

# INVESTMENT SERVICES AT UNICREDIT BANK CZECH REPUBLIC AND SLOVAKIA, A.S.

**UniCredit Bank Czech Republic and Slovakia, a.s.**, as one of the leading banks in the Czech Republic and Slovakia, would hereby like to familiarise its clients with basic rules of providing investment services by the Bank, including a basic description of observing respective regulatory rules, and with the principles of protecting investment banking clients.

**UniCredit Bank Czech Republic and Slovakia, a.s.** is a part of a strong and high-performing European banking group, UniCredit Group, which holds a dominant position in Central and Eastern Europe. This enables **UniCredit Bank Czech Republic and Slovakia, a.s.** to facilitate its clients' foreign trade and contact with their partners.

**UniCredit Bank Czech Republic and Slovakia, a.s.** offers comprehensive and first-rate products and services provided by personal bankers who have corresponding expertise and an ample range of competences. Personal bankers take individual approach to every client and prepare reasonable, useful and effective solutions and offers for him. The relationship between the personal banker and the clients is based on mutual trust and discretion.

## Data on UniCredit Bank Czech Republic and Slovakia, a.s., basic information on the investment services provided

### Data on the bank:

Business name: **UniCredit Bank Czech Republic and Slovakia, a.s.**

Registered office: Prague 4 - Michle, Želetavská 1525/1, Postal Code 140 92

ID No.: 64948242

Entered in the Commercial Register maintained by the Municipal Court in Prague, Section B, file 3608 (hereinafter also the "**Bank**" or "**UniCredit Bank**").

### Information regarding the licence to provide investment services

UniCredit Bank fulfilled the exacting conditions imposed by the relevant legal regulations and the requirements of the Czech National Bank, and it holds an extensive licence for providing investment services and individual investment instruments.

The basic scope of the licence, broken down to individual investment services and investment instruments and therefore also providing a summary description of the services and instruments pursuant to Act No. 256/2004 Coll., on Capital Market Undertakings, as subsequently amended (hereinafter also the "**Act**"), can be expressed in a graphic and simplified form as follows:

## **UniCredit Bank Czech Republic and Slovakia, a. s.**

Sídlo/Registered Office:  
Želetavská 1525/1  
140 92, Praha 4–Michle

[www.unicreditbank.cz](http://www.unicreditbank.cz)

IČ/Identification number: 64948242  
Obchodní rejstřík/Commercial Register:  
Městský soud v Praze, oddíl B, vložka 3608  
Směrový kód banky/Bank code: 2700  
Swift Code: BACXCZPP

		Investment instruments to which the service relates			
		Investment securities (shares, bonds, etc.)	Collective investment securities (participation certificates, etc.)	Money market instruments	Derivatives and similar instruments
Investment services	Reception and transmission of orders	√	√	√	√
	Execution of orders	√	√	√	√
	Trading on one's own account	√	√	√	√
	Portfolio management	√	√	√	√
	Investment advisory	√	√	√	√
	Operation of a multi-party trading system				
	Underwriting and placement of investment instruments	√	√	√	√
Ancillary services	Custody and administration of investment instruments	√	√	√	
	Provision of a credit or loan to a client for the purpose of facilitating a trade with an investment instrument	√	√	√	√
	Consultancy activity concerning capital structure, industrial strategy, etc.			√	
	Investment research and financial analysis and other forms of general recommendations relating to transactions in investment instruments	√	√	√	√
	Performance of foreign-currency operations			√	
	Services related to underwriting	√	√		
	Service similar to an investment service concerning the property value (of the underlying asset) to which a derivative relates				

A detailed scope and exact lists can be consulted on the official web page of the Czech National Bank: [https://apl.cnb.cz/apljerrsdad/JERRS.WEB14.POVOLENE\\_CINNOSTI?p\\_lang=cz&p\\_TYP\\_SUBJEKTU=P&p\\_SEQ\\_ID=114&p\\_VER\\_ID=1041&p\\_SVR\\_SEQ\\_ID=128&p\\_SVR\\_VER\\_ID=1002&p\\_ROL\\_KOD=1&p\\_DATUM=04.12.2017&p\\_CZE\\_ID=CZ](https://apl.cnb.cz/apljerrsdad/JERRS.WEB14.POVOLENE_CINNOSTI?p_lang=cz&p_TYP_SUBJEKTU=P&p_SEQ_ID=114&p_VER_ID=1041&p_SVR_SEQ_ID=128&p_SVR_VER_ID=1002&p_ROL_KOD=1&p_DATUM=04.12.2017&p_CZE_ID=CZ).

