the processing of the Order, or its execution could lead to a **conflict of interests** between the Bank and the Client or between the Bank’s individual clients, the execution of the Order could lead to the **manipulation of the market, a breach of Sanctions or** the Client did not complete the relevant Investor Questionnaire and did not explicitly refuse to complete it.

## If a conflict of interests really does occur between the Bank’s individual clients, the Bank will inform these clients by phone. The Bank is entitled to **refuse** to execute the Order if it has, with regard to common market practice, the price of the Instrument, the volume, the impact of the Order on the market liquidity or volatility or market transparency, a justifiable suspicion that the execution of the Order could lead to **market manipulation**. The Bank is entitled to ask the Client to explain the purpose of the Order and if, in spite of the Client’s explanation, it will have a justified suspicion that the execution of the Order could lead to market manipulation, it cannot execute the Order. The relevant provisions of the Capital Market Trading Act impose this obligation on the Bank.

## The Bank is entitled to **refuse** to execute the Order if **insolvency proceedings** have been launched against the Client, the court has refused an insolvency proposal due to a lack of assets of the Client as the debtor, insolvency or other proceedings that have a similar legal effect, including proceedings begun pursuant to any foreign law (e.g., bankruptcy, settlement, reorganisation or debt relief proceedings) have begun before a court of law or enforcement (distraint) is ordered on the Client’s assets or a considerable part of the Client’s assets.

## The Bank is entitled to **refuse** to execute any Order leading to the transfer of an Instrument that is **pledged**, with the exception of cases specified by legal regulations or leading to the implementation of a right of lien.

## The Bank is entitled to **refuse** to execute an Order concerning Instruments that are listed on the Bank’s internal banking list as lost or stolen Instruments or Instruments indicated in another manner that does not permit the Transaction Settlements with them.

## **Non-acceptance of the Order.** The Bank is entitled to not accept the Order if:

### it does not contain all the required information or is otherwise incomplete, incorrect, non-specific or unintelligible or the Bank has justified doubts of its veracity;

### the Order is submitted for another reason contrary to the Contract;

### there is a breach in the communication channels between the Bank and the entities contributing to the execution of the transaction;

### the Client did not complete the relevant Investor Questionnaire and did not explicitly refuse to complete it;

### the acceptance of the Order would mean other legal, tax, notification (reporting) or other obligations for the Bank or the Record Keeper, which would be beyond the regular obligations of the Bank or participant of the Record Keeper or the Record Keeper itself;

### the Bank would not be able to execute the Order for operative, technical or staff-related reasons;

### its acceptance would be contrary to legislation, the statutes of the relevant investment or other fund, the trade policy of the Bank, SG or SG’s financial group;

### the Order would apply to an Instrument that is the subject of a Sanction or to which Sanctions otherwise apply, though indirectly.

## If the Client fails to or refuses to provide the Bank with sufficient cooperation, documents or information within the scope stipulated by the Bank, or if it is not possible to perform the identification and/or customer due diligence process related to the Client for some other reason, resulting in the Bank’s inability to apply the relevant measures against legitimisation of the proceeds of crime and financing of terrorism stipulated in legal and internal regulations[[2]](#footnote-2) against the Client properly and to the full extent, the Bank is authorised to not accept, refuse or suspend the execution of any Order aimed at procuring the purchase of a Security; participating in a primary auction for the issue of a Security, withdrawing Cash from the Cash Subaccount, transferring or transitioning of a Security to the Securities Subaccount, exercising rights (pursuant to paragraph 5.22.5), recording or changing of a right of lien or S.O.R. to a Security or any other similar order.

## The Bank shall **inform the Client of the non-acceptance or refusal** of the Order in the manner in which the Order was submitted to the Bank or in writing by the Bank without unnecessary delay after receiving the Order.

## **Information on the status of the Order.** The Bank is obliged to inform the Client of the execution of the Order no later than by the following Business Day after the execution of a Trading Order or, if the Bank receives a confirmation on the execution of the Trading Order from a third party, no later than the first Business Day following the receipt of the confirmation from this third party, through a Report or the Online Portfolio.

## In the event of difficulties with the processing of the Trading Orders, the Bank shall inform the Client without unnecessary delay after it learns of the difficulties in the manner specified in paragraph 2.43.

## At the Client’s request, the Bank will **inform the Client without unnecessary delay about the status of a non-executed Order**.

# Portfolio Account and Transaction Settlement

## **Portfolio Account.** The Bank establishes and manages a Portfolio Account for the Client and in the Client’s name. The Client undertakes to provide all the information required to establish the account to the Bank. The Client is obliged to maintain the funds required for the payment of fees in the Portfolio Account.

## The Cash Subaccount is not used to perform the Client’s regular payment system.

## The Client deposits the funds in the Cash Subaccount in the form of a bank transfer to the accounts specified in the Communication Links to the Bank, or by depositing cash to the accounts that the Bank notifies the Client of in its place of business, while in the relevant payment order the Client always gives the symbol (identifier) specified in the Communication Links to the Client.

## The funds deposited by the Client will be credited to the Cash Subaccount on the date it is credited to the Bank’s account.

## The Client can manage the funds starting at the moment they are credited to the Cash Subaccount, unless the Contract specifies otherwise.

## The Client can only transfer the funds from the Cash Subaccount to the Financial Account that is specified in the Communication Links to the Client at the moment this transfer is recognised by the Bank.

## If the balance of the Cash does not reach the amount of the Debts, the Client is obliged to add Cash in an amount sufficient to cover the Debts. In order to fulfil the Contract, the Client can grant the Bank, in writing, the right to debit the funds from the Financial Account if the Bank can accept the debit in the given currency. On the basis of the debit, the Bank will be entitled to transfer the funds itself from the Financial Account to the credit of the account chosen by the Bank on the basis of the submitted Order and in the amount specified in the Order regardless of any other orders to handle the funds in the Financial Account submitted by the Client or other entity authorised to handle the funds in the Financial Account. The debit can only be granted to the Bank in writing through the Bank’s forms. The Bank is not obliged to inform the Client of the performance of the debit pursuant to this paragraph.

## The balances of Cash will bear interest based on the relevant interest rate declared by the Bank for current accounts for citizens kept in CZK or for current accounts kept in a foreign currency through the Notice on Interest Rates, if the contracting parties did not negotiate a different amount, and in the standard according to common business practices for the given currency, while the interest will be credited to the Portfolio Account on the last day of the calendar month. Any negative balance on the Portfolio Account that arises as a result of the settlement of the Client’s debts towards the Bank in connection with the Contract will bear interest based on the interest rate declared by the Bank for unauthorised overdrafts in the relevant current account.

## The Cash will be credited to the Portfolio Account on the day when the Bank will be allowed to manage the Cash. The Instruments will be credited to the Portfolio Account on the day when the Bank obtains access to the Instruments or the next Business Day. The Client is entitled to manage the Cash or the Instruments beginning on the day they are credited to the Portfolio Account.

## The Client agrees that the Bank is entitled, without any prior notification, to perform the payment of the Client’s debts towards the Bank incurred in connection with the Contract from the funds in the Cash Subaccount or to perform the payment of its debt towards the Client incurred in connection with the Contract by crediting the owed amount to the Cash Subaccount. If there are not sufficient funds in the Cash Subaccount, the Bank is entitled to perform the payment of this owed amount from the Client’s other accounts maintained by the Bank without any further approval from the Client. The exchange rate determined in the manner specified in the General Terms and Conditions will be used for the translation. The Client agrees that the Bank is also authorised to perform the payment of the Client’s debts towards the Bank pursuant to the first sentence of this paragraph if the balance of the Cash Subaccount will show a negative balance as a result of the settlement of these debts.

## The Bank is not entitled to use the Instruments maintained in the Securities Subaccount for **transactions on its own behalf**.

## The Bank will send the Client a statement of the Portfolio Account containing information about the statuses and movements in the Cash Subaccount and Securities Subaccount in the form and with the frequency that the Client chooses in the Communication Links to the Client. The Bank will send the Client an **annual statement of expenses** in the form chosen by the Client in the Communication Links to the Client (statement of the Portfolio Account and annual statement of expenses, hereinafter the “**Statements**”).

## The Bank shall send Information on Transactions Concluded, on the settlement of transfers or transitions, capital events, notifications on deposits or withdrawals of funds and similar information (hereinafter the “**Report**”) to the Client without unnecessary delay no later than by the second Business Day. The Bank does not send some Reports, e.g., on the settlement of transfers or transitions, notification of capital events, notifications on deposits or withdrawals of funds, information on delays of the Transaction Settlement, by mail.

