ACT ON SECURITIES AND INVESTMENT SERVICES
(THE SECURITIES ACT)

The full text of Act No 566/2001 of 9 November 2001 on securities and investment services (the Securities Act), as amended by Act No 291/2002, Act No 510/2002, Act No 162/2003, Act No 594/2003, Act No 43/2004, Act No 635/2004, Act No 747/2004, Act No 7/2005, Act No 266/2005, Act No 336/2005, Act No 213/2006, Act No 644/2006, Act No 209/2007, Act No 659/2007, Act No 70/2008, Act No 297/2008, Act No 552/2008, Act No 160/2009, Act No 186/2009, Act No 276/2009 Act No 487/2009, Act No 492/2009, Act No 129/2010, Act No 505/2010, Act No 46/2011, Act No 130/2011, Act No 394/2001, Act No 520/2011, Act No 440/2012, Act No 132/2013, Act No 206/2013, Act No 352/2013, Act No 213/2014, Act No 371/2014, Act No 39/2015, Act No 117/2015, Act No 323/2015, Act No 253/2015, Act No 359/2015, Act No 361/2015, Act No 375/2015, Act No 388/2015, Act No 389/2015, Act No 437/2015, Act No 91/2016, Act No 125/2016, Act No 289/2016, Act No 292/2016, Act No 237/2017, Act No 177/2018, Act No 373/2018, Act No 156/2019, and Act No 211/2019.

The National Council of the Slovak Republic has adopted this Act:

ARTICLE I

DIVISION ONE

GENERAL PROVISIONS

Section 1
Scope of the Act

This Act regulates securities, investment services, certain contractual relations concerning securities, certain relations associated with the business of persons providing investment services and with the business of central securities depositories (hereinafter referred to as 'central depositories' or individually as a 'central depository'), the provision of data reporting services, certain relations associated with the business of other entities in the financial market field, and supervision of the capital market (hereinafter 'supervision') to the extent set out in this Act.

Section 2

(1) A security means any instrument or record which is assessable in monetary terms, made in a form stipulated by law, carrying rights as defined in this Act and in separate laws,[1] in particular the right to demand certain assets or exercise certain rights against persons specified by law.

(2) The system of securities comprises the following classes of securities:
(a) shares;[2]
(b) interim certificates;[3]
(c) shares or units of collective investment undertakings (hereinafter 'CIU shares or units');[4]
(d) bonds;[5]
(e) certificates of deposit;[6]

(f) Treasury bills (Section 3);
(g) passbooks;[7]
(h) coupons (Section 4),
(i) bills of exchange;[8]
(j) cheques;[8]
(k) traveller's cheques;[9]
(l) bills of lading;[10]
(m) warehouse certificates;[11]
(n) warehouse warants;[12]
(o) goods warrants;[12]
(p) shares in cooperatives;[13]
(r) investment certificates;
(s) depository receipts;
(t) certificates under other legislation;[13a]
(u) other types of securities designated as such by other legislation.

Section 3
Treasury bills

(1) A Treasury bill is a security maturing within one year from its date of issue. Income generated by the Treasury bill is determined as the difference between its nominal value and issue price. A Treasury bill establishes the right of its holder to demand upon maturity the payment in cash of its nominal value. A Treasury bill may also be issued, without giving a reason for its liability, to its own order by the European Central Bank in cooperation with Národná banka Slovenska, the Ministry of Finance of the Slovak Republic (hereinafter 'the Ministry') on behalf of the Slovak Republic,[14] by a bank, or by a foreign bank through its branch situated in the territory of the Slovak Republic;[15] Treasury bills are subject to the provisions of another act,[16] unless provided otherwise in this Act or in another act.[14]

(2) The particulars, issuing terms and the payment of Treasury bills are subject to the provisions of another act.[16aa]

Section 4
Coupons

(1) For exercising the right to income from shares, interim certificates, bonds, or CIU shares or units, coupons may be issued as registered paper securities or order securities.

(2) Coupons shall be issued in the form of coupon sheets. A coupon sheet may include a talon which entitles the holder to receive a coupon sheet. The talon is not a security.

(3) A coupon shall contain information about
(a) the class, issuer, and numerical identification of the security it relates to, with the exception of the numerical designation of a book-entry security,
(b) the amount of dividend or the way it is determined, and
(c) date and place where the right to the dividend may be exercised.

Section 4a
Investment certificates

(1) An investment certificate is a security whose value is tied to the value of indexes, interest rates, shares, debt securities, exchange rates, commodities, or other underlying assets, or a combination thereof. Attached to the investment certificate is the right to settlement

(a) through acquisition of financial instruments or gold, which are underlying assets of the investment certificate;
(b) in cash;
(c) by a combination of methods under (a) and (b).

(2) The issuer of an investment certificate may only be a bank, a foreign bank, an investment firm that fulfils the share capital requirement at least to the extent as referred to under Section 54(12) or a similar foreign investment firm.

(3) An investment certificate shall include:

(a) the issuer's business name, registered office address, identification number, and LEI code, if assigned;
(b) the designation 'investment certificate', and the form and wording of an investment certificate;
(c) the name and ISIN code of the investment certificate;
(d) the nominal value of the investment certificate in euro or another currency;
(e) details of how the investment certificate is to be redeemed and how its value is to be determined;
(f) information on the underlying asset under other legislation;[16ab]
(g) the date or dates of settlement if the terms of issue of the investment certificate do not identify the certificate as a permanent financial instrument not subject to a settlement obligation;
(h) information on transferability of the investment certificate or restrictions on its transferability.

(4) An investment certificate may contain other written definitions of rights and obligations.

(5) The issuing terms of investment certificates are a summary of the rights and obligations of the issuer and the holder of the investment certificates.

(6) The issuer shall be responsible for the data contained in the issuing terms of investment certificates. The issuing terms of investment certificates shall contain a statement of the issuer confirming that the information therein is complete, true and in accordance with the particulars of investment certificates under paragraphs 3 and 4.

(7) Anybody who issues issuing terms of investment certificates containing incomplete or false information or information that is inconsistent with the particulars of investment certificates under paragraphs 3 and 4, shall be responsible for any damage caused.

(8) The issuer may change the issuing terms of investment certificates only if the change applies to the issuer's designation, issuer's registered seat, a change of the place of payment or the correction of typos, numbers or other obvious inaccuracies.

(9) The issuer shall make the terms of issue of in(vestment certificates accessible no later than on the commencement date of their issue on

(a) a data carrier which enables reproduction of the terms of issue of investment certificates in an unchanged form and their storage so as to allow their use at least until the maturity date of the investment certificates;
(b) the issuer's website, or
(c) the website of a financial institution placing or selling these investment certificates.

(10) The issuer shall make any changes to the terms of issue of investment certificates and their full text accessible immediately after their execution in the same way as it made accessible the original terms of issue of the investment certificates.

(11) The issuer shall make the full text of the terms of issue of investment certificates accessible to the owner of the investment certificates at the owner's request.

(12) The issuer shall submit the terms of issue of investment certificates to the central depository within 15 days from the commencement date of their issue. The central depository shall make the terms of issue of investment certificates accessible to the owner or holder of the investment certificates at his request. In the event of any changes to the terms of issue of investment certificates the issuer shall submit the changes as well as the full text of the terms of issue of the investment certificates to the central depository.

(13) In the case of investment certificates for which a securities prospectus under other legislation[16aba] was elaborated for the purposes of a public offer, the issuer may replace the terms of issue of the investment certificates by a separate part of the securities prospectus containing only the full text of the terms of issue of the investment certificates, and in such case the separate part of a securities prospectus containing the terms of issue of the investment certificates shall be submitted to the central depository; this is without prejudice to the provisions of paragraphs 5 to 8, 10 and 11.

(14) An investment certificate that its issuer acquires before the certificate's maturity shall not expire unless the issuer decides otherwise. Rights and obligations related to investment certificates that are owned by the issuer shall expire on the maturity date of the investment certificate unless they expire earlier by a decision of the issuer.

(15) The issue of investment certificates can also be divided into in a number of parts (tranches) within the period for underwriting if this option is specified in the terms of issue of the investment certificates.

(16) If an issue of investment certificates fails, the issuer shall, within 20 days from expiration of the period for underwriting, return to the underwriter the amount underwritten and paid by him together with interest in the amount of a weighted average of the ECB base interest rate for the period from the date when the issue price was paid.

(17) The rights arising from investment certificates shall lapse ten years after the date of settlement.

(18) An investment certificate provided as collateral for hedging a transaction of Národná banka Slovenska[16ac] shall fulfil the requirements and conditions specified by other legislation.[16ad]

(19) If in the investment conditions of an investment certificate, the issuer states that the certificate is financial instrument to which no redemption obligation attaches, or there is stated a fact that is permanently or temporarily reducing the value of the certificate and enabling its conversion into Common Equity Tier 1 capital instrument under other legislation,[16ae] such certificate may be marketed only to professional clients under Section 8a(2).

Section 4b
Depository receipts

For the purposes of this Act, 'depository receipts' means those securities which are negotiable on the capital market and which represent ownership of the securities of a non-domiciled issuer while being able to be admitted to trading on a regulated market and traded independently of the securities of the non-domiciled issuer.

Section 5
Financial instruments

(1) The following are financial instruments:

a) transferable securities;
b) money market instruments;
c) CIU shares or units;
d) options, futures, swaps, forward rate agreements ('forwards') and any other derivative contracts relating to securities, currencies, interest rates or yields, emission allowances or other derivatives instruments, financial indices or financial measures which may be settled physically or in cash;
e) options, futures, swaps, forwards and any other derivative contracts relating to commodities that shall be settled in cash or may be settled in cash at the option of one of the parties other than by reason of default or other termination event;
f) options, futures, swaps and any other derivative contracts relating to commodities that can be physically settled provided that they are traded on a regulated market, a multilateral trading facility (MTF), [16a] or an organised trading facility (OTF),[16a] except for wholesale energy products traded on an OTF that shall be physically settled;
g) options, futures, swaps, forwards and any other derivative contracts relating to commodities that can be physically settled not otherwise mentioned in subparagraph (f), and not being for commercial purposes, which have the characteristics of other derivative financial instruments;
h) derivative instruments for the transfer of credit risk;
i) financial contracts for differences;
j) options, futures, swaps, forwards and any other derivative contracts relating to climatic variables, freight rates, or inflation rates or other official economic statistics that shall be settled in cash or may be settled at the option of one of the parties other than by reason of default or other termination event, as well as any other derivative contracts relating to assets, rights, obligations, indices and measures not otherwise mentioned in this paragraph, which have the characteristics of other derivative financial instruments and are traded on a regulated market, OTF or MTF;

k) emission allowances consisting of any units recognised for compliance with the requirements of other legislation.[17a]

(2) By a decree to be promulgated in its full text in the Collection of Laws of the Slovak Republic (hereinafter 'the Collection of Laws'), Národná banka Slovenska may lay down details of what is meant by financial instruments as mentioned in paragraph 1.

Section 6
Investment services, investment activities and ancillary services

(1) The following are investment services and investment activities:

a) reception and transmission of client orders in relation to one or more financial instruments;
b) execution of orders on behalf of clients;
c) dealing on own account;
d) portfolio management;
e) investment advice;
f) underwriting of financial instruments and/or placing of financial instruments on a firm commitment basis;
g) placing of financial instruments without a firm commitment basis;
h) operation of an MTF;
i) operation of an OTF.

(2) The following are ancillary services:

a) safekeeping and administration of financial instruments for the account of clients, including custodianship and related services, such as cash/collateral management;
b) granting credits or loans to an investor to allow him to carry out a transaction in one or more financial instruments, where the provider of the credit or loan is involved in the transaction;
c) advice on capital structure and business strategy, and advice and services relating to mergers, transformations, divisions, and the purchase of undertakings;
d) foreign exchange services where these are connected to the provision of investment services;
e) investment research and financial analysis or the other forms of general recommendation relating to transactions in financial instruments;
f) services related to the underwriting of financial instruments;
g) services and activities included under paragraph 1(a) to (f) related to the underlying of the derivatives included under Section 5(1)(e) to (g) and (j), where these are connected to the provision of investment or ancillary services.

(3) For the purposes of this Act, 'execution of orders on behalf of clients' means acting to conclude agreements to buy or sell one or more financial instruments on behalf of clients and includes the conclusion of agreements to sell financial instruments issued by an investment firm or a bank at the moment of their issuance. The investment service of receiving and transmitting orders in relation to one or more financial instruments includes the intermediation of transactions in one or more financial instruments.

(4) For the purposes of this Act, 'dealing on own account' means trading against proprietary capital resulting in the conclusion of transactions in one or more financial instruments; the management of proprietary capital does not constitute dealing on own account.

(5) For the purposes of this Act, 'portfolio management' means managing portfolios of financial instruments in accordance with mandates given by clients at the discretion of the portfolio manager.

(6) For the purposes of this Act, 'investment advice' means the provision of personal recommendations to a client, either upon its request or at the initiative of the investment service provider, in respect of one or more transactions relating to financial instruments.

(7) For the purposes of this Act, 'underwriting' means the acquisition of financial instruments from their issuer, upon their issuance, for the purpose of selling them to third parties. 'Placing' means ensuring the sale of an issuer's financial instruments at the time of their issuance. 'Firm commitment' means a commitment to ensure the sale of financial instruments for a pre-agreed price, including a commitment to purchase unsold financial instruments from the issuer.

(8) For the purposes of this Act, 'custodianship' means administration whereby an administrator, in its own name and for the account of client who owns a financial instrument, performs legal acts required for the exercise and upholding of rights attached to that financial instrument vis-à-vis third party, such as:

a) acceptance of a financial instrument to the credit of the client's account;
b) the delivery of a financial instrument to the debit of the client's account;
c) the crediting of interest, dividends and other payments arising from the holding of a financial instrument to the client's account.

(9) For the purposes of this Act, 'the holding of client financial instruments' means the safe custody and administration of a client's financial instruments by and in the name of an investment firm for the account of the client; 'holding' also means the use of financial instruments received from a client for the purpose of ensuring the provision of other investment services and investment activities.

Definitions
Section 7

For the purposes of this Act:

(1) 'issuer' means a legal or natural person who has issued, issues or has decided to issue a security pursuant to provisions in this Act or in separate legislation.

(2) 'fungible securities' means securities of the same class (Section 2(2)) and type (Section 11) issued by the same issuer and carrying identical rights.

(3) 'issue of securities' means a set of fungible securities.

(4) 'ISIN code' means the International Securities Identification Number assigned to a security.

(5) 'nominal value of a security' means the financial amount stated on the security.

(6) ‘issue price of a security’ means the price for which an issuer sells the security upon issue.

(7) ‘price of a security’ means the price determined and published by a stock exchange in a manner laid down by the stock exchange rules.[18]

(8) ‘owner of a security under Section 10(1)(a)’ means a legal or natural person that has acquired the security under a contract after fulfilling the obligation set out in Section 20, or by virtue of any other legal fact specified by law, unless otherwise provided by this Act.

(9) ‘owner of a security under Section 10(1)(b)’ means a legal or natural person that has acquired the security under a contract or by virtue of any other legal fact specified by law, and that is recorded as its owner in a register established pursuant to Section 10(4), unless otherwise provided by this Act.

(10) ‘anonymous transactions’ means transactions concluded on a stock exchange through the acceptance of offers addressed to a non-specific group of legal or natural persons.

(11) ‘long-term portfolio investment’ means the investment of funds in a portfolio through which a financial institution authorised under this Act or other legislation[18a] provides portfolio management investment services and executes client orders for the client’s own account if the following conditions are met:

(a) securities and other financial instruments included in the portfolio are admitted to trading on a regulated market or similar foreign regulated market; it shall not be considered a breach of this condition if:
    1. a security or financial instrument acquired for the portfolio subsequently ceases to be traded on a regulated market or similar foreign regulated market;
    2. a security or a financial instrument acquired for the portfolio is not admitted to trading on a regulated market, but its terms of issue include an undertaking to apply to have the security or a financial instrument admitted to trading on a regulated market, and it is clear from all circumstances that this admission will take place within one year from the date of the issue;
(b) the portfolio has been established for a specified period of at least 15 years and, in the period since its establishment, the client has not received any redemptions from the portfolio, not including redemptions arising from the transfer of the portfolio to another financial institution and received within three months after the portfolio was cancelled in the transferor financial institution;
(c) the maximum amount of funds that may be invested during one calendar year is EUR 3,000, not including reinvestments made within the portfolio.

(12) ‘systematic internaliser’ means an investment firm which, on an organised, frequent, systematic and substantial basis, deals on own account when executing client orders outside a regulated market, an MTF or an OTF without operating a multilateral system; the definition of a systematic internaliser applies only where the pre-set limits for a frequent and systematic basis and for a substantial basis are both crossed or where an investment firm chooses to opt-in under the systematic internaliser regime. The frequent and systematic basis shall be measured by the number of OTC trades in the financial instrument carried out by the investment firm on own account when executing client orders. The substantial basis shall be measured either by the size of the OTC trading carried out by the investment firm in relation to

the total trading of the investment firm in a specific financial instrument or by the size of the OTC trading carried out by the investment firm in relation to the total trading in the European Union in a specific financial instrument.

(13) 'algorithmic trading' means trading in financial instruments where a computer algorithm automatically determines individual parameters of orders such as whether to initiate the order, the timing, price or quantity of the order or how to manage the order after its submission, with limited or no human intervention, and does not include any system that is only used for the purpose of routing orders to one or more trading venues or for the processing of orders involving no determination of any trading parameters or for the confirmation of orders or the post-trade processing of executed transactions.

(14) 'high-frequency algorithmic trading technique' means an algorithmic trading technique characterised by:

(a) infrastructure intended to minimise network and other types of latencies, including at least one of the following facilities for algorithmic order entry:
    1. co-location,
    2. proximity hosting, or
    3. high-speed direct electronic access;
(b) system-determination of order initiation, generation, routing or execution without human intervention for individual trades or orders; and
(c) high message intraday rates which constitute orders, quotes or cancellations.

(15) 'structured deposit' means a deposit as defined in other legislation,[18b] which is fully repayable at maturity on terms under which interest or a premium will be paid or is at risk, according to a formula involving factors such as:

(a) an index or combination of indices, excluding variable rate deposits whose return is directly linked to an interest rate index such as EURIBOR or LIBOR;
(b) a financial instrument or combination of financial instruments;
(c) a commodity or combination of commodities or other physical or non-physical non-fungible assets; or
(d) a foreign exchange rate or combination of foreign exchange rates.

(16) 'exchange-traded fund' means a fund of which at least one unit or share class is traded throughout the day on at least one trading venue and with at least one market maker which takes action to ensure that the price of its units or shares on the trading venue does not vary significantly from its net asset value and, where applicable, from its indicative net asset value.