State supervision over the capital market in the Czech Republic is performed by the Czech National Bank (Česká národní banka). UniCredit Bank was issued a respective licence to provide investment services by the Czech National Bank on 16 January 2004, under ref. no. 2004/141/520.

The contact information for the Czech National Bank is as follows:

**Česká národní banka**

Na Příkope 28, 115 03 Prague 1

tel.: +420 224 411 111

fax: +420 224 412 404

www.cnb.cz

Green Line (designated in particular for lodging complaints) tel.: +420 800 160 170

(Address of the filing room: Česká národní banka, Senovážná 3, 115 03 Prague 1; Electronic filing room: [podatelna@cnb.cz](mailto:podatelna@cnb.cz))

Membership in professional associations, public markets and settlement systems:

- Česká bankovní asociace – Czech Banking Association (<http://www.czech-ba.cz>)
- Asociace pro kapitálový trh CR – Czech Capital Market Association (<http://www.akatcr.cz>)
- Burza cenných papírů Praha, a.s. – Prague Stock Exchange ([www.pse.cz](http://www.pse.cz))
- Centrální depozitár cenných papírů, a.s. – Central Securities Depository Prague ([www.cdcp.cz](http://www.cdcp.cz))

### Client communications

The Bank highly emphasises flexible and prompt communication with its clients. Each client can contact his or her relationship officer with any question concerning the provision of the respective investment service or investment instrument. In case the client is unsure about the specific contact information of his or her relationship officer, the client can dial the Info Line at 800 14 00 14. Additional contact information can be found on the Bank's website: [www.unicreditbank.cz](http://www.unicreditbank.cz).

UniCredit Bank is able to communicate with its clients not only in Czech but also in English and German. Similarly, in addition to the Czech versions, key contractual documentation of the Bank is available also in English and German versions.

Communication between the Bank and the client related to the performance of the relevant investment service, particularly regarding placement of orders, takes place either personally at a point of sale of the Bank, always in writing only or, if expressly agreed so, by phone or through a facsimile message or other electronic form. Specific rules governing the placement of orders by a client, including possible alternative forms of communication, are defined in the respective agreement and/or in business terms and conditions for providing an investment service.

The Bank is obliged to ensure that sufficient records be kept of all its rendered services, activities and trades. Such records are understood to include also recordings of telephone conversations and electronic communications where related to the services provided under the agreement, no matter if a particular conversation or communication does not result in provision of a service. Copies of the conversations and communications with the Client shall be available at the request for five years.

The Bank provides its clients with regular reports on provided investment services. In the case of investment services for which the Bank accepts client orders, the client is informed of the executed trade without undue delay after the trade has been executed (or, as the case may be, once the Bank has received information on the execution of the trade), whereas if the Client agrees, he or she is informed in such a way which allows remote access. As a rule the Bank uses abbreviations in such information (e.g. market identification or type of an order). The list of such abbreviations and their explanation is given in a document List of Abbreviations that is at the Clients' disposal in branches of the Bank or on its websites.

As regards other services, the Bank delivers regular statements and reports to the client. The scope, frequency and dates, or possible variants thereof, are stipulated by legal regulations, and, in compliance with these regulations, the Bank makes an agreement with the client on specific conditions according to the client's preferences.

### Scope of provided investment services and the related contractual conditions

The Bank offers its clients the possibility of investing in funds and trading in securities on domestic and foreign markets through a wide range of foreign and domestic stocks, bonds, collective investment securities and other securities<sup>1</sup>.

The substance of the respective contract relationship is an activity of the Bank, which, based on the client's orders and on the client's behalf, and usually in the Bank's name (commission contract), or as the case may be in the client's name (mandate contract), arranges the purchase and sale of securities. Therefore, the Bank performs acceptance, delivery and brokerage of the client's orders for the client.