## The Electronic Client and the Client who has communicated its email to the Bank for the purpose of sending the Reports pursuant to paragraph 3.13 or for another purpose notes that if the Bank will send it information relating to the Contract through e-mail:

### the content and attachments to the e-mail are not encrypted or otherwise secured and for this reason can be intercepted, damaged, lost, destroyed, received incomplete or in delay. The Client notes that the Bank bears no responsibility for the mistakes, interventions or any other misuse of the content or attachments to the e-mail that arises during the course or as a result of its transfer. If the Client has any doubts about the authenticity or completeness of the content or the attachments of the received e-mail, the Client is obliged to contact the Bank without delay;

### the transmission of computer viruses or other programs able to breach computer security (hereinafter “**Viruses**”) can occur through e-mail. The Client is obliged to perform checks for the presence of Viruses with regard to e-mails and their attachments. Even though the Bank has taken the necessary steps to protect the e-mail against Viruses, the Bank is not responsible for any damage incurred by the Client as a result of Viruses transferred through e-mail;

### it is obliged to inform the Bank in writing without unnecessary delay about a change to the Contact E-mail Address. A Report sent by e-mail to the Contact E-mail Address is considered to be delivered at the moment of the notification of its acceptance by the recipient’s server. If the e-mail was not delivered to the recipient’s server due to errors that were not caused by the Bank, the Report is considered to be delivered when it is sent from the Bank’s server;

### in the event of a malfunction, outage or other defect making it impossible to send the Report by e-mail, the Bank is authorised to send the Report by mail, unless the Bank and the Client agree otherwise.

## The Bank reserves the right to communicate information on Transactions Concluded to the Client through standard codes specified at the Internet Address; these standard codes are submitted to the Client upon request in paper form at the Bank’s place of business.

## **Transactions Settlement.** The Bank procures the Transaction Settlement through the Record Keeper, always in accordance with the rules and customs of the relevant settlement system, also according to the common or established business practice in the given jurisdiction or Execution Venue at which the Transaction Settlement takes place. The Bank informs the Client, at its request, of the individual settlement systems of which it is a member and on their main rules.

## In accordance with the implementing measures to CSDR, a partial Securities Transaction Settlement may be performed.

## **Transaction Settlement Failure**. In the case of a Transaction Settlement Failure, the Bank:

##### remits a Financial Compensation to the Cash Subaccount if the Client became entitled to a payment of the Financial Compensation for the benefit of the Client under the applicable legal regulations; or

##### if the Client became obliged to pay a Financial Sanction for the benefit of the Bank under the applicable legal regulations, the Financial Sanction shall be deducted from the Cash Subaccount;

## in each case during the calendar month following the month in which the Transaction Settlement Failure occurred.

## The Client acknowledges that it will not be expressly informed by the Bank of the application of the procedure pursuant to Article 3.18. The Client may verify whether funds have been remitted to or deducted from the Cash Subaccount through the procedure set out in Article 3.18. via the statement of the Portfolio Account.

# Liability

## The Bank shall be held liable for any damage caused to the Client by breaking the Bank’s duties under the Contract and General Terms and Conditions to the extent and under the terms and conditions stipulated by applicable law.

## The Bank shall not be held liable for any damage suffered by the Client or other persons as a result of breaking the duties arising from the Contract, General Terms and Conditions, and legal provisions or on other grounds on the part of the Client.

## The Bank shall not be held liable for any faults, errors or delay occurring during the electronic communication with the Client or for a failed transmission. Further, the Bank shall not be held liable for any damage resulting from an incorrect or belated Order, or from the non-performing of Orders that shall lack some necessary information, shall be otherwise deficient, incomplete, incorrect, incomprehensible or ill-defined, or whose authenticity can reasonably be questioned. The Bank shall not be held liable for any damage resulting from a misuse of documents authorising to act on behalf of the Client in dealing with the Bank, provided that such misuse has not been fully evident, nor shall it be held liable for any damage resulting from forged or altered documents, provided that the Bank has acted with due professional care.

## The Bank shall not be held liable for any action, negligence, failure, non-performance or insolvency on the part of the Record Keeper that shall not be caused by the Bank. Furthermore, the Bank shall not be held liable for any action, negligence, breach, non-performance or bankruptcy on the part of any securities trader (broker), the other party to a transaction and/or the issuer of the Instruments. This provision does not exempt the Bank from the duty to act with due professional care while selecting the third parties through which the Bank shall perform its duties.

## The Client shall not hold the Bank liable for any loss, damage, misperformance or non-performance of Bank’s commitments (e.g., failed or belated forwarding of an Order, or an error during the transmission of an Order) caused by:

#### an exceptional, unexpected and uncontrollable obstacle independent of the Bank’s will, in particular a change in the Instruments’ rate; a failure to conclude a Transaction, or belated concluding of a Transaction, or belated Transaction Settlement caused by the Client’s or third party’s action or inaction; inability of parties to a Transaction to perform their duties; or inability of an issuer of the Instruments to perform its duties;

#### failure, interruption or unavailability of any communication channel between the Client and the Bank;

#### complying with a ruling or any other administrative measure of a Czech or foreign public authority or with a ruling of a Czech or foreign court;

#### other events occurring outside the Bank’s control.

## The Bank shall not be held liable for any legal flaws of the Instruments and/or for the possible existence of third party’s rights and titles with which the Instruments may be encumbered, nor shall the Bank be held liable in case that any rights and titles that should be associated with the purchased or sold Instruments are not associated therewith, provided that the aforementioned facts could not be discovered despite summoning up all professional care. Furthermore, the Bank shall not be held liable for the genuineness and/or value of the Instruments traded under the Contract, nor for reduction of value of Instruments under its Administration.

## The Client shall be obliged to compensate the Bank for any damage incurred by the Bank in connection with cancelling or changing an Order. Compensation of damage shall not impact the Client's obligation to pay the Bank the Fee to which the Bank would be entitled if the Order had been executed.

## The Client and the Bank take upon themselves the threat of changes in circumstances in accordance with Section 1765 (2) of the Civil Code[[3]](#footnote-3).

## None of the provisions of the Contract shall rule out liability for actions, omissions or negligence in cases where liability cannot be limited or excluded according to law.

# Special conditions for Securities

## As part of the provisioning of the Services, the Bank **undertakes to procure the Transactions with Securities in its own name and at the Client’s account according to its Orders**, to ensure their **Administration** and other matters related to Securities pursuant to the Contract.

## In the event that the subject of the Order is the purchase or underwriting of Securities as part of the Bank’s **Private Placement**, the Fee and Expenses connected with the Service concerning such a Security adhere to the conditions specified in the Information Sheet of the relevant Security offered as part of the Bank’s Private Placement or in the Order for purchase.

## **Types of Orders.** Based on the Contract, the Client can give the Bank the following Orders:

### Trading Orders:

##### Order to procure the purchase of a Security;

##### Order to procure the sale of a Security;

##### Order to participate in a primary auction for the issue of a Security.

### Non-Trading Orders:

##### Order to withdraw Cash from the Cash Subaccount;

##### Order to deposit funds to the Cash Subaccount in the form of a debit from the current account;

##### Order for the transfer of Securities to/from the Securities Subaccount;

##### Order for the transition of Securities to/from the Securities Subaccount;

##### Order to exercise rights (pursuant to paragraph 5.22.5);

##### Order to obtain a statement from the portfolio account;

##### Order to obtain a statement from unclassified accounts maintained by the Czech CSD;

##### Order to record/change/terminate a right of lien to Securities;

##### Order to record/change terminate an S.O.R.

## The Order pursuant to paragraph 5.3.2 (c)), (d)), (h)) and (i)) can only be submitted in writing.

## The Client can submit Non-Trading Orders, if the Securities or Cash in the relevant Cash Subaccount are not bound in connection with the submission of the Order or with the Debts ensuing from the Order or are not bound from another reason specified in the Contract.

## The Price Limit can be expressed as a certain amount in the relevant currency or can be expressed by the term “**as** **best as possible**”; in such a case, the Bank is obliged to procure the purchase of Securities for the lowest price and to sell Securities for the highest price for which it was possible, while summoning up all professional care in accordance with part 2 of these Terms and Conditions, to purchase or sell the Securities at the time when the sale or purchase of the Securities took place pursuant to this Contract.

## If the Client does not specify any Price Limit in the Order, the Bank shall procure the purchase or sale of the Securities “as best as possible”.

## **Validity of Order.** An Order for the purchase or sale of Securities:

### shares or similar Securities can be valid for up to forty (40) Business Days pursuant to the business calendar of the relevant Execution Venue, unless specified otherwise by the parties to the Transaction. The Client acknowledges and agrees that such Order for the purchase or sale of Securities may be early terminated before the end of its validity period based on the decision of the relevant Execution Venue or for technical reasons of the relevant Execution Venue or another third party;

### debt Securities can be valid for one Business Day pursuant to the business calendar of the relevant Execution Venue;

### with a Price Limit of “as best as possible” can be valid for one Business Day pursuant to the business calendar of the relevant Execution Venue;

## an Order submitted through the Online Portfolio as an Order "market order" has the same validity as an "Immediately" or "Cancel" Order;

## an Order for participation in a primary auction is, at the moment of its acceptance by the Bank, irrevocable and is valid until the auction is settled;

## A “stop loss” Order can be valid for up to three hundred and sixty (360) days.

## An Order for the transfer of Securities is valid for thirty (30) calendar days.

## **Modification and termination of Order.** After the expiration of the Order, the Client can:

### modify the price limit in the not yet satisfied part of the Order, whereas from the perspective of the processing of the modified Order (chronological priority), the modification is seen as a new Order;

### terminate the not yet satisfied part of the Order;

all under the assumption that the relevant Execution Venue allows such a modification and termination.

