



# **OPERATING MANUAL**

**Version 4**

**Effective as of July 1<sup>st</sup>, 2011**

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## SECTION I - INTRODUCTORY PROVISIONS

### Article 1

#### Position of Central Depository, Subject of Operating Manual and its Binding Nature

1. Centrální depozitář cenných papírů, a.s., with its registered office at Rybná 14, 110 05 Prague 1, ID No.: 25081489, is a joint-stock company entered in the Commercial Register kept on file at the Municipal Court in Prague (hereinafter the “**Central Depository**”). The Central Depository acts as a central depository within the meaning of Art. 100 et seq. of Act 256/2004 Coll., on trading on the capital market (hereinafter the “**Act**”) and its position and activities are also regulated by Act 513/1991 Coll., the Commercial Code (hereinafter the “**Commercial Code**”) , Act 591/1992 Coll., on securities (hereinafter the “**Securities Act**”) and other generally binding legal regulations.
2. The Operating Manual of the Central Depository is issued within the meaning of Art. 104 of the Act (hereinafter the “**Operating Manual**”) and is binding for the Central Depository, the Central Depository participants (hereinafter the “**Participants**”) and persons keeping records relating to the Central Register of Securities maintained by the Central Depository. Under the terms of the Act and its implementing regulation<sup>1</sup>, the Operating Manual is also mandatory for persons maintaining a separate register of investment instruments within the meaning of Art. 104 (5) and Art. 115 of the Act. The Operating Manual is binding on other persons, if thus arising from the generally binding legal regulations.
3. Pursuant to the Act, the Operating Manual governs the conditions relating to the provision of the Central Depository’s services, the rights and responsibilities of the Participants and other persons to whom the Central Depository’s services are rendered (particularly issuers, account owners, lien creditors, etc.), as well as other matters related to the Central Depository’s activities.
4. The provisions of the Operating Manual shall apply mutatis mutandis to the separate records maintained by the Central Depository, or records relating to the separate records of investment instruments, unless a special legal regulation<sup>2</sup> stipulates otherwise.

### Article 2

#### Effectiveness and Publication of Operating Manual

1. The Central Depository shall inform the Czech National Bank about each change in the Operating Manual. The Czech National Bank may initiate an administrative proceedings towards approving such changes in the Operating Manual, within 10 business days following the receipt of such a notification. Only the Central Depository shall be a party to such administrative proceedings. If the Czech National Bank does not initiate administrative proceedings within the period specified above, the change shall be deemed approved upon the expiry of the period concerned.
2. The Operating Manual, including all its amendments, shall become effective upon its publication on the Central Depository website at [www.cdcp.cz](http://www.cdcp.cz), unless the Central Depository decides otherwise. The Central Depository shall also publish the Operating Manual with all its changes in the Newsletter of the Central Depository (hereinafter the “**Newsletter**”). The Central Depository shall also publish proposals for amendments to the Operating Manual in the Newsletter, at least 30 days prior to the effective date of such amendments to the Operating Manual, unless this is not possible for serious operational reasons.

<sup>1</sup> Decree 58/2006, on maintaining a record of investment instruments.

<sup>2</sup> Decree 58/2006, on maintaining a record of investment instruments.

3. The current version of the Operating Manual is posted on the Central Depository website at [www.cdcp.cz](http://www.cdcp.cz) and shall also be publicly available for consultation from 9am to 4pm (hereinafter the “office hours”) in the central office of the Central Depository.

### Article 3

#### Scope of the activities of the Central Depository (list of services)

1. In accordance with the provisions of the applicable law, the Central Depository shall:
  - a) maintain a central register of securities on the accounts of owners and customers, to the extent provided by law;
  - b) maintain separate records within the meaning of Art. 93 of the Act;
  - c) maintain records of the issues of dematerialized securities within the meaning of Art. 111 of the Act;
  - d) maintain records of asset account owners, including personal data, in accordance with the specific law<sup>3</sup>;
  - e) maintain a register of changes on the accounts of owners and customers, to the extent provided by law;
  - f) maintain records of data relating to dematerialized securities, to the extent provided by law;
  - g) assign and cancel identification for investment instruments according to the International Securities Identification Number system for the identification of securities (ISIN), and make changes to the registered data of assigned ISIN;
  - h) provide data to comply with the disclosure duty under Art. 115 of the Act;
  - i) perform other activities related to the activities of the Central Depository in accordance with the law.
2. In accordance with the granted licence, the Central Depository provides for the settlement of the following investment instruments maintained in the Central Depository's central or specific records:
  - a) investment securities;
  - b) money-market instruments;
  - c) instruments that are usually traded on the money market (money market instruments);
  - d) options, futures, swaps, forward rate agreements and any other derivative contracts relating to securities, currencies, interest rates or yields, or other derivatives instruments, financial indices or financial measures which may be settled physically or in cash;
  - e) derivative instruments for the transfer of credit risk;
  - f) financial contracts for differences;
  - g) options, futures, swaps, forward rate agreements and any other derivative contracts relating to commodities that must be settled in cash or may be settled in cash at the option of one of the parties (otherwise than by reason of a default or other termination event);
  - h) options, futures, swaps and other instruments, the value of which applies to commodities and from which a right arises for the delivery of such a commodity, and which are traded in a regulated market seated in an EU member state or under a multilateral trading facility operated by an entity seated in an EU member state;
  - i) options, futures, swaps, forwards and any other derivative contracts relating to commodities, that can be physically settled not otherwise mentioned in h) and not being for commercial purposes, which have the characteristics of other derivative financial instruments, having regard to whether, inter alia, they are cleared and settled through recognised clearing houses or are subject to regular margin calls;

<sup>3</sup> Act 101/2000 Coll., on personal data protection

- j) options, futures, swaps, forward rate agreements and any other derivative contracts relating to climatic variables, freight rates, emission allowances or inflation rates or other official economic statistics that must be settled in cash or may be settled in cash at the option of one of the parties (otherwise than by reason of a default or other termination event);
  - k) any other derivative contracts relating to assets, rights, obligations, indices and measures not otherwise mentioned in this Section, which have the characteristics of other derivative financial instruments, having regard to whether, inter alia, they are traded on a regulated market or an MTF, are cleared and settled through recognised clearing houses or are subject to regular margin calls.
3. The settlement of trades involving investment instruments is regulated by the Settlement System Rules of Centrální depozitář cenných papírů, a.s., consisting of Settlement Rules PSE and Settlement Rules PXE (hereinafter the “**Settlement Rules**”). The current version of the Settlement Rules is posted on the Central Depository website and shall also be publicly available for consultation during office hours in the central office of the Central Depository.
4. In accordance with the applicable licence, the Central Depository is entitled to render the following services pursuant to Art. 100 (3) of the Act:
- a) administer the payment of securities, the return of securities and the payment of yields from securities;
  - b) arrange the deposit and administration of investment instruments for the issuer and its participants;
  - c) provide Participants loans of securities maintained within the central and separate security records, if duly secured, or intermediate such loans;
  - d) administer funds and investment instruments deposited as security for the fulfilment of liabilities arising from the settlement of investment instrument trades;
  - e) establish customer accounts for Participants with foreign entities with a similar subject of enterprise as the Central Depository;
  - f) carry out the settlement of trades conducted on commodity exchanges, in accordance with the specific legal regulation governing commodity exchanges;
  - g) procure for Participants other activities related to the activities of the Central Depository in accordance with the Capital Market Act.
5. To ensure the due record keeping of securities the Central Depository operates and organizes a technical data processing system.
6. The list of activities (services) rendered by the Central Depository is published on its website.

#### **Article 4**

##### **Terms and Conditions regarding Service Provision**

1. Central Depository services may only be ordered by the following persons, to the extent and under the terms and conditions stipulated by the law and the Operating Manual:
  - a) Participants;
  - b) Persons listed in Art. 97 (1) of the Act. The persons listed in Art. 97 (1) (e) submit their orders via a Participant;
  - c) The persons listed in Art. 115 (1) as regards a request for the provision of data;
  - d) Issuer.
2. The persons specified in the previous paragraph submit their orders for the Central Depository's services in their own name.
3. The Participant and the issuer only submit orders for the Central Depository services to which they are entitled by the participation agreement, the contractual relationship with the account holder, the agreement on the maintenance of issue records regarding issues of securities in the

central register of securities or an agreement on the maintenance of issue records in a separate register of the Central Depository (the last two agreements shall hereinafter be referred to as the “**Issue Records Agreement**”), or orders to which Participants or issuers are entitled directly pursuant to a generally binding legal regulation.

4. Prior to submitting orders to the Central Depository, the Participant shall ensure the admission and proper control of documents, pursuant to which an order for an entry in the register maintained by the Central Depository is made and proving the Participant’s authority to request the Central Depository services. The Participant is, furthermore, obliged to duly archive all documents for a minimum period of 12 years following the end of the calendar year during which the entry is made
5. The Participant submits orders for services in electronic form via the communication link, the conditions of which are specified in a separate regulation of the Central Depository<sup>4</sup>, unless the operating regulations stipulate otherwise, or unless the Participant and the Central Depository agree otherwise.
6. The issuer gives orders to implement services in accordance with the terms and conditions stipulated in the Issue Records Agreement entered into between the Central Depository and the issuer.
7. The persons referred to in paragraph 1 (b) and (c) submit orders for services by sending them to the Central Depository data box. In case it is not possible to use the data box, the orders may be delivered in written form by a holder of post license or a messenger or in person in the Central Depository office, unless otherwise stipulated in the Operating Manual or the agreement between the person concerned and the Central Depository.
8. The Central Depository is not responsible for the accuracy, completeness or timely submission of orders submitted by the authorized persons according to paragraph 1 in the register maintained by the Central Depository.
9. The Central Depository receives orders for the implementation of the service in the order these have been delivered. The orders entered in the matching module are submitted for settlement after matching, in accordance with the Time Schedule of the Settlement System, attached to the Settlement Rules. The description of all services rendered by the Central Depository is published on its website.
10. The Central Depository informs the Participant about the execution of an order in an electronic form, via the communication link.

## Article 5

### Price for Services

1. The Central Depository provides the services for consideration defined in the Central Depository Pricelist (hereinafter the “**Pricelist**”), together with the specification of the terms of payment, or in connection with the contractual arrangements. The Pricelist also includes the list of tariffs relating to the provision of data concerning the owners of investment instruments in accordance with Art. 115 of the Act.
2. The Pricelist is approved by the Board of Directors of the Central Depository. The current version of the Pricelist and all amendments thereto must be published in the Newsletter and on the website of the Central Depository, at least 40 calendar days prior to the effective date thereof.
3. The participants, issuers, persons maintaining the relevant register and other persons specified by law to which the Central Depository renders its services shall pay consideration for the services rendered within the meaning of paragraph 1 of this Article.

## Article 6

### Central Depository Newsletter and Website

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<sup>4</sup> Participant’s communication connection to the Central Depository

1. The Central Depository issues a Newsletter.
2. The Central Depository publishes the following information in the Newsletter:
  - a) changes in the list of Participants;
  - b) amendments to the Operating Manual;
  - c) changes in the Pricelist;
  - d) information relating to the registration of investment instruments and the settlement of trades and transactions involving such investment instruments;
  - e) other information relating to the operations of the Central Depository and its relationship with Participants.
3. The Central Depository distributes the Newsletter to all Participants via e-mail, at least once a week.
4. In addition to the information specified in paragraph 2, the Central Depository publishes the following information on its website:
  - a) the current version of the Operating Manual, Settlement Rules and the implementing rules, pursuant to which the Central Depository renders its services;
  - b) the current version of the Pricelist;
  - c) information regarding the issues of investment instruments maintained in the Central Depository records;
  - d) annual reports;
  - e) statistical data regarding the volumes and quantities of investment instruments settled within the Central Depository's Settlement System.

## **Article 7**

### **Definition of Expressions and Abbreviations Used**

Terms used in this document have the following meaning:

1. CNB - Czech National Bank, as an administrative authority in the area of the capital market, within the meaning of Act 15/1998 Coll., on the supervision of the capital market, as amended;
2. Identifier - a unique identification number, i.e. a personal ID number of a Czech citizen, an identification number (ID No.) of a legal entity registered in the Czech Republic. An alternative identification number assigned by the Securities Centre or the Central Depository (AIN) is an identifier as well;
3. ISIN - identification according to the International Securities Identification Number system for the identification of securities.
4. Follow-up records - records connected to the Central Register of securities maintained by the Central Depository, or records relating to the separate records of investment instruments maintained by the Central Depository;
5. AIN - alternative identification number assigned in accordance with Article 20;
6. Authorised person - a person entitled by the Central Depository to submit an order for the execution of services in accordance with this Operating Manual or the generally binding legal regulations;
7. Matching module - a Central Depository system for the acceptance of orders from Participants and the matching thereof according to the required matching characters;
8. PC OMF - participation certificate (unit) in an open mutual fund;

9. PPN - suspension of the owner's rights to dispose of dematerialized investment instruments<sup>5</sup> kept in the central or separate records of investment instruments maintained by the Central Depository;
10. RCU - registration number of a Participant within the meaning of Article 9 of this regulation;
11. Record date - the day designated by law or specified by the security issuer on which - following the day closing and on the basis of the balance on asset accounts as of the day closing - the rights associated with the security come into effect together with changes in the issue records or records of securities kept by the Central Depository in connection with stock events involving securities. If the record date is not an accounting day, the day closing of the immediately preceding accounting day is decisive for the application of rights and the organization of stock events;
12. SCP - Securities Centre. The person maintaining a record of dematerialized or immobilized securities prior to the acceptance thereof by the Central Depository;
13. Contractual relationship with the account holder - the contractual legal relationship between the Participant and the person for whom an asset account is operated, established on the basis of a written agreement and authorizing the Participant to submit orders in the Participant's name on behalf of the account owner or the person maintaining the records to the Central Depository;
14. Accounting day - a period covering the settlement process and the execution of entries in the register in the Central Depository, starting at 5:45pm of a business day and ending at 5:45pm of the next business day. Accounting day is a working day, unless the Central Depository stipulates otherwise in the Newsletter;
15. Newsletter – Central Depository's Newsletter within the meaning of Article 6 of the Operating Manual;
16. Committee - Settlement Committee appointed for the settlement of trades and keeping the securities register;
17. Settlement of primary issue - initial crediting of securities on the underwriters' asset accounts;
18. Day closing - termination of the registration of changes during the accounting day concerned in the records maintained by the Central Depository, and the issuing of final reports of securities accounts.