The places of exchange where the Bank arranges for respective trades in securities generally are regulated markets (stock exchanges, etc.). Alternatively, the Bank – in particular regarding foreign securities – delivers the order for executing the trade to a reputable securities dealer (usually from the banking UniCredit Group) having access to relevant foreign markets. In the case of such securities the brokerage of which consists in securing their subscription or, as the case may be, redemption (repurchase), the place of executing the client's order is the issuer itself or a person authorised by the

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<sup>1</sup> If this document works with a definition "security", it shall mean both a security as such and a book-entry (registered), security, unless other thing follows from the nature of the transaction.



issuer or by another pertinent person (typically in the case of fund participation certificates the registrar and the transfer agent).

For this type of investment service and the relevant agreement type, such terms as brokerage, intermediation or arrangement of a trade in an investment instrument are also typically used.

A detailed explanation and description of the rules for executing clients' orders, including a list of places of exchange, are specified in a separate document of the Bank named Policy of Order Execution.

The Bank is also a professional partner in the offer of derivative treasury products. In this area, the Bank offers its clients, in particular, various options of hedging against market risks and the like.

The contractual conditions or specific agreement for derivative or similar products essentially consist in the fact that the client can contract forward transactions directly with the Bank where the amount of the future payments depends on the development of the underlying values (exchange rates, interest rates, etc.). The Bank then proposes respective parameters for a transaction requested by the Client, and it is entirely at the client's discretion whether or not he or she ultimately decides to contract the respective transaction with the Bank. The contracting parties are obliged to settle respective due amounts resulting from the agreed transactions. In the case of options, the option buyer is obliged to pay the price of the option (the option premium), otherwise no fees are paid for respective transactions.

The provision of an investment service concerned is often referred to in the market as treasury activity, dealing, trading, or the like.

The Bank also provides investment advisory service to its clients.

Investment advisory is provided on the basis of an individual agreement which imposes an obligation on the Bank to actively review the appropriateness of every instruction of the client with respect to an investment instrument in terms of the client's knowledge, expertise, and, in particular, his or her financial background and investment goals (i.e. the client's investment profile). In the event that such potential trade in an investment instrument or such investment service is not suitable, the Bank shall explicitly inform the client of such fact and shall not perform such order which is not in conformity with the client's investment profile and which could cause damage to the client.

Furthermore, UniCredit Bank is a reputable provider of the investment service of custody and management of investment instruments.

Along with the basic activities consisting in the physical custody of securities and exercise of basic rights arising out of holding securities (collection of returns, etc.), the contract relationship may also cover – depending on the agreement with the client and on the nature of an investment instrument – services consisting particularly in keeping relevant records on the investment instruments (especially in managing property accounts of securities holders, etc.).

Additionally, UniCredit Bank has maintained an important position on the Czech market as an issuer of its own securities, in particular bonds, including mortgage-backed securities.

The contractual relationship in this area is similar to brokering the purchase (in this case, subscription) of the specific security being issued.

On the basis of the relevant contract relationship created for the purpose of providing a specific investment service, the client undertakes to pay the Bank remuneration for this activity including possible related costs. More detailed information on the Bank's remuneration and costs (fees) for providing investment services is specified in an independent document of UniCredit Bank, the Price List of UniCredit Bank Czech Republic and Slovakia, a.s. (hereinafter just the "Price List").

The client is informed by the Bank in advance of the total price of the provided investment service, including any and all fees, taxes paid through the Bank, and other possible related costs as well as any additional financial obligations arising out of providing an investment service with regard to a specific order (trade).

In addition to this summary of individual investment services and basic conditions of the respective contract, the Bank always makes it possible for its clients to familiarise themselves in detail and in advance with the wording of the contract and of other related documents. The Bank's specialists are prepared to respond to any questions concerning the provision of the investment services and to give the necessary explanations so as to ensure that the client is sufficiently satisfied prior to signing the contract that the contractual conditions are clear to him or her.

The Bank provides the investment services directly and, in offering them, can also cooperate with tied agents pursuant to Section 32a et seq. of the Act.

The client is informed about any potential conflicts of interest, about inducements accepted or given by the Bank upon providing the investment service, and about the related rules of the Bank in a separate document named Conflict of Interests Policy. In particular, the Bank has established such procedures that ensure that the client be informed of the risk of a potential conflict of interest and of inducements essentially on the basis of individual orders (trades) or through the particular information document regarding the relevant product or through the particular information on its websites. The details of inducements are available on request.