## The Bank processes the modification and termination of the Order on the basis of the chronological priority of the orders of the Bank’s clients.

## The Bank is entitled to refuse to execute the Order concerning the Security traded outside the Execution Venue pursuant to this Contract.

## The Client can choose in the Communication Links to the Client to ask the Bank to transfer the payments of monetary fulfilment provided in favour of the Client by the issuers of the Securities that are recorded in the Securities Subaccount to the credit of the Financial Account. If the Client chooses this, the Bank will transfer the funds to the account maintained in CZK at a bank with a seat in the Czech Republic. The Bank does not perform the transfer of funds to another bank in any other currency than CZK. The Bank will perform the first transfer of funds on the basis of this Order no later than within two (2) Business Days from the date the Order is delivered to the Bank. The Order to establish a standing order to transfer the yields from Securities can be terminated effective after the lapse of two (2) Business Days from the delivery of the relevant form, which is available at the Internet Address and the Bank.

## **Market segments with regard to the type of Security.**

### **Investment Securities registered in Execution Venues in the Czech Republic.** The PSE uses the XETRA trading platform for concluding transactions between its members. The individual market participants operate anonymously here and some perform the function of market makers, thus under specified conditions they simultaneously enter orders both for the purchase and for the sale of a relevant security.

### **Transactions with bonds.** In order to satisfy the Order, the Bank is authorised to also use, in addition to the PSE, the Reuters Messaging, Bloomberg Professional Services and MTS platforms.

### **Rules for the XETRA** **platform****.** The Bank sends the Order in the form of an order to the PSE without unnecessary delay after it is received and guarantees that an Order that was received by the Bank on a Business Day up to 10 minutes before the end of the trading on the market will be sent on the same Business Day. The PSE inserts each order sent by the Bank to a log of orders and assigns it an identification number and time stamp. The individual orders at the same price are satisfied depending on the chronological priority (including auctions). During any change to the Order, the subsequent order gets a new time stamp. In order to ensure proper trading, the PSE has the right to erase all the orders sent by the Bank, while these receive new time stamps upon being inserted by the Bank again.

### **Types, attributes and chronological specification of Orders.** Orders with a Price Limit and with a limit “as best as possible” are described in paragraph 5.6, but the Client also has the possibility to submit the Order with the parameters specified below in this paragraph 5.14.4. If the current market conditions do not allow some of the Orders specified below to be registered on the market, the Client will be informed of this fact by the Bank.

### **Order with Price Limit**. The Client can submit an Order with a Price Limit specifying a specific amount or “as best as possible”. The submitted Order with a Price Limit will not be satisfied in case of purchase of a Security for an amount higher than the Price Limit specified by a particular amount, in case of sale of a Security for an amount lower than the Price Limit specified by a particular amount. If the market conditions permit at least the partial satisfaction of the order created from the Order with an “as best as possible” Price Limit, a new order is created for the security representing the non-satisfied part of the Order with a Price Limit equal to the price reached in the satisfied part of the Order. An order created in this manner will get a time stamp directly equal to the time of the first partially satisfied Order. The Price Limit cannot be modified after partial satisfaction. If, during the course of the day, it is not possible to even **partially satisfy the relevant Order, the validity of the Order is terminated**.

### **Order "market order"**. The Bank is entitled to send the Order "market order" submitted through the Online Portfolio to the Executive Venue as an Order with Price Limit with the same validity as an "Immediately" or "Cancel" Order. When determining the Price Limit, the Bank will proceed from the last known price of the given Instrument and will be entitled to increase such price by a certain amount or a certain percentage of such price.

### **Iceberg Order.** If the Client wants to submit an order for a non-standard number of securities (from which an order with a large volume would be created), it can submit an “Iceberg Order”, i.e., specify a condition for the displayed number of units of Securities. As part of an Iceberg Order, the Client submits a Price Limit, the total number of securities and the displayed quantity, while this value must be a multiple of the lot quantity which the PSE specified to the market makers. The Bank shall inform the Client of the current value of the lot quantity. An order created from such an Order is presented to the other security traders with the ordered displayed parameters, gradually, until the complete satisfaction or expiration of validity of the Iceberg Order. Each order newly created following satisfaction gets a new time stamp. All the orders from an Iceberg Order are erased from the system after the end of trading on the relevant day (an Iceberg Order has a validity of one day).

### **Stop-Market Order**. The Client submits a stop market Order by submitting a “stop price” which, after being breached, activates the Order with a limit of “as best as possible”. The Bank creates an order from the Order, which waits in the PSE for the stop price to be breached. When submitting a purchase Order, the stop price must be larger than the current market price, while the validation takes place on the price submitted by the Client plus 25%. When submitting a sale Order, the submitted stop price must be lower than the current market price. The order receives a time stamp after the Order is activated.

### **Stop-Limit Order**. The Client enters a “stop-limit” Order by submitting the stop price and price limit. The Bank creates an order from the Order, which waits in the PSE for the stop price to be breached. If the limit is breached, the order gets a time stamp and it becomes an order with a price limit. For a purchase Order, the validation takes place at the submitted price limit.

### During the course of the continual phase, the Client is still entitled to specify the following conditions:

###### “All” or “Nothing”, in this case the Bank creates an order from the Order, which is either immediately satisfied at the Execution Venue or is erased and the validity of the Order is terminated.

###### “Immediately” or “Cancel”, in this case, the Order may be satisfied in full or in part. If the Order is not immediately fully satisfied at the Execution Venue, the order for the unsatisfied amount is cancelled and the Order is terminated.

### When submitting the Order, the Client is authorised to specify the phases in which the order should be sent (without limit, only to auctions, only to final auctions, only to open auctions, only to the continual phase). The individual phases do not permit the submission of all types of Orders, the Bank will inform the Client about the admissibility of the Order during the receipt of the Order.

## **Securities of investment funds**

### Securities of investment funds are, for the purpose of this Contract, securities issued by an investment fund (hereinafter the “**Fund**”), the purchase and resale of which takes place at the price of the equity of the relevant Fund per Security of the Fund (hereinafter the “**NAV**”) through a Transfer Agent and not on the market at the market price (hereinafter only the “**Fund Securities**”).

### In the case of Fund Securities, the Client can submit the following types of Orders in accordance with the statutes of the relevant Fund (or a comparable document of a foreign Fund) and the rules of the Transfer Agent:

### Quantity order to purchase. The Client determines the amount of the funds for which it wants to purchase the Fund Securities. The NAV and period of the purchase depend on the statutes of the relevant Fund and the rules of the Transfer Agent. The quantity of the purchased Fund Securities depends on the amount of the funds for which the Fund Securities should be purchased and on the current NAV.

##### Piece order to purchase. The Client specifies the number of Fund Securities that it wants to acquire by making a purchase. The NAV and period of the purchase depend on the statutes of the relevant Fund and the rules of the Transfer Agent. The quantity of the funds requested by the Bank for the purpose of the validation of such an Order depends on the current NAV, the volatility of the relevant Fund and other circumstances. The same rules are then used for the quantity of the funds blocked by this Order until the time it is executed.

##### Piece order for resale. The Client specifies the number of units that it wants to sell. The NAV and the period of the purchase depend on the statutes of the relevant Fund and the rules of the Transfer Agent. The quantity of the funds that the Client gets through the executed resale depends on the current NAV.

### The provisions for Fund Securities are also used for transfers between Funds.

### The Bank executes the Client’s Order on the day of submission of the Order, if the Client submits the Order at least 1.5 hours before the end of the receipt of the orders for the given day as specified by the relevant Fund and Transfer Agent or on the day which the Client specifies for the validity of the Order.

## **Investment Securities registered abroad**

### **Execution Venues abroad**

##### When submitting the Order to purchase of sell Securities traded at more Execution Venues abroad, the Client is entitled to specify the Execution Venue at which it wants the Order to be realised.

##### If the Client submits the Order for the sale of Securities traded at more Execution Venues abroad and specifies another Execution Venue than the Execution Venue at which this Security was acquired, it is necessary before submitting such an Order to transfer the Security to the Record Keeper acting on the relevant market where the Security is to be sold, which can extend the period for the Transaction Settlement. The expenses connected with the transfer of the Security between Record Keepers are paid by the Client.

##### The Bank ensures that the Order that was accepted by the Bank on the given Business Day will be submitted within 10 minutes from receipt to the network of partner security traders who have access to the Execution Venue.

##### For the purpose of satisfying the Order, the Bank can use the Reuters Messaging and Bloomberg Professional Services platforms, or another platform.

##### The Bank is also able to procure the purchase of Securities directly from the relevant issue administrators, usually a bank, e.g., Société Générale Paris, Société Générale London, Barclays, IMI Milano, etc.