(17) 'approved publication arrangement' or 'APA' means a person authorised to provide the service of publishing trade reports on behalf of investment firms or foreign investment firms pursuant to other legislation.[18c]

(18) 'consolidated tape provider' or 'CTP' means a person authorised to provide the service of collecting trade reports for financial instruments listed in other legislation[18d] from regulated markets, MTFs, OTFs and APAs and consolidating them into a continuous electronic live data stream providing price and volume data per financial instrument.

(19) 'approved reporting mechanism' or 'ARM' means a person authorised to provide the service of reporting details of transactions to Národná banka Slovenska, or to the competent

authority of a Member State of the European Union or of another State which is a party to the Agreement on the European Economic Area (hereinafter a 'Member State'), on behalf of investment firms or foreign investment firms.

(20) 'third-country firm' means a firm that would be a credit institution providing investment services or performing investment activities or a foreign investment firm if its head office or registered office were located within the European Union.

(21) 'sovereign issuer' means any of the following that issues debt instruments:
(a) the European Union;
(b) a Member State, including a government department, an agency, or a special purpose vehicle of the Member State;
(c) in the case of federal Member State, a member of the federation;
(d) a special purpose vehicle for several Member States;
(e) an international financial institution established by two or more Member States which has the purpose of mobilising funding and provide financial assistance to the benefit of its members that are experiencing or threatened by severe financing problems; or
(f) the European Investment Bank.

(22) 'sovereign debt' means a debt instrument issued by a sovereign issuer.

(23) 'data reporting services provider' means an APA, a CTP or an ARM.

(24) 'structured finance products' means structured finance products as defined in other legislation.[18e]

(25) 'derivatives' means derivatives as defined in other legislation.[18f]

(26) 'commodity derivatives' means derivatives as defined in other legislation.[18g]

(27) 'wholesale energy products' means wholesale energy products as defined in other legislation.[16af]

(28) 'agricultural commodity derivatives' means derivative contracts relating to products listed in other legislation.[18h]

(29) 'energy derivative contracts' means options, futures, swaps, and any other derivative contracts mentioned in Section 5(1)(f) relating to coal or oil that are traded on an OTF and shall be physically settled.

(30) 'LEI code' means the legal entity identifier, a 20-digit, alphanumeric code based on an international numbering system for the identification of legal persons.

Section 8

For the purposes of this Act:
a) 'portfolio' means assets comprising financial instruments, other securities, or funds intended for the purchase of financial instruments or other securities;
(b) 'a person of good repute' means a natural person who in the past ten years

1. has not been convicted by a final judgement of a crime committed in connection with the performance of a managerial duties or a deliberate crime; these facts shall be demonstrated with a criminal record check certificate,[19] or, if the person is foreigner, with an equivalent document, not older than three months, issued by a competent authority of the country of which the person is a national or by the competent authority of the country in which the person permanently or habitually resides;
2. has not held an office mentioned Section 55(2)(d) with an investment firm or a financial institution pursuant to subparagraph (c) whose authorisation has been withdrawn, or an office mentioned in Section 56(2)(c) with a branch of a foreign investment firm whose authorisation to operate as a foreign investment firm in the Slovak Republic has been withdrawn, at any point within one year before the authorisation withdrawal; this condition shall not apply if the nature of the matter implies that, with respect to the office specified in Section 55(2)(d), or Section 56(2)(c), the person concerned could not have influenced the activities of the investment firm, financial institution under subparagraph (c), or a foreign investment firm, nor have caused the consequences that led to withdrawal of the authorisation, and has been recognised as a person of good repute by Národná banka Slovenska in authorisation proceedings[20] held in accordance with this Act;
3. has not held an office mentioned in Section 55(2)(d) with an investment firm, or a financial institution pursuant to subparagraph (c) which has been placed in receivership, at any point within one year before the introduction of receivership; this condition shall not apply if the nature of the matter implies that, with respect to the office specified in Section 55(2)(d), the person concerned could not have influenced the activities of the investment firm or financial institution pursuant to subparagraph (c), nor have caused the consequences that led to receivership, and has been recognised as a person of good repute by Národná banka Slovenska in authorisation proceedings conducted in accordance with this Act;
4. has not held an office mentioned in Section 55(2)(d) with an investment firm or a financial institution pursuant to subparagraph (c) which has been declared bankrupt[21] or gone into liquidation, at any point within one year before the declaration of bankruptcy or the start of liquidation. This condition shall not apply if the nature of the matter implies that, with respect to the office specified in Section 55(2)(d), the person concerned could not have influenced the activities of the investment firm or financial institution pursuant to subparagraph (c), nor have caused the consequences that led to a declaration of bankruptcy or entry into liquidation, and has been recognised as a person of good repute by Národná banka Slovenska in authorisation proceedings conducted in accordance with this Act; nor shall this condition apply if the person held an office mentioned in Section 55(2)(d) in a supplementary pension insurance undertaking which entered into liquidation owing to its transformation in accordance with another act;[21a]
5. has not been validly fined more than 50% of the sum that could be imposed in accordance with Section 144(7);
6. has not been deemed to be a person who is not of good repute as defined in other legislation[21b] in the financial market field; and
7. has carried out his functions or pursued business activities in a reliable and honest manner, without breaching any legislation of general application and having regard to these facts guarantees that he will perform the proposed function in a reliable and honest manner, without breaching any legislation of general application, including the fulfilment of his obligations arising from legislation of general application, the

investment firm's or the foreign investment firm's articles of association, or from internal legal regulations and management acts; this does not apply to the procedure under this point if the person under evaluation, with regard to the nature of the matter and given the duration of his term of office when any infringement covered by this point was detected, guarantees that he will exercise his office in a reliable and honest manner, without breaching any legislation of general application, and in fulfilment of his duties specified in this point;

(c) 'financial institution' means a bank, a branch of a foreign bank,[15] an asset management company,[22] an insurance undertaking,[23] a supplementary pension insurance undertaking or supplementary pension company,[24] a central depository or an entity engaged in a similar activity which has its registered office outside the Slovak Republic, or a pension fund management company;[24a]

(d) 'durable medium' means any instrument which enables a client to store information addressed personally to that client in a way accessible for future reference and for a period of time adequate for the purposes of the information, and which allows the unchanged reproduction of the information stored;

(e) 'closely linked group' means two or more natural or legal persons where one of the legal or natural persons has in the other legal person a direct or indirect interest in its share capital or voting rights of 20% or more, or directly or indirectly controls the legal person, or any relation between two or more legal persons controlled by the same legal or natural person;

(f) 'qualified participation' means a direct or indirect share in a legal person, representing 10% or more percent of its share capital or voting rights calculated in accordance with other legislation,[24aa] or a share allowing to exercise significant influence over the management in this legal person;

(g) 'indirect share' means a share held through an intermediary, namely through one legal person, or more legal persons controlled by that legal person;

(h) 'control' means -

1. a direct or indirect share of more than 50% of the share capital or voting rights of a legal person;
2. the right to appoint or dismiss the statutory body, the majority of members of the statutory body, the supervisory board, or the director of a legal person;
3. the ability to exercise influence over the management of a legal person (hereinafter 'decisive influence'):
   3a. comparable with the influence that would attach to a holding under point 1, whether on the basis of the articles of association of the legal person, or a contract concluded between the legal person and its partner or member;
   3b. on the basis of the relationship between a partner or member of the legal person and a majority of the members of the statutory body or a majority of the members of the supervisory board or a majority of the persons constituting another management, supervisory or oversight body of the legal person, established on the basis of their appointment by the respective partner or member of the legal person, where the relationship so established lasts until the preparation of the next consolidated financial statements after the right of the respective partner or member of the legal person has expired under point 2;
   3c. comparable with the influence that would attach to a holding under point 1, on the basis of an agreement between the partners of the legal person; or
4. the ability to exercise decisive influence in any other way;

(i) 'subsidiary' means a legal person controlled in the meaning of subparagraph (h) and any subsidiary of such subsidiary;

(j) ‘parent undertaking’ means a legal person exercising control in the meaning of subparagraph (h);
(k) ‘money market instruments’ means instruments which are normally dealt in on the money market, such as Treasury bills and certificates of deposit, and excluding instruments of payment;[24b]
(l) ‘participation’ means a direct or indirect interest, or their sum, representing at least 20% of the share capital or voting rights of a legal person**,** or the possibility to exercise influence over the management of this legal person comparable with the interest corresponding to this share;
m) ‘transferable securities’ means those classes of securities which are normally dealt in on the capital market, with the exception of instruments of payment, such as:
    1. shares, interim certificates, or other securities which in terms of the rights they carry are similar to shares issued in the Slovak Republic or abroad, and depository receipts[24c] representing shares issued in the Slovak Republic or abroad;
    2. bonds or other debt securities created by the securitisation of credits or loans issued in the Slovak Republic or abroad, and depository receipts[24c] representing such securities issued in the Slovak Republic or abroad;
    3. any securities not mentioned in points 1 or 2, whether issued in the Slovak Republic or abroad, which give the right to acquire securities under points 1 or 2 or give rise to a cash settlement determined by reference to transferable securities, currencies, interest rates or yields, commodities or other indices or measures;
(n) ‘equity securities’ means:
    1. shares;
    2. other securities carrying rights similar to those attached to shares;
    3. transferable securities[24c] giving the right to acquire any shares or securities mentioned in point 2 as a consequence of their being converted or the rights conferred by them being exercised, provided that such transferable securities are issued by the issuer of the shares or securities under point 2 or by an entity belonging to the group (Section 138) of the said issuer;
(o) ‘non-equity securities’ means all securities that are not equity securities;
(p) ‘offering programme’ means a plan serving as the basis for the continuous or repeated issue of the following over a specified period -
    1. non-equity shares of the same type;
    2. warrants in any form;
(r) ‘securities issued in a repeated or continuous’ manner means issues on tap or at least two separate issues of securities of the same type over a period of 12 months;
(s) ‘significant influence’ means the possibility to exercise influence over the management in a legal person which is comparable to influence corresponding to the 10% share or more percent share in the share capital or voting rights in the legal person;
(t) ‘remuneration principles’ means a specific method of motivation of persons in accordance with Section 71da(1) by means of variable remuneration the amount and provision of which reflect the results of enforcement of the investment firm’s long-term interests;
(u) ‘discretionary pension benefits’ for the purposes of the introduction and application of remuneration principles means discretionary benefits under other legislation;[24d]
(v) ‘management body’ means the statutory body of an investment firm or data reporting services provider which is empowered to set the entity’s strategy, objectives and overall direction, and which oversees and monitors management decision-making; if person or of body other than the statutory body is effectively running the company, that person or body shall be deemed to be the management body;

(w) ‘senior management’ means natural persons who exercise executive functions within an investment firm or a data reporting services provider and who are responsible, and accountable to the management body, for the day-to-day management of the entity, including for the implementation of the policies concerning the distribution of services and products to clients;
(x) ‘direct electronic access’ means an arrangement where a member or participant or client of a trading venue permits a person to use its trading code so the person can electronically transmit orders relating to a financial instrument directly to the trading venue and includes:
    1. direct market access, meaning arrangements which involve the use by a person of the infrastructure of the member or participant or client, or any connecting system provided by the member or participant or client, to transmit the orders; and
    2. sponsored access, meaning arrangements where an infrastructure or connecting system mentioned in point 1 is not used to transmit the orders;
(y) ‘cross-selling practice’ means the offering of an investment service together with another service or product as part of a package or as a condition for the same agreement or package.

Section 8a
Clients

(1) For the purposes of this Act, ‘client’ means any natural person or legal person to whom an investment firm provides investment or ancillary services.

(2) For the purposes of this Act, ‘professional client’ means a client who possesses the expertise, experience and knowledge to make its own investment decisions and properly assess the risks that it incurs. The following shall be regarded as professional clients:
(a) investment firms, foreign investment firms, financial institutions, commodity and commodity derivatives dealers, persons under Section 54(3)(j), and entities authorised to operate in the financial market by a competent authority or whose activity is separately regulated by legislation of general application;
(b) large undertakings meeting the conditions laid down in paragraph 3;
(c) national or regional authorities, national or regional authorities of other countries, the Debt and Liquidity Management Agency, public authorities of other countries that are charged with or intervene in the management of public debt, Národná banka Slovenska, other central banks, the International Monetary Fund, the European Central Bank, the European Investment Bank and other similar international organisations;
(d) legal persons not mentioned in points (a) to (c) whose main activity is to invest in financial instruments, including entities that carry out the securitisation of credits and loans or other financing transactions;
(e) entities which may at their request be treated as professional clients provided that the conditions laid down in paragraph 6 are met.

(3) An undertaking shall be regarded as a large undertaking where it meets two of the following requirements on an individual basis:
(a) total wealth is minimally EUR 20,000,000;
(b) net annual turnover is minimally EUR 40,000,000;
(c) own funds are minimally EUR 2,000,000.

(4) Where an entity mentioned in paragraph 2(a) to (d) deems that it is unable to properly assess or manage the risks involved in a specific investment service or ancillary

service, it may request to be treated the same as client that is not a professional client (hereinafter a 'retail client'). Such treatment will be provided when the client enters into a written agreement with the investment firm to the effect that it shall not be treated as a professional client for the purposes of applying business conduct rules vis-à-vis the client. Such agreement shall specify whether it applies to one or more investment services or ancillary services or to one or more types of financial instrument or transaction.

(5) Where a client is an entity referred to in paragraph 2(a) to (d), the investment firm shall inform it prior to any provision of services that, on the basis of the information available to the investment firm, the client is deemed to be a professional client and will be treated as such unless otherwise agreed. The investment firm shall also inform the client that when concluding any agreement, it may request to be treated the same as a retail client.

(6) An investment firm may treat an entity referred to in paragraph 2(e) as a professional client where the client meets conditions laid down in paragraph 7 and provided that:

(a) the investment firm has assessed the client's expertise, experience and knowledge and has issued a written statement that these give reasonable assurance, in light of the nature of the envisaged transactions or investment or ancillary services that the client is capable of making his own investment decisions and understanding the risks involved;
(b) the client has stated in writing to the investment firm that it wishes to be treated as a professional client, in regard to one or several investment services, ancillary services or transactions, or to one or several types of financial instrument or transaction;
(c) the investment firm has given the client a clear written warning of the protections and investor compensation rights it may lose;
(d) the client has stated in writing, in a separate document from the contract, that it is aware of the consequences of losing the rights mentioned in subparagraph (c).

(7) For the purposes of evaluation of the categorisation of a person as per paragraph 2(e) as a professional client in accordance with the procedure laid down in paragraph 6, at least two of the following conditions shall be met:

(a) over the previous four quarters, the person has carried out transactions in financial instruments of a significant size on the relevant market in financial instruments at an average frequency of at least ten per quarter;
(b) the size of its portfolio covering financial instruments and financial deposits exceeds EUR 500,000,
(c) such a person carries out or has carried out, for at least one year, in relation to his employment, profession or duties, an activity in the area of financial market in a position which requires knowledge of transactions or investment services provided or which are to be provided for such person.

(8) Investment firms shall implement appropriate written internal policies and procedures to categorise clients.

(9) Professional clients shall keep the investment firm informed about any change that could affect their current categorisation as a professional client. Should the investment firm become aware that the client no longer fulfils the initial conditions which made it eligible to be categorised as a professional client, the investment firm shall take appropriate action to recategorise it.

Section 9

(1) The provisions of this Act apply to all types of securities, unless otherwise provided by another act.

(2) The provisions of the Civil Code on movable items apply to securities, unless otherwise provided by this Act or another act.

(3) Any legal relationships arising under the exercise of those rights attached to securities which may only be exercised against the issuer or another legal or natural person specified by law are governed by applicable provisions of the Commercial Code or Civil Code on contractual relations, unless otherwise provided by this Act or another act.

Section 10
Form of a security

(1) Securities may be in the form of:

(a) a certificate on which there is a record in accordance with Section 2(1) (hereinafter a 'paper security'); or

(b) a record pursuant to Section 2(1) which is kept in a register established under this Act (hereinafter a 'book-entry security').

(2) The issuer shall decide on the form of securities and on any change in their form unless this Act or another act[25] stipulates that a specific security shall have either of the forms defined in paragraph 1.

(3) Bearer shares, shares or units of closed-end investment funds, bearer shares or units of open-end investment funds, bearer bonds, investment certificates, and Treasury bills shall have the form of book-entry securities.

(4) The register referred to in paragraph 1(b) above is:

(a) a register maintained by a central depository or by a foreign central depository; or

(b) a register, other than the register mentioned in subparagraph (a), which is a separate register of book-entry CIU shares or units, maintained by the asset management company and by the depository of the investment fund in accordance with another act;[26a] this register may, at the issuer's request, be maintained by a central depository, and such maintenance is subject to the provisions of this Act; or

(c) a register, other than the register mentioned in subparagraph (a), which is a separate register of shares in investment companies with variable capital maintained by the asset management company and by the depository of the investment company with variable capital in accordance with other legislation;[26a] this register may, at the issuer's request, be maintained by a central depository, and such maintenance is subject to the provisions of this Act.

Section 11
Type of a security

(1) Securities may be issued as registered securities, order securities, or bearer securities.

(2) The issuer shall decide on the type of securities, unless this Act or another act[27] stipulates that a security may only be one of the types mentioned in paragraph 1.

(3) Paper certificates of deposit and passbooks may only be issued as registered securities.

Section 12
Particulars of securities

(1) Each security shall specify the type of security as defined by law; a depository receipt may also be designated a deposit certificate or a certificate of deposit. The particulars of book-entry securities include their ISIN code; this shall not apply to Treasury bills issued by the Ministry, to shares or units of open-end investment funds kept in a separate register, or to Treasury bills issued by the European Central Bank in liaison with Národná banka Slovenska. An ISIN code may be allocated also to another financial instrument, when so requested by a legal or natural person which has issued such instrument. A requisite for a non-capital security with a claim to which applies the obligation of subordination is also the information that the obligation of subordination applies also to the claim from this security.

(2) The following are not required particulars of a book-entry security:
(a) numerical designation;[28]
(b) a signature or a facsimile of the signature or signatures of persons authorised to act on behalf of the issuer;
(c) information about authorisation from Národná banka Slovenska for the issue of securities, of which the security is a part, if authorisation for the issue is required under another act.[29]

(3) Certificates of deposit shall contain the particulars set out in the provisions of another act.[16aa] The particulars of a certificate of deposit include the commitment of the issuer to make payments on the agreed dates, the method of such payments, and the identification of the place of payment.

(4) Other required particulars of a security may be stipulated by another act.

(5) The required particulars of different classes of securities shall be stated on the securities upon their issue, unless otherwise provided by another act.

(6) The procedure for changing the particulars of a security are governed by the provisions of this Act and of separate laws.