The companies of Amundi group which manage the renowned Pioneer collective investment funds and provide management of clients' assets if part of it is an investment instrument, upon the discretion within the contract arrangement (hereinafter just "Portfolio Management") are main business partners in area of provision of investment services related to the securities and collective investment. The Bank intermediates for its clients the purchase of investment instruments issued by these collective investment funds and the Portfolio Management investment service.

When arranging for the Portfolio Management investment service, the Bank shall ensure – on the basis of its contractual covenant with the company providing the Portfolio Management service (hereinafter just the "Portfolio Manager") – that the client's knowledge, expertise, financial background and investment goals are ascertained in detail and that the client's investment profile is assessed. On the basis of this investment profile so ascertained, the Bank shall recommend the client an investment strategy for the portfolio corresponding to the investment profile and shall enter into the respective contract with the client in accordance with the authorisation provided by the Portfolio Manager.

The Portfolio Management performed by the Portfolio Manager consists in buying and selling investment instruments with the aim of achieving the optimal performance of the managed portfolio.

Orders for purchases and sales of investment instruments for the portfolio are given by the Portfolio Manager, not by the client himself or herself. The client undertakes to pay the Portfolio Manager the agreed remuneration for such Portfolio Management of the client's assets.

There are a number of different names for this investment service on the market such as, in particular, portfolio management, asset management, and others.

#### Investment questionnaires

Pursuant to the legal rules and regulations governing the provision of investment services not only in the Czech Republic but also within the EU, the Bank is obliged, prior to providing an investment service, to require specific information from the client so that the investment instruments and services may be provided with the necessary professional care.

Increased protection is provided, however, only for the investment advisory service and portfolio management of a client's assets. In such case, the Bank verifies the client's expert knowledge and experience in investments and in particular his or her financial background and investment goals. The Bank will not recommend any transactions in investment instruments or investment services that would not be suitable for the given customer with regard to the client characteristics mentioned above.

In the case of all other investment services, however, pursuant to the Act the Bank shall verify only the client's expert knowledge and experiences in the area of investments. In the event that the respective transactions are inappropriate, the Bank is obliged to inform the client of such fact, but will execute the



transaction according to the client's orders. Thus, the responsibility for the respective investment decision is borne exclusively by the client and in no way by the provider of investment services.

The Bank is obliged to require information from the client concerning client's needs, profile and goals. If the Bank, based on such foregoing information, evaluates an investment instrument designated by the order as incompatible with the client's needs, profile and goals and, therefore, as unsuitable for the client's needs, profile and goals, the Bank shall alert the client to such finding, while, however, the Bank is still entitled to execute such transaction according to the order. Should that be the case, the liability for the respective investment decision shall always rest exclusively with the client, not with the Bank. The foregoing applies accordingly to the case where the client has failed to provide relevant information to the Bank in a comprehensive, accurate, true and up-to-date extent, or, where it has even completely refused to provide such information.

#### Investment instruments and their risks

Investment instruments can be classified according to various aspects. From the client's point of view as the investor, classification by the risk undertaken by the client when investing in the investment instruments is clearly the most appropriate. In this respect, investment instruments can be classified into the following groups:

- (i) Investment instruments with a partially guaranteed return of the invested amount,
- (ii) Investment instruments entailing a risk of a loss of up to 100% of the invested amount;
- (iii) Investment instruments entailing risk of a loss of up to 100% of the invested amount and a rise of other, additional financial obligations.

#### Ad (i)

Investment instruments with a partially guaranteed return of the invested amount are, in particular, the instruments for which legal regulations or the terms and conditions of the securities issue set out an obligation for the issuer to repay the investor at least the invested amount upon the instrument's maturity. Furthermore, these include instruments for which the return of the principal is guaranteed by the provision of a third party guarantee. In some cases, a key precondition for the return of an invested amount is the requirement to hold such investment instruments until their maturity.

These investment instruments usually include bonds, treasury notes, and mutual funds certificates of guaranteed equity funds.

During the time of holding such an investment instrument, its market price may fluctuate, but such fluctuation of the market price has no impact on the return of the invested amount at the time of its maturity. Some issuers and/or persons or entities providing guarantee may lawfully participate in a guarantee system, from which partial compensation is paid in case the issuer and/or the person or entity providing the guarantee are unable to meet the obligations. In case of bankruptcy of the issuers and/or persons or entities providing guarantee who do not participate in such guarantee system, the return of the whole invested amount can be in peril.