### **Executing orders outside Execution Venues abroad**

##### If the Bank accepts an Order that cannot be satisfied at an Execution Venue, it searches for the satisfaction of such an Order without unnecessary delay upon its receipt.

##### When executing the Client’s Order outside of an Execution Venue abroad, the Bank adheres to the rules for the execution of orders described in point 2 to the maximum extent. With regard to the non-existence of Execution Venues with sufficient liquidity, the main parameters for the satisfaction of the Client’s Order are the price of the Instrument and the Expenses for the execution of the Order. The Client is informed that the procurement of Securities outside Execution Venues is time-demanding and that it can obtain information about the procedure directly from a Bank employee during the execution of the Order.

## **List of Execution Venues at which Transactions are concluded**. The Bank only procures Transactions with Securities traded in the Czech Republic on the PSE.

## For Foreign Markets, the Bank has contractually secured access through third parties. These third parties are brokerage companies, which the Bank has chosen on the basis of an assessment of such criteria as the policy for executing the Orders, the coverage of international markets, the reliability of settlement, fee policies, etc. These third parties have proven themselves in the past with their quality, reliability and the speed of execution of Orders. For the purpose of achieving the best possible results for the Client over the long term when executing Orders, the Bank regularly evaluates the selection of these third parties.

## A list of brokerage companies and Execution Venues to which the Bank has access through these brokerage companies is available at [www.kb.cz/mifid](http://www.kb.cz/mifid2). At these Execution Venues, the Bank is able to procure all the Securities traded on them for clients.

## The **Fees** that the Client pays in connection with the execution of the Orders on foreign markets adhere to the valid Price List. The Fees do not differ according to the type of Security or the Execution Venue. Any additional fees are listed directly in the Price List and are based on the amount of the fees that the Bank is charged by a specific Execution Venue.

## The Client, on the other hand, is entitled to ask the Bank to transfer the Securities from the Securities Subaccount to the account of another Record Keeper (and vice versa) that is authorised to hold the Client’s Securities under the assumption that the Client provides the Bank with all the necessary information in accordance with Article 2.

## If the subject of the Order will be a Security negotiable by an endorsement issued as a security (document), the manner of preparing the endorsement will be agreed between the Bank and the Client, whereas the Client thereby authorises the Bank to write the transfer endorsement on such a Security, including the words “on my behalf to the order of” or another clause of the same meaning.

## The Bank provides the following to the Client upon its request:

1. information about the third parties through which it fulfils its obligations from the Contract;
2. information on the placement of the Client’s Securities at the individual Record Keepers.

## **Administration of Securities**

### The Bank performs the administration for the Client in the scope and under the conditions specified by the Contract and in accordance with the conditions of the individual Record Keepers used by the Bank, beginning at the moment the Securities are credited to the Securities Subaccount.

### The Bank performs the administration for the Client in the scope enabled by the issuer of the Security, the Client or a third party whose rights are bound to the Security.

### The Bank is entitled, without stating a reason, to refuse to accept any Securities into Administration, even when it already has a Security of the same issue in Administration.

### Unless specified otherwise, during the performance of the Administration, the Bank, without a further Order:

1. applies the rights to the yields and principal from the Security at the issuer or an entity authorised by the issuer or at the Record Keeper;
2. collects payments, yields or other monetary fulfilment from the Securities to the credit of the Cash Subaccount;
3. collects Securities that the Client acquired as a result of the exercising of rights connected with the Securities into Administration from the issuer and to deposit them to the credit of the Securities Subaccount;
4. performs other activities that are, in the Bank’s opinion, necessary in connection with the receipt of payments, acceptance of yields or preservation of other rights connected to the Securities;
5. concludes the necessary agreements with third parties concerning the legal acts required for the due fulfilment of the Bank’s obligations on the basis of the Contract;
6. issues affidavits, confirmations and other documents related to the ownership of the Securities that could be required by third parties in connection with the Administration and Transaction Settlement required by third parties; and the Client undertakes, if necessary, to confirm or take other necessary steps to have the Banks actions confirmed according to this point, even before the Bank performs them;
7. to perform all the activities against the Record Keeper and settlement system that are required or suitable so that the Bank can provide the Services to the Client;
8. when changing the Record Keeper to perform the transfer of Securities to another Record Keeper, even without the Client’s approval.

### Furthermore, on the basis of an explicit Order, the Bank shall:

1. execute exchange or other rights connected with the Securities, as well as other rights or obligations of the Security owner related with the decrease of the registered capital of the issuer of the Securities or with the termination of the issuer, its transformation, liquidation or transactions of a similar nature;
2. exercise the rights to the priority underwriting of the Securities when increasing the registered capital of the issuer connected with the Securities;
3. apply the option for early repayment, or the buy-out, of the Securities in Administration;
4. arrange the underwriting of newly-issued Securities;
5. arrange the registration and erasure of rights of lien, the entry change or termination of an S.O.R. in the relevant accounts maintained by the Record Keeper.

### The Client and the Bank can agree that the Bank shall perform other acts connected to the Administration on the Client’s account. The agreement pursuant to the previous sentence can be concluded by the Bank performing the act pursuant to a written Order in which the Client defines what act the Bank should perform. The Bank’s remuneration for the performance of the act adheres to the Price List, unless the Client and the Bank agree otherwise.

### As part of the Administration, the Bank only performs the voting rights connected with the Securities at the General Meeting in the case of shares or at the meeting of bond owners in the case of bonds, including any informing of the Client about the holding of these capital events, when it is obliged to do so pursuant to the relevant legal regulations, especially according to the Capital Market Trading Act, and in cases when it explicitly agrees to do so with the Client.

### **Administration of foreign Securities.** The Bank only performs the Administration of Securities issued in OECD countries (with the exception of the Czech Republic) if they are recorded in the Bank’s client accounts at the Record Keeper or directly in the Client’s account maintained at the Record Keeper, if these subjects permit the Administration in the given scope and unless specified otherwise by the Order or power of attorney granted by the Client to the Bank. Paragraph 5.22.7 of this Article shall not be impacted hereby.

### The Securities entrusted by the Client into Administration will be recorded in the relevant account, especially to an account maintained in:

1. the central records of the Czech CSD or in the records connected to the central records of the Czech CSD; or
2. separate records of investment instruments or in the recorded connected to separate records of investment instruments; or
3. at another Record Keeper.

### The Client is informed that its Securities (domestic and foreign) can be maintained in the accounts of customers (i.e., collection accounts) open at the Record Keeper in the name of the Bank and the Bank simultaneously maintains these Securities:

* + 1. in records connected to the central records of book-entered securities or in separate records of investment instruments; or
		2. in separate records of investment instruments, according to the relevant provisions of the Capital Market Trading Act.

The Securities are divided from the Bank’s Securities in these collection accounts, but that are managed together with the Securities of the Bank’s other clients.

### On the basis of an order from an authorised person, the Bank shall enter a right of lien for the Securities that it manages in separate records and indicate on them information that is required for the creation of a right of lien and that must be presented in the order to enter the right of lien, including information on the pledgee.

### **Unlisted domestic Securities**. The Bank does not conduct Administration of unlisted domestic Securities for the Client, i.e. of domestic unlisted shares, bonds and funds that are not registered for trading on the PSE.

### **Securities issued as a security (document).** The Bank does not take into Administration any domestic Securities issued as a security (document) or any similar documents and does not perform their Administration.

### The taxation of income from Securities as well as the taxation of income from portfolio accounts depend on who the end user of the given income is. In the case of taxation, the Bank will proceed according to the relevant legal regulations. If the end owner of the income will be a tax resident of another country than from where the income flows, and such an end owner will want to apply the Double Taxation Convention concluded between the relevant countries (if such a convention exists), it is obliged to submit a confirmation of its tax domicile and declaration of the true owner to the Bank before the conclusion of the first Transaction and subsequently always until the end of January of each calendar year, as well as any other documents that may be required by the income payer when called upon to do so by the Bank. If the Client does not submit the required documents to the Bank, the income will be taxed in accordance with the legislation of the country from which the income flows. If, during the course of the calendar year, there is a change in tax residency or end ownership, the Client is obliged to prove this fact to the Bank without unnecessary delay. The Bank bears no responsibility for the rate at which the relevant payer will tax the income and does not guarantee the Client that the payer will proceed pursuant to the Double Taxation Convention, even if it obtained all the required documents.

### **Valuation**

1. For the purpose of the calculation of the Bank’s Fee, the Securities maintained in the Portfolio Account are valuated in the following manner:
2. by the last price of the Security available in the Reuters or Bloomberg system or by the valuation performed by the Bank, or by a valuation obtained by the Bank from another external source and in the manner common on the Securities market; or
3. if the price cannot be determined pursuant to letter i), then by the price for which the Security would be purchase by the Client or for the Client, or by the nominal value; and
4. in the case of Fund Securities, at the price available in the Reuters or Bloomberg system or the price published directly by the issuer of the Fund Security;
5. in another manner defined by the Price List.

For translation to the CZK currency, the fixing CNB exchange rate announced on the relevant date on which the translation is performed will be used.

