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DECREE

of the National Bank of Slovakia

of 29 July 2008

stipulating the method of proving fulfilment of conditions for granting a licence for the establishment and activities of the management company

Pursuant to Article 116(1)(a) of the Act No. 594/2003 Coll. on collective investment and on amendment and supplementation of certain laws, as amended (hereinafter referred to as the “Act”), the National Bank of Slovakia stipulates as follows:

Article 1

(1) Fulfilment of the condition referred to in Article 6(2)(a) of the Act shall be proved by a declaration of an auditor concerning the value of the initial capital.

(2) Fulfilment of the condition referred to in Article 6(2)(b) of the Act shall be proved by presentation of:

- a) documents on provenance of money invested in the share capital of the future management company by its founder or founders, and documents on provenance of other financial resources of the future management company, namely
 - 1. for a natural person, a statement of his/her assets and financial situation supported by
 - 1a. a statement of account kept with a bank or a branch of a foreign bank in the territory of the Slovak Republic for the most recent three calendar years;
 - 1b. a statement of account kept with a member of the central depository;
 - 1c. a statement of account of the holder of book-entered securities which is not kept with a member of the central depository;
 - 1d. an income certificate of the employee who has employment earnings¹ only;
 - 1e. a certificate of tax base for income generated through business activity and other gainful activity for the most recent three tax periods or for tax periods from the start of the business activity, if the natural person started to carry on his/her business activity less than three years before proving fulfilment of the condition; or
 - 1f. other similar document supporting his/her assets and financial situation;
 - 2. for a legal entity:
 - 2a. audited financial statements for the most recent three calendar years, including the auditor’s statement;
 - 2b. annual reports² approved by the competent bodies of the future management company’s founders for the most recent three accounting periods or for tax periods from the incorporation date, if the legal entity was incorporated less than three years before proving fulfilment of the condition; or
 - 2c. other similar document supporting its assets and financial situation;
- b) an affirmation by entities with a qualified participation in the future management company that the funds invested in the share capital of the future management company do not come from a criminal activity committed inside or outside the territory of the Slovak Republic.

(3) Fulfilment of the condition under Article 6(2)(c) of the Act shall be proved by presentation of:

- a) documents referred to in paragraph 2 concerning shareholders with a qualified participation in the future management company;
- b) a list of natural persons with a qualified participation in the future management company, specifying the percentage of their interest in the share capital and in the voting rights of the future management company, and a list of their related parties³ who have, at the time of filing an application for a licence for the establishment and activities of the future management company, employment or similar industrial relation with the management company, foreign management company, branch of a foreign management company, or financial institution, specifying their business name, legal form, identification number, if assigned, and registered office of such institution, and the first name and last name of the related parties³;

¹ Article 3(1)(a) of the Act No. 595/2003 Coll. on income tax

² Article 20 of the Act No. 431/2002 Coll. on accounting, as amended

³ Article 116 of the Civil Code

- c) a list of legal entities with a qualified participation in the future management company, specifying their business name, legal form, identification number, if assigned, registered office, share capital, and percentage of their interest in the share capital of the future management company,
- d) a list of legal entities, specifying their business name, legal form, identification number, if assigned, registered office, share capital, and percentage of their interest in the share capital and in the voting rights of the legal entities, in which
 - 1. a natural person with a qualified participation in the future management company holds at least a 10% interest in the share capital or in the voting rights, or is a member of their statutory or supervisory bodies, or is liable for their obligations to the extent of all her/his assets;
 - 2. a legal entity with a qualified participation in the future management company holds at least a 10 % interest in the share capital or in the voting rights, or is represented in their statutory or supervisory bodies, or is liable for their obligations to the extent of all its assets.

(4) Fulfilment of the condition referred to in Article 6(2)(d) of the Act shall be proved, in the case of any natural person nominated to be a member of the board of directors, a member of the supervisory board, a company secretary, a manager reporting directly to the board of directors who is responsible for professional activities referred to in the Act, one of the two employees responsible for professional activities referred to in the Act, or an employee responsible for the internal control, by presentation of:

- a) documents on the completed education and work experience, which prove fulfilment of the conditions referred to in Article 6(8) and (9) of the Act;
- b) a short resume;
- c) a statement of criminal records issued not earlier than three months ago; if the person is a foreigner, a similar certificate of a criminal record issued by the competent authority of the country in which he/she has permanent residence or in which he/she usually resides shall be presented; where no such document is usually issued by the competent authorities, an affirmation by the foreigner with authenticated signature shall be presented;
- d) an affirmation of fulfilment of the criteria laid down in Article 6(10)(a) through (e) of the Act.