#### Ad (ii)

Investment instruments entailing a risk of a loss (and in some cases, a loss of up to 100%) of the invested amount are those where the option of redemption of the investment instrument by the issuer is not used or where such legal option does not exist.. The key factor for the investor is the market price of the investment instrument.

Such investment instruments typically include those mentioned in para. (i) above not held until maturity, mutual funds certificates, certificates, stocks, purchased options, and others.

During the time of holding such an investment instrument, its market price can fluctuate considerably. Therefore, at the time of selling such investment instrument, there is a risk of losing a part or the whole invested amount.

#### Ad (iii)

Investment instruments entailing a risk of a loss of up to 100% of the invested amount and, furthermore, of the rise of additional financial obligations are such where a legal obligation exist for the client to pay other financial obligations depending on the development of the market price of the investment

instrument. This category also comprises such investment instruments that do not require any initial investment but the substance of which entails a potential rise of financial obligations for the client in future.

Such investment instruments typically include those of the derivative type and, in general, any instruments purchased for obtained loan (advance).

These investment instruments are mostly connected with so-called leverage. Leverage can be generally defined as a mechanism by which a small percentage change of the price of the underlying asset of a derivative or an investment instrument bought on credit results in a several-fold change in the profit or loss regarding the funds invested by the client.

During the time of holding such an investment instrument, its market price can fluctuate considerably. Therefore, at the time of selling such investment instrument, there is a risk of losing a part or whole invested amount, and additional financial obligations may even arise for the client.

The expected yield, connected risk and liquidity, in particular, must be taken into account for any investment decision. Typically, these values are directly proportional, i.e. the higher the expected yields, the higher the risks, and vice versa.

#### General information about the substance of individual types of risks connected with investment instruments:

Market risk – means the risk of a change (decrease) of the market price of the investment instrument due to some market factors (such as interest rates, exchange rates, prices of underlying assets, etc.). Exchange rate risk and interest rate risk are among the examples of market risk.

Exchange rate risk – is one of the forms of market risk. Exchange rate risk increases the total market risk of an investment instrument based on a potential change in the exchange rate. For example, securities denominated in USD entail a risk, in the event of a weakening of the USD, that there will be a decline of their market price denominated in CZK without the price of these securities denominated in USD changing in any way. Exchange rate risk concerns, in particular, investment instruments denominated in other than domestic currency, as well as currency derivatives.

Interest rate risk – is another form of market risk. It expresses a change (decrease) in the market price of an investment instrument depending on a change in interest rates. This concerns, in particular, trades in debt securities and interest-rate derivatives. The market price of most debt securities develops inversely to the development of interest rates.

Liquidity risk – liquidity is the capability of a prompt conversion of an investment instrument into cash. In the case that an investment instrument has low liquidity, a transaction involving it may be burdened with additional transaction costs, or it may even be impossible to carry out such transaction at the requested date. Liquidity risk is particularly relevant in the case of little-traded, structured or individualised investment instruments and in such investment instruments in which the buyer undertakes to hold the instrument for a certain minimum period of time.

Issuer's risk – expresses the probability that an issuer of securities will not be able to honour its obligations flowing from such securities (e.g. incapacity to redeem bonds), or that there will be a significant decline in the market price of the given security (of, for example, a stock) as a result of bad decisions by the management or due to the company's poor financial performance.

Segment risk – is connected with investment instruments the market price of which can be impacted by the economic situation of a given segment of the economy.

Political risk – is connected with such instruments whose market price, transferability, owner's rights, and the like can be influenced by a change of political situation (e.g. due to an introduction of foreign currency restrictions, nationalisation, etc.).

The client can manage the aforementioned risks in certain ways and can protect himself or herself against these risks. Nevertheless, with regard to some of the risks, negative impacts cannot be entirely

precluded. The main tools for managing risks include selection of instruments with good ratings, diversification, and hedging. The Bank's offer primarily includes high-quality investment instruments in the sense that they have optimal tradeoffs between their potential returns and their risks. The Bank especially prefers issuers and investment instruments having so-called investment grade ratings. Diversification of risks means spreading investments among multiple investment instruments whose potential yields and related risks are, if possible, independent of one another (e.g. exchange rate risk can be mitigated via investment into instruments denominated in various currencies, etc). Hedging is understood to be a tailored, sophisticated, and typically a derivative structure in which a potential loss from one asset is compensated by a gain from holding another asset (investment instrument).