Section 13
Issue of a security

(1) A security is deemed issued at the moment it contains all the particulars defined in this Act or in another act and when it becomes the possession of its initial owner in a way established by law or where, in the case of book-entry security, it is credited to an owner account, a client account or a holder account.

(2) The provisions of this Act apply to procedures to be followed by an issuer when issuing securities, unless otherwise provided by another act.

(3) At the request of an issuer of securities, central depositories shall assign an ISIN code to a security without undue delay.

Section 14
Termination of a security

(1) A security shall cease to exist:

(a) with the dissolution of the issuer, on the date of dissolution, except if the issuer is dissolved with a legal successor or if the underlying liability has not been transferred to another legal or natural person;
(b) based on a decision by the issuer, on the date set by the issuer, unless otherwise provided by another act;
(c) based on valid court order, on the date stated in this order;
(d) upon the fulfilment of other legal conditions stipulated for the termination of a security by this Act or by another act, on the date when whichever of these legal conditions is fulfilled first.

(2) A security giving the right to a certain financial performance shall cease to exist upon its redemption in full or the date of its early redemption, provided that early redemption is permitted by the issue terms or under an agreement between the issuer and the security's owner. Unless otherwise provided by another act, a security giving the right to a non-financial performance shall cease to exist upon the discharge of all obligations arising under the security. For a security to be discharged, it shall be paid along with any yield thereon, where such yield is due. The acquisition of a security by its issuer prior to the maturity date shall be deemed an early redemption of the security only if stipulated by another act.[31]

(3) The procedure to be followed by a legal or natural person upon termination of a security is subject to the provisions of this Act, unless otherwise provided by another act.

(4) When a book-entry security expires, the entity with which the security is registered shall delete the security from its register as soon as it learns of the expiration; this is without prejudice to the provision of Section 104(5).

(5) Where a security is terminated pursuant to this Act or another act, the central depository shall cancel the ISIN code at the request of the issuer or on the basis of a decision of an authorised person.

Conversion of a security
Section 15

(1) To convert a security means to change a paper security into a book-entry security of the same type, or to change a book-entry security into a paper security of the same type.

(2) An issuer shall publish its decision to convert a security without undue delay in the Commercial Bulletin and in a national newspaper covering stock exchange news at least once a week.

(3) The conversion of any security applies to the whole issue of securities.

(4) An issuer shall be liable for any damage caused as a result of its failure to comply with this Act when converting a security.

Section 16

(1) Where an issuer decides to convert a paper security into a book-entry security of the same type, the issuer shall, without undue delay after its decision, publish in the Commercial Bulletin and in national daily publishing stock exchange news at least once a week, the deadline by which the owners of the securities are required to submit their paper securities. In the case of a conversion of registered paper shares, the issuer shall give written notice to all shareholders without undue delay after taking its decision.

(2) The deadline for returning paper securities for conversion may not be less than two months or more than six months from the date of the publication of the decision to convert the securities.

(3) When the deadline for returning paper securities for conversion has passed, the issuer shall have the security conversion registered with the central depository. To that end, the issuer shall conclude a written contract with the central depository for the provision of services related to the conversion of a paper security into a book-entry security. After the central depository has concluded the contract, it shall, without undue delay, proceed with the registration by entering the book-entry security into the register specified in Section 10(4)(a).

(4) If all paper securities from the relevant issue have been submitted before the deadline referred to in paragraph 1, the central depository may, on the issuer's request, proceed in accordance with paragraph 3 even before the deadline specified in paragraph 1.

(5) The issuer shall keep a separate register of paper securities which are subject to conversion and have not been submitted.

(6) From the end of the deadline for returning paper securities for conversion, to the registration of the securities by the central depository in the register of the issuer of securities (hereinafter the 'issuer's register'), no trading may take place in any of the paper securities that have not been returned to the issuer. The owner of such a security may only claim a yield on the security when he submits it to the issuer.

(7) If an owner of a registered paper security is late in submitting the security, the issuer shall give him reasonable time to make the submission, which shall not be less than one month, and advise him that otherwise the security shall be declared invalid. If an owner of a bearer security is late in submitting the paper security, the issuer shall publish in the Commercial Bulletin a call for the submission of the security within a reasonable deadline set in the announcement, which may not be shorter than one month, giving notice that otherwise the security shall be declared invalid. If the security has still not been submitted by the extended deadline, the issuer shall follow the same procedure as that laid down in the Commercial Code for the non-return of paper shares.

Section 17

(1) Within 30 days after concluding a contract with the issuer on providing services for the conversion of book-entry securities into paper securities, the central depository shall deliver to the

issuer an extract from the issuer's register and a list of the owners of the book-entry security, prepared in cooperation with members of the central depository (hereinafter referred to as 'members' or individually as a 'member') by no later than the date for the conversion of the security as stipulated by the issuer in the contract and to the extent of the registered data pertaining to the security whose form is being converted. From the date of delivery of this extract, the central depository may not make any entries in its register pertaining to the security which is being converted.

(2) A central depository shall, except as provided for in paragraph 6, delete a security from accounts held with that central depository and from its member's register as at the date stipulated by the issuer in the contract mentioned in paragraph 1 and shall then cancel the registration of that security. The central depository shall also notify this fact to any stock exchange that operates a market to which that security is admitted to trading.

(3) After receiving the extract mentioned in paragraph 1, the issuer shall proceed in such a way that no more than thirty days elapse until date when the security is deleted from accounts held with the central depository pursuant to paragraph 2. On the date when the security is deleted from accounts held with the central depository pursuant to paragraph 2, the owner of the security may receive the paper security from the issuer. The issuer shall publish this fact and a period for collecting the paper securities in the manner specified in Section 16(1).

(4) Any suspension of the right to use a security registered pursuant to Section 28 (hereinafter 'suspension of the right of use') shall be lifted as of the date when the security is deleted from accounts held with the central depository.

(5) If a book-entry security which is being converted is subject to a pledge as of the date when the extract mentioned in paragraph 1 is delivered, the central depository shall notify the secured creditor of the situation without undue delay. The deletion from the central depository's accounts of a security which is being converted shall not affect the consequences of any pledge to which the security is subject as of the date of deregistration. The secured creditor may receive the paper security. The issuer may also fulfil this duty by placing the security into safe custody (Section 39) with the approval of the secured creditor or by depositing it (Section 42), provided that the custodian or depository is also given the original or an officially certified copy of the pledge agreement. If the conversion concerns an order security in paper form, the secured creditor shall on behalf of the owner write on the security that it has been pledged pursuant to Section 45(4). If at time the book-entry security is being converted into paper form a pledge has no effect vis-à-vis the owner of the security pursuant to Section 53a(4) and Section 53b(2). The right to issue the security belongs to the security owner mentioned in the list pursuant to paragraph 1.

(6) The form of a book-entry security may only be changed after the notice mentioned in paragraph 5 has been given.

(7) If the owner of a converted book-entry security is late in collecting the paper security, the issuer shall follow the same procedure as that laid down in the Commercial Code for the non-return of paper shares.

Section 18
Transmission of securities

(1) A transmission of a security means a change of its owner based on a valid inheritance decision, a valid decision by another state authority, or based on other legal facts defined by law.[32]

(2) Where the owner of a book-entry security is changed by transmission in accordance with paragraph 1, to the credit or debit of the account of an owner of a book-entry security (hereinafter an 'owner account') under Section 105, or a holder account under Section 105a, or an account maintained in accordance with Section 71h(2), such change shall be registered as at the date of transmission by the central depository, member or, in accordance with Section 71h(2), the investment firm.

(3) If securities are transferred on the basis of a company sale agreement,[33] the provisions on the transmission of securities apply, unless Section 18b provides otherwise.

(4) An order for registration pursuant to paragraph 2 shall be made by the acquirer of the security, or by an investment firm or a foreign investment firm authorised by the acquirer.

(5) The order mentioned in paragraph 4 shall be accompanied by the original or an officially certified copy of the document attesting the legal fact on the basis of which the transmission was made.

Section 18a
Movement of a security

(1) The movement of a security does not entail a change of the owner of the security, but the transfer of the security from the owner account to another account held by the same owner.

(2) The movement of a security from one account of the owner to another account of the same owner shall be performed by a central depository or member on the same day.

(3) The movement of a security is subject mutatis mutandis to provisions on the transfer of securities.

Section 18b
Separate provisions on the use of securities after death of the account owner

(1) On acquisition of securities on the basis of valid inheritance decision the inheritor may, besides following the procedure under Section 18, submit as a transferor a transfer registration order for securities from the owner-legator's account.

(2) The transfer registration order under paragraph 1 shall be submitted by the inheritor and acquirer of the securities to the members with whom the legator or acquirer have an owner account, or to the central depository with whom the legator or acquirer have an owner account, or to an entity for whom the central depository maintains a holder account; this shall be done within the agreed period, and if such period has not been agreed, then within seven days after concluding the contract.

(3) Together with the transfer registration order under paragraph 1, the inheritor or acquirer shall submit an original or a certified copy of a document proving the acquisition of the legator's security by the inheritor.

(4) The transfer registration order under paragraph 1 shall mutatis mutandis be subject to the provisions on the transfer of securities.

General provisions on the transfer of securities
Section 19

(1) A transfer of a security means a change in the owner of the security based on an agreement pursuant to this Act.

(2) The transferability of a security can be precluded or restricted only if this is provided for by another act.[34] The issuer may not preclude or restrict the transferability of bearer securities.

(3) Unless otherwise provided by Section 118i(15) and Section 159(3), or by another act,[35] the transferee of a security shall become its owner even if the endorser did not have the right to transfer the security, except if the transferee knew or ought to have known at the time of transfer that the endorser did not have the right to transfer the security.

(4) The rights attached to a security may be transferred separately without the security and be the subject of a separate transaction only if so stipulated by another act.[36]

Section 20

The obligation to transfer a paper security shall be fulfilled if the paper security is delivered to the transferee, unless otherwise provided by this Act or another act or a contract. Other particulars of a transfer may be established by another act.

Section 21

(1) For the transfer of an order security, an endorsement is also required. Through the endorsement, which shall be unconditional, all rights attached to the paper security are transferred unless otherwise provided by another act.[37]

(2) Unless otherwise provided by another act,[35] an endorsement shall contain the signature of the endorser, the business name, registered office and identification number of a legal person, or the name, permanent residence and personal identification number of a natural person, which is the transferee of the security. If the security is acquired by a foreign legal person,[38] an identification number shall be specified, if assigned. If a foreign natural person is the transferee, the date of birth shall be stated instead of the personal identification number.

Section 22
Registration of transfers

(1) The obligation to transfer a book-entry security is fulfilled when the transfer is registered by the central depository or a member, based on an order to register a transfer of a book-

entry security (hereinafter a 'transfer registration order') if the transferred security corresponds with the contract.

(2) To register the transfer of a book-entry security means to make an entry in the legally stipulated register of the owners of book-entry securities, namely by debiting the account of the endorser or holder account under Section 105a and crediting the account of the transferee or holder account under Section 105a. The central depository or a member shall make the entries in both accounts as of the same date.

Section 23

(1) Unless otherwise provided by this Act, a transfer registration order shall be submitted by the transferor and the transferee to the members with whom the transferor or transferee have an owner account, or to the central depository with whom the transferor or the transferee have an owner account, or to an entity for whom the central depository maintains a holder account; it shall do this within an agreed period, and if such period has not been agreed, then within seven days after concluding the contract.

(2) If the orders to register a transfer are not identical, the central depository or a member shall not make the registration and shall, without undue delay, return the transfer registration orders to the persons who made them. If a transfer registration order is not accompanied by a valid decision of prior approval required under Section 70(1)(a), or under another act,[39] the central depository or the member which has received the transfer registration orders shall, without undue delay after registration of the transfer, notify the competent authority whose approval should have been enclosed in the transferee's.

(3) Any party that gives an order to register a transfer without proper authority, or that gives such order incorrectly, incompletely or belatedly is liable for any damage incurred as a result of this.

Section 24

(1) Where an investment firm or a foreign investment firm procures the purchase or sale of a book-entry security, it shall, without undue delay, submit a transfer registration order. The investment firm or a foreign investment firm shall present the central depository or a member with evidence of its authorisation to make the transfer registration order. The central depository or a member shall, without undue delay, proceed to register transfer after receiving the identical transfer registration orders, without prejudice to the provision of Section 23(2).

(2) Section 23(3) applies equally to the liability of an investment firm or a foreign investment firm.

Section 25

(1) Where a transfer of a book-entry security is taking place on a stock exchange, the transfer registration order shall be submitted by the stock exchange, which shall present the central depository or a member with evidence of its authorisation to make the transfer registration order. The central depository or a member shall, without undue delay, proceed to register the transfer after receiving this transfer registration order, without prejudice to the provision of Section 23(2).

(2) Section 23(3) applies to the liability of the stock exchange.

(3) The provisions of paragraphs 1 and 2 apply equally to transactions concluded on a multilateral trading facility and to the operator of the facility.

Section 26
Repealed as from 1 August 2014

Section 27

(1) A transfer registration order shall contain identification data of the transferor, identification data of the transferee, identification of the transferred securities and other data in the extent necessary for making an entry in the relevant register of securities in accordance with the operating rules or internal regulations of an investment firm which keeps records in accordance with Section 71h(2).

(2) If purchase or sale of the book-entry security was procured by an investment firm or a foreign investment firm, the transfer registration order shall also contain identification data of that investment firm or foreign investment firm.

(3) If the transfer registration order is submitted by a stock exchange, it shall also contain, in addition to the data referred to under paragraph 2, the identification data of that stock exchange.

(4) The provisions of paragraphs 1 to 3 also apply mutatis mutandis to the transfer of securities carried out by an investment firm in a register that it keeps in accordance with Section 71h(2).

Section 28
Registration of a suspension of the right of use

(1) Central depositories and members shall register a suspension of the right of use on the basis of an order to register a suspension of the right of use.

(2) To register a suspension of the right of use means to make an entry to that effect in the register of the central depository, and where information on the book-entry security and its owner are registered in the owner account maintained by a member, then also in the register of that member.

(3) An order to register a suspension of the right of use may be given by:

(a) the owner of the book-entry security;
(b) an investment firm or a foreign investment firm, if it was instructed by the owner of the book-entry security to acquire this security or if this ensues from a contract concluded between the investment firm or the foreign investment firm and the owner of the book-entry security;
(c) a stock exchange or multilateral trading facility provided that the book-entry security is to be sold on that stock exchange or multilateral trading facility, or by a central depository during the clearing and settlement of transactions in book-entry securities,
(d) a secured creditor, if permitted under the security agreement, Národná banka Slovenska, the European Central Bank or another Eurosystem central bank, simultaneously with the submission of an order to register a pledge on the book-entry security in accordance with

Section 53a(4); and Národná banka Slovenska where it submits an order to suspend the right of use in a pledged security pursuant to Section 45(6);

(e) an issuer, not more than ten days before registering the conversion or termination of the security;

(f) a central depository or a member if it will make a correction in its register, or supplement its register, pursuant to Section 108(1) to (3) of other legislation[39a] or in order to meet its obligations under other legislation,[40] or by a central depository for the time required to rectify a discrepancy in the register;

(g) a competent state authority;

(h) an authority exercising supervision pursuant to this Act or to separate laws[41] if, when exercising this supervision, it finds any breach of the applicable legislation and where further use of the security risks causing damage;

(i) an executor if an execution is to be carried out by a sale of the security;[42]

(j) a central depository or member, where a natural person or legal person whose owner account is entered in the register maintained by the central depository or member is more than 14 days in arrears in the payment of any part of its monetary liability to the central depository or member, and such order shall be made in the necessary extent vis-à-vis the amount of the receivable. In the event that the monetary liability or its outstanding amount is met, the central depository or member shall without undue delay submit an order to register the cancellation of this suspension of the right of use;

(k) an offeror referred to in Section 118i(1) to whom Národná banka Slovenska has granted prior approval for the exercise of the right of squeeze-out in accordance with Section 118i(4).

(4) An order to register a suspension of the right of use, or an order to register a cancellation of a suspension of the right of use, shall contain the particulars concerning the book-entry security and its owner as set out in Section 27(1) and shall indicate the period during which the right of use in the security is suspended, unless a suspension of the right of use is sought for an indefinite period; if an entity mentioned in paragraph 3(a), (g) and (i) does not state in the order the designation of the securities or the number of their units, the order applies to all the securities recorded in the owner account at the time when the order is submitted. If the order lacks any of the elements mentioned in the first sentence, it is invalid and the central depository shall not carry out its registration.

(5) Where an order to register a suspension, or a cancelation of a suspension, of the right of use applies to an entire issue, it may be given by a person mentioned in paragraph 3(e), (g), (h) or (k) or by a central depository pursuant to paragraph 3(f). Where an order to register a suspension, or a cancellation of a suspension, of the right of use applies to an entire issue, the authorised person shall give the central depository recording the issue in an issuer's register the order to register a suspension, or cancellation of a suspension, of the right of use. If the suspension of the right of use applies to the whole of an issue whose securities are registered in the holder account of a central depository, the central depository shall record the suspension of the right of use in the register that it maintains under Section 105c, on the basis of a notification from the central depository that maintains the issuer's register; such notification may be given electronically and shall include information in the same scope as the information stated in the order to register the suspension of the right of use. The provision of paragraph 4 shall not apply to the submission of orders in accordance with the previous sentence. Where an order to register a suspension, or a cancellation of a suspension, of the right of use applies to an entire securities issue, it shall contain:

(a) identification information on the issuer to the extent set out in Section 27(1)(a);

(b) the ISIN code of the securities issue to which the order applies;
(c) the period for which the right of use is suspended.

(6) A suspension of the right of use pursuant to paragraph 3(a) to (c), may only be registered if no other suspension of the right of use pursuant to paragraph 3(a) to (c) is registered for the respective security.

(7) After a suspension of the right of use has been registered, the owner of the book-entry security may not, for the period of the suspension, conclude a contract to purchase the security, a contract to donate the security, a contract to lend the security, a contract to procure the sale of the security, or a contract to transfer the security as collateral, nor may the owner give any order to sell the security.

(8) While the registration of a suspension of the right of use is in effect, the central depository or a member shall not register any transfers of the book-entry security; if the central depository or a member registers a transmission of the security pursuant to Section 2(2)(d), it shall notify the person ordering the suspension of the right of use in writing without undue delay.

(9) A suspension of the right of use ceases upon the entry of its cancellation in the relevant register of the central depository or a member. The central depository or a member shall make the entry either upon completion of the period for which the right of use was suspended, or on the order of an investment firm which, pursuant to Section 51, is selling securities that are subject to a pledge and is cancelling the suspension of the right of use registered under paragraph 3(a) to (d), or on the basis on the order of legal or natural person which demonstrates to the central depository its authorisation to cancel an order to register a suspension of the right of use or the central depository or member, where the entity which issued the order to register the suspension of the right of use has ceased to exist, or where the investment firm or foreign investment firm has ceased to provide investment services as defined in this Act.