(5) Fulfilment of the condition referred to in Article 6(2)(e) through (g) of the Act shall be proved by presentation of:

- a) documents providing evidence of transparency of the group with close links⁴, whose members include a shareholder with a qualified participation in the future management company, specifying the amount of direct and indirect interests in the share capital or in the voting rights of the legal entity within such group; such documents shall include copies of entries in the Commercial Register issued not earlier than three months ago, copies of entries in the issuer's register, or statements of account of the holder of a book-entered security, or other similar document supporting transparency of the group with close links;
- b) documents providing evidence that the close links within a group with close links⁴, whose members include a shareholder with a qualified participation in the future management company, do not impede the exercise of supervision, which fact shall be supported by a graphical representation of the structure of such group or by other similar document;
- c) documents providing evidence that the exercise of supervision is not impeded by the legal system, application of laws and enforceability of laws in a country which is not a member state of the European Union or in a country which is not a member of the European Economic Area⁵ (hereinafter the "non-member state") and in whose territory the group with close links has close links⁴, which fact shall be supported by a certificate of the supervisory body in the country in which the group with close links has close links; where no such document is usually issued by the competent authorities, an affirmation of the founders with authenticated signature shall be presented.

(6) Fulfilment of the condition under Article 6(2)(h) of the Act shall be proved by presentation of a document providing evidence that the registered office and headquarters of the future management company will be situated in the territory of the Slovak Republic, namely:

- a) a deed of incorporation or articles of incorporation;
- b) draft articles of association;
- c) a copy of an entry in the Commercial Register;
- d) a title deed, lease agreement or letter of intent supporting the origination of the title or the establishment of a lease relationship; or
- e) other similar document supporting fulfilment of the criteria laid down in Article (6)(2)(h) of the Act.

(7) Fulfilment of the condition referred to in Article 6(2)(i) of the Act shall be proved by presentation of the articles of association of the management company.

(8) Fulfilment of the condition under Article 6(2)(j) of the Act shall be proved by presentation of:

⁴ Article 8(e) of the Act No. 566/2001 Coll. on securities and investment services and on amendment and supplementation of certain laws (the Securities Law)

⁵ Article 3 (12) of the Act No. 594/2003 Coll. on collective investment and on amendment and supplementation of certain laws

- a) written declarations by the founders that no events listed in Article 6(2)(j) of the Act occurred;
- b) audited financial statements of the founders for the most recent three calendar years;
- c) consolidated financial statements of the founders for the most recent three calendar years, if the founders are a part of a consolidated unit;
- d) annual reports² for the most recent three calendar years approved by the competent bodies of the future management company's founders.

(9) Fulfilment of the condition referred to in Article 6(2)(k) of the Act shall be proved by presentation of:

- a) a description of technical equipment of the future management company, providing details about information technology (hardware, software), information system, and system for technical processing of data, including information about data transfer security;
- b) draft internal regulations, guidelines and instructions governing the security of the data transfer system, the method of backing up the data in the system, and the method of its use;
- c) a document supporting the title or other authorization to use the real property in which the activities of the future management company will be carried out;
- d) a business plan of the management company for a minimum period of three years following the year in which the application for a license for the establishment and activities of the future management company was filed, containing, *inter alia*, the organization structure;
- e) organization rules;
- f) a draft internal regulation governing the procedure to be followed in attending to complaints of investors, unit holders and clients;
- g) an activity plan focused against the laundering of proceeds of crime⁶;
- h) a draft internal regulation governing the internal control system;
- i) a draft internal regulation governing the scope of authority of the future management company's employees in managing the assets in the mutual fund, specifying the limits for individual transactions and procedures to be followed with transactions exceeding the set limits;
- j) rules of activity in relation to investors, unit holders and clients, including sample forms used in contact with them;
- k) a draft internal regulation governing the conflict of interests and procedures to be followed in preventing the abuse of confidential information and the manipulation of securities' rates;
- l) a draft internal regulation governing the system for management of investments in mutual funds;
- m) a draft internal regulation governing the system for management of risks arising from the activity of the future management company, which provides for an early and adequate identification, assessment, monitoring, mitigation and reasonable reporting of all significant risks and their size;
- n) information about promotional and advertising strategy;
- o) information about procedures followed in preparing analyses of economic benefits of the acquisition and sale of financial instruments;
- p) a draft internal regulation regulating the prevention of the use of the managed assets in mutual funds for one's own account;
- q) a draft internal regulation governing the method of bookkeeping;
- r) a draft internal regulation containing document archiving rules;
- s) information about the method of exchanging information among the future management company and unit holders and clients.