The client will receive detailed information regarding specific individual investment instruments that are provided by the Bank (including information on the nature and characteristics of an investment instrument; risks connected with that investment instrument; notification about a leverage effect [if applicable] and about the risk of losing the entire invested amount; risks connected with the particular components in a complex instrument and their description; interaction of such components and their impact on increasing of risks; price fluctuation of an investment instrument and potential limitations upon market accessibility; the client's obligations connected to an investment instrument or arising in connection with transacting in such investment instrument; requirements related to trading on loan or to any similar manner of trading; the existence and conditions of pledge rights or other similar rights which the Bank has or might have with respect to the investment instruments or funds of the client, or, if applicable, on a set-off right, right of lien or other similar right of a depositary to the investment instruments or funds of the client; and on possible guarantee by a third party, including data on the guarantor, etc.). For some investment instruments, the Bank issues so-called product info-lists which contain the above specified information.

#### Protection of client's assets

The Bank is obliged to observe the following rules for holding the client's investment instruments or funds, and, in order to do so, the Bank takes in particular the following steps:

- (i) maintains such records, and especially accounting records, which guarantee strict separation of assets held for one client from assets held for other clients and from the Bank's own assets;
- (ii) maintains and makes records in relation to investment instruments as prescribed by law (separate and relating registers of records);
- (iii) performs regular reconciliations of accounting and other obligatory registers concerning the client's investment instruments and financial means of the Client;
- (iv) provides the client with regular statements of respective registers;
- (v) in accordance with its statutory obligation, the Bank is a participant in the following compensation systems:
  - Securities Brokers Guarantee Fund,
  - Deposit Insurance Fund.

The Bank, as a securities broker, is a party to the compensation system pursuant to Section 128 et seq. Of the Act secured by the Securities Brokers Guarantee Fund (hereinafter just the "SBGF") and to which the Bank contributes in accordance with the provisions of Section 129 of the Act.

Detailed explanatory information on the SBFG, information about conditions for providing compensation, information about calculating the amount of compensation from the SBFG, information about persons not entitled to receive compensation from the SBFG, and other details of the guarantee system are contained in the document "Information on the Guarantee System of the Securities Brokers Guarantee Fund".

Explanatory information on the respective compensation system and rules for filing claims is available at the address: [www.unicreditbank.cz/web/mifid](http://www.unicreditbank.cz/web/mifid).

Investment instruments or funds entrusted by the client to the Bank, including those that may be obtained for the client within the scope of providing an investment service, may, and usually will, fall under the management of a third party that the Bank uses in performing its services.





Such third parties include entities that must be used by the Bank in order to duly perform the investment service, especially to ensure the following activities:

- (i) executing and settling a transaction in investment instruments (typically, transfer of investment instruments or funds),
- (ii) maintaining respective records of investment instruments or securities,
- (iii) custody of investment instruments (i.e., meaning especially the physical entrustment of an investment instrument),
- (iv) administration (i.e., meaning especially authorisation to exercise rights pertaining to the respective investment instrument, but not necessarily the physical entrustment), and
- (v) maintaining clients' cash accounts (jointly referred to as "custodians").

Typical examples of such custodians are central securities depositories, banks maintaining clients' accounts for an investment services provider, depository banks or clearing and settlement centres, or clearing members in investment instruments markets.

If the Bank uses the services of custodians, they maintain the clients' investment instruments under management in the Bank's name (or in the client's name) and keep them separately from the Bank's assets and the custodian's own assets. The Bank and the custodian assume responsibility for the custodian's legal conduct and, especially, for the observance of its obligations in accordance with the pertinent legal regulations and agreed contractual relationships. In this regard, the Bank in particular maintains corresponding records, carries out regular reconciliations, and is obliged to participate in appropriate client compensation systems.

**The Bank hereby expressly warns the client that the legal regulations to which a custodian's activity is subjected may, and usually do, allow for the entrusted investment instruments to be recorded on a collective (aggregated) account. This involves higher risks and requirements particularly relating to the due and thorough maintenance of records and ability to unequivocally document the assets and ownership of investment instruments of each particular client that are maintained on the collective account. According to the legal regulations, the Bank is obliged in this regard always to maintain the following records in the name of the specific client.**

The Bank is obliged to supply to the client on quarterly basis a statement from the obligatorily maintained register of the clients' investment instruments that the Bank records for the client. The client is entitled to request fitting explanations of or corrections to the records.