(10) Where the central depository or a member carries out an order to cancel the registration of a suspension of the right of use, it shall, without undue delay, notify this fact in writing to the person which ordered the suspension of the right of use. This shall not apply where the central depository or a member cancels an order to register the suspension of the right of use in respect of an entity that has ceased to exist since issuing the order for the registration or in respect of an investment firm or foreign investment firm that has ceased to provide investment services as defined in this Act.

(11) Anyone who gives an unauthorised order to suspend the right of use or an order pursuant to paragraph 9, or who gives such order incorrectly, incompletely or belatedly shall be liable for any damage arising as a result.

(12) The central depository or a member is required to notify the stock exchange of the registration of any suspension of the right of use affecting a whole issue of book-entry securities.

(13) The procedure mentioned in paragraphs 1 to 12, except for paragraph 5, shall insofar as it applies to a central depository or member apply also to an investment firm which keeps records in accordance with Section 71h(2).

Section 29

The provision of Sections 22 to 28, Sections 45 to 53e apply mutatis mutandis to transfers of book entry CIU shares or units recorded in a separate register, to the suspension of the right of use in such securities, to the securing of liabilities with such securities, to the protection of collateral provided in transactions involving such securities, while the depository of the investment fund and the asset management company shall perform activities related to the recording of book entry CIU shares or units in a separate register. If the depository of the investment fund and the asset management company also organise the system of clearing and settling transactions in CIU shares or units recorded in a separate register, the provisions of this Act apply mutatis mutandis to the irrevocability of transfer registration orders for CIU shares or units, and to the system of clearing and settling transactions in them.

DIVISION TWO

CONTRACTS ON SECURITIES

Section 30
Contracts to purchase securities and contracts to donate securities

(1) Contracts to purchase securities are governed by the provisions of the Commercial Code on purchase contracts, unless otherwise provided by this Act. For a contract to purchase securities to be valid, it shall identify the class, number, purchase price and, if assigned, the ISIN code of the securities to be transferred.

(2) Without specifying the price, a contract to purchase securities is only valid if both parties express their will to make the contract without setting a price. In such case, the transferee shall pay a purchase price equivalent to the lowest price at which a fungible security was traded on public markets on the date when the contract was concluded. If the security was not traded on public markets on that date, the transferee shall pay the lowest price for which the security was previously traded on public markets. If the purchase price cannot be determined in this way, the transferee shall pay a price that could be achieved with due professional care

(3) Contracts to purchase a registered paper security and, if so provided by another act, contracts to purchase an order security in paper form, shall be made in writing.

(4) A contract to donate securities is governed by the provisions of the Civil Code on a donation contract, unless otherwise provided by this Act. Contracts to donate securities shall be made in writing.

Commission agent contract to procure the purchase or sale of a security
Section 31

(1) In a commission agent contract to procure the purchase or sale of a security, the commission agent (hereinafter ‘agent’) undertakes to procure in its own name and for the account of the client the purchase or sale of a security, or to perform activities directed towards this objective, and the client undertakes to pay the agent a commission.

(2) Unless otherwise provided by this Act, a commission agent contract is governed by the provisions of the Commercial Code on commission agency contracts. A commission agent contract to procure the purchase or sale of a security shall be made in writing.

(3) Unless otherwise provided in the commission agent contract to procure the purchase or sale of a security, the client's instruction on the basis of which the commission agent procures the purchase or sale of a security shall be in writing. If the client's instruction is not made in writing, the commission agent is required to give the client, at its request, a confirmation of a received instruction.

Section 32

(1) Where a client instructs a commission agent to procure the purchase of a security, the commission agent may ask for an advance payment.

(2) Where a client instructs a commission agent to procure the sale of a security, the commission agent may request, in the case of a paper security, to be given this security, or in the case of a book-entry security, to have a suspension of the right of use in this security registered in the central depository's register or in individual register.

(3) For so long as the commission agent is bound by an instruction to procure a sale of a security, the client may not use this security.

Section 33

(1) A commission agent may discharge its obligation by selling the client a security from its portfolio or by buying a security from the client, provided that this is allowed under the commission agent contract to procure the purchase or sale of the security.

(2) Unless otherwise provided in the commission agent contract to procure the purchase or sale of a security, and provided that the commission agent is able to do so, the commission agent is required, even without the client's consent, to sell the security for a price higher than that stated in the instruction or to buy the security at a price lower than that stated in the instruction; otherwise it shall be liable for the damage incurred by the client.

(3) If the purchase price or the sale price is not specified in the client's instruction, the commission agent is required to buy or sell the security at the best price for the client, which can be obtained with due professional care.

Section 34

Securities entrusted to a commission agent for sale shall remain the property of the client until they are acquired by a third party.

Section 35

The ownership of securities that a commission agent acquires for a client shall, in the case of physical securities, pass to the client on the date of their endorsement, if required, and delivery to the commission agent, and, in the case of book entry securities, once they are

credited to the owner account or holder account of the commission agent. After the client has paid the purchase price for the securities and the fee mentioned in Section 31(1), the commission agent shall without undue delay make the endorsement of the physical securities, if required, and deliver them to the client, or shall without undue delay ensure the transfer of the book-entry securities to the owner account of the client. The commission agent shall not be so obliged if, under the contract, he is required on behalf of the client to provide safe custody and administration of the securities or to deposit them (Sections 39 and 41 or Section 42), or if he performs for the client the ancillary service of custodianship as defined in Section 6(2)(a) and details of securities' owners are contained in records that the commission agent maintains under Section 71h(2).

Section 36
Mandate contract to procure the purchase or sale of securities

(1) In a mandate contract to procure the purchase or sale of securities, the mandatory undertakes to buy or sell, on the mandator's behalf and for its account, a security as instructed by the mandator, or to take action leading to that end, and the mandator agrees to pay a fee for this. The provisions of Section 33 on rights and duties of a commission agent apply to the rights and duties of a mandatory.

(2) Unless otherwise provided by this Act, a mandate contract to procure the purchase or sale of securities is governed by the provisions of the Commercial Code on mandate contracts. A mandate contract shall be made in writing.

Section 37
Contract on brokerage in the purchase or sale of securities

(1) In a contract on brokerage in the purchase or sale of securities, the broker undertakes to act so as to enable the bidder to sell or buy a security and the bidder agrees to pay a fee for this.

(2) Unless otherwise provided by this Act, a contract on brokerage in the purchase or sale of securities is governed by the provisions of the Commercial Code on mandate contracts. A contract on brokerage in the purchase or sale of securities shall be made in writing.

Section 37a
Repealed as from 1 November 2007

Section 38
Contract on the loan of a security

(1) In a contract on the loan of security, the lender undertakes to transfer to the borrower a certain number of fungible securities, and the borrower agrees to transfer to the creditor the same number of fungible securities after the completion of an agreed period. The borrower also undertakes to pay a fee, if agreed. Instead of a financial fee, it may be agreed that the number of fungible securities returned will be greater than the number which the creditor lent to the borrower.

(2) A contract on the loan of a security shall be made in writing. For a contract to borrow securities to be valid, it shall specify the class, number and, if assigned, the ISIN code of the securities transferred.

(3) The liabilities arising under a contract on the loan of a security for a fee are governed by the general provisions of the Commercial Code on commercial obligations.[43] The liabilities arising under a contract on the loan of a security for a fee are governed by the general provisions of the Civil Code on loans.

Contract on safe custody of paper securities
Section 39

(1) In a contract on safe custody of paper securities the custodian undertakes to receive a paper security into individual or bulk safe custody, and the consignor agrees to pay the custodian a fee. The contract shall identify the persons who have the right to use the security placed in safe custody. If the contract does not specify the fee for the service, the custodian is entitled to a fee that is usual at the time the contract is concluded. If the security is a fungible security, the custodian shall be an investment firm, a foreign investment firm, or the central depository. As a rule, unless the contract provides otherwise, a fungible security shall be placed in bulk safe custody and a non-fungible security in individual custody. A contract on safe custody of paper securities shall be made in writing.

(2) Individual safe custody means keeping a paper security of one consignor separately from paper securities of other consignors. The custodian shall return the consignor the same paper security as the consignor entrusted to his safe custody. The custodian is liable for any damage arising to the entrusted paper security, unless such damage was unavoidable even when exercising due professional care.

(3) Bulk safe custody means keeping a fungible security of one consignor together with other fungible securities of other consignors. The custodian shall return the consignor a fungible security, but the consignor does not have the right to receive the same paper security as he entrusted to the custodian. The custodian is liable for any damage arising to a paper security placed in safe custody, unless such damage was unavoidable even when exercising due professional care. Fungible securities in bulk safe custody are the joint property of the consignors. The share of any consignor in this joint property is determined by the ratio of the sum of nominal values of the fungible securities that he placed in bulk safe custody to the sum of the nominal values of all the fungible securities in bulk safe custody. If the fungible securities do not have a nominal value, the number of fungible paper securities will be used instead. The provisions of the Civil Code on joint ownership shall not apply to fungible paper securities in bulk safe custody. Each of the consignors may exercise his rights towards the custodian separately.

(4) A custodian shall keep records of paper securities placed in safe custody. The records shall contain the business name or name, registered office and identification number, or the name, address and the personal identification number of the consignor and the issuer of the security and its nominal value, if any. For a paper security under individual safe custody, the records shall also contain its number and place of safe custody.

(5) If the custodian is not in possession of the paper security at the time the contract is concluded, it shall receive the security and keep it.

(6) The custodian shall take due professional care to protect the paper security against loss, destruction, damage, or depreciation.

(7) The consignor may at any time require the custodian to surrender the paper security to him and may at any time return it to the custodian, unless the contract on safe custody of paper securities has expired.

(8) The consignor or the custodian may terminate the contract on safe custody of paper securities. If a termination notice has not been agreed, the custodian may terminate the contract as of the end of the calendar month following the delivery of the termination notice, and the consignor may terminate it with immediate effect.

(9) The contract on safe custody of securities is also deemed as terminated when the consignor has collected all the paper securities from safe custody, unless otherwise implied by the contract on safe custody of securities or by an expression of will from the consignor in regard to the collection of the securities.

(10) In order to secure its rights under the contract on safe custody of paper securities, the custodian shall have a pledge on the paper security received into safe custody, provided that the security is in his possession.

(11) If the assets of the custodian are subject to a bankruptcy declaration, [21] the trustee in bankruptcy shall take all necessary steps towards returning the paper securities placed in individual and bulk safe custody to the respective consignor in accordance with their shares as defined in paragraphs 2 and 3. If it is not possible to return the paper securities to all the consignors, the trustee in bankruptcy shall entrust the non-returned securities to another custodian under similar terms and conditions, having regard to protecting the interests of the consignor. The trustee in bankruptcy has the right towards the bankrupt to be compensated for costs related to the return of the paper securities. Such costs shall be met by the consignors according to the proportion of their shares.

Section 40

(1) A custodian that has received a paper security under a contract on safe custody of securities may, even without the consignor's consent, entrust the security into the safe custody of another custodian, unless otherwise provided by the contract.

(2) Entrusting a paper security into the safe custody of another custodian shall in no way affect the consignor's rights towards the custodian with whom it has concluded the contract on safe custody of securities.

Section 41
Contract on administration of securities

(1) In a contract on administration of securities, the administrator undertakes for the duration of the contract to take whatever legal steps are necessary to exercise and uphold the rights attached to the respective security, and the owner of the security agrees to pay the administrator a fee. If the contract does not specify the fee for the service, the administrator is entitled to a fee that is usual at the time contract is concluded. A contract on administration of securities shall be made in writing.

(2) The administrator mentioned in paragraph 1 shall be a person authorised to conduct such activities under an authorisation specified in Section 54 or a central depository.

(3) The administrator shall, even if not instructed by the client, act with due professional care to take whatever steps are necessary to exercise and uphold the rights attached to the security, and in particular it shall demand the fulfilment of liabilities arising under the security, as well as the exercising replacement and pre-purchase rights attached to the security, unless otherwise provided by the contract on administration of securities.

(4) The administrator shall to fulfil instructions of the client; which shall be given in writing unless the contract on administration of securities allows for a different form. An administrator shall give the client prompt notification of any incorrect instructions.

(5) If so required by the nature of an action to be taken by the administrator, the owner of the security shall deliver the administrator the paper security or the required written power of attorney, without undue delay after being asked for it by the administrator. If the action concerns a book-entry security, its owner shall, on the administrator's request, take whatever steps are necessary so as to enable the administrator to issue instructions for using the book-entry security.

(6) If an administrator should exercise voting rights attached to a security, it may require the necessary written power of attorney from the owner of the security. If the owner of the security gives the administrator instructions on how the voting rights should be exercised, the administrator shall vote for the owner of the security in the specified manner.

(7) An administrator shall deliver the paper security to its owner without undue delay after completing the action for which the security was required, unless otherwise implied by the nature of the action. For so long as it is in possession of the security, the administrator is liable for damage to the security pursuant to Section 39(2).

(8) Unless otherwise agreed, the fee for the administration of a security also covers any costs that an administrator incurred in the fulfilment of his obligation.

(9) Unless otherwise provided by the contract, the administrator shall take legal steps concerning the administration of a security in the name of the owner of the security and for the owner account; the rights and duties of the parties are determined mutatis mutandis by the provisions of the Commercial Code on a contract of mandate. If, under the contract, the administrator should take legal steps in his own name and for the account of the owner of the security, the provisions of the Commercial Code on a commission agent contract and this law apply mutatis mutandis.

(10) The provisions of Section 39(8) apply mutatis mutandis to the termination of a contract on administration of securities, unless otherwise provided by this contract.

Section 42
Contract on depositing securities

(1) In a contract on depositing securities, a depository undertakes to accept a security for safe custody and management, and the depositor agrees to pay a fee for the service. If the contract

does not specify the fee for the service, the depository is entitled to a fee that is usual at the time that the contract is concluded. A contract on safe custody of securities shall be made in writing.

(2) A depository pursuant to paragraph 1 shall be a person authorised to carry out such activities under an authorisation specified in Section 54.

(3) The provisions governing safe custody and administration of securities apply mutatis mutandis to contracts on depositing securities.

(4) A depository shall submit an annual report on the state of the deposited paper securities.

(5) A depository that has upon request returned a paper security to a depositor shall not be obliged to administer the security for the time that it is not in his possession.

(6) A depositor may limit the obligation of a depository to duties arising under the contract on safe custody of securities or duties arising under a contract on administration of securities. In such case, the fee that the depositor should pay shall be reduced accordingly.

(7) A depository may deposit a paper security into secondary safe custody, or secondary safe custody and administration only with the written consent of the depositor. A person who accepts a paper security for secondary safe custody and administration may not be authorised to exercise voting rights attached to this security.

Section 43
Contract on portfolio management

(1) In a contract on portfolio management, a portfolio manager undertakes to manage a client's portfolio at the portfolio manager's discretion and within the scope and extent defined by the contract, and the client agrees to pay a fee for this service. This contract shall be made in writing.

(2) A portfolio manager pursuant to paragraph 1 may only be a person authorised to carry out such activities under an authorisation specified in Section 54.

(3) A portfolio management company shall, without instructions from the client, procure the purchase and sale of securities, as well as their primary market acquisition, and shall, unless the contract provides otherwise, perform activities specified in Sections 39 and 41 with the objective of ensuring long-term professional care for the client's portfolio. A client may limit the obligations of the portfolio management company only to duties related to the purchase, sale, and subscription of securities. In such case, the fee that the client should pay shall be reduced accordingly.

(4) A portfolio management contract may be terminated. Unless a termination notice has been agreed upon, the contract may be terminated with effect from the end of the second month following the delivery of a termination notice.

(5) Unless the subject-matter implies otherwise, the provision of Section 39(7) applies mutatis mutandis.

(6) The provisions on contracts set out in Sections 31 to 36 and 39 to 41 apply mutatis mutandis to contracts on portfolio management.

Section 44
Immobilisation of securities

(1) A contract on bulk safe custody pursuant to Section 39(3) may also be concluded by the issuer of these securities as the consignor. The provisions of this Act concerning book-entry securities apply mutatis mutandis to securities deposited by an issuer in this way (hereinafter 'immobilised securities'). If the securities are in bulk safe custody with an investment firm, they are subject to the provisions of this Act on paper securities.

(2) In the case of issued securities, the provisions of Section 16 apply mutatis mutandis to the procedure described in paragraph 1.

(3) Owners of immobilised securities may ask the issuers of the securities to deliver them the paper securities without undue delay; this does not apply if the immobilised securities are admitted to trading on a regulated market or on another trading venue.

(4) Issuers whose securities are admitted to trading on a regulated market or on another trading venue may enter into a contract under paragraph 1 only with a central depository or foreign central depository which performs such activity.

Section 44a

(1) The provisions on securities contracts under Sections 39 to 42 apply mutatis mutandis to contracts on book-entry securities.

(2) The provisions on securities contracts under Sections 31 to 44 apply mutatis mutandis to contracts on financial instruments that are not securities.

DIVISION THREE

COLLATERALISATION OF SECURITIES

Pledge
Section 45

(1) Unless otherwise provided by this Act, a pledge is established upon its registration in a separate register of pledged securities (hereinafter a 'register of pledges').

(2) A register of pledges of paper securities shall be kept by the central depository. The register of pledges of book-entry securities shall be kept by the central depository for securities recorded in the issuer's register. The register of pledges of book-entry CIU shares or units, the issuer's register of which is recorded by the depository of an investment fund in accordance with another act,[26a] shall be kept by this depository or asset management company in individual register.

(3) When registering a pledge established on paper securities, the central depository shall mark a 'subject to pledge' clause on the paper securities concerned.

(4) For a pledge to be established on a paper security transferable by endorsement, it is required that the owner makes a written statement on the security (hereinafter a 'pledge endorsement'). The pledge endorsement shall identify the secured creditor. In addition, the pledge endorsement shall contain the appropriate particulars set out in Section 21(2). The secured creditor may not further transfer a security containing a pledge endorsement.

(5) The provisions of paragraph 4 are without prejudice to the provisions of another act.[44]

(6) A pledge on a book-entry security in favour of Národná banka Slovenska shall be established by concluding a credit transaction with Národná banka Slovenska,[45] and it shall exist for the period of business relationship established by the concluded transaction. The central depository shall register the pledge in the register of pledges by order of Národná banka Slovenska. Simultaneously, Národná banka Slovenska shall issue an order to register a suspension of the exercise of the right to use the pledged security in accordance with Section 28(3), the term of which suspension shall be equal to that of the business relationship arising from the concluded transaction

Section 46

(1) A pledge on securities shall arise or terminate upon the registration of a change or termination of a pledge on securities in the register of pledges.

(2) Upon registration of a change or termination of a pledge on paper securities, the central depository shall mark the change or termination on the paper security concerned.