## **SECTION II - PARTICIPATION IN THE CENTRAL DEPOSITORY**

### **Article 8**

#### **Participation Agreement and its Annexes**

1. Only a person complying with the conditions stipulated in Art. 109 of the Act and the present Operating Manual may become a Participant.
2. The participation in the Central Depository shall be established by the Participation Agreement. The Participation Agreement must be made in writing and must be entered into in accordance with the generally binding legal regulations and the present Operating Manual.
3. A draft Participation Agreement (hereinafter the "**Draft**") can be downloaded in Czech and English from the Central Depository's website. The Draft is also available in the central office of the Central Depository, during standard office hours.
4. The person requesting the signing of a Participation Agreement (hereinafter the "**Applicant**") shall provide the Central Depository with the completed Draft and the following annexes:

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<sup>5</sup> Art. 97 of the Act

- a) Licence to conduct business, authorizing the Applicant to become a Participant, unless such a licence has been submitted to the Central Depository before;
  - b) Extract from the Commercial Register providing the current data regarding the Applicant, and copies of the proposals to make changes in the Commercial Register entries which have not been implemented in the Commercial Register as of the application date. The extract from the Commercial Register must not be older than three months prior to the Draft submission date;
  - c) Numbers of the bank accounts which the Applicant will use for the settlement of trades involving investment instruments;
  - d) Specification of the correspondence address in the Czech Republic or in a country where the delivery of documents relating to the exercise of state supervision may be legally secured, if such an address differs from the address of the Participant's registered office.
5. The Applicant must satisfy the technical requirements within the meaning of the Central Depository's specific regulation<sup>6</sup>
  6. If the Applicant's legal nature makes it impossible to submit some of the annexes specified in the paragraph 4, the Applicant shall report this to the Central Depository. The Central Depository decides on submitting of alternative documents.
  7. As regards legal entities with a seat in another country, an extract from the Commercial Register shall mean a public deed proving the legal status of the legal entity, with the specification of its registration, legal form and business name. If this document does not comprise address details, statutory bodies or the authority to act on behalf of a foreign legal person, these facts need to be proven in another conclusive manner. If the statutory body of a foreign legal person is another legal entity, it is necessary to attach an extract from the Commercial Register or a similar public deed of the legal person that is a statutory body.
  8. The Applicant shall submit the annexes in the original or authenticated copies. Documents submitted in a language other than Czech, Slovak or English must be accompanied by a certificated translation into Czech.
  9. The Central Depository is entitled to request the Applicant to submit additional information and documents, the submission of which will be deemed necessary for the purpose of signing the Participation Agreement.
  10. If the Applicant complies with all the requirements laid down by law, other generally binding legal regulations and the Operating Manual, and submits all annexes as defined in paragraph 4 or paragraph 9 of this Article necessary for the purpose of the Agreement signing, the Central Depository will sign the Participation Agreement with this Applicant without undue delay.
  11. If the Applicant fails to comply with all the requirements laid down by law, other generally binding legal regulations and the Operating Manual, or fails to submit all annexes as defined in paragraph 4 or paragraph 9 of this Article necessary for the purpose of the Agreement signing, the Central Depository will be entitled to refuse to sign the Participation Agreement with this Participant. The Central Depository shall be obliged to notify the Applicant of this fact without undue delay, stating the reasons for the rejection.

## **Article 9**

### **Participant's Registration**

The Central Depository shall assign a participant registration number to each Participant (hereinafter "RCU"), which the Participant shall use as reference in all communication with the Central Depository.

## **Article 10**

### **Rights and Responsibilities of the Participant**

1. The Participant's rights and responsibilities are set forth by the law and other generally binding legal regulations, the Participation Agreement and the Operating Manual.

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<sup>6</sup> *Participants' communication connection to the Central Depository*

2. The Participant is entitled to make use of the Central Depository's services to the extent and under the terms and conditions laid down in the Participation Agreement and the Operating Manual, for consideration set in the Pricelist, unless otherwise stipulated in the Operating Manual or the Participation Agreement.
3. The Participant must during the existence of the participation arrange for correspondence to be collected at the address specified according to Article 8 (4) (d).
4. The Central Depository is entitled to request the Participant to submit information and background data proving the fulfilment of the aforementioned obligations by the Participant, and the Participant is obliged to submit such information and background data.

## **Article 11**

### **Participant's Duty to Inform**

1. The Participant is obliged to inform the Central Depository about all changes to the data contained in the Participation Agreement and the annexes referred to in Article 8, and other facts that may affect the Participant's activities. Such fact include, in particular:
  - a) the commencement of proceedings relating to a cancellation of a licence to carry on activities by a person that may become a Participant pursuant to the provisions of Art. 109 of the Act;
  - b) initiation of insolvency proceedings, introduction of forced administration or withdrawal of the Participant's authorization to conduct business;
  - c) declaration of bankruptcy against the Participant's assets, approval of reorganization, or the refusal of an insolvency petition if the debtor's assets are insufficient to cover the costs of the insolvency proceedings.
2. The Participant shall also provide the Central Depository with other information in accordance with the generally binding legal regulations.
3. The Participant shall send the details subject to the duty to inform within the meaning of paragraph 1 of this Article with a guaranteed electronic signature to the Central Depository's data box, fax, or in simple electronic form, not later than one day following the day on which the Participant becomes aware of such data. Communication sent via fax or e-mail must be subsequently confirmed by delivering such communication by mail or in person, together with a copy of the document pursuant to which the consequences relating to the duty to inform according to paragraph 1 occurred.

## **Article 12**

### **Central Depository's Action vis-à-vis Participants**

1. If the Participant violates any obligations under the Participation Agreement or this Operating Manual, the Central Depository may initiate the following actions against the Participant:
  - a) written reprimand;
  - b) suspension of the authorization to participate in certain activities of the Central Depository;
  - c) suspension of the participation in the Central Depository;
  - d) cancellation of participation in the Central Depository.
2. The Central Depository shall adopt stricter measures against the Participant if any of the less strict measures is insufficient in order to achieve the intended goal. In the enforcement of sanctions, the Central Depository will be guided by the principle of adequacy.
3. The Central Depository shall suspend or cancel the participation in the Central Depository immediately after the Central Depository discovers that a Participant does not comply with the provisions of Art. 109 of the Act.
4. The Central Depository is authorized to suspend the authorization to participate in certain activities of the Central Depository or to suspend the participation in the Central Depository for

the period of time necessary to remedy any deficiencies in the Participant's activities; however, for a maximum of one year.

5. Imposing such measures shall not affect the Participant's obligation to comply with the duties arising from the law, the Participation Agreement or the Operating Manual.
6. The Central Depository may impose the measures provided for in paragraph 1 (c) and (d) not only for the reasons referred to in paragraph 3, but also if the Participant breaches any obligations arising from the Participation Agreement or the Operating Manual, thus seriously threatening the activities of the Central Depository, another participant, or the Participant's clients, other participants or their clients incur damage as a consequence of such a breach.

### **Article 13**

#### **Authority To Impose Measures**

1. The application of measures, including the determination of the effectiveness of measures shall be determined by the Board of Directors of the Central Depository, unless otherwise stipulated hereunder.
2. The measures according to Article 12 (1) (b) may also under urgent circumstances be applied by the Chief Executive Officer of the Central Depository, who shall immediately inform the Board of Directors about such a fact. The proceedings initiated by the Chief Executive Officer shall not be subject to the provisions of Article 14

### **Article 14**

#### **Procedure for Imposing Measures**

1. The procedure for the application of a measure (the "**proceedings**") is commenced upon the delivery of a written communication to the Participant's registered office or another correspondence address according to Article 8 (4) (d).
2. The written communication according to paragraph 1 shall include the following:
  - a) specification of the reasons for which the proceedings have been initiated;
  - b) measures that may be applied vis-à-vis the Participant;
  - c) request asking the Participant to submit a comment during the period set for the commencement of the proceedings and to provide all details significant for the proceedings.
3. The time limit referred to in paragraph 2 (c) shall be at least one week.
4. The Central Depository is authorized to ask the Participant to clarify all the circumstances that are causally related to the subject of the proceedings.
5. For management needs, the Central Depository is entitled to request information, documents or other materials from the Participant that could help determine the true state of affairs. The Participant is authorized to submit comments regarding such background data and all circumstances that are causally related to the subject of the proceedings.
6. The Central Depository shall decide to apply a measure without undue delay following the Participant's statement, and shall deliver the decision to the Participant in accordance with paragraph 1. The decision on the application of a measure also includes a justification of the Central Depository's decision and the specification of the effective date of the measure, which shall also be the deadline for the remedy of the deficiencies in accordance with Article 12 (1) (b) and (c). The decision regarding a measure may also be published in the Central Depository's Newsletter and on the Central Depository's website. The decision to cancel a participation may be published on the basis of an appeal decision, if an appeal is filed, or following the expiry of the deadline for filing an appeal.

### **Article 15**

#### **Appeal**

1. An appeal may be filed with the supervisory board of the Central Depository against a decision imposing a measure, within 15 calendar days of the delivery thereof to the Participant.
2. Appeals shall only have a suspensive effect if filed against a decision to cancel the participation in the Central Depository.
3. A decision regarding an appeal will be issued by the Supervisory Board of the Central Depository, without undue delay, though not later than within 30 days following the date of the receipt of the appeal. The decision regarding an appeal is final. The decision of the Supervisory Board shall be without prejudice to the right to seek compensation for damage in court.

## Article 16

### Participant's Responsibilities upon Suspension of Participation

1. If the Central Depository suspends a Participant's participation according to Article 12 (1) (c), the Participant may only submit orders to the Central Depository:
  - a) for the transfer of securities between two asset accounts of the same owner, from which the assignee's asset account is established by the Central Depository on the basis of another participant's order;
  - b) for free transfer, on the condition that the assignee has an asset account set up with the Central Depository on the basis of another participant's order;
  - c) For the transfer of securities, on the condition that the assignee has an asset account set up with the Central Depository on the basis of another participant's order.
2. The Participant whose participation is suspended by the Central Depository shall immediately inform all account owners in writing, with whom a contractual relationship has been established. In case they request termination of the contractual relationship, the Participants invite them to enter into an agreement with another participant; in addition, the securities shall upon the request of such an account holder be transferred to the asset account established by the Central Depository on the basis of another participant's order. The termination of a contractual relationship shall not affect the rights and responsibilities arising from such a relationship.

## Article 17

### Termination of Participation and Participants' Obligations upon Termination of Participation

1. The participation in the Central Depository shall cease to exist as of the date of the Participation Agreement termination.
2. The Participation Agreement may be terminated for the following reasons:
  - a) the Participant's own request;
  - b) breach of the Participant's obligations under the Participation Agreement or the Operating Manual, as a consequence of which the Central Depository is authorized to cancel the participation;
  - c) Loss of eligibility to be a participant<sup>7</sup>.
3. The Participation Agreement shall cease to be effective on the date specified in the request according to paragraph 2 (a), not earlier than 30 calendar days following the delivery of the Participant's request for the cancellation of the participation in the Central Depository, or on the date specified in the decision regarding the cancellation of the participation according to paragraph 2 (b), or on the date specified in the decision regarding the cancellation of the participation upon the loss of eligibility according to paragraph 2 (c). The Central Depository shall publish the information regarding the cancellation of participation in the Newsletter and on the Central Depository's website.