1. Even though the Bank indicates the prices obtained in the procedure pursuant to paragraph 5.22.14 of this Article as the “market price”, “valuation” or other similar term, the Bank does not guarantee that the Client will have the opportunity to purchase or sell the relevant Security at such a price. It cannot be ruled out that at a certain time period, there will be no available price on the relevant market. Thus, until that time, the Client might not have any possibility to realise the requested purchase or sale. The potential loss ensuing from this risk might reach as much as several tenths of a percent difference between the expected price based on the last known prices of the relevant Securities and the price that the Bank, or another subject on the market, is willing to offer for these Securities at the moment when the Client requests it.
2. The valuation of the Securities only serves for the purpose of the calculation of the Fee and cannot be considered to be a foundation for the Client’s accounting, nor can it be relied upon for any other purpose. Even though the Bank values the Securities whose price cannot be acquired from an external source with due professional care, the Bank is not responsible for (i) the exactness of the used models or estimates used to derive the price, (ii) for the exactness and completeness of the data used as the input for the relevant models, and (iii) for any errors or omissions in the calculation.
3. Other conditions for the valuation may be specified in the Price List.

## **Exercising of voting rights**

### If the Bank maintains securities representing a share in the issuer with a registered office in a member state of the European Union for the Client in the Portfolio Account, accepted for trading on the European regulated market, and it receives information from its issuer (directly or through an entity that maintains the central records of book-entered securities or other records of investment instruments) specified in Section 120 (7) of the Capital Market Trading Act, e.g., information on the payment of yields from securities, the convening of the issuer’s General Meeting or a change in the rights connected with the security, it passes this information on to the Client. The Bank then submits information from the Client to the issuer concerning the exercising of the rights connected with the securities, or submits this information to an entity that maintains securities issued by the issuer for the Bank at the customers’ account, if the Client so requests.

### If the Bank maintains securities for the Client in the Portfolio Account representing a share in an issuer with a registered office in a member state of the European Union and accepted for trading on the European regulated market, it passes on information from the issuer of such securities about whether and how the Client’s votes, as a shareholder, were counted during the voting at the General Meeting.

### The Bank, as an entity that maintains records of investment instruments, has the obligation to provide the issuer, at its request, with information about the owner of the ownership account in which the Bank records securities issued by such an issuer. The Bank stores and processes this information for the purposes of SRDII no longer than for a period of 12 months from the date when it learns that none of the shares or similar securities issued by the issuer are maintained in the ownership account of the given owner, provided an obligation to process this information for a longer time is not imposed on the Bank by other legal regulations.

### In order for the Bank to be able to fulfil, in a due and timely manner, the obligations pursuant to this Article 5.23, the Client is obliged to notify the Bank of its e-mail address for the purpose of delivery on the basis of the Contract. The Bank will not be able to pass on information from the issuer to a Client that does not provide the Bank with its email address in order to exercise the rights connected with the securities.

### The Bank is entitled to a Fee from the Client in accordance with the legal regulations for the handover of information and the exercising of rights. More information and the amount of the Fee is specified in the Price List.

## **Transfer of Securities outside of the Administration in the Bank.** The Bank reserves the right to require the Client to transfer Securities in Administration outside of the Bank, if any of the reasons for refusing to execute the Order specified in paragraphs 2.35 to 2.39 or the non-acceptance of the Order in 2.40 are given in connection with the Securities in question. In such a case, the Client is obliged to provide the Bank, upon request, with reasonable assistance, especially by submitting the relevant Orders, and to transfer the Securities outside of the Administration of the Bank, without unnecessary delay, no later than by the deadline given by the Bank. If the Client does not provide reasonable assistance, the Bank has the right to sell the relevant Securities for the best possible market value in accordance with the procedure pursuant to paragraph 8.5.

# Special conditions for Gold

## As part of the provisioning of the Services, the Bank **undertakes to procure the Transactions with Gold in its own name and on behalf of the Client according to its Orders**, to ensure its **Safekeeping** and other matters related to Gold pursuant to the Contract.

## The Bank satisfies the Order to purchase or sell Gold at a third party or parties (Hereinafter the “**Supplier**”), unless it agrees otherwise with the Client.

## In relation to the Transactions with the Gold, **Article** 4 **(Liability)** is expanded to include the following provision:

### The Bank is not responsible for the Supplier’s behaviour, omissions, non-fulfilment of responsibilities or debts, insolvency or bankruptcy that occurred otherwise than as a result of the Bank's neglect or intention. Further, the Bank is not responsible for the behaviour, omissions, non-fulfilment of responsibilities or debts or bankruptcy of other third parties through which the Bank will provide services pursuant to the Contract and the Terms and Conditions.

## The bank will realise orders for the procurement of the **sale** of the Gold at the Supplier under the condition that the **Client purchased the Gold through the Bank**. If the Client intends to sell Gold that is not in safekeeping at the Bank, the Bank only mediates the sale of 100 g of sealed gold bars. The Client is obliged to hand over these bars to the Bank at the Selected Branch. The Client is obliged to hand over the Gold to the Bank in the same condition and quality in which it received it. The Bank will verify the number of the Gold bar. If the Supplier declared that the Gold bar does not have the standard weight or other required characteristics, the Bank shall cancelthe Transaction and return the Gold to the Client. The Client is entitled to submit an Order for the sale of Gold if all the conditions specified in this paragraph are fulfilled. The bank only settles the transaction after the acceptance of the Gold and the payment of the purchase price on the part of the Supplier.

## The Bank specifies the **minimum amount of Gold** that can be the subject of an Order on the Internet Address or otherwise, unless it agrees otherwise with the Client.

## If the **Bank will not be able to execute the Order itself**, it is not obliged to fulfil its obligation through another entity.

## **Types of Orders.** The Client can submit the following Orders concerning Gold to the Bank On the basis of the Contract and these Terms and Conditions:

### Trading Orders

#### Order to procure the purchase of Gold;

#### Order to procure the sale of Gold;

### Non-Trading Orders

#### Order for the transfer of the Gold to/from the Securities Subaccount;

#### Order for collection of the Gold from the Securities Subaccount;

#### Order for deposit of the Gold to the Securities Subaccount;

#### Order to collect funds from the Cash Subaccount.

## The Client can submit Non-Trading Orders, if the Gold or funds in the relevant Subaccount are not bound in connection with the an already-submitted Order or with the Debts ensuing from an already-submitted Order or are not bound from another reason specified in the Contract.

## **Execution of Order**

### The execution of an order to procure the purchase of Gold will take place during the Business Day in fixed times that the Bank specifies on the Internet Pages and for which the Supplier will announce the price for which it is willing to conclude the Transaction. All of the Orders fulfilling the Price condition will be satisfied. If the Order is not satisfied during the period specified in it, the Order shall expire.

### The Execution of the submitted Trading Orders for the procurement of the **sale of Gold that was not picked up by the Client from Safekeeping** will take place gradually until 4 p.m. during the Trading Day.

### The execution of the submitted Trading Orders for the procurement of the **sale of Gold that was picked up from Safekeeping** will take place after the delivery of the Gold bars to Safekeeping, though no later than within five (5) Business Days after the Client hands over the sold Gold bars to one of the Selected Branches.

## The Bank does not enable and does not execute the **partial realisation** of a Trading Order.

## **Transaction Settlement.** The Bank pays the Client the funds for the procured sale of the Gold after receiving them from the Supplier.The Bank credits the Cash Subaccount with the funds received for the Client through the procured sale of the Gold on the date of the actual Transaction Settlement.

## With regard to the delivery period of the Gold, the Bank ensures the **Transaction Settlement within ten** (10) Business Days from the date the Transaction was concluded. If the Transaction Settlement cannot be realised in the specified period, the Bank will inform the Client without delay about each such delay, with the parties agreeing on the conditions of the realisation of the Trading Order.

## **Collection of Gold bars.** **The Client is obliged to collect** the Gold bars for which an Order for the collection of the Gold was submitted at the Selected Branch chosen by the Client. It is only possible to collect the Gold bars in the Selected Branches. If the Client **does not collect** the Gold bars **within thirty** (30) calendar days from the delivery of the Bank’s notification that the Gold bars were sent to the Selected Branch, the Bank is authorised to store the Gold in Safekeeping for a Fee in the scope and under the conditions specified by these Terms and Conditions. The Client is entitled to submit an Order for the collection of the Gold from the Securities Subaccount at the same time as it submits an Order to procure its sale. If the **Client did not submit** the Order for the collection of the Gold from the Securities Subaccount with the Order to procure its sale, the parties have agreed that the Bank will take the **Gold into Safekeeping**.

## The Bank does not accept any Gold bars from the Client for Safekeeping.

## The Bank may, even without giving a reason, **refuse to accept any Gold bars from the Client for the purpose of their sale**.