Section 47

(1) The register of pledges shall contain the following information:

(a) business name or name, and registered office of the guarantor, if a legal person, or the name, and address of the guarantor, if a natural person;
(b) identification number or personal identification number of the guarantor;
(c) in respect of book-entry securities, their identifier including ISIN code; in respect of paper securities, their identifier including the class and type of the security, and, if the issuer is a legal person, the issuer's identification number, business name or name, and registered office address, or, if the issuer is a natural person, the issuer's full name and address of permanent residence;
(d) business name or name, and registered office of the secured creditor, if a legal person, or name and address of the secured creditor, if a natural person;
(e) identification number or personal identification number of the secured creditor,
(f) quantity or volume of securities;
(g) amount of the liability for which the contractual is established and its due date;
(h) date when the pledge was recorded in the register of pledges.

(2) At the written request of the legal or natural person, the central depository shall issue an extract from the register of pledges containing information to the extent specified in paragraph

1(a), (c), (f) and (h), and this extract may also contain additional information from the issuer's register.

Section 48

(1) Contracts on pledging securities are governed by the provisions of the Commercial Code and Civil Code on the right of pledge, unless otherwise provided by this Act.

(2) Contracts on pledging securities shall be made in writing.

(3) A pledge may not be established on securities already subject to a pledge.

Section 49

(1) If a pledge is established on a paper security that has been placed in safe custody or deposited, the consignor or depositor shall notify the fact to the custodian or depository. The consignor's or depositor's notice shall be accompanied by an original or an officially certified copy of the contract on pledging of the security.

(2) A pledged security subject to a pledge which is in individual safe custody shall be kept separately from other securities of the client. The pledged security may not be released to the client without the secured creditor's consent, or unless a document is presented that the pledge has expired. The same applies to pledged paper securities deposited under a contract on the deposit of securities.

Section 50
Registration of a pledge

(1) An order to register a pledge on a security may be given by a secured creditor, a guarantor, or Národná banka Slovenska, provided that the pledge registration is in accordance with Section 45(6). The secured creditor or guarantor shall attach to the registration order for the pledge a written confirmation regarding the content of the contract to pledge the security. This shall not apply if an order for registration of pledge on a security is issued by pledgee or pledgor in accordance with Section 53a(4), or by Národná banka Slovenska in accordance with Section 45(6). The written confirmation regarding the content of the contract to pledge the security shall include in particular the information mentioned in Section 47(1)(a) to (g) and the signatures of the guarantor and secured creditor. An order to register a pledge on a security shall include the information mentioned in Section 47(1)(a) to (g).

(2) Where information about the owner of a security is held in an owner account maintained by a central depository or a member, or in records kept by an investment firm in accordance with Section 71h(2), an order to register a pledge on the security shall be submitted to that central depository, member or investment firm; where information about the owner of a security is held by a central depository in accordance with the second sentence of Section 105c, such order shall be submitted to that central depository. Where information about the owner of a security is held in records kept by a member or investment firm in accordance with Section 71h(2), the member or investment firm shall, after receiving an order to register a pledge on the security, forward this order without undue delay to the central depository; where such information is held by a central depository in accordance with the second sentence of Section

105c, the central depository shall, after receiving such order, forward it without undue delay to the other central depository.

(3) After entering a pledge in the register of pledges, a central depository shall without undue delay record this fact in the owner account maintained in its register, or it shall forthwith notify this fact to the member with which the owner of the pledged security has his owner account, or to the investment firm holding information about the security's owner in records kept in accordance with Section 71h(2), or to the central depository that holds information about the security's owner in accordance with the second sentence of Section 105c. Where a member or an investment firm that keeps records under Section 71h(2) is notified by a central depository that a pledge has been entered in the register of pledges, it shall without undue delay record this fact in the relevant account or in records mentioned in Section 71h(2). Where a central depository that keeps records under the second sentence of Section 105c is notified by the other central depository that a pledge has been entered in the register of pledges, it shall without undue delay record this fact in the respective account or notify it to the member with which the owner of the pledged security has his owner account, or to the investment firm holding information about the security's owner in records kept in accordance with Section 71h(2). Where a member or an investment firm that keeps records under Section 71h(2) receives a notification under the third sentence of this paragraph, it shall without undue delay record this fact in the relevant account or in records mentioned in Section 71h(2).

(4) In the event of a change in the information concerning a pledge, the person whom this change concerns shall order an amendment to the registration in the register of pledges, without undue delay after the date of the occurrence that gave rise to the change in the information regarding the pledge. If a person whom the change in information concerns cannot be determined, this obligation shall fall to the guarantor. If the obligation to order the registration of a change in the information falls to more than one person, this obligation shall be deemed discharged where the order is made by any one of these persons. If a change in a pledge on a security concerns information contained in the written confirmation under paragraph 1, the guarantor or secured creditor shall enclose with the order a written confirmation on the change in the content of the contract to pledge the security, or a document proving another reason for the change in the pledge on the security. The written confirmation of a change in the contract to pledge the security shall include mainly the information mentioned in Section 47(1) and the signatures of the guarantor and secured creditor. When registering a change in a pledge on a security, the procedure set out in paragraphs 2 and 3 shall be followed. An order to register a change in a pledge on a security shall include the information mentioned in Section 47(1).

(5) After grounds have arisen for the termination of a pledge, the secured creditor shall without undue delay order the registration of the termination of the pledge. The guarantor may also make an order to register the termination of a pledge, in which case he shall enclose with the order a written confirmation of the fulfilment of the obligation or another document, made out by the secured creditor, proving a reason for the termination of the pledge. When registering the termination of a pledge on a security, the procedure set out in paragraphs 2 and 3 shall be followed. An order to register the termination of a pledge on a security shall include the information mentioned in Section 47(1). If a security has expired and been deleted from the records established under Section 10(4)(a), the central depository shall execute the registration of termination of a pledge without an order. The central depository shall notify the guarantor and secured creditor of this fact at the address registered with the pledge.

(6) Any party that gives an order to register a pledge without having proper authority to do so, or that gives such an order incorrectly, incompletely or belatedly shall be liable for any damage which arises as a result.

Section 51

(1) When dealing with a pledged security, the right of pledge is also enforceable against any acquirer of the security unless otherwise provided by this Act or by another act; the right of pledge may be enforced against the acquirer of the security even if the guarantor has transferred the security to the acquirer in a transaction conducted as part of a business or other activity. The guarantor and acquirer shall register the change of guarantor in the register of pledges. For any damage caused by the breach of this obligation, they shall be jointly and severally liable. The obligation laid down in this paragraph shall not apply where the acquirer acquired the securities under paragraph 5.

(2) The guarantor in regard to a pledge on a security shall be the owner of the security.

(3) For so long as a pledge on a security is in effect, the right of pledge applies equally to any income from the pledged security.

(4) Pledged securities may not be traded in anonymous transactions, except as provided in paragraph 5.

(5) Where a claim secured by a pledge on a security is not paid in due and prompt manner, the secured creditor may sell the pledged security through an investment firm. The secured creditor shall notify the guarantor in advance of the intended sale, unless otherwise provided in the contract on pledging of the security.

(6) A sale pursuant to paragraph 5 of securities admitted to a market of stock exchange-listed securities shall be made on the stock exchange by an anonymous transaction through an investment firm. If the stock-exchange listed security has not been traded in the last three months, it may be offered for sale through an investment firm for the highest price which can be achieved with due professional care.

(7) A sale pursuant to paragraph 5 of securities which are not stock exchange-listed shall be made through an investment firm for the highest price which can be achieved with due professional care.

Section 52
Statutory pledge

(1) Statutory pledges on securities are governed by the provisions of another act,[46] unless otherwise provided by this Act. A statutory pledge on a security, and a change to or termination of the pledge, shall be registered in the register of pledges as at the date when the statutory pledge on the security is established, changed or terminated.

(2) Where information about the owner of a security is recorded in an owner account maintained by a central depository or a member, or in records kept by an investment firm in

accordance with Section 71h(2), an order to register, change or terminate a statutory pledge on the security shall be submitted by the competent state authority[47] to that central depository, member or investment firm; where information about the owner of a security is held by a central depository in accordance with the second sentence of Section 105c, such order shall be submitted to that central depository. The order shall be accompanied by a legally valid decision to establish, change, or terminate the statutory pledge. The procedure for registering a statutory pledge is subject to Section 50(3). If the security has been cancelled and deleted from the register established under Section 10(4)(a), the central depository shall register the termination of the statutory pledge on the security without requiring an order. The central depository shall notify the guarantor and secured creditor of this fact at the address registered with the pledge.

(3) An order to register, change or terminate a statutory pledge shall contain the particulars specified in Section 47(1).

(4) The provisions of Section 51(1), (3) and (4) apply equally to statutory pledges on securities.

Section 52a
Securities with a claim connected with the obligation of subordination

(1) The claim from securities connected with the obligation of subordination is governed by the provisions of other legislation on the obligations of subordination and claims connected with the obligation of subordination.[47aa]

(2) Securities in book-entry form with claims connected with the obligation of subordination are recorded by the central depository in special records of securities with a claim connected with the obligation of subordination unless this Act or another act stipulates otherwise. For the purpose of maintaining these records, the issuers and owners of securities in book-entry form with a claim that is connected with the obligation of subordination shall provide data to the central depository within the scope stipulated by the operating rules of the central depository (hereinafter the 'operating rules').

Section 53
Transfer of securities as collateral

(1) Contracts for the transfer of securities as collateral are governed by the provisions of this Act and the Civil Code on securing liabilities by the transfer of a right. Contracts for the transfer of securities as collateral shall be made in writing and shall, to a similar extent as laid down in Section 47(1), state information on the debtor, the creditor, the securities transferred, and liabilities secured by the transfer of securities, as appropriate according to Section 47(1).

(2) Transfers of securities as collateral shall be registered by the central depository in a separate register of securities transferred as collateral, unless otherwise provided by this Act or another act.

(3) The provisions of Sections 45(1), (2) and (6), 46, 47 and 50 apply mutatis mutandis where transfers of securities as collateral are executed, established, changed or terminated.

(4) Anyone who gives an order to register a transfer of securities as collateral without having proper authority to do so, or who gives such order incorrectly, incompletely or belatedly shall be liable for any damage arising as a result.

Special provisions on financial collateral
Section 53a

(1) The provisions of Section 45(3) and (4), Section 46, Section 50(3) and Section 51(4) to (7) shall not apply where the secured creditor or guarantor in relation to the pledge on securities are any of the following entities:

(a) a public authority of a Member State;
(b) Národná banka Slovenska or the central bank of another state, the European Central Bank, the International Monetary Fund, the European Investment Bank, the International Development Bank[47a] or the Bank for International Settlements;
(c) a bank, foreign bank, investment firm, foreign investment firm, insurance undertaking, foreign insurance undertaking, insurance undertaking from another Member State, asset management company, foreign asset management company, electronic money institution, foreign electronic money institution, collective investment undertaking, or a foreign collective investment undertaking;
(d) an entity other than an entity mentioned in subparagraph (c), which is subject to prudential supervision and which, within the scope of its core business, performs activities that may in accordance with other legislation[47b] be performed by a bank; or an entity having its registered office abroad which performs similar activities;
(e) an entity other than an entity mentioned in subparagraph (c), which is subject to prudential supervision and which, within the scope of its core business, acquires interests in assets in accordance with other legislation,[47c] or an entity having its registered office abroad which performs similar activities;
(f) the central depository, payment system operator,[47d] settlement agent,[47e] clearing house,[47f] joint representative of the owners of the securities or other debt securities, or an entity having its registered office abroad which performs similar activities, including an entity which performs clearing and settlement of transactions in financial instruments or which performs the activities of a central counterparty though is not a foreign central depository.
(g) an entity other than an entity mentioned in points (a) to (f), if these conditions are met:
    1. the other party is one of the entities mentioned in (a) to (d) and (f)
    2 the pledge secures a claim under a contract on final settlement of gains and losses or a claim arising from transactions whose settlement may be the subject of a contract on final settlement of gains and losses under other legislation.[47g*]

(2) A pledge on a paper security in accordance with paragraph 1 shall be established by the surrender of the security to the secured creditor or a third party for safe custody or for safe custody and administration, if so agreed by the guarantor and secured creditor. For a pledge to be established under paragraph 1 on a paper security that is transferable by endorsement, the pledge endorsement is also required. The pledge endorsement shall include a ‘subject to pledge’ clause and state the entity that is the secured creditor. Otherwise the pledge endorsement shall state, as appropriate, the particulars mentioned in Section 21(2). If the pledge on a paper security that includes a pledge endorsement ceases to exist, the secured creditor is required to indicate on the pledged paper security that the pledge has expired. The provision of this paragraph is without prejudice to the provisions of another act.[44]

(3) A pledge on a book-entry security under paragraph 1 shall be established, changed or terminated when the pledge is recorded in the owner account in the register of a central depository, or in the register of a member with which the owner of the pledged security has his owner account, or in another register mentioned in Section 10(4)(b), in accordance with the procedure laid down in Section 50, or in records maintained by an investment firm under Section 71h(2), in accordance with the procedure laid down in Section 50. In such case, the order to register the pledge shall be accompanied by a confirmation of the content of the contract on pledging securities may be used instead of an attested copy of the contract. This shall not apply if an order for registration of pledge on a book-entry security is given by pledgee or pledgor in accordance with paragraph 4.

(4) The pledge under paragraph 1 established on a book-entry security in favour of Národná banka Slovenska, European Central Bank or another central bank of the Eurosystem[47h] by order of Národná banka Slovenska, European Central Bank or another central bank of the Eurosystem, or by order of pledgor shall be established, changed or terminated by its registration in the owner account kept in records of the central depository; this is without prejudice to the establishment of pledge under Section 45(6). Simultaneously, the pledgee shall issue an order to register a suspension of the exercise of the right to use the pledged security in accordance with Section 28(3)(d), the term of which suspension shall be equal to that of the business relationship arising from the concluded transaction.

(5) A pledge under paragraph 1 established on a book-entry security in favour of Národná banka Slovenska, the European Central Bank or another central bank of the Eurosystem[47h] shall be established by a movement or transfer of the security to an account of the owner kept in records of the central depository which is reserved in favour of the secured creditor under Section 105(11); this is without prejudice to the establishment of pledge under Section 45(6). The pledge on securities shall be terminated by a movement or transfer of the security from the owner account reserved in favour of the secured creditor based on an order of the secured creditor or order of the guarantor and secured creditor in favour of whom the owner account is reserved; securities cannot be moved or transferred from the owner account reserved in favour of the secured creditor by any other order.

(6) Where Národná banka Slovenska gives order to register a pledge in accordance with paragraph 4 in favour of the European Central Bank or another central bank of the Eurosystem, Národná banka Slovenska may be a mediator of payments of principal and income on securities which are subject to a pledge, by order of the European Central Bank or another central bank.

(7) A pledge on a security under paragraph 1 applies to a transferee unless the transferee was unaware of the pledge at the time of the transfer or in the case of anonymous transactions.

Section 53b

(1) The secured creditor may use the pledged security in accordance with Section 53a(1), and exercise the rights attached to it, even without the consent of the guarantor if so agreed in the contract on pledging of the security; in such case, the secured creditor shall act on behalf of and for the account of the guarantor. Anonymous transactions with the pledged security may only be made if the guarantor and secured creditor have agreed to them in the contract on pledging of the security, or in regard to the exercise of the pledge in accordance with paragraph 4.

(2) If the secured creditor has used the collateral prior to the occurrence of the event entitling him to enforce the pledge, the secured creditor shall, unless otherwise agreed with the guarantor, be required to procure for his own account and on behalf of the guarantor an equivalent collateral as a replacement for the original collateral and to do so no later than the last day of the repayment period for the secured receivable. The equivalent collateral that replaces the original collateral is subject to the same pledge; the pledge on the equivalent collateral shall be deemed to have been established at the same moment as the pledge on the original collateral. If the secured creditor has used the collateral prior to the occurrence of the event entitling him to enforce the pledge, the pledge shall not apply to any transferee of the original collateral. If so agreed by the contracting parties in the contract on pledging of the security, the secured creditor may set off the equivalent collateral against the secured receivable or use the equivalent collateral to settle the receivable.

(3) For the purposes of paragraph 2, the equivalent security shall be understood to mean a fungible security or other asset on the basis of the contract on the pledged receivable.

(4) If the receivable secured by the pledge is not paid promptly and duly, or if there occurs another event which the contract on pledging of the security defines to be an event entitling enforcement of the pledge, the secured creditor may enforce the pledge in the manner laid down by law or agreed in the contract on pledging of the security, in particular through the sale of the collateral, foreclosure on the collateral, set-off against the secured receivable, or by using the collateral to settle the secured receivable. The secured creditor may enforce the pledge by foreclosing on the collateral if the contracting parties so agreed when the contract on the secured receivable was concluded and if at the same time they agreed on a valuation method for the pledged security. The fulfilment of other terms and conditions in accordance with this Act and with other legislation[47g] is not required.

(5) The secured creditor is not required to give the guarantor advance notice of the enforcement of the pledge.

(6) In regard to the sale of a security pledged in accordance with Section 53a(1), the secured creditor is required to proceed with due care in order to ensure that the pledged security is sold for a price for which the same security is usually sold under comparable conditions at the time and place of the sale of the pledged security.

(7) When using a pledged book-entry security in accordance with paragraph 1, and also when enforcing a pledge on a book-entry security, the secured creditor shall issue on behalf of the guarantor an order to register the transfer of the pledged book-entry security from the account of the guarantor to the account of the secured creditor. The secured creditor may also issue a transfer order on behalf of the guarantor when procuring an equivalent collateral under paragraph 2 for the account of the guarantor. When using the pledged security, the secured creditor may request a statement of the guarantor's account.

Section 53c

In order to establish, change or terminate transfers of securities as collateral, the requirement of Section 53 for a written contract and the entry of such transfers in a separate register shall not apply if the contracting parties are any of the entities mentioned in Section 53a(1). In that case, the book-entry securities are subject mutatis mutandis to the provision of Section 53a(3).

Section 53d

The validity, effectiveness and enforcement of a pledge on, or collateral transfer of, securities, the ownership right and similar rights to which are entered in a register or account, including contracts under which such rights were established, are governed exclusively by the national law under which the ownership right or similar right to the securities is evidenced by an entry in a register or on an account. Parties to a contract on pledging book-entry securities or a contract on the transfer of securities as collateral are precluded from electing the applicable law.

Section 53e

(1) If the secured creditor or guarantor includes more than one entity and any one of them is not an entity under Section 53a(1)(a) to (d), the provisions of Section 53a to 53d shall not apply.

(2) If a pledge was established in accordance with Section 53a(1) and over the course of its duration there was a change of the guarantor or secured creditor or an accession to the side of the guarantor or secured creditor, the pledge is governed by the provisions of Section 53a to 53d.