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<sup>7</sup> Art. 109 (3) and (6) of the Act

4. The Participant whose Participation Agreement is terminated for whatever reason shall immediately inform all owners of asset accounts, in writing, with whom a contractual relationship has been established, and end their contractual relationships and invite them to enter into an agreement with another participant. Such a Participant shall no longer be entitled to submit orders to the Central Depository. The termination of the Participation Agreement shall not affect the rights and responsibilities arising from such a contractual relationship.
5. The Central Depository will carry out the following operations on the basis of an order submitted by an authorized person on the asset account of an owner who has terminated a contractual relationship with the Participant because of the termination of his participation or where the Participant requested the termination of the participation or where the participation has been terminated according to the previous paragraph:
  - a) transfer of the asset account under a participant with whom the asset account owner has entered into a new contractual relationship;
  - b) free transfer, on the condition that the assignor has agreed with this and the assignee has an asset account set up with the Central Depository on the basis of another participant's order;
  - c) transfer of securities, on the condition that the assignee has an asset account set up with the Central Depository on the basis of another participant's order;
  - d) entry of a statutory right of lien or PPN, if an order is submitted by a state authority or the issuer;
  - e) entry of changes in the issue records, on the basis of the issuer's request;
  - f) transfer of securities in order to realize a right of lien in accordance with a special legal regulation<sup>8</sup>.
6. The Participant whose Participation Agreement has been terminated or who has requested the cancellation of participation and for whom a customer account has been established (where the Participant is the account owner) shall be obliged:
  - a) to enter the owners of investment instruments maintained in the follow-up records in the register of persons under Article 19 not later than as of the date of the participation termination, and to submit an order, on own expense, to establish owner's accounts in the Central Depository records;
  - b) to provide the Central Depository with a list of owners for whom the Participant requested the opening of accounts, not later than on the business day following the date of the participation termination, together with a statement of the owners' accounts as of the closing of the day on which the participation has been terminated.
7. The Participant whose Participation Agreement has been terminated and who submitted an order for the establishment of customer accounts owned by persons other than the Participant shall terminate the existing contractual relationship and request the customer account owner to enter into a new contractual relationship with another participant, or enter the owners of investment instruments, maintained in the follow-up records in the register of persons under Article 19 and submit an order, at its own expense, to establish owner's accounts in the Central Depository records.
8. Until the time a new contractual relationship is concluded, the Central Depository shall only carry out the following operations on the customer account:
  - a) transfer of the asset account under a participant with whom the customer account owner has entered into a new contractual relationship;
  - b) entry of changes in the issue records, on the basis of the issuer's request.
9. For the accounts of owners established pursuant to paragraph 6 (a), or paragraph 7, the same rules apply for the acceptance of orders by the Central Depository as set in paragraph 5.

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<sup>8</sup>Art. 44 (2) of the Securities Act

10. The form of dealing with the orders for the settlement of trades or transactions involving investment instruments which a participant of the Central Depository's Settlement system, whose participation has been suspended or terminated for reasons provided in paragraph 2 (c), has submitted to the Central Depository is regulated in the Settlement Rules.

## Article 18

### Person Maintaining Follow-up Records

1. The Central Depository will establish a customer account for the person maintaining the follow-up records, in accordance with Article 23 of the Operating Manual. If this person is not a participant, the person may only use the customer account and communicate with the Central Depository via a participant.
2. The person authorized to maintain the follow-up records<sup>9</sup> shall maintain such records on the accounts of owners, or also on the customer accounts as regards records arising from a separate register maintained by the Central Depository - in case the owner of the customer account is a person listed in Art. 93 (3) (e) or (f) of the Act, maintaining register according to foreign legislation.
3. The person authorized to maintain the follow-up records shall in accordance with the present Operating Manual be obliged in particular to maintain an owner's account at least to the extent of the data according to Article 24 of the Operating Manual, and to perform the following via the Participant:
  - a) provide the Central Depository with data according to Article 33 (2) of the Operating Manual for the purpose of a statement from the issue records;
  - b) request an AIN according to Article 20 of the Operating Manual from the Central Depository;
  - c) reflect changes in the follow-up records, effected on the basis of special operations according to Section X of the Operating Manual;
  - d) provide data, upon request of the Central Depository, regarding the owners of asset accounts maintained in its records, and the investment instruments on the account, registered to the extent defined in Art. 115 of the Act;
  - e) provide the Central Depository with daily data obtained from its records, serving for compliance with the statutory obligation to calculate six-month average prices for securities admitted for trading on the regulated market in the Czech Republic, within the meaning of the provisions of Art. 43 of Act 104/2008 Coll., on takeover bids, as amended;
  - f) maintain and develop a system for keeping follow-up records, so as to ensure the operational consistency of the Central Register maintained by the Central Depository and the persons maintaining the follow-up records.
4. The person authorized to maintain the follow-up records shall also be obliged to comply with other provisions of the Operating Manual regulating the maintenance of such records. The person authorized to maintain the follow-up records is responsible for damages arising from incorrect maintaining of the register or incorrect or incomplete information from the register.

## SECTION III - RULES APPLICABLE TO INVESTMENT INSTRUMENT RECORDS

### Article 19

#### Registration of Persons

1. The Central Depository maintains a record of persons who have ownership or other legal relationships with the investment instruments maintained in a central register or a separate

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<sup>9</sup> Art. 92 (3) of the Act

register of the Central Depository, and the record of persons who are according to Art. 97 (1) (a) to (e) entitled to submit orders for entry of PPN. The record of persons serves as an ancillary record in relation to the register of investment instruments.

2. Orders for the registration of persons with an ownership or other legal relationships to the investment instruments or who are considered to be the “third persons” according to Art. 97 (1) (e) of the Act, records changes in the records of persons and the deletion of a person shall be submitted by the Participant.
3. The registration of persons listed in Art. 97 (1) (a) - (d) of the Act, changes in the records of persons and the deletion thereof shall be carried out by the Central Depository.
4. Each person is maintained in the Central Depository under the relevant identifier.
5. The record of persons shall also include the record of the following identification data:
  - a) for legal entities - the business name or name, registered office or place of business, identifier and correspondence address, if different from the address of the central office, type of entity (domestic or foreign);
  - b) for individuals - first name and surname, academic degree, date of birth, place of residence, identifier and correspondence address, if different from the address of the place of residence, type of individual (domestic or foreign).
6. When entering a new person in the register, the Central Depository shall check whether the person has already been entered in the register.
7. In an order for a change of data in the records of persons, the Participant shall specify the person’s identifier and the current identification data, to the extent according to paragraph 5.
8. If a change is made to the person’s identifier, the Participant to which this person notifies such a change shall send an order to the Central Depository for the registration of the change in the record of persons with the new identifier, and shall send an order for the establishment of a new asset account for the person with a new identifier and an order to transfer securities to this account. At the same time, an order shall be placed with the Central Depository for the deletion of this person with the original identifier from the register of persons, and the deletion of the empty asset account. The account shall be deleted according to Article 25 (2).
9. The Central Depository shall delete the person from the register of persons on the basis of an order submitted by the Participant that has entered into the contractual relationship with such a person. The Central Depository shall only delete a person from the register if the person has no investment instruments entered on its asset account maintained by the Central Depository, and has no other legal relationships with securities maintained on asset accounts in the Central Depository.
10. The Central Depository is not liable for any damage incurred as a result of incorrect, false or incomplete data in the order for registration or the deletion of a person, or a change in the identification data in the record of persons.

## **Article 20**

### **Allocation of Alternative Identification Numbers by the Central Depository**

1. If the Central Depository receives an order for the registration of an individual who is not a Czech citizen or does not have a personal identification number assigned in the Czech Republic, or for the registration of a legal entity which does not have a company identification number (ID No.) allocated in the Czech Republic, within the meaning of the generally binding legal regulations, the Central Depository shall allocate an AIN to such a person upon the Participant’s request.
2. The Central Depository shall also assign an AIN to a person with a duplicity of personal identification numbers or company identification numbers.
3. The AIN shall only serve for the purposes of the Central Depository’s services.

4. The Central Depository is not liable for any damage incurred as a result of incorrect, false or incomplete data in a request for the allocation of an AIN.

## Article 21

### Asset Accounts

1. The Central Depository registers investment instruments on the asset account maintained for:
  - a) account owners who are, unless the opposite is proven, the owners of the investment instruments registered on this account - owner's account;
  - b) account owners who are not the owners of investment instruments registered on this account - customer account. The person maintaining follow-up records according to the law is the customer account owner. This account includes investment instruments which the account owner has accepted from their owners.  
(hereinafter the "**Asset Account**").
2. The Central Depository may only establish and maintain **Asset Accounts** for a person who is registered in the record of persons (hereinafter the "**Account Owner**").
3. Asset Accounts are identified by:
  - a) RCU;
  - b) identifier of the person for which it was established;
  - c) account number;
  - d) "type of account" data used by the Participant to specify whether this is
    - i. an account of an owner who is a Participant;
    - ii. an account of an owner who is the client of a Participant;
    - iii. a customer account.
4. The following data are recorded on the Asset Account, depending on the account nature, with the structure below:
  - a) ISIN;
  - b) quantity of investment instruments;
  - c) data regarding PPN;
  - d) data regarding the co-owner of the investment instrument and the size of its share;
  - e) an indication of the limited transferability of the investment instrument specified by the issuer;
  - f) whether the investment instrument is subject to a right of lien;
  - g) data regarding the manager or another person entitled to exercise the rights associated with the investment instrument, and details regarding the person who is the lien creditor;
  - h) data on the separately transferable rights and their separation from the investment instrument.

On the customer account are recorded above mentioned data with the exception of data stipulated by letters (c), (d), (f) and (g) of the previous Article. In case a manager is recorded on the customer account, this manager is considered to be a manager of all securities recorded on the customer account.
5. The number of the Asset Account according to paragraph 3 (c) is the account registration number (RCMACP), under which the account of the holder of dematerialized securities is maintained in the records of the Securities Centre, the number of the account maintained in a separate record of the Central Depository, or the number newly allocated by the Central Depository.
6. If separately transferable rights are to be registered on an account, these rights must first be registered by the issuer under separate identification.

7. If an Account Owner has a manager entered on its account, on the basis of a submitted securities management agreement within the meaning of Art. 36 (5) of the Securities Act, this manager has demonstrably proven its authorization to act on behalf of the Account Owner, with effect vis-à-vis all persons involved.

## Article 22

### Establishment of Asset Account as of Date of Securities Centre Register Acceptance

1. The Central Depository established an owner's account without an order for everyone who had been registered as the account owner, as of the date on which the Securities Centre register is transferred to the Central Depository, on the account maintained by the Securities Centre. At the same time the Central Depository entered such a person in the register of persons. The Asset Accounts maintained by the Securities Centre, on which no dematerialized and immobilized investment instruments had been maintained, were not entered in the register of the Central Depository (with the exception of so-called "special accounts" maintained by the Securities Centre).
2. The owner's asset account established by the Central Depository according to the previous paragraph shall have the same account number as allocated in the Securities Centre.
3. The Central Depository shall allocate a single RCU to Asset Accounts accepted as of the date of the Securities Centre register transfer that were not classified by a participant, indicating that the Account Owner has not entered into a contractual relationship with the Participant (hereinafter the "**Unclassified Asset Account**").
4. In relation to Unclassified Asset Accounts, the Central Depository shall accept and implement the following orders:
  - a) one-off transfer of all securities between two Asset Accounts of the same owner, i.e. from an Unclassified Asset Account to an account established pursuant to an order of the Participant, if an order is submitted by a Participant with whom the owner has entered into a contractual relationship relating to one of the accounts;
  - b) transfer of securities to the Asset Account, on condition that the assignee has such an Asset Account set up via a Participant;
  - c) entry of the statutory right of lien or PPN on the basis of an order submitted by a state authority;
  - d) deletion of entry of the lien recorded on the Unclassified Asset Account on the basis of an order submitted by participant according to his agreement with lien creditor;
  - e) entry of changes in the issue records, on the basis of the issuer's order;
  - f) transfer of securities in order to realize a right of lien in accordance with a special legal regulation<sup>10</sup> on condition that assignee has such an Asset Account set up via a Participant.
  - g) transfer of securities recorded on the Unclassified Asset Account to the Charitable Fund CDCP.

## Article 23

### Establishment of Asset Account by the Participant

1. Unless the Operating Manual stipulates otherwise, the Central Depository shall establish an Asset Account on the basis of an order submitted by a Participant, under the terms and conditions stipulated by the law and the present Operating Manual.
2. The Central Depository shall establish a customer account, on the basis of a Participant's order, for any person capable of maintaining the follow-up records in accordance with the law that proves technical readiness to maintain the follow-up records and fulfillment of disclosure responsibilities according to Article 28. If the holder of the customer account is not a Participant,

<sup>10</sup> Art. 44 (2) of the Securities Act

the order for the establishment of a customer account and other orders disposing of the customer account and the investment instruments maintained on the account shall be submitted via the Participant. The Participant submitting an order to open a customer account must verify the authorization of the person concerned to maintain follow-up records. The Participant is also required to request the person authorized to maintain follow-up records to specify the correspondence address in the Czech Republic or a country where the delivery of documents relating to the exercise of the state supervision is guaranteed.

3. Asset Accounts are established by the allocation of the account number.
4. Each order to establish an Asset Account must contain the following:
  - a) RCU;
  - b) account owner's identifier;
  - c) account type within the meaning of Article 21 (3) (d).
5. Legal entities and individuals may establish and maintain multiple Asset Accounts in the Central Depository's register.
6. The orders to change the identification data regarding the person for whom the account is maintained at the Central Depository may only be submitted to the Central Depository by the Participant who has submitted the order to establish the Asset Account in question.

#### **Article 24**

##### **Specifications of Owner's Account Maintained in Follow-up Records**

1. The account of the owner kept by a person authorized to maintain a follow-up record must contain at least the following data about the person for whom the account is kept, and the investment instruments kept therein. The following data are recorded on the Asset Account, depending on the account nature, with the structure below:
  - a) identifier of the person for which the owner's account was established;
  - b) ISIN;
  - c) quantity of investment instruments;
  - d) data regarding PPN;
  - e) data regarding the co-owner of the investment instrument and the size of its share;
  - f) an indication of the limited transferability of the investment instrument specified by the issuer;
  - g) whether the investment instrument is subject to a right of lien;
  - h) data regarding the manager or another person entitled to exercise the rights associated with the investment instrument, and details regarding the person who is the lien creditor;
  - i) data on the separately transferable rights and their separation from the investment instrument.