(10) Fulfilment of the condition of the professional qualification and trustworthiness referred to in Article 6(2)(l) of the Act shall be proved, in the case of the natural persons who are members of the statutory body of a financial holding company, by presentation of:

- a) documents on the completed education and work experience supporting appropriate knowledge and experience in the financial sector;
- b) a short resume;
- c) a statement of criminal records issued not earlier than three months ago; if the person is a foreigner, a similar certificate of a criminal record issued by the competent authority of the country in which he/she has permanent residence or in which he/she usually resides shall be presented; where no such document is usually issued by the competent authorities, an affirmation with authenticated signature shall be presented;
- d) an affirmation of fulfilment of the criteria laid down in Article 6(10)(a) through (e) of the Act.

(11) Fulfilment of the condition of the professional qualification and trustworthiness referred to in Article 6(2)(l) of the Act shall be proved, in the case of the natural persons who are members of the statutory body of a mixed financial holding company, by presentation of documents listed in paragraph 10.

(12) Fulfilment of the condition of the eligibility of shareholders referred to in Article 6(2)(l) of the Act controlling the financial holding company shall be proved by presentation of:

⁶ Article 6(1) of the Act No. 367/2000 Coll. on prevention of laundering of proceeds of crime and on amendment and supplementation of certain laws, as amended by the Act No. 445/2002 Coll.

- a) a list of shareholders controlling the financial holding institution, specifying the percentage of their interest in the share capital of the financial holding institution;
 - b) a list of legal entities, specifying their business name, legal form, identification number, if assigned, registered office, share capital, and percentage of their interest in the share capital of the legal entities, in which
 1. a natural person, being a shareholder controlling the financial holding institution, holds at least a 10% interest in the share capital or in the voting rights, or is a member of their statutory or supervisory bodies, or is liable for their obligations to the extent of all her/his assets;
 2. a legal entity, being a shareholder controlling the financial holding institution, holds at least a 10 % interest in the share capital or in the voting rights, or is represented in their statutory or supervisory bodies, or is liable for their obligations to the extent of all its assets.
- (13) Fulfilment of the condition of the eligibility of shareholders referred to in Article 6(2)(l) of the Act controlling the mixed financial holding company shall be proved by presentation of documents listed in paragraph 12.
- (14) Fulfilment of the condition referred to in Article 6(2)(m) of the Act shall be proved by presentation of documents supporting the fulfilment of the criteria laid down in separate regulation⁷ in relation to the required scope of activities under Article 3(3) of the Act.

Article 2

- (1) The documents listed in Article 1 shall be presented in their original; where it is impossible to present their originals, authenticated copies shall be presented.
- (2) If the documents listed in Article 1 are executed in a foreign language, fulfilment of the conditions under Article 6(2) of the Act shall also be proved by a certified translation of such documents into the Slovak language.
- (3) The documents listed in Article 1 which were submitted to the National Bank of Slovakia in connection with other procedure before filing an application for a license for the establishment and activities of the management company can be replaced by a written declaration of the management company's founders that the documents are up-to-date, and by a list of documents that have already been submitted, specifying the date of their submission to the National Bank of Slovakia and the issue concerned.

Article 3

The regulation of the Ministry of Finance of the Slovak Republic No. 616/2003 Coll. on the method of proving fulfilment of conditions for granting a license for the establishment and activities of the management company is hereby repealed.

Article 4

This Decree shall become effective as at 1 September 2008.

p.p. **Viliam Ostrozlik** m.p.

⁷ Article 55(2) of the Act No. 566/2001 Coll., as amended