(3) The provisions of paragraphs 1 and 2 also apply mutatis mutandis to the transfer of securities as collateral.

Section 53f

The provisions of Section 53b(1) to (5) shall not apply if restrictions on the enforcement of financial collateral arrangements, or restrictions on the effect of the pledge, or any close-out netting or set-off provision are imposed by virtue of this Act or another act.[47i]

DIVISION FOUR

INVESTMENT FIRM

Authorisation to provide investment services
Section 54

(1) An investment firm shall be a joint-stock company which has its registered office in the territory of the Slovak Republic and whose scope of business comprises the provision of investment services to clients, or the performance of investment activities on the basis of an authorisation to provide investment services issued by Národná banka Slovenska.

(2) An authorisation to provide investment services allows a person to establish an investment firm or a branch of a foreign investment firm in the Slovak Republic and to carry on the business of an investment firm or a branch of a foreign investment firm in the extent and under the terms and conditions defined in the authorisation.

(3) It is prohibited for an entity other than an investment firm to provide investment services or ancillary services under Section 6(2)(a) or to perform investment activities if it has

not been authorised to do so by Národná banka Slovenska in accordance with paragraph 1, unless otherwise provided by this Act or by another act.[48] The authorisation mentioned in paragraph 1 is not required for:

(a) activities of the following: members of the European System of Central Banks (ESCB); Národná banka Slovenska under another act;[49] other national central banks; the Debt and Liquidity Management Agency, responsible for performing certain activities related to public debt and liquidity management under other legislation;[49a] public authorities of other countries charged with or intervening in the management of public debt, and international financial institutions established by two or more Member States which have the purpose of mobilising funding and providing financial assistance to the benefit of their members that are experiencing or threatened by severe financing problems;

(b) persons that provide investment services exclusively for their parent undertakings, for their subsidiaries or for the subsidiaries of their parent undertakings;

(c) persons providing an investment service where that service is provided in an incidental manner in the course of a professional activity and that activity is regulated by legislation of general application or a code of ethics governing the profession which do not exclude the provision of that service;

(d) persons who do not provide any investment services or activities other than dealing on own account in financial instruments other than commodity derivatives or emission allowances or derivatives thereof, unless such persons:

1. are market makers;
2. are members of or participants in a regulated market or an MTF or have direct electronic access to a trading venue, except for non-financial entities executing transactions on a trading venue which are objectively measurable as reducing risks directly relating to the commercial activity or the treasury financing activity of such non-financial entities or the groups which they belong;
3. apply a high-frequency algorithmic trading technique; or
4. deal on own account when executing client orders;

e) persons provide investment services consisting exclusively in the administration of employee-participation schemes;

(f) persons providing investment services which only involve both the administration of employee-participation schemes and the provision of investment services exclusively for their parent undertakings, for their subsidiaries or for other subsidiaries of their parent undertakings;

(g) persons which deal on own account in financial instruments, except if dealing on own account when executing client orders, or which provide investment services in commodity derivatives or emission contracts or derivatives thereof referred to in Section 5(1)(j) to the clients of their main business, provided that they do not apply a high-frequency algorithmic trading technique and that that activity is an ancillary activity to their main business on group basis and that main business is neither the provision of investment services within the meaning of this Act nor of banking activities within the meaning of another act;[15]

(h) persons providing investment advice in the course of providing another professional activity not covered by this Act provided that the provision of such advice is not specifically remunerated;

(i) operators with compliance obligations under other legislation[17a] who, when dealing in emission allowances, do not execute client orders and who do not provide any investment services or perform any investment activities other than dealing on own account, provided that those persons do not apply a high-frequency algorithmic trading technique;

(j) transmission system operators as defined in other legislation[49b] or under network codes or guidelines adopted pursuant to those regulations, any persons acting as service providers on their behalf to carry out their task under those regulations or under network codes or guidelines adopted pursuant to those regulations, and any operator or administrator of an energy balancing mechanism, pipeline network or system to keep in balance the supplies and uses of energy when carrying out such tasks; this exemption applies only where such persons perform investment activities or provide investment services relating to commodity derivatives in order to carry out those activities, and does not apply with regard to the operation of a secondary market, including a platform for secondary trading in financial transmission rights;
(k) central depositories performing activities to the extent defined under other legislation.[90]

(4) A foreign investment firm is a legal or natural person having its registered office outside the territory of the Slovak Republic which provides investment services and which has an authorisation to perform these activities in its home country.

(5) A branch of a foreign investment firm is an organisation unit of the foreign investment firm located in the territory of the Slovak Republic,[50] which performs all or some investment services; all branches of a foreign investment firm established in the Slovak Republic by a foreign investment firm with its registered office in a Member State shall be deemed to be a single branch of a foreign investment firm in terms of the authorisation to provide investment services.

(6) A foreign investment firm may provide investment services in the territory of the Slovak Republic only through its branch and only if it has been granted an authorisation by Národná banka Slovenska to provide investment services under Section 56, unless otherwise provided by this Act.

(7) An investment firm or a branch of a foreign investment firm may not perform for third parties any activities other than investment services, except for mediation for other financial institutions under another act,[50aa] the performance of a member's activities, the preparation and dissemination of investment recommendations, the provision of data reporting services, the performance of activities of a payment service provider under another act,[50aaa] and the performance of non-cash foreign currency transactions. Prior to commencing the performance of non-cash foreign currency transactions, an investment firm and a branch of a foreign investment firm shall demonstrate to Národná banka Slovenska their methods of risk protection and risk measurement, monitoring and management and elaborated processes to prepare, conclude, perform and settle transactions, including the mechanism and rules of price creation. An investment firm or a branch of a foreign investment firm may commence performing non-cash foreign currency transactions based on a prior notification in writing by Národná banka Slovenska on compliance with the condition under the second sentence; where an investment firm or a branch of a foreign investment firm does not comply with or surpasses the conditions, Národná banka Slovenska shall be competent under this Act to impose corrective measures and sanctions for this deficiency, including a ban on continuing the non-cash foreign currency transactions.

(8) The business name of an investment firm other than a bank shall contain the words 'investment firm' or the abbreviation 'o.c.p.' No other entities may use this designation in their business name.

(9) The provisions of the Commercial Code apply to investment firms and branches of foreign investment firms, unless this Act or another act[15] provides otherwise.

(10) An investment firm may issue securities only as registered book-entry securities; a change of their type or form is not allowed.

(11) The share capital of an investment firm shall be at least EUR 730,000, unless this Act provides otherwise.

(12) Share capital of an investment firm that provides investment services under Section 6(1)(a), (b) or (d) and is not authorised to provide investment service under Section 6(1)(c) or to underwrite financial instruments on a firm commitment basis shall be at least EUR 125,000. Národná banka Slovenska may allow an investment firm under the first sentence which executes clients' orders for financial instruments to hold such instruments for its own account if the following conditions are met:

(a) such positions arise only as a result of the firm's failure to match clients' orders precisely;
(b) the total market value of all such positions is subject to a ceiling of 15% of the firm's initial capital;
(c) the firm meets the requirements laid down in other legislation;[50ab]
(d) such positions are incidental and provisional in nature and strictly limited to the time required to carry out the transaction in question.

(13) Share capital of an investment firm under paragraph 12 that is not authorised, in providing investment services, keep funds or financial instruments of the client shall be at least EUR 50,000.

(14) The share capital of an investment firm providing only investment services pursuant to Section 6(1)(a) or (e), and in providing them, which is not authorised to keep funds or financial instruments of the client shall be at least EUR 50,000.

(15) The share capital requirement under paragraph 14 may be substituted by professional indemnity insurance for the activity under the first sentence, including a minimum insurance benefit of EUR 1,000,000 per insurance event and EUR 1,500,000 in total for all insurance events in a single year, or a combination of initial capital and insurance in a ratio approved by Národná banka Slovenska at the request of the investment firm. Where an investment firm also carries out insurance mediation under another act[50a] and imposes insurance requirements under another act,[50b] this investment firm is subject to the sole additional requirements of EUR 25,000 in share capital or EUR 500,000 in insurance coverage for each insurance event and EUR 750,000 in total for all insurance events in a single year, or a combination thereof in a ratio approved by Národná banka Slovenska at the request of the investment firm.

(16) Holding positions in financial instruments, which are not included in the trading book in order to invest own resources, shall not for the purposes of paragraphs 12 and 13 be deemed as provision of investment service under Section 6(1)(c).

Section 54a

Investment firms authorised to operate an MTF may request Národná banka Slovenska

to register the MTF as a growth market as defined in another act.[50c]

Section 55

(1) Decisions on the issuance of an authorisation to provide investment services shall be taken by Národná banka Slovenska. An application for authorisation to provide investment services shall be submitted to Národná banka Slovenska by the founders of the investment firm, unless this Act provides otherwise. If a bank is applying for an authorisation to establish and operate investment firm, the application shall be submitted by the management board of the bank.

(2) The granting of an authorisation mentioned paragraph 1 is subject to proof of compliance with the following conditions that apply to investment firms under this Act:

(a) the share capital of the investment firm is paid up in accordance with Section 54;
(b) the share capital and other financial resources of the investment firm have a transparent and credible provenance;
(c) persons with a qualifying holding in the investment firm are eligible and their relations with other entities are transparent, especially as regards interests in the share capital and in the voting rights; if there are no qualifying holdings, a summary of the twenty largest shareholders shall be provided;
(d) persons nominated to a position at the investment firm that is a member of the management body or, senior management, the chief compliance officer, the chief risk management officer or the chief internal audit officer are professionally competent and of good repute;
(e) any closely linked group that includes a shareholder with a qualifying holding in the investment firm is transparent;
(f) the exercise of supervision is not impeded by the close links of the group mentioned in subparagraph (e);
(g) the exercise of supervision is not impeded by the national law, or the application of that law, in the country in which the group mentioned in subparagraph (e) has close links;
(h) the registered office and head office of the investment firm are in the territory of the Slovak Republic; 'head office' means the place from which the operation of the investment firm is managed or the place where documents on the operation of the investment firm are kept for the exercise of supervision;
(i) if the issuance of the authorisation under paragraph 1 will entail the investment firm becoming part of a consolidated group under Section 138 which includes a financial holding company, or becoming part of a financial conglomerate under Section 143b which includes a mixed financial holding company — the natural persons who are members of the statutory body of the financial holding company or mixed financial holding company are professionally competent and of good repute, and the shareholders controlling the financial holding company or the mixed financial holding company are eligible;
(j) the applicant has not been convicted by a final judgement of a crime;
(k) the material, personnel, technical and organisational requirements for the proposed scope of the firm's investment services, investment activities and ancillary activities are met.

(3) The elements of an application for authorisation under paragraph 1 are specified by other legislation.[50d]

(4) Národná banka Slovenska shall decide on an application under paragraph 1 on the basis of an assessment of the application carried out within a deadline stipulated by another act,[53],

but no later than six months after the day on which the complete application was submitted pursuant to paragraph 1.

(5) Národná banka Slovenska shall reject an application under paragraph 1 if the applicant does not fully comply with the conditions laid down in paragraph 2, or if the applicant does not provide the additional information referred to in paragraph 9, or if the information and documents submitted by the applicant are not complete, accurate, true, authentic and up to date. An application under paragraph 1 may not be rejected on grounds of the economic needs of the market.

(6) Before commencing the performance of authorised activities, an investment firm shall demonstrate to Národná banka Slovenska that it meets the technical, organisational and personnel requirements for performing the authorised activities.

(7) An investment firm may begin to perform activities stated in its authorisation to provide investment services after being notified in writing by Národná banka Slovenska that it has fulfilled the condition laid down in paragraph 6.

(8) An investment firm is required to comply with the conditions defined in paragraphs 2 and 6 throughout the term of its authorisation to provide investment services.

(9) The method of demonstrating compliance with the conditions laid down in paragraph 2 is stipulated by other legislation.[50d] For the purpose of assessing an application for authorisation under paragraph 1, Národná banka Slovenska may request the applicant to provide in writing additional information necessary for proving compliance with the conditions laid down in paragraph 2.

(10) Persons nominated as a member of the management body or senior management of an investment firm and persons employed at an investment firm as a chief compliance officer, chief risk management officer or chief internal audit officer are deemed to be professionally competent if they have a university degree and at least three years' experience in the financial market field, or they have completed secondary general education or secondary vocational education and have at least ten years' experience in the financial market field, including at least three years in a directorship. Members of the statutory body of a financial holding company or mixed financial holding company are professionally competent if they are a natural person with expertise and experience in the financial field.

(11) The eligibility of shareholders controlling a financial holding company or mixed financial holding company means their ability to ensure in the interest of financial market stability the due and secure performance of the activities of regulated entities that are part of a consolidated group controlled by the financial holding company, or part of a financial conglomerate controlled by the mixed financial holding company.

(12) Národná banka Slovenska shall implement and apply appropriate policies for monitoring compliance with the conditions laid down in paragraphs 7 and 8 and shall adopt appropriate measures to enable it to obtain the information needed to assess the compliance of investment firms with their obligations.

(13) Once an investment firm meets the requirements mentioned in paragraph 6, Národná banka Slovenska shall issue the firm an authorisation to operate an MTF.

(14) Under the authorisation mentioned in paragraph 13, Národná banka Slovenska may authorise members of the management body to hold one additional non-executive directorship than allowed in accordance with Section 71(7). Národná banka Slovenska shall regularly inform the European Securities and Markets Authority of such authorisations.

Section 56

(1) Decisions on the issuance to a foreign investment firm of an authorisation to provide investment services through its branch in the Slovak Republic shall be taken by Národná banka Slovenska. An application for a foreign investment firm's authorisation to provide investment services shall be submitted to Národná banka Slovenska by the foreign investment firm.

(2) The granting of an authorisation under paragraph 1 is subject to the following conditions being met:

(a) the finances provided by the foreign investment firm to its branch are, with regard to the scope and riskiness of the branch's business, sufficient in amount and have transparent provenance;
(b) the foreign investment firm is of good repute and its financial capacity is commensurate with the branch's scope of business;
(c) the persons nominated by the foreign investment firm to be responsible for the management of its branch are professionally competent and of good repute, and the requirements under Section 71 are met;
(d) any closely linked group that includes foreign investment firm is transparent;
(e) the exercise of supervision is not impeded by the close links of the group mentioned in subparagraph (d);
(f) the exercise of supervision is not impeded by the national law, or the application of that law, in the country in which the group mentioned in subparagraph (d) has close links;
(g) the foreign investment firm seeking to operate through its branch in the Slovak Republic has its principal place of business in the country where it has its registered office;
(h) the laws of the country in which the foreign investment firm has its registered office require compliance with conditions regarding the performance of activities and maintenance of capital adequacy which are not lower that those stipulated for investment firms under this Act;
(i) the provision of services for which the foreign investment firm requests authorisation is subject to authorisation and supervision in the non-Member State where the firm is established, and Národná banka Slovenska pays due regard to any recommendations by the Financial Action Task Force (FATF) in the context of anti-money laundering and countering the financing of terrorism;
(j) the non-Member State where the foreign investment firm is established has signed an agreement with the Slovak Republic, or this non-Member State and the Slovak Republic are parties to a multilateral international agreement, which fully complies with the standards laid down in Section 26 of the OECD Model Tax Convention on Income and on Capital and ensures an effective exchange of information in tax matters;
(k) Národná banka Slovenska and the competent supervisory authorities of the non-Member State where the foreign investment firm is established have concluded cooperation agreements that include provisions regulating the exchange of information for the purpose of preserving the integrity of the market and protecting investors;

(l) the foreign investment firm contributes to the Investment Guarantee Fund under Section 80 or to a similar investor-compensation scheme established in another Member State in accordance with legal acts of the European Union governing investor-compensation schemes;
(m) the branch of the foreign investment firm will demonstrate its capacity to meet the obligations under Sections 71, 71g to 71k, 71l, 71m, 71n, 71p, 73, 73b to 73d, 73f to 73i, 73m, 73o, 73p, 73u, and 75 a under other legislation.[53a]

(3) In the authorisation application mentioned in paragraph 1, the foreign investment firm shall provide the following information:
(a) the firm's business name, registered office address, and legal form, and the location of the firm's branch in the territory of the Slovak Republic;
(b) the material, personnel, and organisational requirements for performing activities under paragraph 1 in the territory of the Slovak Republic, including specification of the firm's management board members, its significant shareholders, and its business strategy specifying the investment services, investment activities and ancillary services which the firm intends to provide or perform and the branch's organisational structure including any important operational activities outsourced to third parties;
(c) the full names and permanent addresses of the manager and deputy manager of the branch of the foreign investment firm, and information about their professional competence and places of residence;
(d) information about the initial capital at the disposal of the firm's branch;
(e) the name of the competent authority supervising the firm in its home Member State; if the firm is supervised by more than one such authority, the firm shall provide information about the division of supervisory powers between these authorities.

(4) The following shall be annexed to an application under paragraph 1:
(a) an authorisation to provide services in the field of securities in the latest complete wording issued in accordance with applicable legislation of the country where the foreign investment firm has its registered office;
(b) audited financial statements for the past three years; if the foreign investment firm is a part of a consolidated group, it shall include consolidated financial statements for the past three years;
(c) information necessary for requesting the criminal record check certificates[53b] of the persons specified in paragraph 2(c) and copies of the identity document and birth certificate of each of these persons for the purpose of verifying their identities and the accuracy of the information provided, or, if the person is a non-resident, an equivalent document, not older than three months, issued by the competent authority in the person's country of residence, the person's country of nationality, and all countries in which the person has resided for a period of more than six months within the past five years; if any of these countries do not issue such an equivalent document, the person may substitute it with a declaration of honour;
(d) information necessary for requesting the applicant's criminal record check certificate and copies of the applicant's identity document and birth certificate for the purpose of verifying the applicant's identity and the accuracy of the information provided, or, if the applicant is a non-resident legal person, an equivalent document, not older than three months, issued by the competent authority of the country in which it received its authorisation to provide investment services; if that country does not issue such an equivalent document, the applicant may substitute it with a declaration of honour;

(e) a brief curriculum vitae and documentation of educational attainment and professional experience of the persons nominated to be manager and deputy manager of the branch of the foreign investment firm;
(f) consent of a competent authority of the country where the foreign investment firm has its registered office to the incorporation of a branch of the foreign investment firm in the Slovak Republic, if such approval needs to be issued according to the law of the country where it has its registered office;
(g) an opinion of the supervisory authority of the country where the foreign investment firm has its registered office as to the establishment of a branch in the Slovak Republic, as well as a written commitment of the supervisory authority to give Národná banka Slovenska timely notification in writing about any changes in capital adequacy of the foreign investment firm and other facts that could impair the ability of the foreign investment firm and its branch to meet its liabilities;
(h) draft rules of a multilateral trading facility if the foreign investment firm is to organise a multilateral trading facility;
(i) if the foreign investment firm will operate and organised trading facility, the draft rules of that organised trading facility.