#### **Article 25**

##### **Cancellation of an Asset Account and Procedure upon Termination of Contractual Relationship**

1. The Central Depository may only cancel the Asset Account if there are no investment instruments kept on it.
2. The Central Depository will cancel the Asset Account on the basis of an order submitted by the Participant who has established the account on the basis of an order submitted to the Central Depository, unless the law or the present Operating Manual require otherwise.
3. If no investment instrument is registered on an Asset Account during a period of one year, the Central Depository may ask the Participant to submit an order for the cancellation of the Asset Account. Unless the Participant asks for the Asset Account to be preserved within one month

following the receipt of such a request, the Central Depository shall be entitled to close this Asset Account.

4. Orders under paragraph 2 shall include:
  - a) RCU;
  - b) asset account number;
  - c) account owner's identifier.
5. The Central Depository may cancel an Unclassified Asset Account in case that on such an Asset Account no securities shall be registered.
6. The Participant who terminates an agreement with the person for which an account is maintained with the Central Depository is required upon this person's request to transfer the investment instrument to the Asset Account established by the Central Depository on the basis of an order submitted by the participant with whom such a person has entered into a new contractual relationship. Until the transfer of the investment instruments to the new Asset Account, the termination of the contractual relationship shall not have any legal effects with respect to the Central Depository.

## **SECTION IV - PROVISION OF DATA FROM ASSET ACCOUNT**

### **Article 26**

#### **Communication of Asset Account Number**

1. The Central Depository shall send the Asset Account number to the Participant that has requested the account to be established.
2. The Central Depository shall notify the Unclassified Asset Account number to the Participant that has been authorized by the owner or the inheritor of the security.
3. The Central Depository will also notify the Asset Account number upon request of an authorized person according to Art. 115 of the Act.
4. Orders for services under paragraphs 2 and 3 shall include the following data:
  - a) account owner's identifier;
  - b) AIN or date of birth of an individual, unless the applicant for the service is able to provide the AIN;
  - c) business name or the name and registered office of the Account Owner - corporate entity, or the first name and last name and permanent address of the Account Owner - individual.

### **Article 27**

#### **Statement of the Asset Account**

1. The Central Depository or the person maintaining a follow-up record will provide the Asset Account owner with a statement from the records kept by the Central Depository. The Central Depository will always issue the statement to the Asset Account owner via the Participant.
2. The Central Depository will provide a statement of the Asset Account as of the closing of the requested day.
3. In addition to the data regarding the person for which the account is maintained, the statement shall also contain the following information:
  - a) quantity of investment instruments, sorted by individual types and issues, including ISIN;
  - b) data regarding PPN;

- c) data regarding the manager or another person entitled to exercise the rights associated with the security;
  - d) data regarding the co-owner of the investment instrument and the size of its share;
  - e) an indication of the limited transferability of the investment instrument specified by the issuer;
  - f) whether the investment instrument is subject to a right of lien and details regarding the person who is the lien creditor;
  - g) data on the separately transferable rights and their separation from the investment instrument;
  - h) the date as of which the statement is issued;
  - i) the date on which the statement is issued.
4. The Participant or the person maintaining a follow-up record will provide the Account Owner with a statement upon the owner's request or under the terms and conditions stipulated in the applicable agreement between the Participant and the person for whom the account is maintained. The frequency of statements and the form of delivery shall be specified as the subject of the contractual relationship.
  5. A statement from an account may be delivered to the Account Owner via the Participant, on the basis of their mutual agreement:
    - a) via registered mail;
    - b) via standard mail;
    - c) in person;
    - d) electronically, or
    - e) in a different, agreed-upon manner.
  6. The Central Depository shall always send a statement of the Asset Account to the owner via the Participant following the correction of an error within the meaning of Art. 98 (4) of the Act. This statement shall include a justification of the changes made. This shall be without prejudice to the provisions of Article 72 (2).
  7. If an error is corrected in an Unclassified Asset Account, the Central Depository shall provide the Account Owner with a statement from the Asset Account, including the justification of the changes made.
  8. Only an archive statement to a date of the period from January 1, 1998 to June 25, 2010 when the register was maintained by SCP from the Unclassified Asset Account will be issued by the Central Depository to the Account Owner via Participant. Following the account owner's written request the statement may be issued by any participant who verified the requesting person's authorization to request such a services and the identification of such a person. The Central Depository shall provide the Participant, upon the Participant's order, with the statement from the Asset Account. The order for the issue of the statement from the Asset Account shall comprise:
    - a) Asset Account number, if known to the Account Owner;
    - b) account owner's identifier;
    - c) AIN or date of birth of an individual, unless the applicant for the service is able to provide the AIN;
    - d) business name or the name and registered office of the Account Owner - corporate entity, or the first name and last name and permanent address of the Account Owner – individual;
    - e) date as of which the statement shall be issued.
  9. If multiple Asset Accounts are identified on the basis of an order submitted pursuant to the previous paragraph, the Central Depository shall provide the Participant will information for the issue of the statement from all such Asset Accounts.
  10. The Participant may also provide the Asset Account owner, the establishment of which has been ordered by the Participant, with a Change Statement from the Asset Account containing

information regarding the changes made in the owner's account. The scope of the provided information is determined by the Participant, upon the Account Owner's request.

11. The Central Depository shall provide the Participant with background data for the Change Statements. The Change Statement from the Asset Account will be issued on the basis of a statement from the register of balances in the Asset Accounts processed as of the day closing. The statement of balances contains data to the extent of the data provided in the statement, sorted by the Asset Accounts established pursuant to an order submitted by the relevant Participant.
12. The Participants will obtain a statement of balances from the Central Depository containing only the data from the Asset Accounts established for the Participant in the Central Depository.
13. The person maintaining the following-up records shall guarantee compliance between the data maintained in the internal records and the data in the statement of balances. If the data maintained in the internal records of the person maintaining the follow-up records differ from the data provided in the statement of balances, the data from the statement of balances shall be considered decisive.

## Article 28

### Provision of Data concerning Investment Instrument Owners

1. Where required by law, the Central Depository and the person maintaining a separate register of investment instruments are obliged to provide data regarding the owners of investment instruments maintained in their registers. The Central Depository shall render the data from the Central Register and from the separate records of the Central Depository to the person referred to in Art. 115 of the Act, on the basis of a written or electronic request, unless a different form of the request filing is agreed upon.
2. The request of the authorized person referred to in paragraph 1 shall include the data pursuant to which the Central Depository may identify the relevant owner of the investment instruments. Requests submitted by persons referred to in Art. 115 (1) of the Act shall bear an official seal with a national emblem, if used, signature clause with a legible first name, last name and title, and must be signed. If a request is sent electronically, it must have the format specified by the Central Depository and be provided with an electronic signature or must be delivered to the data box of the Central Depository or submitted via the ISB application - Information Service Broker, if the authorized person is granted access on the basis of an agreement entered into with the Central Depository. The agreement proposal for ISB adoption and the forms of request for rendering of information can be downloaded from the Central Depository's website. The Central Depository provides the authorized person with data from the register in the manner in which such data were requested, i.e. in writing or electronically, unless a different form of delivery is agreed upon.
3. The owner of the investment instruments to whom the requested data apply must be identified by the authorized person with the use of the following:
  - a) for individuals - first name and surname, identifier or the date of birth, address of the place of residence;
  - b) for legal entities - the business name or name, identifier, registered office or place of business.
4. The Central Depository shall in principle provide data regarding the owners of investment instruments by the deadlines specified in the request. If it is impossible to submit the report by the required deadline for operational or technology-related reasons, the authorized person in question shall be informed of the date by which the requested information will be provided.
5. The duty to provide information regarding the owners of investment instruments to the persons referred to in Art. 115 of the Act also applies to the persons maintaining the follow-up records. This information shall be provided by the person maintaining the follow-up records via the Central Depository upon request. Unless the person maintaining the follow-up records is a Participant, the Central Depository shall submit a request for the provision of information via the Participant who has ordered the establishment of the customer account for the person maintaining the follow-up records, and the person maintaining the follow-up records shall render

the information via the same Participant to the Central Depository. The Participant shall ensure that the query is delivered to the person maintaining the follow-up record, and shall provide the Central Depository with the answer to such a query, by two working days following the day when the request has received. In case of any technical or other difficulty in processing or delivering of the answer, the Participant is obliged to inform the Central Depository immediately and state the reason and anticipated term of disposing of the difficulty.

6. The Central Depository shall also provide the information regarding the owners of investment instruments for the people maintaining separate records of investment instruments, if an agreement for the provision of information has been signed with such a person.

## SECTION V - RECORDS OF THE ISSUES OF DEMATERIALIZED SECURITIES

### Article 29

#### Terms and Conditions of Records of Issues of Securities

1. The Central Depository maintains the issue records regarding dematerialized securities issued in the Czech Republic, except for the issues specified in Art. 92 (1) (b) of the Act, on the basis of an Issue Records Agreement.
2. The issuer of securities which the Central Depository accepted pursuant to Art. 202 of the Act from the records of the Securities Centre shall sign an Issue Records Agreement with the Central Depository, by the deadlines specified in the provisions of Art. 202 (7) and (8) of the Act. In case an issuer will not make an agreement within the above mentioned-period, the Central Depository is not obliged either to issue an extract from issue records or to perform his order for recording to the issue records.
3. The issuer is obliged to duly prove the authorization to submit requests for services, and submit documents proving the authorization for the execution of such changes.

### Article 30

#### Information to be included in Entry and Issue Records

1. The entry in the issues of securities in the Central Depository's Issue Records shall be maintained on the basis of the Issue Records Agreement and its amendments.
2. The draft Issue Records Agreement (hereinafter the "**Draft**") and draft amendment on registration of a new issue is posted on the Central Depository website and shall also be publicly available for consultation during office hours in the central office of the Central Depository. The request shall be submitted by the issuer or by the issuer authorized Participant or another person to such action (hereinafter the "**applicant**").
3. The application according to paragraph 2 shall include the following:
  - a) identification of the issuer:
    - i. business name or name, registered office of the issuer;
    - ii. identifier;
    - iii. amount of the issuer's registered capital;
  - b) identification of the security:
    - i. ISIN;
    - ii. issue title;
    - iii. type and form of security;
    - iv. volume of the issue and the currency in which the issue is maintained;

- v. par value of the security;
  - vi. indication of the limited transferability of the security;
  - vii. quantity of the securities to be entered;
  - viii. other details, if required under an applicable law or another legal regulation, especially data on the separately transferable rights and their separation.
4. The following must be submitted with the application:
- a) certificate of incorporation or a another similar official register of legal entities, not older than three months (original or certified copy), or a certified copy of any another deed of the issuer's foundation;
  - b) copy of a Czech National Bank's decision approving the security prospectus, or the issue conditions, if necessary in accordance with the generally binding legal regulations;
  - c) power of attorney for the entry of the security for the applicant's attorney-in-fact, with an authenticated signature of the persons authorized to act on behalf of the issuer, unless the issuer acts through its statutory body;
  - d) statute and simplified statute of a collective investment fund.
5. Unless they have already been included in the security prospectus or the security issue conditions, the applicant shall also provide the Central Depository with the following documents:
- a) a binding declaration regarding the issue date, not later than 4 business days prior to the date;
  - b) a binding declaration regarding the interest rate of bonds, for the next following yield period, not later than 2 business days prior to the issue date.
6. The Central Depository is authorized to request additional information regarding a security issue, forming the subject of the application, if such data are essential for the entry.
7. The Central Depository will enter the data to the extent of paragraph 3 in the issue records. The Central Depository shall publish the information regarding the entry of the issue records in the Newsletter, without undue delay.
8. The Central Depository may upon the applicant's request enter the issue of securities in the issue records prior to the issue date, if the other necessary conditions are duly complied with; however, no order for the credit the securities to Asset Accounts may be executed prior to this date.
9. During the existence of the issue records in the Central Depository, the issuer shall forthwith notify the Central Depository in writing about all changes to the data according to paragraph 3. The issuer's notification shall also include documents proving the change. Pursuant to the notification, the Central Depository shall amend the data regarding the security issue in the Central Depository's register.
10. By entering the issues of securities in the issue records, the Central Depository does not assume any obligations arising from the registered securities, and does not become liable for any damage arising as a consequence of the fact that the applicant has not provided information regarding the facts critical for the entry in the register or for the execution of stock events involving securities, in a due and timely manner.