## **The Gold bars are taken out of Safekeeping** on the basis of an Order for the collection of the Gold submitted by the Client. The Bank is obliged to enable the Client to collect the Gold bars in a period of a reasonable time frame by removing the Gold bars from the place of Safekeeping and their delivery to the Selected Branch. The Client is obliged to collect the Gold bars in person, or can grant a special written power of attorney to a third party for this specific act. The Bank is not obliged to issue the Gold to a person listed in the Specimen Signatures.

## The Bank provides the Transactions with Gold in the currencies CZK and EUR. The Bank may specify different rules for the submission of Orders and provisioning of Services for Transactions with Gold in each of the currencies.

## If a certain issue concerning Gold will not be regulated in the Contract, analogous provisions regulating such an issue for Securities will be used, if it is possible from the Essence of Gold.

## **Security Traders Guarantee Fund.** The Bank’s services connected to Gold are not subject to contributions to the Security Traders Guarantee Fund and the Deposit Insurance Fund and no compensation is offered from these funds for Gold, as specified in the relevant legal regulation.

## the Bank reserves the right to secure the Safekeeping of Gold in mass Safekeeping.

# Client’s Representations

## By signing this Contract, the Client makes the representations listed below, which shall be deemed repeated with each Order given to the Bank:

#### the conclusion of the Contract, as well as the exercise of the rights and obligations from the Contract, including the submission of Orders and payment of Debts by the Client towards the Bank, was duly approved by the relevant organs inside the Client’s structure, if the Client is a legal entity, and does not require any approval or permission of any entities or public authorities or, if they are required, such approval was granted and is valid and in effect;

#### by exercising its rights and duties hereunder, and submitting any Order, the Client shall not breach any of its obligations arising under law, contracts already entered into by the Client, or any other actions taken by the Client, nor shall it infringe any property, contractual or other rights and titles of the Client or of third parties;

#### Securities that the Client entrusts to the Bank after the signing of the Contract to credit to the Securities Subaccount will in all respects be eligible to be the subject of the fulfilment pursuant to the Contract;

#### the Client does not act in the name of or on behalf of a third party or parties;

#### to the best of the Client’s knowledge, no insolvency proceedings or other proceedings that have a similar legal effect have been launched, including proceedings begun according to any foreign law (e.g., proceedings on settlement, reorganisation or debt relief); nor has any enforcement (distraint) been ordered on a considerable part of the Client’s assets. In the past three years, insolvency has not been declared on the Client’s assets, no decision has been issues by which the Client’s bankruptcy or threat of bankruptcy has been determined, there has been no refusal of a proposal to launch insolvency proceedings due to lack of the Client’s assets or cancellation of insolvency proceedings declared on the Client’s assets, nor has a settlement or other decision that has a similar legal effect been confirmed;

#### to the best of the Client’s knowledge, no court, administration or arbitration proceedings are being led concerning the Client, its legal capability or its assets, not are any criminal proceedings being led against the Client that could influence the Client’s possibility to meet its obligations ensuing from the Contract or influence the Client’s financial or business situation and, to the best of the Client’s knowledge, there is not even any threat of such prosecution or proceedings; furthermore, the Client has not been sentenced, no protective or security measure has been enforced or has not been finally convicted for any offence in the past, and if so, it is regarded as not having been convicted;

#### the Client is not a “U.S. person” within the meaning of the United States Foreign Account Tax Compliance Act (FATCA) or of the Regulation S pursuant to the United States Securities Act of 1933, and has not its permanent residence or registered office in Canada, the United Kingdom of Great Britain, Australia, Japan or in another place of jurisdiction that forbids or restricts entering into the Contract;

#### if the Client is a legal entity: it is a duly established and validly-existing legal entity in accordance with the legal code of the place of its establishment. The state of the Client’s entry in the Commercial Register or other legal register in which the Client is registered in accordance with the legislation regulating its creation and existence, corresponds to reality;

#### no communications (whether written or oral) received from the Bank shall be considered an assurance or guarantee in respect of expected outcomes of a Transaction;

#### The Client acknowledges that the price or value of the Instruments, proceeds from Transactions and from ownership of the Instruments are not guaranteed, nor can past gains guarantee any future gains;

#### it is aware of the fact that when submitting a Trading Order in written form, there can be a delay between the submission of the Order and its actual realisation on the market, which can influence the price of the Instrument that is the subject of procurement;

#### neither the Client nor any Group Subject is considered a Sanctioned Entity and, to the best of the Client’s knowledge, any director, officer, agent, affiliate or an employee of the Client or any Group Subject is not a Sanctioned Entity;

#### in case of delivery of data of third persons to the Bank during the negotiation or performance of the Contract, the Client is entitled to transfer such data to the Bank in order to administrate them for the purpose of conclusion and performance of the Contract and such data shall be kept by the Bank subsequently as part of the contractual documentation for a period required by the legal regulations.

## The Client is aware of the fact that possible comments or complaints about the conduct of the Bank shall be resolved in compliance with the General Terms and Conditions according to the Bank’s complaints procedure. The Client was also advised that he/she/it should be entitled to address his/her/its complaints at any time to the responsible authority supervising the Bank, i.e., to the Czech National Bank, registered office at Prague 1, Na Příkopě 28, Postal Code: 115 03.

## Should the subject of an Order be the purchase or subscription of a Security under the Bank's Private Placement, the Client declares that he/she/it has been acquainted with the Information Sheet for such a Security, and understands the conditions, financial obligations and possible risks arising from the purchase of such a Security, and accepts these conditions, financial obligations and possible risks.

## By giving (submitting) an Order for handling the Instrument, the Client shall declare that:

#### he/she/it is the sole owner of the Instruments whose sale is to be procured according to the Order and is entitled to handle the Instruments in accordance with the Order, with the exception of cases where the Client is entitled to manage the Securities of another person on the basis of inheritance proceedings or where the Client is entitled to manage Securities of which they are the co-owner, with the Bank entitled to ask the Client to produce authorisation to manage such Securities;

#### the Securities, the sale whereof should be procured pursuant to the Order, are not encumbered with any third party’s lien (security interest) or other right and/or title which might thwart discharging the subject of the Contract, nor are any proceedings pending in respect of the Instruments;

#### any and all information given by the Client to the Bank in connection with the Order is complete, true and not misleading;

#### the Client has obtained any and all necessary consents, permissions and/or other authorisations so that the Order can be given (submitted) and executed, provided that such consents, permissions and/or other authorisation are required;

#### the Client is authorised to give the relevant Order; the execution of such Order shall not breach any obligations arising from legal provisions, contracts already signed by the Client, or other actions taken by the Client, nor shall it infringe any proprietary, contractual or other rights and titles of the Client or of third parties;

#### it is capable of evaluating all the Transactions and understand them, it understands the conditions, financial obligations and possible risks ensuing from the Transactions and it accepts these Terms and Conditions, financial obligations and possible risks and, if it is not capable of evaluating or understanding them itself, it has looked for its suitably professionally-skilled and experienced advisor, while it is also aware of the fact that past gains are not a guarantee of any future gains;

#### it acts on its own behalf and independently decides to submit the Order to the Bank and it decides on the basis of its own consideration and the advice of its advisors whether the Transaction is proper or beneficial to it. No communications (whether written or oral) received from the Bank shall be considered an assurance or guarantee in respect of expected outcomes of a Transaction.

## The Client hereby acknowledges that the Bank, while performing its duties under the Contract, does not (and shall not) act in a capacity of an investment mediator or investment, legal or tax advisor to the Client.

## The Client hereby expressly authorises the Bank to execute all rights associated with the Security, in the scope and under the conditions laid out in the section entitled Administration of Securities in the Information on investment services and Instruments.

## The Client shall be obliged to provide the Bank with any and all necessary assistance so that the Bank can duly meet its commitments under the Contract, notably, to hand over to the Bank any and all documents and information necessary for discharging the Contract, including extraordinary powers of attorney.

## The Client shall be obliged to notify the Bank, in writing and without any unnecessary delay, of all changes to circumstances relevant to exercising rights and duties under the Contract. The notification as per the foregoing sentence shall be effective with respect of the Bank as from the Business Day following the Business Day on which such notification shall have been delivered to the Bank.

## The Bank shall not be obliged to issue the Instruments or Cash from the Portfolio Account to the Client before all Debts have been duly fulfilled.

## The Client represents that all the statements made in this Section shall remain true, complete, and not misleading throughout the term of the Contract.

## Without the prior express written approval of the Bank, the Client is not authorised to assign (including the hedging assignment of claims or rights) or pledge its claims towards the Bank in connection with the Contract, or to assign the Contract, in whole or in part, or the rights and obligations contained therein. The restrictions specified in the previous sentence do not apply for the assignment (including the hedging assignment of claims or rights) of the Client’s claims towards the Bank to the Bank and on the pledge of these claims to the credit of the Bank and further to the legally envisioned assignment of claims on the basis of the legacy of the deceased from an heir burdened by (the Client’s) bequest to the legatee. The restriction on the assignment and pledging is valid for all the claims, especially for those that apply to the funds recorded in the Cash Subaccount and to the Instruments recorded in the Securities Subaccount.