(5) Prior to commencing the performance of authorised activities, the branch of a foreign investment firm shall demonstrate to Národná banka Slovenska that in technical, organisational and personnel terms it is prepared for carrying out the authorised activities. The branch of a foreign investment firm may begin to perform activities stated in its authorisation to provide investment services after being notified in writing by Národná banka Slovenska that it has fulfilled the condition laid down in the first sentence.

(6) On the basis of its assessment of an application under paragraph 1 and the annexes thereto, Národná banka Slovenska shall issue its decision on the application within six months after the submission of the complete application.

(7) Národná banka Slovenska shall reject an application pursuant to paragraph 1 if the applicant does not comply with any of the conditions specified in paragraph 2 and Národná banka Slovenska has not refrained from demanding information and documents as provided in paragraph 5. A reason for the rejection of an application pursuant to paragraph 1 may not be economic needs of the market.

(8) A reason for rejection of an application may not be that the legal form of the foreign investment firm does not correspond to the legal form of a joint stock company.

(9) The conditions set out in paragraphs 2 and 5 shall be met throughout the term of the authorisation to provide investment services.

(10) Národná banka Slovenska may issue a decree stipulating how compliance with the conditions specified in paragraph 2 is to be demonstrated and such decree shall be published in the Collection of Laws of the Slovak Republic.

(11) Persons nominated to be the manager or deputy manager of a branch of a foreign investment firm are professionally competent if they have a university degree and at least three years' experience in the financial market field, or they have completed secondary education or

secondary vocational education and have at least ten years' experience in the financial market field, including at least three years in a directorship.

(12) For the purposes of reviewing and demonstrating facts concerning good repute under paragraph 4(c) and (d) and Section 8(b), point one, the applicant and the person concerned shall provide in writing to Národná banka Slovenska the information[53b] necessary for requesting a criminal record check certificate or criminal record transcript of the person concerned, along with a copy of the identity document and a copy of the birth certificate of the person concerned, in order to verify that person's identity and the accuracy of the information provided; the provision and verification of this information, the verification of identity, and the requesting, issuing and transmitting of the criminal record check certificate or criminal record transcript are subject to other legislation[53c] by virtue of Národná banka Slovenska's competence to request criminal record check certificates and criminal record transcripts.[53c]

(13) A foreign investment firm may apply to Národná banka Slovenska for an authorisation to provide data reporting services.

(14) Where a retail client or a professional client pursuant to Section 8a(2)(e) which is established or situated in a Member state initiates at its own exclusive initiative the provision of an investment service or activity by a foreign investment firm, the requirement for authorisation under paragraph 1 does not apply to the provision of that service or activity by the foreign investment firm to that person including a relationship specifically relating to the provision of that service or activity. An initiative by such client does not entitle the foreign investment firm to market otherwise than through the branch, where one is required in accordance with national law, new categories of investment products or investment services to that client.

Section 57

(1) An authorisation to provide investment services may not be granted if this would be at variance with an international agreement binding upon the Slovak Republic.

(2) Where the European Commission (hereinafter 'the Commission') has come to the view that investment firms established in a Member State do not operate in a non-Member State under conditions comparable to those ensured for foreign investment firms established in that non-Member State, and that the conditions of effective market access are not fulfilled, Národná banka Slovenska shall suspend proceedings on the issuance of an authorisation to provide investment services, or proceedings on the prior approval mentioned in Section 70(1)(a), if the issuance of such authorisation or prior approval would result in the investment firm becoming a subsidiary of a parent undertaking based in that non-Member State. The proceedings mentioned in the first sentence may be suspended for not longer than three months, unless the Commission has decided to grant an extension.

(3) Národná banka Slovenska shall notify the European Supervisory Authority (European Securities and Markets Authority) ('ESMA') of each granted and withdrawn authorisation to perform investment services.

Section 58

(1) Národná banka Slovenska shall consult with competent authority of supervision, banking sector supervision or insurance sector supervision of the Member State granting an authorisation under Section 55 to a legal person which is:

(a) a subsidiary of a legal or natural person specified in Section 65(1), or of a bank with its registered office in the territory of a Member State;
(b) a subsidiary of a parent undertaking of a legal person specified in Section 65(1), or of a bank with its registered office in the territory of a Member State;
(c) controlled by the same natural or legal persons that controls a foreign investment firm with its registered office in a Member State or a foreign bank with its registered office in a Member State, which is not a foreign investment firm;
(d) a subsidiary of a bank or insurance undertaking with its registered office in the territory of a Member State;
(e) a subsidiary of a parent undertaking of a bank or insurance undertaking with its registered office in the territory of a Member State;
(f) controlled by the same persons that control a bank or insurance undertaking with its registered office in the territory of a Member State.

(2) The subject-matter of a consultation under paragraph 1 shall include, but is not limited to, an assessment of whether shareholders of investment firm are eligible and whether the persons mentioned in Section 55(2)(d) who work for an entity under paragraph 1 are professionally competent and of good repute, and an assessment of whether the conditions under which such entities conduct their activities are being observed. At the request of a supervisory authority, banking supervisory authority or insurance supervisory authority, Národná banka Slovenska is required to provide the authority with the information required to assess whether the shareholders of a foreign investment firm are eligible and whether persons working for a foreign investment firm are professionally competent and of good repute, and with the information required to assess whether the conditions under which entities subject to supervision by Národná banka Slovenska conduct their activities are being observed.

Section 59

(1) An authorisation to provide investment services is granted for an indefinite period and may not be transferred to another legal or natural person, and does not pass on to a legal successor. An authorisation to provide investment services shall be valid in all Member States and shall allow an investment firm to provide the authorised activities in the territory of another Member State either through the establishment of a branch or the freedom to provide services in accordance with Sections 63, 64 and 66.

(2) In addition to general information specified by another act,[54] the decision granting an authorisation to provide investment services shall state:

(a) business name and registered office of the investment firm or business name, registered office, and location of a branch of a foreign investment firm;
(b) what investment services the investment firm or foreign investment firm may provide and in relation to what financial instruments or derivatives it may provide them;
(c) name, permanent residence and personal identification number of members of the management board and the supervisory board, or the manager of the branch of a foreign investment firm.

(3) An authorisation to provide investment services shall contain at least one investment service. An authorisation to provide investment services may also specify conditions that an

investment firm or a foreign investment firm shall comply with before beginning to perform, or while performing any of the authorised activities. An authorisation to provide investment services may restrict the performance of some investment services.

(4) At the request of an investment firm or a foreign investment firm, Národná banka Slovenska may change an authorisation to provide investment services by issuing a decision to this effect. Národná banka Slovenska shall proceed, as appropriate, in accordance with the provisions of Section 55 or Section 56 when assessing an application to change an authorisation to provide investment services. Any changes in the authorisation to provide investment services prompted merely by a change of the name or permanent residence, of persons already approved pursuant to Section 70 as members of boards of an investment firm or a branch of a foreign investment firm do not require further approval by Národná banka Slovenska. The investment firm or foreign investment firm, however, shall notify the change in writing to Národná banka Slovenska within 30 days from its being made.

(5) Investment firms or foreign investment firms shall file with a competent court an application for registration in the Commercial Register of their authorised activities under an authorisation to provide investment services, or a change thereto, within ten days after this authorisation or change thereto enters into force. The obligation to file an application for such registration in the Commercial Register does not apply where the authorisation to provide investment services, or a change thereto, is no more than a prerequisite for the grant or change of an authorisation under another act.[15]

(6) An investment firm or foreign investment firm shall without undue delay notify Národná banka Slovenska of any change in the conditions on which basis its investment service authorisation was issued where this could affect the ability of the investment firm or foreign investment firm to perform activities within the scope of the authorisation, and in particular any change in the facts referred to in Section 55(3) or in Section 56(3). In the case of changes for which the prior approval of Národná banka Slovenska is required, this obligation shall be deemed fulfilled by the submission of the application for that prior approval. In the case of changes relating to managers, there shall also be stated information that allows an assessment of whether a new manager fulfils the conditions laid down in Section 55(2)(d).

Section 60

(1) An authorisation to provide investment services ceases:

(a) for an investment firm, on the date it is dissolved for reasons other than withdrawal of an authorisation to provide investment services;
(b) for an investment firm, on the day bankruptcy is declared on property of the investment firm under another act;[52]
(c) for a branch of a foreign investment firm, on the day bankruptcy is declared on property of the investment firm or on the day the authorisation was cancelled for reasons other than withdrawal of the authorisation to provide investment services;
(d) for an investment firm or a branch of a foreign investment firm, on the day of returning the authorisation; an authorisation can only be returned in writing within 30 days after the validity date of the decision to issue the prior approval under Section 70(1)(e);
(e) if an investment firm or a foreign investment firm fail to file an application for registration y in the Commercial Register pursuant to Section 59(5);
(f) on the date of the sale of an investment firm or a branch of a foreign investment firm;[33]

(g) for a branch of a foreign investment firm, on the date when the foreign investment firm discontinues its operations;
(h) where the investment firm or foreign investment firm has not paid the initial contribution within the period specified in Section 85(1).

(2) An investment firm, a foreign investment firm, and a branch of a foreign investment firm shall inform Národná banka Slovenska in writing about the facts specified in paragraph 1(a) to (e) and (g) within 30 days after they occur.

Section 61
Repealed as from 1 January 2010

Section 61a

(1) Investment firms, foreign investment firms authorised in accordance with Section 56, banks authorised in accordance with Section 79a(1), and foreign banks authorised to pursue banking activities in the territory of the Slovak Republic[54a] through a branch and authorised in accordance with Section 79a(1) may use independent financial agents and tied financial agents for financial intermediation within the capital market sector in accordance with another act[54b] only if that independent financial agent or tied financial agent is registered in the register of financial agents, financial advisers, financial intermediaries from other Member States operating in the insurance or reinsurance sector, and tied investment agents;[54c] likewise, foreign dealers under Sections 65 and 67 and foreign banks pursuing their activity in the territory of the Slovak Republic may use independent financial agents for financial intermediation within the capital market sector in accordance with another act.[54d]

(2) Investment firms and banks authorised in accordance with Section 79a(1) may appoint tied investment agents for the purposes of promoting the investment services and ancillary services of the firm or bank, soliciting business or receiving orders from clients or potential clients and transmitting them, placing financial instruments and providing advice respect of such financial instruments, investment services and ancillary services offered by that firm or bank in accordance with another act;[54e] they may only appoint tied investment agents that are registered in the register of financial agents, financial advisers, financial intermediaries from other Member States operating in the insurance or reinsurance sector, and tied investment agents,[54c] or in an equivalent register maintained in another Member State.

(3) For the purposes of financial intermediation within the capital market sector and other activities under paragraph 2, investment firms, foreign investment firms and banks authorised in accordance with Section 79a(1), and foreign banks authorised in accordance with Section 79a(1), may use only persons authorised to pursue such activities.

(4) Investment firms and banks authorised under Section 79a(1) shall ensure that tied investment agents disclose the capacity in which they are acting and the investment firm or bank which they are representing when contacting or before dealing with any client or potential client.

(5) Investment firms and banks authorised under Section 79a(1) shall monitor the activities of their tied investment agents so as to ensure that they continue to comply with legislation of general application and with internal regulations when acting through tied agents.

Investment firms shall take adequate measures in order to avoid any negative impact that the activities of the tied investment agent not covered by the scope of this Act could have on the activities carried out by the tied agent on behalf of the investment firm.

(6) The provisions of paragraphs 2 to 5 apply to foreign investment firms under Sections 65 and 67 and to foreign banks operating in the territory of the Slovak Republic under another act[54d] provided that the law of their home Member State allows them to use tied investment agents. Investment firms under Sections 65 and 67 and foreign banks operating in the territory of the Slovak Republic under another act[54d] may use tied investment agents from another Member State subject to the conditions laid down by the law of their home Member State.

(7) If a foreign investment firm uses a tied investment agent whose registered office or place of establishment is situated in the Slovak Republic, this agent is deemed to be assimilated to the branch of the foreign investment firm, where one is established, and shall in any event be subject to the provisions of this Act relating to branches; for the purposes of this Act, 'place of establishment' means the country in which the tied investment agent was granted his authorisation or, if the agent has not been granted an authorisation, the country in which his registered office is situated.

(8) If a foreign bank authorised to provide investment services wishes to use a tied investment agent established in the Slovak Republic to provide investment services and/or activities as well as ancillary services in accordance with this Act, it shall notify the competent authority of its home Member State and provide it with the information referred to in Section 62(1).

(9) Unless Národná banka Slovenska has reason to doubt the adequacy of the organisational structure or the financial situation of a foreign bank, it shall within three months of receiving all the information, communicate that information to the competent authority of the host Member State designated as contact point in accordance with Section 135a(1) and inform the foreign bank accordingly.

(10) Where Národná banka Slovenska refuses to communicate the information to the competent authority of the host Member State, it shall give reasons for its refusal to the foreign bank concerned within three months of receiving all the information.

(11) On receipt of a communication from the competent authority of the host Member State, or failing such communication from the latter at the latest after two months from the date of transmission of the communication by Národná banka Slovenska, the tied investment agent may commence business. Such tied investment agent is subject to the provisions of this Act relating to branches of foreign investment firms whose registered office is in a Member State.

Section 62
Establishing branches abroad

(1) An investment firm wishing to establish a branch or to use tied investment agents within the territory of another country shall notify Národná banka Slovenska and provide it with the following information:

(a) the country within the territory of which it plans to establish a branch or the country in which it has not established a branch but plans to use tied investment agents established there;

(b) a programme of operations setting out, inter alia, the activities as well as the ancillary activities to be provided,
(c) where established, the organisational structure of the branch and indicating whether the branch intends to use tied investment agents and the identity of those tied investment agents;
(d) where tied investment agents are to be used in a country in which the investment firm has not established a branch, a description of the intended use of the tied agents and an organisational structure, including reporting lines, indicating how the agents fit into the organisational structure of the investment firm;
(e) the address of the branch, and the addresses of the tied investment agents that the investment firm intends to use, if any;
(f) the full names of those responsible for the for the management of the branch or of the tied agents.

(2) On being granted an authorisation to establish a branch in another country, an investment firm shall notify Národná banka Slovenska without undue delay.

Section 63

(1) An investment firm may, within the scope of its authorisation to provide investment services issued by Národná banka Slovenska, provide investment services, ancillary services or investment activities in another Member State on the basis of the freedom to provide services, whether through a branch or without establishing a branch; the same applies to the provision of investment services, ancillary services and investment activities by a bank, within the scope of the investment services, ancillary services and investment activities stated in its banking authorisation. A foreign investment firm may, within the scope of its authorisation to provide investment services issued by the competent authority of the home Member State, provide investment services, ancillary services or investment activities in the Slovak Republic on the basis of the freedom to provide services, whether through a branch or without establishing a branch; the same applies to the provision of investment services, ancillary services and investment activities by a bank, within the scope of the investment services, ancillary services and investment activities stated in its banking authorisation issued by its home Member State. Ancillary service may only be provided together with an investment service or investment activity.

(2) For the purposes of this Act, the home Member State of an investment firm means:
(a) in the case of an investment firm whose registered office is in the Slovak Republic, the Slovak Republic;
(b) in the case of a foreign investment firm that:
    1. is a natural person, the Member State in which its head office is situated;
    2. is a legal person, the Member State in which its registered office is situated;
    3. has, under its national law, no registered office, the Member State in which its head office is situated.

(3) For the purposes of this Act, the host Member State of an investment firm means the Member State in which an investment firm has established a branch or provides investment services and activities and ancillary services. For foreign investment firms from other Member States, the Slovak Republic is the host Member State of the investment firm.

Section 64

(1) An investment firm that has decided to provide investment services, ancillary services or investment activities in another Member State on the basis of the freedom to provide services without establishing a branch, shall prior to providing any investment service or activity for the first time or changing the range of investment services or investment activities so provided, give Národná banka Slovenska written notification of this intention.

(2) In the notification referred to in paragraph 1, the investment firm shall state:
(a) the Member State in whose territory it intends to operate;
(b) a programme of operations stating in particular the nature and range of the investment services, investment activities and ancillary services which it intends to provide, and information whether it intends to use tied investment agents in the territory of the Member State in which it intends to provide services.

(3) Národná banka Slovenska shall, at the request of the competent authority of the host Member State and without undue delay, communicate the details of the tied investment agents that the investment firm intends to use in that Member State.

(4) Within 30 days after receiving the information stated in the notification under paragraph 1, Národná banka Slovenska shall forward it to the competent authority of the host Member State. The investment firm may not begin to provide investment services, ancillary services or investment activities in the host Member State before the day when Národná banka Slovenska sends the notification mentioned in paragraph 1 to the competent authority of the host Member State.

(5) In the event of any change in any of the information stated in the notification in accordance with paragraph 2, the investment firm shall give written notice of that change to Národná banka Slovenska at least 30 days before implementing the change. Národná banka Slovenska shall without undue delay notify the competent authority of the host Member State thereof.

Section 65

(1) A foreign investment firm whose registered office is in a Member State may start to provide investment services, ancillary services or investment activities in the territory of the Slovak Republic through freedom to provide services without establishing any branch after the day of sending the notification in the scope referred to in Section 64(2) by the competent authority of its host Member State to Národná banka Slovenska.

(2) If the notification mentioned in paragraph 1 states that the foreign investment firm intends to use tied investment agents in the Slovak Republic, Národná banka Slovenska shall request the competent authority of the host Member State to provide it with details of these tied investment agents and shall disclose this information.

Section 66

(1) Where an investment firm states in the notification mentioned in Section 62(1) that it intends to establish a branch in the territory of a Member State, Národná banka Slovenska shall within three months after receiving the notification under Section 62(1), send this

notification and information on the conditions for client protection (Section 80) under this Act to the competent authority of the host Member State, and inform the investment firm concerned accordingly.

(2) If Národná banka Slovenska has reason to doubt the information stated in the notification under Section 62(1) in regard to the organisational structure or the financial position of the investment firm and to the authorised activities of the investment firm, it shall refuse to send that notification to the competent authority of the host Member State and it shall give reasons for its refusal to the investment firm concerned within the period mentioned in paragraph 1.

(3) An investment firm may establish a branch and commence the provision of investment services and activities in a host Member State on receipt of a notification from the competent authority of the host Member State, or failing such communication at the latest after two months from the date that the notification referred to in paragraph 1 was sent by Národná banka Slovenska.