## **Article 31**

### **Deletion of securities from the records and cancellation of Issue Records**

1. Upon termination of securities, the Central Depository deletes the securities from the records. Securities may be deleted upon cancelation of the whole issue records or by the way of deletion of certain amount of securities without cancelation of the issue records.
2. The Central Depository shall cancel issue records or deletes securities from the records on the request of an authorized entity based on the statutory reasons or immediately after the fact, giving reason to cancelation of issue records or deletion of securities, emerges. The Central Depository shall cancel issue records on the basis of the following:

- a) Issuer's notification on change of form of securities into materialized,
  - b) Written order of a company liquidator to cancel the company shares as stipulated in Art. 220 (4) of the Commercial Code.
  - c) Court decision,
  - d) Written request of an issuer who acquired all bonds of his own issue before maturity and who had decided on deletion upon such acquisition or on deletion of rights and duties arising from bonds upon their maturity.
  - e) Written request of succeeding company in case of dissolution of the issuer due to a merger.
3. The application according to paragraph 2 shall include the following:
- a) identification of the issuer:
    - i. the business name or name and registered office of the issuer;
    - ii. identifier;
  - b) identification of the security:
    - i. ISIN;
    - ii. issue title;
    - iii. volume of the issue or its part;
    - iv. date on which the issue is to be cancelled or securities deleted.
  - c) documents proving entitlement to cancel issue records or delete securities.
4. The Central Depository may also cancel issue records or delete securities on its own initiative, particularly in case of dissolution of the issuer without legal successor.
5. Together with the cancellation of the issue records, the Central Depository shall cancel the ISIN, in accordance with the terms and conditions specified in Article 50. The issuer may request the Central Depository not to cancel the ISIN in case of the change of form from dematerialized to physical form.
6. The Central Depository shall publish the information regarding the cancellation of issue records in the Newsletter.
7. If security issue records are to be cancelled on the basis of an issuer's request, the issuer shall - in accordance with an extract from the issue record, inform all parties involved about the cancellation of the issue. If an issuer fails to comply with the disclosure duty in a due and timely manner, the issuer shall be responsible for any resulting damage.

## **Article 32**

### **Settlement of Primary Security Issue**

1. The Central Depository will arrange for the issue of securities by crediting subscribers' Asset Accounts (hereinafter the "**Primary Issue Settlement**") on the basis of an applicant's order for the Primary Issue Settlement, in accordance with the Issue Records Agreement.
2. The applicant shall submit orders for the Primary Issue Settlement to the Central Depository:
  - a) in writing, using the forms published within the Central Depository's website; or
  - b) by submitting a data entry phrase directly in the Central Register via the Participant;
  - c) in a different, agreed-upon manner.
3. The Central Depository shall arrange for the Primary Issue Settlement by the issue of securities against payment only via the Central Depository settlement system participants.
4. In connection with the issue of securities, the issues must be entered in the issue records maintained by the Central Depository based on an issuer's request delivered at least five accounting days prior to the Primary Issue Settlement, unless agreed upon otherwise. The

issuer is also obliged to hand over to the Central Depository the list of the (subscribers') Asset accounts opened by participants.

5. Orders for the Primary Issue Settlement according to paragraph 2 (a) and (b) shall contain:
  - a) ISIN;
  - b) number of securities;
  - c) information about the security subscriber;
    - i. subscriber's identifier and Asset account number and type;
    - ii. identification of the subscriber (RCU) who submitted the order for the establishment of the Asset Account in the Central Depository for the subscriber and who, as regards the issue of a security against payment, will arrange for the payment for the applicable number of securities credited to the Asset Account;
  - d) indication of whether the Primary Issue Settlement will be carried out in the form of the issue of a security against payment, or just the issue of a security;
  - e) number of the applicant's money account, if the Primary Issue Settlement is carried out in the form of the issue of a security against payment;
  - f) information about the amounts due for the securities, if the Primary Issue Settlement is carried out in the form of the issue of a security against payment;
  - g) first names, last names and signature specimens of the applicant's contact persons;
  - h) date of the Primary Issue Settlement.
6. The order for the Primary Issue Settlement may also include the identification of a replacement securities underwriter in case any of the underwriters concerned fails to settle the rate of issue for the issued securities.
7. The Central Depository shall inform the Participant of the Settlement System operated by the Central Depository which arranges Primary Issue Settlement for the subscriber by the issue of securities against payment of all details relating to the transfer of securities in accordance with the Settlement Rules, always at least one day prior to the date of the Primary Issue Settlement by the issue of securities against payment.
8. The Central Depository shall transfer the amounts for the credited securities immediately to the money account specified by the applicant.
9. The applicant who submitted an order for the Primary Issue Settlement shall inform the Central Depository Participants who maintain the subscriber's Asset accounts about the Primary Issue. The applicant shall be responsible for the accuracy and completeness of the information provided in the order. The applicant is also responsible for the damage caused by submitting incorrect, incomplete or late orders.
10. The Central Depository shall bear responsibility for the Primary Issue Settlement in accordance with the applicant's order.
11. Orders submitted to the Central Depository for the Primary Issue Settlement according to paragraph 2 (c) shall contain:
  - a) ISIN;
  - b) number of securities;
  - c) information about the security subscriber;
    - i. subscriber's identifier and Asset account number and type;
    - ii. identification of the subscriber (RCU) who submitted the order for the establishment of the Asset Account in the Central Depository for the subscriber and who, as regards the issue of a security against payment, will arrange for the payment for the applicable number of securities credited to the Asset Account;

- d) indication of whether the Primary Issue Settlement will be carried out in the form of the issue of a security against payment, or just the issue of a security;
  - e) information about the amounts due for the securities, if the Primary Issue Settlement is carried out in the form of the issue of a security against payment;
  - f) date of the Primary Issue Settlement.
12. If the Primary Issue Settlement is carried out in the form of the issue of a security against payment, the applicant shall provide the Central Depository with the specification of the applicant's money account, at least one day prior to the date of the Primary Issue Settlement.
  13. The Participant is responsible for the accuracy and completeness of an order under paragraph 11 of this Article, and for the settlement of the applicant payments to the issuer, against the issuer of the securities.
  14. The Central Depository shall credit PC OMF to the Asset Account and buy back PC OMF from the Asset Account pursuant to an order submitted by the applicant, in analogy with this article. The buying or buy-back transaction cannot be settled in money.

### **Article 33**

#### **Extract from Issue Records**

1. The Central Depository shall issue extracts from the issue records:
  - a) for the issuer, always upon the issue or cancellation of an issue of securities;
  - b) upon the issuer's request;
  - c) Pursuant to a request of the Czech National Bank under Art. 111 (4) of the Act;
  - d) pursuant to an issuer's notification on the change into physical form (Art. 113 (2) of the Act),
  - e) in other cases stipulated by valid legislation.
2. The extract from the issue records shall contain details regarding the owners of the Asset Account kept in the Central Depository on which the securities of the given issue are kept as of the required date of the extract from the issue records, together with the data regarding the numbers of the securities kept on such accounts. Details regarding the owners of the Asset Account are provided to the extent of the record of persons. The extract from the issue records also includes:
  - a) data regarding the holders of the accounts kept in the follow-up records, and the number of securities kept on such accounts;
  - b) data regarding the manager or another person entitled to exercise the rights associated with the securities.
  - c) data regarding the lien creditor, to the extent of the data in the record of persons (as regards pledged securities), and data regarding the number of the securities to which the right of lien applies;
  - d) numbers assigned to the securities kept on the Asset Accounts in the Central Depository and the follow-up records, if the extract from the issue records is to be issued for the purpose of drawing lots within the meaning of the applicable provisions of the Commercial Code;
  - e) Information regarding PPN, if the extract is issued according to Art. 111 (4) and (5) and Art. 113 (2) of the Act.
3. The scope of the extract from the issue records according to the previous paragraph shall be determined by the applicant requesting the extract.
4. The Central Depository shall issue extracts from the issue records following the closing of the day as of which the extracts are to be issued.
5. The date and the method of the delivery of the extract from the issue records must be specified in agreement with the Central Depository. Depending on the volume of the issue and the number of Asset Accounts on which it is maintained, the Central Depository may request up to three

business days for the processing of an extract from the issue records following the closing of the day during which the Central Depository is to issue the extract, or from the closing of the day during which the Central Depository confirmed the acceptance of the request for the issue of an extract from the issue records as of a history date.

6. The person maintaining the follow-up records shall provide the Central Depository, upon its request, with the data necessary for the issue of an extract from the issue records without undue delay; however, not later in two working days following the day, when the request has received. In case of any technical or other difficulty in processing or delivering of the answer, the Participant is obliged to inform the Central Depository immediately and state the reason and anticipated term of disposing of the difficulty. The way of data hand-over from the follow-up records shall comply with technical and factual requirements of the Central Depository.
7. If a person maintaining the follow-up records is not a Participant of the Central Depository, this person shall without undue delay provide the Central Depository, via the Participant who has submitted an order for the opening of a customer account for this person, with the data necessary for the issue of the extract from the issue records. The Participant shall provide the Central Depository with assistance, i.e. submit a query regarding the data to the person maintaining the follow-up record and deliver the data to the Central Depository in such a time and form that the conditions according to paragraph 7 are complied with.
8. Requests for the issue of extracts from the issue records according to paragraph 1 of this Article shall be submitted in writing, electronically using the Central Depository's standard form available from its website, via the Participant or using the Central Depository's web application (ISB), using a certificate issued by the certification authority. In case of a written request, the request has to be signed by persons authorized to act on behalf of the issuer and the authenticity of their signature has to be (officially) verified, unless the request is delivered by the authorized persons themselves.
9. Requests for extracts from the issue records shall contain the following:
  - a) ISIN;
  - b) date on which the extract is to be issued;
  - c) the scope of data requested;
  - d) form of extract and the method of delivery.
10. Extracts may have the following form:
  - a) Electronic with electronic signature with a time stamp, or
  - b) written.
11. The Central Depository shall deliver extracts from the issue records:
  - a) in an encrypted electronic form via the web application ISB;
  - b) by personal collection from the Central Depository's central office by a person authorized to act on behalf of company or to take over the extract, whether in a written or electronic form;
  - c) sending by mail, in a written or electronic form.
12. The Central Depository shall deliver the extract from the issue without undue delay, usually on the business day following the day on which the extract is issued.
13. If an extract designated for personal collection is not collected from the Central Depository's central office within 7 business days following the date of issue or another agreed date, the Central Depository shall discard this extract, unless agreed otherwise.

## **SECTION VI - RIGHT OF LIEN, SUSPENSION OF RIGHT OF DISPOSAL**

## Article 34

### Establishment of Lien to Securities

1. A contractual right of lien relating to securities shall be established upon the recording of this right of lien on the owner's account in the central or separate register of securities. Establishment, change or termination of the right of lien with respect to physical securities in custody of the Central Depository registered in the separate records follow statutory regulation.
2. A statutory right of lien relating to securities shall be established by force of law or on the basis of a state authority's decision issued in accordance with a specific law. The Central Depository or the person maintaining the follow-up record will enter this right of lien on the owner's account, with a specification of the creation date.
3. A contractual right of lien relating to securities cannot be established with respect to securities that have already been pledged or on which PPN is entered, unless stipulated otherwise by the Act.
4. The contractual and statutory right of lien relating to securities kept on Asset Accounts in the follow-up records shall be entered on the owner's account directly in the follow-up records concerned.
5. The Central Depository must not make entries of the contractual or statutory rights of lien from the moment specified in the Settlement Rules and in the rules of other Settlement Systems as the finality point.

## Article 35

### Entry of Contractual Right of Lien

1. The Central Depository shall enter contractual rights of lien on the basis of orders submitted by the Participant.
2. The Participant who set up the account upon which the right of lien should be registered, places an order for the registration of a contractual lien upon request of the lien creditor, the debtor or the pledger. With the request for registration, these persons shall provide the Participant with an original or certified copy of the pledge agreement.
3. The lien creditor, the debtor or the pledger must be entered in the register of persons.
4. Orders under paragraph 1 shall include:
  - a) RCU;
  - b) number of the Asset Account on which the securities are to be pledged;
  - c) account type (Article 21 (3) (d));
  - d) account owner's identifier;
  - e) ISIN;
  - f) quantity of the securities to be pledged;
  - g) identifier of the lien creditor;
  - h) amount of the secured claims for which the right of lien has been established;
  - i) maturity of the debt, if known;
  - j) type of debt for which the right of lien was established;
  - k) maximum amount up to which the lien creditor may be satisfied;
  - l) date of the statutory lien establishment unless it is the same day as the day of the entry;
  - m) term of existence of the lien if it was stated.
5. Optional data include the debtor's identifier, if different from the pledger;

6. The Central Depository shall inform the Participant upon his request about the registration number of the pledge. When the number has been allocated, the Participant is required to use it for all orders relating to the right of lien concerned.

### **Article 36**

#### **Change in Entry of Contractual Right of Lien to Securities**

1. Data relating to a contractual right of lien may only be changed in the register of the Central Depository on the basis of an order submitted by the Participant. The Participant places this order upon request of the lien creditor, the debtor or the pledger. With the request, these persons shall provide the Participant with a document proving the requested change. If stipulated by legislation, the change of contractual right of lien is considered to be a termination of the current right of lien and creation of a new one, even though it is identified by the same identification number.
2. Orders for a change in the entry of a right of lien relate to:
  - a) the number of pledged securities;
  - b) other registration data regarding the right of lien.
3. Orders to change the number of pledged securities shall contain the following:
  - a) registration number of the lien, if allocated;
  - b) RCU;
  - c) number of the Asset Account on which the pledged securities are registered;
  - d) ISIN;
  - e) new number of pledged securities;
  - f) identifier of the lien creditor.
4. Orders to change other registration data regarding the right of lien shall contain the following:
  - a) registration number of the lien, if allocated;
  - b) RCU;
  - c) identifier of the debtor;
  - d) identifier of the lien creditor;
  - e) amount of the secured claims;
  - f) maturity of the debt, if known;
  - g) type of debt for which the right of lien was established;
  - h) maximum amount up to which the lien creditor may be satisfied;
  - i) term of existence of the lien if it was stated.