## The Client undertakes that the Client shall not, directly or indirectly, use funds from the Transaction or allow these funds to be used (or lend, contribute or otherwise make available such funds to any person), to fund, participate or contribute to, any activities or business of, with or related to (or otherwise to make funds available to or for the benefit of) any person who is a Sanctioned Entity.

## The Client undertakes that the Client shall further ensure that he/she/it shall not use any revenue or benefit derived from any activity or dealing with a Sanctioned Person for the purpose of discharging any amount owing to the Bank pursuant to this Contract and the Transaction.

# Termination of the contractual relation

## Either contracting party shall be entitled to terminate the Contract even without giving a reason. The notice of termination must be delivered to the other party by registered letter, by a messenger/courier service or in person. The Client’s notice of termination shall come into effect on the Business Day on which it shall be delivered to the other contracting party unless a later effective date is stated therein. The Bank’s notice of termination shall come into effect at the end of the calendar month following the month in which the notice of termination was delivered to the Client, unless a later date of effect ensues from the notice of termination. The Contract is terminated on the date the notice of termination comes into effect. The Bank's right to withdraw from the Contract under Article 10 (1) of the General Terms and Conditions shall not be impacted hereby.

## If the Bank does not record any Instruments and no Cash in the Portfolio Account for a period of 24 months, the Bank has the right to terminate the Contract. The Bank shall inform the Client of the termination of the Contract in writing without unnecessary delay.

## As of the date of termination of the Contract, all Trading Orders for which the Order Validation has not been successfully executed shallbe cancelled. The Bank will execute Non-Trading Orders and Trading Orders for which the Order Validation has been successfully executed and which have been only partially or not satisfied at the date of termination of the Contract, to the extent that they have not yet been satisfied. If the Client might suffer any damage in connection with the termination of the Contract, the Bank shall be obliged to advise the Client of necessary measures to be taken to avert such damage. In case that the Client, not being able to take these measures even through other persons, asks the Bank to take them, the Bank shall be obliged to do so. The Bank shall be entitled to claim the refund of all Costs and an adequate portion of the Fee as per the Price List for any actions taken by the Bank after the notice of termination has come into effect.

## In the event of the termination of the Contract:

### the Bank shall, without unnecessary delay, transfer the remainder of Cash to the Financial Account or other account communicated by the Client kept in the Czech Republic, or pay it out to the Client in cash;

### the Bank shall, without unnecessary delay, transfer the Instruments registered in the Securities Subaccount to the person named by the Client who is to keep their Instruments, should such person be authorised to hold Securities under the relevant legislation;

### the Client is obliged to personally collect the Gold that is recorded in its Securities Subaccount.

## If the Client does not provide the Bank with the necessary cooperation for the transfer of the Instruments pursuant to paragraph 8.4, even by the deadline specified by the Bank, which cannot be shorter than thirty (30) calendar days from the delivery of the Bank’s notification specifying this deadline to the Client, the Bank is entitled to give the Instruments to the Czech CSD Foundation Fund or to sell them. The Bank is entitled to transfer the funds obtained from the sale of the Instruments to the Financial Account after deducting the Fee, the expenses incurred in connection with such monetisation, the Administration or other services by the Bank provided after the termination of the Contract.

## The termination of the Contract shall not prejudice the Bank’s right for payment of the Fee and Costs to which the Bank shall have become entitled before or after the termination of the Contract.

# Definition of Terms

## Terms in this Contract used in the singular shall also stand for the plural and vice versa, unless the context suggests otherwise. All titles and subtitles used in the text are for convenience only and shall not be taken in consideration in interpreting the Contract. Any cross-reference to the Contract or any other document or agreement shall also refer to any and all amendments and changes introduced in compliance to the Contract and applicable law.

## The terms that are not defined in the Contract and the Terms and Conditions have the meanings specified by the relevant regulations of the PSE. In addition to the terms defined in the Contract and in the General Terms and Conditions, unless defined otherwise in these Terms and Conditions, further terms that begin with a capital letter shall have the meaning as defined below in these Terms and Conditions:

**“Bank”** shall mean Komerční Banka, a. s., registered office at Prague 1, Na Příkopě 33/969, 969, Postal Code: 114 07, IČO (Company ID): 453 17 054, entered into the Commercial Register kept by the Municipal Court in Prague, Section B, Insert 1360.

**“PSE”** shall mean Burza cenných papírů Praha, a.s., registered office at Prague 1, Rybná 14/682, IČO (Company ID): 471 15 629, entered into the Commercial Register kept by the Municipal Court in Prague, Section B, Insert 1773, (the Prague Stock Exchange).

**“Czech CSD”** shall mean Centrální depozitář cenných papírů, a.s., registered office at Prague 1, Rybná 14, IČO (Company ID): 250 81 489, entered into the Commercial Register kept by the Municipal Court in Prague, Section B, Insert 4308.

**“Securities”** shall mean securities, book-entered (dematerialised) securities, immobilised securities, investment certificates, securities issued by investment funds or other similar assets whereof the Bank shall receive Orders from the Client.

**“Price Limit”** shall mean a minimum selling price for which the Client shall be willing to execute a sale of Instruments, or a maximum purchase price for which the Client shall be willing to execute a purchase of Instruments; or another price specification.

**“CSDR”** shall mean Regulation (EU) No 909/2014 of the European Parliament and of the Council of 23 July 2014 on improving 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.

**“Debts”** shall mean financial debts of the Client incurred in connection with execution of an Order to procure Instruments or other actions by the Bank pursuant to the Contract. In the case of an Order to purchase Securities, the amount of the Debts shall correspond to the sum of the purchase price of the Securities whose purchase is to be procured, determined according to the Price Limit, expected Costs and the Fee. In the case of an Order to procure the purchase of Gold, the amount of the Debts shall correspond to the sum of the purchase price of the Gold whose purchase is to be procured, determined according to the Price Limit and the Fee.

**“Electronic Client”** shall mean a Client who has provided his/her e-mail addresses for the purposes of delivery, when concluding this Contract or when concluding another contract on the provision of Banking Services, or any time thereafter.

**“Cash”** shall mean the Clients cash funds administered by the Bank in CZK or other currencies remitted by the Client or charged by the Bank to third parties on behalf of the Client in connection with Transaction Settlement, or which represent proceeds from the Client's Securities.

**“Information on Investment Services and Instruments”** is information provided by the Bank on the Internet Address.

**“Information Sheet”** shall mean a document containing information concerning individual Securities that are purchased or subscribed as part of the Bank's Private Placement. The Information Sheet contains a list of conditions, financial obligations and potential risks arising from the purchase of such Securities.

**“Internet Address”** shall be the Bank’s web (Internet) page www.kb.cz.

**“Contact Address”** shall be the latest postal address communicated herein by the Client to the Bank pursuant to the Contract.

**“Contact E-mail Address”** shall be the Client’s E-mail address announced to the Bank for the purpose of electronic communication with the Client for the purpose of the Contract, including the addresses announced any time in the future. A data box established as part of the Moje Banka internet banking or a similar application of the internet or other direct banking of the Bank shall also be considered to be a Contact E-mail Address.

**“Communication Links to the Bank”** shall be an Annex to the Contract containing contact information and connections to the Bank for the purpose of the Contract and the rules specified for the relevant Order or Service.

**“Communication Links to the Client”** shall be an Annex to the Contract containing contact information to the Client for the purpose of the Contract.

**“Execution Venue”** shall be a regulated market, multilateral trading system, organised trading system, systematic internaliser or market maker or other provider of liquidity or other subject that fulfils a similar function in a third country as the functions fulfilled from by some of the above.

**"Costs"** shall have the meaning defined in Article 1.10.

**“Instrument”** shall be an investment instrument or other instrument, including instruments with leverage effect, regarding which the Bank provides the Service.

**“Non-Trading Orders”** shall be the Orders listed in paragraph 5.3.2 and, in the case of Gold Orders, listed in paragraph 6.7.2.

**“Trading Orders”** shall be the Orders listed in paragraph 5.3.1 and, in the case of Gold Orders, listed in paragraph 6.7.1.

**“Fee”** shall have the meaning stipulated in Article 1.9.

**“Online Portfolio”** shall be an on-line application of the Bank available at trading.kb.cz.

**“Notice on the Payment System”** shall be a Notice in the sense of the General Terms and Conditions, in which the conditions for providing payment system services are defined, especially the deadlines for executing payment transactions. The Notice on the Payment System is an integral part of the Contract on the basis of Section 1751 of Act No. 89/2012 Coll., the Civil Code, as later amended.

“**Notice on Interest Rates**” shall mean the Bank’s notice on interest rates in Czech crowns or the Bank’s notice on interest rates in a foreign currency published by the Bank at the Internet Address or any document replacing such a notice.

“**Financial Compensation**” shall mean funds received by the Bank in accordance with Article 17 (2) of Regulation No. 2018/1229 supplementing the CSDR, with regard to regulatory technical standards on settlement discipline, as a result of the Transaction Settlement Failure and which, for this reason, belong to the Client.