The Bank does not use such services of custodians that could prevent the client's investment instruments registered by the custodian from being identified separately from the investment instruments of that custodian or of the Bank.

The Bank primarily uses services of such custodians that are subject to regulations and legislation of the European Union, which ensures high standards of protection for holding the clients' investment instruments and funds. To the extent necessary for executing investment services for its clients, the Bank also uses custodians that are subject to regulations and legislation other than those aimed at protecting the investment instruments and funds of the clients of investment services providers in the European Union. Specifically, this means that the client's rights in relation to the entrusted investment instruments and funds may differ accordingly, especially with regard to the requirements for keeping separate records, inference of ownership, and the functioning of compensation schemes.

In this case, however, the Bank always uses such custodians exclusively on the condition that they meet the following requirements:

- (i) the custodian operates in a country where a special regulation for the performance of its activity and, in particular, strict supervision over the financial market, similar to the standards applicable in the European Union, are implemented (for example, the USA);
- (ii) the custodian functions as a local branch of a custodian that has its registered office in the European Union, and it is obvious that the standards of the custodian with its registered office in the European Union apply to its entire network;
- (iii) there is an overview of the local regulations and their acceptability in terms of the standards of protection for holding clients' investment instruments.

In accordance with the legal regulations, and in relation to the investment instruments entrusted by or held for the client, the Bank may enforce a right of lien, right of pledge, right to setting off, right to supplement the security, right to final settlement, or any other similar right, and especially in the sense of the legal regulations governing the financial security institute. The specific conditions and options for enforcing these rights are always governed by the respective contract concerning the investment service in question. Certain similar rights in accordance with the legal regulations and specific contractual arrangements may also be enforced by the custodian, particularly the right of lien or right to setting off. This, however, does not affect the Bank's obligation to release to the client the investment instruments entrusted by or held for the client, regardless of the possible enforcement of such rights of the custodian towards the Bank and to the debit of the client's assets, while taking into account any potential legal claims of the Bank against the client.

The Bank does not use investment instruments that are part of the client's assets for purposes of making transactions consisting in the financing of securities or transactions on its own account or on the account of any other client.

#### Other important information

In addition to the information included in this document, the Bank informs the client of several other important informative documents that concern the provision of investment services by the Bank.

Pursuant to the Act The Bank is obliged to classify every client to whom it intends to provide an investment service into a so called client category. As part of this process, the client will obtain the **respective instructions relating to categorisation**, which include differences in dealing with non-professional and professional clients and eligible counterparties and specify the principles of the respective levels of protection.

The client should devote maximum care to reviewing the **contractual documentation**. The Bank always provides sufficient time to clients to read it carefully and is prepared in particular to answer questions so that the client fully understands all arrangements.

The Bank, including the international financial group of which it is a member, places maximum emphasis on protecting the interests of its clients. For this reason, special rules are established and published by the Bank in the document **Conflict of Interests Policy**.

Should exceptional cases occur in which the client suspects that the provided investment services lack due and professional care, the Bank has established and hereby refers the client to the **Claims Procedure**. These ensure that the client always receives the most satisfactory solution and that the Bank receives feedback allowing it to continue to improve its services.

If UniCredit Bank executes orders in relation to investment instruments for the client's account, the client may not be sure in today's diverse and global financial world how the Bank ensures the best execution for the client. For this reason, the Bank publishes a special document entitled **Order Execution Policy**. It provides the client with all the necessary information and the terms and conditions for executing investment orders and lists the places of exchange used by the Bank.

All prices of investment services provided by UniCredit Bank, including the associated costs and fees, are contained in the Bank's **Price List**.

Prague, 3 January 2018

Notice: This document represents a basic document in the sense of fulfilling the information obligation of investment services providers pursuant to the provisions of Section 15d of Act and the provisions of Article 47 regulation (EU) 2017/565, supplementing Directive 2014/65/EU of the European Parliament and of the Council . Other specific information is contained in the separate documents of the Bank, including in particular the Order Execution Policy, Conflict of Interests Policy, Information on the Guarantee System of the Securities Brokers Guarantee Fund, Claims Procedure, Price List, product lists for individual investment instruments, Key Information Document and others.