### **Article 37**

#### **Entry of Statutory Right of Lien**

1. Orders for the registration of a statutory right of lien in the records of the Central Depository shall be submitted to the Central Depository by state authorities in accordance with the generally binding legal regulations, in a written or electronic form. Orders for the registration of a statutory right of lien must be accompanied by an enforceable decision of the state authority that ruled on the enforcement of the statutory right of lien.
2. Orders under paragraph 1 shall include:
  - a) designation of the state authority which has issued the decision;
  - b) identification of the pledger or the lien debtor, including the specification of their identifier;

- c) subject of the right of lien (ISIN and the quantity of the securities to be pledged or for which the right of lien is to be entered);
  - d) date of the lien establishment;
  - e) identification of the debt, the amount of the principal and currency.
3. Written orders for the entry of a statutory right of lien must bear an official stamp with the national emblem, a legible signature clause and the signature of the authorized person.
  4. Electronic orders for the entry of a statutory right of lien must be delivered to the data box of the Central Depository or must be submitted in a format determined by the Central Depository and provided with an electronic signature. The electronic form of the order can be downloaded from the Central Depository's website.
  5. The Central Depository will allocate upon request a registration number of the right of lien, which - together with a confirmation of the entry of the right of lien regarding securities - shall be sent electronically or in writing to the relevant state authority. State authority is required to use the number for all orders relating to the right of lien concerned.

### **Article 38**

#### **Changes to Entry of Statutory Right of Lien to Securities**

The Central Depository may change the data relating to the statutory right of lien in the records on the basis of a written or electronic order submitted by a state authority, comprising the registration number of the right of lien. Orders of a change in the entry of the statutory right of lien must be accompanied with an enforceable decision of the state authority deciding about the change. Orders of a change in the entry of the statutory right of lien must be given in the same way as the orders of entry according to Art. 37.

### **Article 39**

#### **Termination of Right of Lien to Securities**

1. Rights of lien shall cease to exist upon the entry of the termination of the right of lien in the owner's account maintained in the register of investment instruments.
2. An order for the termination of a contractual lien may be filed by the Participant through which the Asset Account on which the right of lien relating to securities is entered was established, upon request of the lien creditor, the debtor or the pledger. With the request for the entry of the termination, these persons shall provide the Participant with a document proving that the secured claim ceased to exist or proving another reason for the termination of the right of lien; no proof shall be attached if the entry of the termination of the right of lien is requested by the lien creditor.
3. Orders for the entry of the termination of a contractual right of lien shall include the following:
  - a) registration number of the lien, if allocated;
  - b) RCU;
  - c) identifier of the pledger;
  - d) identifier of the lien creditor.
4. Written or electronic orders for the entry of the terminated statutory right of lien shall be submitted by the state authority, together with the specification of the right of lien registration number if allocated. Orders must be accompanied by an enforceable decision of the state authority on the termination of the statutory right of lien. Orders of a change in the entry of the statutory right of lien must be given in the same way as the orders of entry according to Art. 37.
5. Rights of lien shall also cease to exist upon the realization of the claim by the sale of the pledged security and the sale of the pledged securities included in the assets.

## **Article 40**

### **Right of Lien to Asset Account**

1. Right of Lien to Asset Account (s. 42a of Securities Act) shall be established upon its registration to the owner's account in the central or separate registers of securities. The Central Depository shall record contractual right of lien on the basis of a participant's order delivered via fax to operational department of the central depository. The participant shall attach to the order a copy of the pledge agreement, upon which he gives the order to the central depository for registration of the right of lien to asset account.
2. The lien creditor, the debtor or the pledgor need to be registered in the register of persons.
3. Section 42 of the Securities Act shall be used for registration or deletion of the right of lien to asset account mutatis mutandis. The order for registration of the right of lien to the asset account shall include:
  - a) RCU (with the exception of state authorities),
  - b) Identifier of the owner of an Asset Account,
  - c) Number of the Asset Account that should be pledged,
  - d) Type of Asset Account (Art. 21 par. 3 letter d)), that could only be owner's account,
  - e) Identifier of the lien creditor,
  - f) Date of establishment of the statutory right of lien, if it is different from the date of registration,
  - g) Amount of principal of the receivable, for which the right of lien has been established, and the term of maturity if its is known, or the type of receivables for whose the right of lien has been established, maximum amount to which the lien creditor may be entitled and the period of the right of lien.
4. The right of lien can not be established to an Asset Account, on which pledged securities are registered. It is not possible to realize a transfer of pledged securities to a pledged Asset Account as well. It is not possible to establish another right of lien to individual securities that are registered on a pledged Asset Account.
5. If a transfer of securities from a pledged Asset Account is realized with previous consent of the lien creditor, the right of lien to securities ceases to exist. If a transfer of securities from a pledged Asset Account is realized without previous consent of the lien creditor, the right of lien to the account is immediately changed into right of lien to individual securities that is effective towards assignees.
6. The order for transfer of securities from the pledged account, having requirements according to Art. 46 par. 5 of this operating manual shall be given by a participant via fax delivered to operational department of the central depository. In the order the participant shall state if the transfer is made with or without lien creditor's consent. If the transfer is realized with the consent of the lien creditor, the participant shall attach to the order a copy of an unconditional and definitive consent of the lien creditor upon which he gives the order for transfer.
7. The order for termination of the right of lien to asset account, having requirements according to Art. 39 of this Operating Manual shall be given by a participant via fax delivered to operational department of the central depository. The participant shall attach to the order a copy of a document proving termination the right of lien unless the order is given due to request of the lien creditor.

## **Article 41**

### **Suspension of the Owner's Rights to Dispose of Dematerialized Securities**

1. Orders for the entry of PPN in the Central Depository's register and the follow-up records may be submitted by the persons specified in Art. 97 (1) of the Act. The persons according to Art. 97 (1) (e) submit their orders via a Participant. Order for the entry of PPN may be submitted by the issuer in accordance with Art. 162 of the act No. 125/2008, on companies and cooperatives transformation.

2. The Central Depository and the follow-up records shall not enter a change in the owner by transfer or the entry of a contractual right of lien regarding securities where PPN is entered, during the period of the PPN entry.
3. The PPN entry shall be cancelled in the Central Depository and the follow-up records:
  - a) upon expiry of the period for which the PPN was entered;
  - b) upon request of the person who submitted an order for the entry of the PPN;
  - c) upon request of the person who proves the authority to cancel the entry of the PPN.

## **Article 42**

### **PPN Ordered by State Authority**

1. Written orders of a state authority for the entry of a PPN must bear an official stamp with the national emblem, legible signature clause and the signature of the authorized person.
2. Electronic orders of a state authority for the entry of a PPN must be sent in a format determined by the Central Depository and provided with an electronic signature. The electronic form of the order can be downloaded from the Central Depository's website.
3. Orders for the entry of PPN must relate to specified investment instruments on the Asset Account.
4. Orders for the entry of the PPN shall include the following:
  - a) account owner's identifier;
  - b) identification number of the statutory authority;
  - c) date from which PPN is to be registered;
  - d) date of the PPN entry termination.

The state authority shall also specify the following data, if known:

- e) RCU;
  - f) asset account number;
  - g) ISIN;
  - h) quantity of the investment instruments.
5. If the ISIN is not entered in the order, the Central Depository will enter the PPN for all investment instruments registered on the Asset Account.
  6. If the quantity of the investment instruments is not entered in the order, the Central Depository will enter the PPN for all investment instruments of the given ISIN.
  7. Orders for the entry of the PPN for the entire issue of investment instruments shall include the following:
    - a) identification number of the statutory authority;
    - b) ISIN;
    - c) date from which PPN is to be registered;
    - d) date of the PPN entry termination.
  8. The state authority may submit an order for the entry of the PPN with the Central Depository as well as for investment instruments on which the contractual or statutory right of lien is entered.
  9. The order for the cancellation of a PPN entry submitted by state authority shall include the following:
    - a) account owner's identifier;
    - b) identification number of the statutory authority;

- c) date of the PPN entry termination, unless it is the day of delivery;  
The state authority shall state following data if it know them:
  - d) the date when the PPN has been entered,
  - e) RCU,
  - f) asset account number.
10. The state authority may order the cancellation of the entry of a PPN ordered by another person. Such orders shall include the following:
- a) asset account number;
  - b) account owner's identifier;
  - c) identification number of the statutory authority submitting the order;
  - d) identification number of the person who submitted an order for the entry of the PPN;
  - e) date of the PPN entry termination;
  - f) ISIN;
  - g) quantity of the investment instruments.
11. Orders for the entry of a PPN regarding investment instruments entered in the follow-up records shall be submitted by the state authority via the Central Depository or directly to the person maintaining the follow-up records.

#### **Article 43**

##### **PPN Ordered by Regulated Market and Settlement System Operator**

1. Orders for the entry of a PPN and the cancellation thereof may be submitted by the regulated market or a settlement system operator who has entered into an agreement with the Central Depository for the submission of orders for entries in the security records maintained by the Central Depository.
2. The responsibility for the accuracy and legitimacy of the submitted orders for the entry or cancellation of a PPN according to paragraph 1 shall be borne by the regulated market or the settlement system operator that has submitted these orders.
3. Orders for the entry of the PPN must include the following:
  - a) registration number of the regulated market or the Settlement System operator;
  - b) asset account number;
  - c) account owner's identifier;
  - d) date from which PPN is to be registered;
  - e) date of the PPN entry termination;
  - f) ISIN;
  - g) quantity of the investment instruments.
4. The Central Depository is authorized to enter the PPN on investment instruments reserved by the loan provider for the loan system in accordance with a specific regulation of the 11 Central Depository.

#### **Article 44**

##### **PPN on Order Collective Investment Fund Depository**

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<sup>11</sup> Rules for securities lending

1. The Central Depository will enter a PPN for investment instruments on the basis of a written order of the collective investment fund depository, submitted in accordance with the relevant provisions of the applicable law<sup>12</sup>.
2. Orders for the entry of PPN relating to investment instruments shall include the following:
  - a) RCU;
  - b) asset account number;
  - c) account owner's identifier;
  - d) ISIN;
  - e) quantity of the investment instruments for which PPN is to be entered;
  - f) date from which PPN is to be registered;
  - g) date of the PPN entry termination that shall not exceed statutory term.<sup>13</sup>
3. If the date from which PPN is to be entered is not specified in the order, this shall be understood as a request to make the entry without undue delay.

#### **Article 45**

##### **PPN Ordered by Third Party**

1. Orders to enter or cancel an entry of a PPN submitted by a person specified in Art. 97 (1) (e) with the consent of the owner may only be submitted to the Central Depository via a Participant that has entered into a contractual relationship with the owner of the account on which the investment instruments concerned are kept.
2. The orders for the entry shall mutatis mutandis include the data specified in paragraph 2 of the previous article.

## **SECTION VII - CHANGE IN SECURITY OWNER**

#### **Article 46**

##### **Transfer of Security**

1. The transfer of a security shall mean a change in the security owner effected on the basis of an agreement.
2. The Central Depository and the person maintaining the follow-up record shall enter the transfer of a security on the basis of an order for the entry of the security transfer.
3. Orders for the entry of a transfer may be submitted by the Participant, the regulated market or the Settlement System operator, by means of electronic communication and in accordance with the Settlement Rules.
4. Orders for entry of a transfer may be of matching or non-matching character. Non-matching order of a transfer shall be submitted by the Participant that maintains the account of the transferor. Matching order requires for entry, besides the order of the transferor's participant, also the order of the transferee's participant; it may be the same participant if he acts on behalf of both parties to a trade. Matching orders of the transferor and the transferee must correspond with respect to ISIN, quantity of the securities, settlement date, settlement type code and must have an opposite direction.
5. Orders for the transfer must include the following:
  - a) RCU;

<sup>12</sup> Art. 23 (7) of Act 189/2004 Coll., on collective investments

<sup>13</sup> Art. 23 (7) of Act 189/2004 Coll., on collective investments

- b) ISIN;
  - c) quantity of the securities;
  - d) order direction (buy or sell);
  - e) settlement date;
  - f) settlement type code;
  - g) identifier of the seller / buyer;
  - h) number of the asset account of the seller / buyer;
  - i) order validity duration.
6. Details of the order to enter the transfer submitted by the Central Depository's Settlement System Participant or the regulated market of the system concerned as an order for settlement shall be specified in the Settlement Rules together with the settlement time schedule.

## **Article 47**

### **Passing of Security**

1. The passing of a security shall mean a change in the security owner effected on the basis of a legal deed other than an agreement.
2. Orders for the entry of the passing of a security shall be filed by the Participant or a state authority, or a person authorized to submit such orders on the basis of a specific legal regulation.
3. The Participant typically submits an order for the entry of the passing of a security on the basis of a request placed by the assignee of the security and the delivered documentation.
4. If a security passes to more assignees on the basis of inheritance proceedings (co-owners), the Participant shall submit an order for the entry of such a fact in the register of investment instruments. If securities are passed from an unclassified account to more assignees, the Participant shall request the Central Depository for arranging of passing of required quantity of securities to the assignees' accounts, maintained by a participant, and for record-keeping of such settled part of inheritance.
5. Unless the assignee of a security is aware of the identity of the Participant that has submitted an order for the establishment of an Asset Account on which the assigned securities are entered, the assignee will opt for any Participant who will inquire with the Central Depository about the Asset Account in question by sending a fax query containing the following:
  - a) identifier or date of birth;
  - b) first name, last name or business name the current security owner.
6. The Participant pursuant to paragraph 5 shall notify the passing of the securities to the Participant that has submitted an order for the establishment of the Asset Account on which the securities are registered and will provide the Participant with the original documentation. Both Participants will submit an order to the Central Depository, pursuant to which the passing of the securities will be entered in the relevant register. Both Participants shall provide adequate assistance in connection with the settlement of the passing of the securities. Orders for passing shall include the same details as orders for transfer according to the previous article. The settlement type code identifies the fact that passing is involved.
7. If an order for the entry of a change in the security owner based on passing is submitted by a state authority directly to the Central Depository, the entry of the passing of the security shall be entered by the Central Depository on the owners' accounts. If the passing applies to Asset Accounts in the follow-up records, the order for the entry of the change of owner shall be submitted by the person maintaining the follow-up record upon the Central Depository's request. The Central Depository shall inform the state authority of the execution of the order immediately after the passing is effected or after the Central Depository is informed of the order execution by the person maintaining the follow-up record. The Central Depository or the person maintaining a

follow-up record will inform the owners of Asset Accounts registered by the Central Depository of the a change in the entry. The Central Depository shall carry out such a step via the Participant.