“**Financial Sanction**” shall mean funds in an amount corresponding to a financial sanction imposed in the sense of Article 7 (2) of CSDR as a result of the Settlement Failure and paid by the Bank; for this reason, the Client is obliged to compensate the Bank, except for cases where the Transaction Settlement Failure is caused by the Bank as a result of breach of its obligations in connection with the provision of Services concerning the Transactions with Securities under the Contract.

**“Financial Account”** shall be the Client's account kept with a bank with its registered office in the Czech Republic and listed in the Communication Links to the Client.

**“Securities Subaccount”** shall be the subaccount of the Portfolio Account where the Bank keeps record of the Instrument, the purchase of which it procured for the Client on the basis of the Contract, and keeps record of and conducts Administration of the Client's Securities kept with the competent Record Keeper and in the appropriate investment instruments register.

**“Cash Subaccount”** shall be the subaccount of the Portfolio Account in which the Bank keeps record of Cash.

**“Order”** shall mean any Order given by the Client to the Bank in respect of dealing with the Securities, Gold or Cash or of other Bank’s deals under these Terms and Conditions. It shall comprise both Trading and Non-Trading Orders.

**“Portfolio Account”** or **“Portfolio”** is an account maintained by the Bank for the Client and is comprised of a Cash Subaccount and Securities Subaccount, established on the basis of a properly completed form Establishment of Portfolio Account delivered in writing to the Bank.

**“Specimen Signatures”** shall mean a list of individuals authorised to give Orders, the scope of their authorisation and a specimen of their signatures. The Specimen Signatures are an Annex to the Contract and is available at the Internet Address.

**“S.O.R.”** shall mean the Suspension of the exercise of Owner’s Rights to handle a Security registered in a central register of book-entered securities, a register linked to the central register of book-entered securities, or a separate register of investment instruments.

**“Private Placement”** shall mean a manner of offer and sale of Securities to a limited circle of investors, which is not a public offering in the sense of the Capital Market Trading Act.

**“Price List”** shall be the Price List of the Bank that is listed on the Internet Address, especially for Electronic Clients, and for other clients it is available in all the Bank’s commercial sites in written form.

“**Transaction Settlement Failure**” shall mean a failure to perform Transaction Settlement, partial Transaction Settlement or the causing of a delay with Transaction Settlement as of the set Transaction Settlement date as a result of a failure to deliver the Securities or funds regardless of the reason.

**“Services”** shall mean investment services, or other services, provided by the Bank to the Client under the Contract.

**“Administration”** shall mean management of Securities by the Bank executed pursuant to the Contract.

**“Record Keeper”** shall mean the Czech CSD, Euroclear international clearing centre, CSD defined in the CSDR, another global or local custodian or depositary, the Bank, or another entity keeping records of the Securities or the Securities of the Fund.

**“SRDII”** shall be Directive (EU) 2017/828 of the European Parliament and of the Council amending Directive 2007/36/EC as regards the encouragement of long-term shareholder engagement.

**“Group Subject”** shall be an entity with which the Client is connected in terms of assets or personnel or forms a concern with it.

 **“Transfer Agent”** shall be a business corporation defined in the relevant Statute that is an administrative, corporate and local representative, a registrar and transfer agent of the Fund, responsible for administrative activities and an entity maintaining primary records of the owners of the relevant Securities of the Fund (e.g., Société Générale Luxembourg, Amundi Czech Republic, investiční společnost, a.s. or Euroclear).

**“Safekeeping”** shall be the Bank’s obligation to accept and take care of the Gold and the Client’s obligation to pay the Fee to the Bank for this.

**“Order Validation”** shall mean a check whether there is enough Cash in the Cash Subaccount to cover the Debts, or sufficient unblocked Securities or sufficient Gold in the Securities Subaccount to execute an order for procuring a sale of Securities, Gold or other Order. The successful execution of the Order Validation is a condition for the Bank to commence execution of an Order.

**“General Terms and Conditions”** shall mean the General Business Terms and Conditions of the Bank that are part of the Contract in accordance with Section 1751 of the Civil Code and are published by the Bank at the Internet Address.

**“Gold”** shall be investment gold, which is a special form of gold (metal) in the shape of commercial bars with a weight allowed on the gold market and a purity of at least 995 thousandths (995/1000 Au) and which is further specified on the Internet Address or in another manner.

**“Selected Branch”** shall be the Bank’s business place specified as the Selected Branch in the Communication Links to the Bank, where the Bank accepts bars of Gold from the Client and the Client provides them to the Bank. The Bank does not accept bars of Gold from the Clients or enable the Clients to submit bars of Gold at other business places.

**“Transaction Settlement”** shall mean transferring the Securities between the parties to the Transaction and settling financial debts related to transferring the Securities between the parties to the Transaction or (i) in the case of the purchase of Gold by the Client, its acceptance by the Bank from a third party and (ii) in the case of the sale of Gold by the Client, its submission by the Bank to a third party, always under the condition that the monetary debt relating to the sale of the Gold has been settled.

**“Foreign Market”** shall mean a security market outside the Czech Republic, to which the Bank has access and on which it can provide the Transaction Settlement and Administration under specific contracts.

**“Capital Market Trading Act”** shall mean Act No. 256/2004 Coll., On Trading on the Capital Market, as amended.

# Change of conditions

## **The right to propose changes**. The Bank is entitled to propose changes to the Terms and Conditions.

## **Information on the proposed change**. The Bank shall inform the Client of the proposed change to the Terms and Conditions at least 1 month before the date proposed for them to come into effect. The Bank informs about the proposed change and the proposed date of effect in the manner pursuant to Article 8.4 of the General Terms and Conditions, in the statement of the Portfolio Account or any other account. The Client is obliged to get to know the proposed change.

## **Effect and refusal of Change**. If the Client does not agree with the proposed change to the Terms and Conditions, it is obliged to refuse the proposal to such a change through a written notification of its refusal delivered to the Bank no later than 1 calendar day before the proposed date of effect of such a change together with a notice of withdrawal from the Contract. The period of notice in such a case amounts to 1 month and starts on the date the change to the Terms and Conditions comes into effect. If the Client does not refuse the proposed change or refuses the proposed change but does not use the incurred right to withdraw from the Contract in the manner described above, it is assumed that it accepted the change to the Terms and Conditions effective from the date of effect proposed by the Bank.

## **Form of refusal and notice of termination**. The notice of termination and the notice of the refusal of the proposed changes sent by the Client pursuant to paragraph 10.3 must be in writing, the Client’s signature on them must be certified or made before a Bank employee (unless the Bank accepts another manner of verification) and must be delivered to the Bank pursuant to Article 8.3 of the General Terms and Conditions.

## **Restriction of right to refuse a change**. In the event of a change to the Terms and Conditions, the Client only has the right to refuse the proposed change and withdraw from the Contract if the proposed Change directly concerns the Services provided to the Client on the basis of the relevant Contract.

## **Changes with immediate effect**. By way of derogation from the previous Articles, the Bank is entitled to make a unilateral change to the Terms and Conditions with immediate effect,(a) if this change is exclusively to the benefit of the Client, or if the change is evoked by the addition of a new Service and has no effect on the existing fees, (b) in the event of a change to the business name of the Bank Services, which has no effect on the rights and obligations of the contracting parties ensuing from the Contract, or (c) in the event of changes in information that are purely of an informational character and are not meant for approval by the contracting parties (e.g., the registered office of the Bank, the business name of a Member of the Bank’s financial group). The Bank shall inform the Client about changes pursuant to this paragraph 10.6 in the manner pursuant to paragraph 10.2.

# Final Provisions

## **Change of conditions.** Regardless of the provisions of Article 10, the Bank is further entitled to continuously change these Terms and Conditions in the manner specified in the General Terms and Conditions.

## **Change of Communication Links to the Client.** The Client is entitled to unilaterally change its information in the Communication Links to the Client and it is obliged to always keep this information up-to-date. The change to the information in the Communication Links to the Client must be performed in person at the Bank’s place of business, through the Online Portfolio or in another manner agreed with the Bank. The change to the Communication Links to the Client comes into effect with regard to the Bank on the second (2nd) Business Day following the delivery of the new version of the Communication Links to the Client by the Client, unless agreed otherwise by the Client and the Bank.

## The Contract, including the Terms and Conditions, annexes and other documents that refer to the Contract or the Terms and Conditions can also be changed through the Online Portfolio. Such changes come into effect with regard to the Bank on the second (2nd) Business Day following their agreement, unless agreed otherwise by the Client and the Bank.

## Any and all communication under these Terms and Conditions shall be held, and any information under this Contract shall be communicated in the Czech language unless agreed otherwise by the contracting parties.

## The Contract and Terms and Conditions are governed by Czech law.

## Unless specified otherwise by other provisions of the Contract, these Terms and Conditions come into effect on 1.7.2023.

1. Act No. 89/2012 Coll., the Civil Code, as later amended [↑](#footnote-ref-1)
2. e.g. Article 3 of the General Terms and Conditions. [↑](#footnote-ref-2)
3. Act No. 89/2012 Coll., the Civil Code, as later amended [↑](#footnote-ref-3)