8. Orders submitted by state authorities under paragraph 7 shall include:
  - a) number of the asset account of the seller / buyer;
  - b) account owner's identifier (the seller and the buyer);
  - c) identification number of the statutory authority;
  - d) ISIN;
  - e) number of securities;
  - f) day of the security passing, i.e. the day on which the rights from the securities pass to the assignee, or the knock-down moment in the event of a public auction.

## SECTION VIII - PRINCIPLES OF ISIN RECORDING

### Article 48

#### Unique Identification of Investment Instrument - ISIN

1. In accordance with the law and the obligations of a member of the Association of National Numbering Agencies - ANNA, the Central Depository assigns and cancels the identification according to the International Securities Identification Number system for the identification of securities (ISIN) and makes changes to the registered data of the assigned ISIN. At the same time, the Central Depository makes the relevant changes in register of CFI codes (Classification of Financial Instruments).
2. Upon the assignment and cancellation of ISIN and a change in the registered data of the previously assigned ISIN, the Central Depository proceeds according to the law, the Operating Manual and the recommendations of ANNA.
3. The Central Depository shall publish information regarding the assignment of the ISIN (including the CFI code) and the revocation and changes thereof without undue delay in the Newsletter and on its website.
4. The Central Depository is not liable for the accuracy of the information provided by the applicant for the allocation, revocation or changes of the registered data for a previously allocated ISIN code (CFI code).

### Article 49

#### ISIN Allocation and Changes to Registered Data

1. The Central Depository shall assign ISIN on the basis of the request of the investment instrument issuer (hereinafter the "**applicant**"), within 3 business days following the submission of the documents according to paragraph 4 of this Article.
2. The applicant shall submit a request for the allocation of ISIN in writing using a standardized form of the Central Depository (hereinafter the "**application of the allocation of ISIN**"), together with the documents referred to in paragraph 4.
3. The standardized form of the application of the allocation of ISIN is available at the Central Depository's central office or from the Central Depository's website.
4. The application of the allocation of ISIN must be accompanied by documents proving the legitimacy of the allocation. The list of documents required with individual investment instruments is published on the Central Depository's website. The Central Depository is entitled to request the submission of other documents. Foreign issuers will submit documents that best correspond to the documents required from domestic issuers.

5. The Central Depository will make changes to the registered data for previously allocated ISIN codes on the basis of the together with the change in issue records. In case of non-registered securities it shall be performed on the basis of the applicant's request.

#### Article 50

##### Revocation of ISIN

1. The Central Depository shall revoke the ISIN without undue delay upon request of the issuer, its legal successor or the official receiver. In cases under Article 31 (4), the Central Depository shall also revoke the ISIN at its own initiative.
2. These persons shall submit a request for the revocation of ISIN in writing, using the standardized form of the Central Depository (hereinafter the "**application for the revocation of ISIN**"), together with the documents proving the eligibility of the revocation. The list of documents required with individual investment instruments is published on the Central Depository's website. The Central Depository is entitled to request the submission of other documents. Foreign issuers will submit documents that best correspond to the documents required from domestic issuers.
3. The standardized form of the application for the revocation of ISIN is available at the Central Depository's central office or from the Central Depository's website.

## SECTION IX - KEEPING SEPARATE RECORDS

#### Article 51

##### Keeping Records of Foreign Securities

1. For the purpose of keeping records of foreign central securities, the Central Depository has opened an account with the international depository of Clearstream Banking Luxembourg (hereinafter "**CBL**"), number 84473.
2. The securities credited to the Central Depository's account in CBL are kept on the Asset Accounts of owners or customers in the Central Depository's records.
3. The Central Depository will only credit the securities accepted on the CBL account to the Asset Accounts maintained by the Central Depository on the basis of an order placed by the Participant who has submitted an order for the establishment of the Asset Account. Orders shall in particular include:
  - a) RCU;
  - b) asset account number;
  - c) account owner's identifier;
  - d) ISIN;
  - e) quantity of the securities;
  - f) day on which the securities are to be entered on the Asset Account;
  - g) identification of the assignor (the depository from which the securities are transferred or the assignor's account number).
4. The Central Depository shall transfer securities from a CBL account to another CBL account or an account in another depository on the basis of an order submitted by the Participant. Orders shall in particular include:
  - a) RCU;
  - b) asset account number;
  - c) account owner's identifier;
  - d) ISIN;

- e) quantity of the securities;
  - f) day on which the securities are to be debited from the Asset Account;
  - g) identification of the assignee (the depository to which the securities are transferred, the assignee's account number or name).
5. Orders according to paragraphs 3 and 4 may only be given to the Central Depository by a Participant that is the Participant of the Central Depository's Settlement System.
  6. The quantity of the securities of a given issue on the Central Depository's account in the CBL, as of the day closing, must equal the total of all securities of such an issue kept in the Asset Accounts maintained by the Central Depository.
  7. If differences occur between the quantities of the securities according to the previous paragraph, the Central Depository will keep a record regarding such differences and the reasons for their existence.
  8. If the Central Depository establishes an account for keeping foreign securities with another foreign depository or a bank (account custodian), the Central Depository must seek prior approval from the Committee.
  9. Foreign securities maintained on the Central Depository's account in CBL or in other depositories are not the property of the Central Depository, are recorded separately from the Central Depository's foreign securities and are not included in the company accounting books.
  10. Other provisions of the Operating Manual for keeping the records of dematerialized investment instruments apply mutatis mutandis to foreign securities in the separate Central Depository's records, unless a special law provides otherwise.

## **Article 52**

### **Keeping Records of Certificated Investment Instruments**

1. The Central Depository maintains records of certificated investment instruments which the Central Depository has accepted for custody from Participants for the purpose of the settlement of trades.
2. The Central Depository accepts certificated investment instruments for collective custody.
3. The Central Depository deposits the investment instruments accepted according to the previous provisions for the secondary custody with the bank (hereinafter the "**bank**") with which the Central Depository has entered into an agreement on custody or depositing. The selection of the bank is subject to the Committee's approval. The Central Depository publishes the name and address of the bank on its website.
4. The Central Depository enters certificated investment instruments accepted from a Participant on Asset Accounts of owners or customers on the basis of the deposit / collection sheet which shall contain the following:
  - a) information about whether this is a deposit or collection;
  - b) RCU;
  - c) asset account number;
  - d) account owner's identifier;
  - e) ISIN;
  - f) quantity of investment instruments;
  - g) Day on which the investment instruments are submitted for custody;
  - h) signature of the persons authorized to communicate on behalf of the Participant with the Central Depository;
5. The Central Depository shall issue the certificated investment instruments to the Participant following a check of the status of the investment instruments on the Asset Account from which

the investment instruments are to be collected. The deposit / collection sheet which the Central Depository submits to the bank conducting the secondary custody according to paragraph 3 shall include the following:

- a) information about whether this is a deposit or collection;
  - b) RCU;
  - c) asset account number;
  - d) account owner's identifier;
  - e) ISIN;
  - f) quantity of investment instruments;
  - g) date of the collection of the investment instruments from the custody;
  - h) signature of the persons authorized to communicate on behalf of the Participant with the Central Depository;
  - i) signature of the Central Depository's employees authorized to communicate with the bank;
6. The quantity of the investment instruments of a given issue on the Central Depository's account in the Bank, as of the day closing, must equal the total of all investment instruments of such an issue kept in the Asset Accounts maintained by the Central Depository.
7. The Central Depository and the bank shall check the balances of investment instruments according to the previous paragraph on a daily basis.
8. Certificated investment instruments maintained on the Central Depository's account in the Bank are not the property of the Central Depository, are recorded separately from the Central Depository's investment instruments and are not included in the company accounting books.
9. Other provisions of the Operating Manual for keeping the records of dematerialized investment instruments apply mutatis mutandis to certificated investment instruments in the separate Central Depository's records, unless a special law provides otherwise.

### **Article 53**

#### **Administration of the Register of Collective Bond Share Owners**

1. The Central Depository keeps records of the collective bond share owners on the basis of an agreement with the issuer or the issue administrator. Collecting bonds are certificated bonds which represent the sum of the bonds of the given issue, subscribed in the subscription sheet within an issue deadline. Each collective bond is a separate issue (Art. 35 et seq. of Act 190/2004 Coll., on bonds).
2. The Central Depository shall arrange for the custody of collective bonds and for maintaining records in the separate register of the Central Depository.
3. The Central Depository keeps the record of the collective bond share owners within the owners' accounts only.
4. The quantity of the shares in a collective bond maintained within individual owners' accounts must equal, as of the day closing, the total sum of all issued shares in the collective bond.
5. Collective bonds kept in the Central Depository is not the Central Depository's property, are recorded separately from the Central Depository's bonds and are not included in the company accounting books.

### **Article 54**

#### **Keeping Records of Investment Instruments where their Nature Allows**

1. The keeping of the records of investment instruments where their nature allows shall be adequately regulated by the provisions of the Operating Manual which best correspond to such investment instruments.

## SECTION X - STOCK EVENTS INVOLVING SECURITIES

### Article 55

#### Change in Form of Securities

1. As regards changes in the form of securities, the issuer and the Central Depository shall proceed in accordance with Art. 112 and Art. 113 of the Act.
2. Upon the entry of an issue, where the issuer decided to change its certificated form to a dematerialized one, in the issue records, the Central Depository and the issuer shall proceed in the same manner as set forth in Article 32 of the Operating Manual.
3. Pursuant to an agreement with the issuer, the acceptance of the certificates may be arranged for by the Central Depository. The Central Depository shall publish information regarding the acceptance of the certificates and the deadlines thereof in the Newsletter and on the Central Depository's website.
4. The Central Depository will arrange for the registration of the securities on the assignees' Asset Accounts on the basis of an applicant's order in accordance with the Issue Records Agreement.
5. The applicant submits an order for the entry of the securities on Asset Accounts to the Central Depository in a manner similar to that relating to the Primary Issue Settlement according to Article 32:
  - a) in writing, using the forms published within the Central Depository's website; or
  - b) by submitting a data entry phrase directly in the Central Register via the Participant.
6. Orders for the registration on an Asset Account must include the following:
  - a) ISIN;
  - b) number of securities;
  - c) RCU;
  - d) identifier;
  - e) Asset Account number.
7. The applicant shall provide the Central Depository with a register of certificates which the owners have not yet submitted, and shall notify the Central Depository of the extended deadline by which the owners may submit their certificates. The Central Depository shall upon the applicant's request establish a special technical account owned by the issuer on which a list of the non-delivered certificates will be maintained. Based on the applicant's order submitted in the manner specified in paragraph 5, the converted certificates will be sent to the Asset Account designated by the security owner. Asset accounts, on which securities are recorded, must be maintained by the Central Depository participants.
8. The Central Depository will inform the issuer of the fact that the entire issue was entered on the Asset Accounts in the Central Register maintained by the Central Depository. Entries of securities on the Asset Account also include the registration of non-delivered securities on a special technical account according to paragraph 7.
9. Until the registration of the entire volume of an issue, the regulated market or the Participant of the Central Depository's Settlement System must not submit an order to the Central Depository for the transfer of the securities under the issue concerned for the settlement of a trade concluded on the regulated market.
10. If the orders for the recording of securities on Asset Accounts according to paragraph 5 and 6 are incomplete and if the entire issue volume is not recorded on the basis of such orders, the Central Depositor will ask the applicant to provide the Central Depository - within 5 business days following the receipt of the request - with additional orders for the recording of the

remaining securities. At the same time, the issuer shall be notified, if the issuer is a different person than the applicant.

11. If the recording of securities on Asset Accounts is arranged for by the Central Depository according to paragraph 5 (a) or (b), such recording shall only be carried out if the submitted orders are complete and if the entire issue volume is thus recorded.
12. If the issuer decides to transform dematerialized securities into certificated securities, such a decision shall be reported to the Central Depository without undue delay.
13. If the issuer in the notification according to the previous paragraph does not specify the date by which the extract from the Issue Records is required, the Central Depository shall set this date in accordance with Art. 113 (2) of the Act. No entry relating to the security thus transformed shall be made as of the date of the issue of the extract from the Issue Records.
14. The date from which it is not possible to make any entries in the Central Depository's records and the date as of which the issue is excluded from the Issue Records shall be reported by the Central Depository in the Newsletter and on its website at least 5 days prior to the date on which the extract from the issue is processed.
15. Orders to change the owner of the security to be transformed, which have not been executed as of the date of the closing of entries in the Issue Records, shall not be executed by the Central Depository or the customer account owner.

## **Article 56**

### **Payment of Yields from Securities**

1. The record date for the determination of the person eligible for the yield from a security is the date specified by the issuer of such securities.
2. If thus determined in the Issue Records Agreement or another agreement entered into with the issuer, the Central Depository shall arrange for the payment of the yields for dematerialized securities maintained in its records. The Central Depository shall report the form of the yield payment in the Newsletter and on the Central Depository's website.
3. The Central Depository shall pay the yields from the certificated and foreign investment instruments maintained in the Central Depository's separate records on the basis of the terms and conditions set by the issuer and the foreign depository. The Central Depository shall transfer the yields to the investment instrument owner via the Participant who has ordered the establishment of the owner's account or the customer's account in the separate records of the Central Depository. The Central Depository shall report the form and conditions of the yield payment security in the Newsletter and on the Central Depository's website.
4. If required by the conditions securing the payment of yields from foreign securities maintained in a separate record of the Central Depository, the Central Depository is entitled to claim the yields which the Participant was to obtain from the foreign depository and which are due to the Central Depository for the payment of the yields to other Participants.
5. The form of the security of the yield payments and the related requirements of the Central Depository published in the Newsletter are binding for the Participants and any failure to comply will be considered a breach of the rules arising from the present Operating Manual.
6. The transfer of funds corresponding to the payment of the yields from securities to the accounts determined by the Participants is conditioned by the payment of the yields by the issuer. If the Central Depository does not receive the expected amount or if the issuer reports - prior to the yield payment - the cancellation, suspension or partial fulfilment of the yield payments, the Central Depository shall immediately notify the Participants of this fact.

## **Article 57**

### **Repayment of Bond Nominal Value**

1. The record date for the determination of the person eligible for the repayment of the bond nominal value or the payment of individual instalments of the bond nominal value (hereinafter the “**Bond Payment**”) shall be on the day determined by the bond issuer.
2. The central depository shall ensure the payment of a certificated or foreign bond via the Participant with whom the account owner has entered into an agreement, without undue delay after the issuer allows for the repayment. The Central Depository shall make the payment of the corresponding amounts on the basis of the statement from the Issue Records of the Central Depository. The Central Depository shall report the form and conditions of the bond payment in the Newsletter and on the Central Depository’s website.
3. The Central Depository will arrange for the payment of dematerialized bonds on the basis of the conditions agreed in the Issue Records Agreement. The Central Depository shall report the form of the bond payment in the Newsletter and on the Central Depository’s website.

### **Article 58**

#### **Consolidation of Security Issues**

1. The consolidation of security issues means the joining of two or more security issues maintained in the Issue records of the Central Depository into a single issue.
2. The record date as of which the consolidation of issues is guaranteed is the date determined by the security issuer. The Central Depository shall report the form of the consolidation of security issues in the Newsletter and on the Central Depository’s website, at least 10 business days prior to the consolidation date.
3. The Central Depository shall proceed with the consolidation of the security issues, depending on the status of the securities on the Asset Accounts, as of the closing of the record date. The Central Depository shall proceed with the consolidation of the security issues as of the start of an accounting day following the record date:
  - a) in the issue records;
  - b) in the record of Asset Accounts, on which the securities to be consolidated are maintained;
  - c) in all orders for the registration of the transfer or passing of investment instruments.

### **Article 59**

#### **Splitting of Securities**

1. The splitting of the securities of a certain issue means an increase in the number of the securities under the issue, together with a change in their nominal value, while maintaining the volume of the issue.
2. The record date as of which the splitting of securities is guaranteed is the date determined by the security issuer.
3. The Central Depository shall proceed with the splitting of the security issues, depending on the status of the securities on the Asset Accounts, as of the closing of the record date. The Central Depository shall report the form of the splitting securities in the Newsletter and on the Central Depository’s website, at least 10 business days prior to the splitting date.
4. The Central Depository shall proceed with the splitting of the security as of the start of an accounting day following the record date:
  - a) in the issue records;
  - b) in the records of the Asset Accounts on which the security is maintained;
  - c) in all orders for the registration of the transfer or passing of investment instruments.

### **Article 60**

#### **Change of Nominal Value of Shares**

1. Changing the nominal value of shares means changes in the nominal value of shares maintained in the Issue Records of the Central Depository while maintaining the number of shares in the issue. The order to change the nominal value must be accompanied by an extract from the Commercial Register proving the entry of the registered capital (Art. 209 (3) and Art. 213a (3) of the Commercial Code).
2. The record date for the change in the nominal value is the date determined by the security issuer.
3. The Central Depository shall proceed with the change in the nominal value of shares in the Issue Records as of the commencement of the an accounting day following the record date. The Central Depository shall report the change in the nominal value of shares in the Newsletter and on the Central Depository's website.

## Article 61

### Free Issue of Shares

1. Free issue of shares means the increase in the number of shares within an issue by means of issuing new shares, free of charge, and distributing them among existing shareholders in the form of an increase in the issuer's equity capital from the company's own resources. The newly issued shares are divided among the shareholders according to the ratio fixed by the issuer of the securities.
2. The record date for the free issue of shares is the date determined by the security issuer.
3. The Central Depository shall proceed with the free issue of shares upon the issuer's request as of the start of an accounting day following the record date:
  - a) in the issue records;
  - b) in the record of Asset Accounts, on which the security is maintained.
4. The Central Depository shall report the form of the free issue of shares in the Newsletter and on the Central Depository's website.

## Article 62

### Separation of Right to Bond Yield

1. At the request of the Participant the Central Depository shall separate the right for the bond yield from the bond, by performing the following within the specified Asset Account:
  - a) cancelling the required number of bonds with coupons;
  - b) entering the same number of bonds without coupons (hereinafter the "**separated principal**");
  - c) entering all unpaid vouchers relating to the bonds cancelled under clause a).
2. The Participant's order according to paragraph 1 shall include:
  - a) RCU;
  - b) asset account number;
  - c) ISIN of the bond with coupons;
  - d) number of bonds in which the right for the bond yield should be separated from the bond.
3. The Central Depository shall separate the right for the bond yield after the closing of the day on which the order is received.
4. The Central Depository shall, upon the Participant's order, re-connect the separated principals with coupons, if the owner is also the owner of the separated principal. Such a connection may only take place if the owner of the principal owns all coupons where the record date has not yet expired. The Central Depository shall proceed as follows by:
  - a) cancelling the required number of separated principals;
  - b) cancelling the corresponding coupons;

- c) entering bonds with coupons at quantities corresponding to the number of cancelled separated principals according to clause a).
5. The Participant's order according to paragraph 4 shall include:
  - a) RCU;
  - b) asset account number;
  - c) ISIN of the bond with coupons;
  - d) number of bonds where the re-connection of a separated principal with coupons is envisaged.
6. The Central Depository shall re-connect the separated principal with coupons after the closing of the day on which the order is received.

### **Article 63**

#### **Decrease in Equity Capital by Reducing the Number of Issued Shares**

1. The Central Depository shall upon the issuer's order reduce the number of shares in the issue records and on the Asset Account, on which the shares under the given issue are registered.
2. The issuer's order according to paragraph 1 shall specify the record date by which the number of shares shall be reduced, together with an exact instruction about how the shares should be withdrawn from circulation.
3. If the shares are to be withdrawn for consideration, the issuer's order shall specify the form of the payment of the corresponding amounts.
4. The Central Depository shall report the form of the decrease in the equity capital by reducing the number of issued shares in the Newsletter and on the Central Depository's website.

### **Article 64**

#### **Entry of Limited Transferability of Security**

1. The Central Depository shall register the limited transferability in the issue records and on the asset accounts or deletes the registration, upon the issuer's order.
2. The Participant who submits an order to the Central Depository for the transfer or pledging shall check and archive the documents confirming the legitimacy of the transfer and pledging of securities pursuant to paragraph 1.

### **Article 65**

#### **General Provisions regarding Stock Event Operations**

1. Orders to carry out stock event operations shall be submitted by the issuer or another authorized person to the Central Depository at least three accounting days prior to the execution of the operation, unless the Operating Manual requires otherwise with respect to specific operations. For listed securities, the period shall be at least 21 calendar days.
2. The stock event that the Central Depository carries out pursuant to the applicant's order may be a combination of stock events specified in this part of the Operating Manual.
3. Before performing a stock event operation that is not regulated in this Operating Manual, the issuer is obliged to agree in writing on the form of the security thereof with the Central Depository.
4. The Central Depository shall report the form and deadlines of specific stock events in the Newsletter and alternatively also on the Central Depository's website.
5. The stock events relating to investment instruments maintained in a special register of the Central Depository shall be arranged by the Central Depository in accordance with the instructions of the issuer or a foreign depository; the Central Depository shall inform the Participants about the security thereof in the Newsletter.

6. In accordance with a special regulation of Burza cenných papírů Praha, a.s. (Prague Stock Exchange)<sup>14</sup>, the Central Depository shall arrange for the settlement of the rights relating to securities which the Participant has lost in connection with the suspended settlement of an exchange trade involving securities.

## SECTION XI - COMPLAINT CODE

### Article 66

#### Scope of Complaint Code

1. The Complaint Code regulates the procedure relating to the application and settlement of complaints regarding the services rendered by the Central Depository defined in the Operating Manual, Settlement Rules and other regulations of the Central Depository relating to the operations of the Central Depository within the meaning of the applicable law.
2. Corrections of errors within the meaning of Art. 98 of the Act shall not be deemed to constitute complaints.

### Article 67

#### Persons entitled to File Complaints

Complaints relating to the activities of the Central Depository may be filed by the persons to whom the Central Depository has rendered services or who have inquired about the Central Depository's services (hereinafter the “**complaining party**”).

### Article 68

#### Complaint Time Limits, Place and Specifications of Filing

1. Claims relating to a breach of the Central Depository's duties must be filed within 30 business days immediately following the day when the service concerned was or should have been provided. Complaints regarding the amounts billed must be filed within 30 days immediately following the invoice date. The Central Depository shall send the applicable invoices to the individual Participants within two calendar days following the invoice dates.
2. Complaints shall be filed in writing with the seat of the Central Depository. Complaint may also be filed electronically, bearing a certified electronic signature or delivered to the Central Depository's data box, 24-hours a day, with the same addressee.
3. The respective Central Depository's Departments shall keep a book of complaints in which all filed complaints shall be entered, together with the data regarding the outcome of the complaint proceedings.

### Article 69

#### Waiver of Deadline

1. Should a complaining party fail to meet the complaint deadline for demonstrably serious reasons, the complaining party may ask the Chief Executive Officer of the Central Depository in writing to waive the missed deadline.
2. The Central Depository shall inform the complaining party about the decision on the waiver of the deadline within 15 calendar days following the receipt of the request. Missed deadlines cannot be waived if more than 6 months have passed from the first day on which the right for the complaint should have been duly applied within the meaning of the previous article.
3. If the Chief Executive Officer of the Central Depository accepts the request according to paragraph 1, the complaining party will be charged a fee in accordance with the pricelist.

<sup>14</sup> *Special regime for handling rights associated with securities*

## Article 70

### Deadlines and Appeals

1. The Central Depository shall decide about a complaint within 30 calendar days following the receipt thereof. As regards objectively complicated matters, the complaint settlement deadline may be extended to 60 days. The complaining party shall be informed about the extension of the basic complaint settlement deadline in writing.
2. The complaining party shall be informed about the complaint settlement by the Central Depository in writing, at the address indicated in the complaint correspondence.
3. Appeals may be lodged against the complaint settlement.
4. Appeals must be submitted in writing, within 15 calendar days following the receipt of the notice of the complaint settlement. The Chief Executive Officer of the Central Depository shall decide about the appeal. The deadline for the decision regarding such an appeal is 30 calendar days.

## SECTION XII - FINAL PROVISIONS

### Article 71

#### Rules for Keeping Independent Records by the Central Depository

The keeping of independent records at the Central Depository shall be regulated by the applicable implementing legal regulation<sup>15</sup> and the relevant provisions of the Operating Manual, where the nature of the matter allows.

### Article 72

#### Correction of Errors in Central Depository Records

1. Within the meaning of Art. 98 of the Act the Central Depository is obliged to correct errors in its records:
  - a) on the basis of objections submitted by authorized persons (Art. 98 (1) (a) of the Act);
  - b) pursuant to a final decision of a court or another authority;
  - c) at its own initiative; or
  - d) pursuant to a correction in the register of investment instruments maintained by another person, if the Central Depository is requested by such a person to make the correction and accepts such a request as justifiable;

as of the day on which the error occurred, unless otherwise arising from the law or a decision of a court or another authority. If it is impossible to determine such a day, it is necessary to correct the error as of the day on which it was identified.

2. If this is not in conflict with the nature of the matter, the error correction procedure shall follow the applicable provisions of section XI - Complaint Code. The persons maintaining follow-up records of investment instruments are obliged by the force of law to cooperate with the Central Depository to ensure the correction of each error in the investment instrument register as soon as possible. The Central Depository or the person maintaining the follow-up record shall send a statement from the account with the justification of the error to the owner of the account where the error was corrected. The Central Depository shall carry out such a step via the Participant who operates the Asset Account concerned.
3. The Central Depository will keep records of corrected errors.

### Article 73

#### Amendments to Operating Manual

<sup>15</sup> Czech National Bank Decree 58/2006, on maintaining a record of investment instruments.



1. All amendments to the Operating Manual shall be approved by the Board of Directors of the Central Depository.
2. This version of the Operating Manual takes effect as of July 1<sup>st</sup>, 2011.