(4) The supervision of the branch of an investment firm for the compliance of its activities with the obligations laid down in Sections 73b to 73m, Sections 73o to 73t, and other legislation[54f] shall be exercised by the competent authority of the host Member State within the scope stipulated by the laws of the host Member State. The investment firm shall provide the competent authority of the host Member State with the access required to exercise supervision over the branch arrangements and shall make any changes in the branch that the competent authority requires for the purpose of enforcing the obligations laid down in Sections 73b to 73m, Sections 73o to 73t, and other legislation[54f] and the legal regulations of the host Member State adopted pursuant thereto with respect to the investment services, ancillary services and investment activities provided by the branch within its territory.

(5) In the event of any change in any of the information stated in the notification as per Section 62(1), the investment firm shall give written notice of that change to Národná banka Slovenska at least 30 days before implementing the change. Národná banka Slovenska shall without undue delay inform the competent authority of the host Member State of this change as well as any changes in the conditions for client protection (Section 80) under this Act.

(6) Národná banka Slovenska may, after informing the competent authority of the host Member State, carry out on-site inspections in the branch of an investment firm established in that Member State.

(7) Where the competent authority of a host Member State requests, for statistical purposes required for the exercise of supervision, that an investment firm report on its activities in the territory of that Member State, the investment firm shall comply accordingly.

Section 67

(1) A foreign investment firm may establish a branch and start to provide investment services, ancillary services or investment activities in the territory of the Slovak Republic without an authorisation referred to in Section 56 upon delivery of notification of Národná banka Slovenska or upon the lapse of a period of two months due to neglect to act after the

competent authority of the host Member State has sent the notification in the scope defined by the legal regulations of such state to Národná banka Slovenska.

(2) The branch of a foreign investment firm under paragraph 1 shall, when operating in the territory of the Slovak Republic, be subject to the provisions of Sections 73b to 73m, Sections 73o to 73t, and other legislation.[54f] The supervision of the branch of a foreign investment firm for compliance with these provisions shall be exercised by Národná banka Slovenska.

(3) Národná banka Slovenska may require the branch of a foreign investment firm under paragraph 1 to provide any information required for exercising supervision of its compliance with the provisions mentioned in paragraph 3. Národná banka Slovenska may not require of a foreign investment firm under paragraph 1 the submission of information that it could not require of an investment firm.

(4) Národná banka Slovenska may, for statistical purposes, require a foreign investment firm under paragraph 1 to report to it periodically on its activities in the territory of the Slovak Republic.

Section 68

(1) Where Národná banka Slovenska ascertains during the exercise of supervision that a foreign investment firm operating in the territory of the Slovak Republic in accordance with Section 65 or Section 67 is in breach of the obligations arising from this Act, and it is not within its power to take action against this foreign investment firm, Národná banka Slovenska shall refer those findings to the competent authority of the home Member State.

(2) If, despite the measures taken by the competent authority of the home Member State or because such measures prove inadequate, the investment firm persists in acting in a manner that is clearly prejudicial to the interests of investors or the orderly functioning of markets in the Slovak Republic, Národná banka Slovenska, after informing the competent authority of the home Member State, may take the measures are needed in order to protect investors and the proper functioning of the markets, which may include preventing this investment firm from continuing its operation in the territory of the Slovak Republic. Besides the measures pursuant to the first sentence, Národná banka Slovenska shall be competent to refer the matter to ESA (ESMA).

(3) Where Národná banka Slovenska ascertains that a foreign investment firm under Section 65 or Section 67 is in breach of legal regulations in respect of the provision of investment services, ancillary services or investment activities in the territory of the Slovak Republic, it shall require the foreign investment firm to put an end to its irregular situation within a stipulated period.

(4) If the foreign investment firm referred to in paragraph 3 fails to take the necessary steps within the stipulated period, Národná banka Slovenska shall take all appropriate measures to ensure that the foreign investment firm concerned puts an end to its irregular situation. Národná banka Slovenska shall inform the competent authority of the home Member State of the measures taken.

(5) If, despite the measures taken under paragraph 4, the foreign investment firm persists in breaching the legal regulations, Národná banka Slovenska may, after informing the competent authority of the home Member State, take all the measures necessary to put an end to its irregular situation, including measures required to prevent or terminate the operation of the foreign investment firm in the territory of the Slovak Republic. The foreign investment firm concerned shall implement the respective measures. Besides the measures pursuant to the first sentence, Národná banka Slovenska shall be competent to refer the matter to ESMA.

(6) Národná banka Slovenska shall without undue delay inform the Commission and ESMA of the measures taken under paragraphs 2 and 5.

(7) Where the competent authority of a host Member State notifies Národná banka Slovenska that an investment firm providing investment services, ancillary services or investment activities within the territory of that Member State is in breach of legal regulations, Národná banka Slovenska shall take the measures necessary to put an end to the irregular situation.

(8) If an investment firm is providing investment services, ancillary services or investment activities in the territory of a host Member State while in breach of the legal regulations of that Member State, it shall also implement or countenance measures imposed by the competent authority of that Member State.

Section 69

(1) Národná banka Slovenska shall inform the Commission at its request of any application for the issuance of an authorisation to provide investment services to an entity which is the subsidiary of a foreign investment firm governed by the law of a non-Member State, or whenever, in accordance with Section 70, it is informed that the parent undertaking governed by the law of a non-Member State proposes to acquire a holding in an investment firm, in consequence of which the latter would become its subsidiary.

(2) Národná banka Slovenska shall inform the Commission and ESMA of general difficulties that an investment firm encounters in establishing itself or in setting up a branch in any non-Member State and any facts which prevent its proper operation in such countries.

(3) Národná banka Slovenska shall inform the Commission, ESMA and the competent authorities of other Member States that it is charged with carrying out the duties which European Union legislation regulating markets in financial instruments imposes on supervisory authorities and that it is the contact point for the exchange of information and cooperation in the exercise of supervision related to the implementation of that legislation.

(4) Investment firms shall ensure the availability of at least one extra-judicial mechanism for the settlement of client complaints[54g] and disputes concerning the provision of investment services and shall ensure redress procedures for client complaints. Národná banka Slovenska shall inform ESMA of the availability of extra-judicial mechanisms for the settlement of client complaints and disputes concerning the provision of investment services.

Section 70
Prior approval of Národná banka Slovenska

(1) Prior approval of Národná banka Slovenska shall be required to:

(a) acquire qualified participation in an investment firm or exceed qualified participation in an investment firm so that the interest in share capital of the investment firm or voting rights of the investment firm reaches or exceeds 20%, 30% or 50% or so that the investment firm becomes a subsidiary in one or several operations directly, or by action in concert;[55] for the calculation of such interests, the voting rights shall not be taken into account or such shares which another investment firm, a foreign investment firm, a bank or a foreign bank maintain as a result of underwriting or placing of financial instruments on a firm commitment basis [Section 6(1)(f)], unless such rights are exercised or performed otherwise to interfere with the management of the investment firm, and provided that they are transferred by another investment firm, by the foreign investment firm, the bank or the foreign bank to a third party within a year upon their acquisition;
(b) reduce share capital of an investment firm, except as a consequence of a loss;
(c) appoint persons nominated to be members of the management board of an investment firm, manager of a branch of a foreign investment firm; if the activity of an investment firm is performed by a bank or a branch of a foreign bank, such prior approval applies only to those persons who would be in charge of the business of the investment firm;
(d) change the registered office of an investment firm;
(e) acquire, merge or divide an investment firm, including any merger of another legal person with the investment firm, or to return the authorisation to provide investment services;
(f) sell an investment firm, a branch of an investment firm, or any part thereof;[33]
(g) repealed as from 1 December 2016.

(2) For prior approval to be issued by Národná banka Slovenska, the conditions and prerequisites specified in Section 55(2) and (3), shall be satisfied as appropriate. For prior approval pursuant to paragraph 1(a), (e) and (f), to be issued, it shall be demonstrated that the funding of the operation for which the prior approval is sought has a transparent and credible provenance in accordance with another act[55a], is sufficient in amount, and has a suitable composition. Prior approval under paragraph 1(a) may be issued only provided that it has not been proved that the acquisition or exceeding of the interest by the transferee will adversely affect the ability of the investment firm to further fulfil the obligations requested by this Act. The division, acquisition, merger or division of an investment firm, including any merger of another legal person with an investment firm, shall not be to the detriment of creditors of the investment firm.

(3) The provisions of paragraph 1(a), (b), (e) and (f), are without prejudice to the provisions of another act.[56]

(4) An application for prior approval shall be made:

(a) under paragraph 1(a), by natural or legal persons which have decided to acquire or exceed qualified participation in an investment firm, or a person which has decided to become the parent undertaking of an investment firm;
(b) under paragraph 1(b), by an investment firm;
(c) under paragraph 1(c), by an investment firm, a branch of an investment firm, or a shareholder of an investment firm;
(d) under paragraph 1(d), by an investment firm;
(e) under paragraph 1(e), by an investment firm and, if the approval is sought for a merger or acquisition, by both an investment firm and a legal person by which the investment firm is to be acquired or with which it is to merge;

(f) under paragraph 1(f), jointly by an investment firm or a foreign investment firm and the entity that is acquiring the investment firm, a branch of the foreign investment firm, any part thereof;
(g) repealed as from 1 December 2016.

(5) The particulars of an application for prior approval pursuant to paragraph 1 shall be stipulated by a decree to be issued by Národná banka Slovenska and promulgated in the Collection of Laws.

(6) Národná banka Slovenska shall confirm the delivery of an application for prior approval as per paragraph 1(a) in writing within two business days of the delivery of such application to the transferee; the same applies also to any subsequent delivery of the particulars of the application, which have not been delivered together with the application. Národná banka Slovenska may no later than on the 50th business day of the period for examination of applications pursuant to paragraph 7 demand additional information in writing, which is necessary to examine applications for prior approval pursuant to paragraph 1(a). For a period from the date of sending a demand of Národná banka Slovenska for additional information up to delivery of an answer, proceedings on the prior approval shall be suspended, however, maximum for 20 business days. If Národná banka Slovenska demands additional information or the specification of information, the period for decision on the prior approval shall not be suspended. The period for the suspension of proceedings according to the third sentence may be extended by Národná banka Slovenska up to 30 business days, if the transferee has its registered office or is governed by legal regulations of a non-Member State, or if the transferee is not an investment firm, asset management company, bank, insurance undertaking, reinsurance undertaking or a similar institution from the Member State.

(7) Národná banka Slovenska shall decide on an application for prior approval made pursuant to paragraph 1(a), within 60 business days of a written confirmation of delivery of the application for prior approval pursuant to paragraph 1(a), and upon delivery of all particulars of the application. If Národná banka Slovenska fails to decide in this period, it appears that the prior approval has been issued. Národná banka Slovenska shall inform the transferee of the date when the period for the issuance of a decision lapses in confirmation of delivery pursuant to paragraph 6. If Národná banka Slovenska decides to reject the application for prior approval under paragraph 1(a), they shall send this decision in writing to the transferee within two business days of such decision, however, before the lapse of the period according to the first sentence. Národná banka Slovenska shall decide on the application for prior approval pursuant to paragraph 1(c) within 15 business days of its delivery or additional information.

(8) If the acquisition referred to in paragraph 1(a) would result in an investment firm becoming part of consolidated group under Section 138 to 143 which includes a financial holding company, or becoming a financial conglomerate under Sections 143a to 143o which includes a mixed financial holding company, the grant of prior approval by Národná banka Slovenska is also subject to demonstrating that the natural persons who are members of the statutory body of the financial holding company or mixed financial holding company are professionally competent and of good repute, and that that the shareholders controlling the financial holding company or mixed financial holding company are eligible.

(9) When considering the fulfilment of conditions according to paragraph 2, Národná banka Slovenska shall consult the competent authorities of other Member States if the transferee referred to in paragraph 1(a) is

(a) a foreign credit institution, foreign investment firm or a foreign management company with an authorisation granted in another Member State, an insurance undertaking from another Member State, reinsurance undertaking from another Member State,
(b) a parent undertaking of entity as per subparagraph (a), or
(c) a natural person or legal person controlling an entity as per subparagraph (a).

(10) Národná banka Slovenska shall consult the fulfilment of conditions for the acquisition of holdings in a foreign investment firm according to legal regulations of the Member States with the competent authorities of other Member States, if the transferee of any holding in a foreign investment firm is a bank, insurance undertaking, reinsurance undertaking, investment firm or a management company whose registered office is in the territory of the Slovak Republic.

(11) The subject of consultation as per paragraphs 9 and 10 shall be timely disclosure of relevant information or required information for examining of the fulfilment of conditions for the acquisition of the relevant holdings in an investment firm or in a foreign investment firm. Národná banka Slovenska shall provide the competent authority of a Member State, on its demand, with all required information, and at its own instance, with all relevant information. Národná banka Slovenska shall ask the competent authority of a Member State for all required information.

(12) A decision on the prior approval pursuant to paragraph 1(a) shall include views or reservations reported to Národná banka Slovenska by the competent authority of another Member State, to the supervision of which the transferee as per paragraph 1(a) is subject.

(13) In a decision on the prior approval referred to in paragraph 1(a), (b), (e) and (f) Národná banka Slovenska shall specify a period by the lapse of which the prior approval shall expire, unless an action is executed, for which the prior approval is granted. This period shall not be shorter than three months and longer than one year of granting the prior approval, unless a different period is set by Národná banka Slovenska in the interest of protecting the investors. If a natural person for whom Národná banka Slovenska has granted the prior approval referred to in paragraph 1(c) is not appointed or elected to the relevant function within six months of the decision becoming valid, the prior approval shall expire.

Organisation and management of an investment firm

Section 71
Organisation and management of an investment firm

(1) The management board of an investment firm shall have at least two members. The management board shall possess adequate collective knowledge skills and experience to be able to understand the investment firm’s activities, including the main risks.

(2) The members of an investment firm’s management board are responsible for the preparation and approval of the firm’s organisational structure, for compliance with that structure, for the implementation of and compliance with the firm’s governance arrangements, and for the performance of the firm’s activities in accordance with its internal regulations.

(3) The members of the management board of an investment firm shall know about,

manage and review the performance of the firm's authorised activities, ensure the safety and soundness of the firm, adopt and periodically review the firm's general principles of remuneration, and manage and ensure the firm's effective risk management system. For the purposes of this Act, 'safety and security' of an investment firm means the performance of activities in such a way that does not threaten the maintenance of the firm's own funds with respect to its requirements related to own funds, liquidity, limiting exposure, and the legitimate interests of clients and other creditors.

(4) The members of the supervisory board of an investment firm shall know about and review the performance of the firm's authorised activities, the discharge of duties by the firm's management board, and the performance of the firm's other activities..

(5) The members of the supervisory board of an investment firm shall check compliance with the principles of remuneration adopted by the firm's management board and review the security and effectiveness of the risk management system.

(6) An investment firm shall establish adequate policies and procedures sufficient to ensure compliance of the firm with its obligations under this Act and other legislation.[56a]

(7) The members of the statutory body and supervisory board of an investment firm shall at all times perform their functions soundly, honestly and with independence of mind and shall commit sufficient time to perform their functions. The number of directorships a member of the management body can hold, in any legal person, at the same time shall take into account individual circumstances and the nature, scale and complexity of the investment firm's activities. A member of the statutory body or supervisory board of an investment firm that is significant in terms of its size, internal organisation and nature, the scale and complexity of its business activity, may not simultaneously hold more than

a) one executive directorship with two non-executive directorships,
b) four non-executive directorships.

(8) One directorship shall for the purposes of paragraph 7 mean

a) one or more executive directorships or non-executive directorships in a legal person that is an entrepreneur within the same group.
b) one or more executive directorships or non-executive directorships
    1. with a financial institution which is part of the same institutional protection scheme under other legislation[56aa] or
    2. with a legal person in which the investment firm holds a qualifying holding.

(9) Restrictions under paragraphs 7 and 8 for members of the investment firm's statutory body or supervisory board shall not apply to their memberships in the statutory body and supervisory board of a legal person which has not been established for business purposes.

(10) Restrictions under paragraphs 7 and 8 shall not apply to members of the investment firm's statutory body or supervisory board representing the Slovak Republic or another Member State.

(11) An investment firm shall send the disclosed information immediately after their disclosure under other legislation[56ab] to Národná banka Slovenska.

(12) Národná banka Slovenska shall forthwith communicate the information under paragraph 11 to the European Supervisory Authority (European Banking Authority) (‘EBA’).

Section 71a
Algorithmic trading

(1) An investment firm that engages in algorithmic trading shall have in place:

(a) effective systems and risk controls suitable to the business it operates to ensure that its trading systems are resilient and have sufficient capacity, are subject to appropriate trading thresholds and limits and prevent the sending of erroneous orders or the systems otherwise functioning in a way that may create or contribute to a disorderly market;
(b) effective systems and risk controls to ensure the trading systems cannot be used for any purpose that is contrary to other legislation[110ja] or to the rules of a trading venue to which it is connected;
(c) effective business continuity arrangements to deal with any failure of its trading systems and shall ensure its systems are fully tested and properly monitored to ensure that they meet the requirements laid down in this paragraph.

(2) An investment firm that engages in algorithmic trading shall notify this to Národná banka Slovenska and the trading venue at which the investment firm engages in algorithmic trading as a member or participant of the trading venue.

(3) Národná banka Slovenska may require an investment firm to provide, on a regular or ad-hoc basis, a description of the nature of its algorithmic trading strategies, details of the trading parameters or limits to which the system is subject, the key compliance and risk controls that it has in place to ensure the conditions laid down in paragraph 1 are satisfied and details of the testing of its systems. Národná banka Slovenska may, at any time, request further information from the investment firm about its algorithmic trading and the systems used for that trading.

(4) Národná banka Slovenska shall, on the request of a competent authority of a trading venue at which an investment firm as a member or participant of the trading venue is engaged in algorithmic trading and without undue delay, communicate the information referred to in paragraph 3 that it receives from the investment firm that engages in algorithmic trading.

(5) An investment firm that engages in algorithmic trading to pursue a market making strategy shall, taking into account the liquidity, scale and nature of the specific market and the characteristics of the financial instrument traded:

(a) carry out this market making continuously during a specified proportion of the trading venue’s trading hours, except under exceptional circumstances, with the result of providing liquidity on a regular and predictable basis to the trading venue;
(b) enter into a binding written agreement with the trading venue which shall at least specify the obligations of the investment firm in accordance with subparagraph (a);
(c) have in place effective systems and controls to ensure that it fulfils its obligations under the agreement referred to in subparagraph (b) at all times.

(6) For the purposes of this paragraph and of Section 75(9) to (11) of other legislation,[56aba] an investment firm that engages in algorithmic trading shall be considered to be pursuing a market making strategy when, as a member or participant of one or more trading

venues, its strategy, when dealing on own account, involves posting firm, simultaneous two-way quotes of comparable size and at competitive prices relating to one or more financial instruments on a single trading venue or across different trading venues, with the result of providing liquidity on a regular and frequent basis to the overall market.

(7) An investment firm that provides direct electronic access to a trading venue shall have in place effective systems and controls which ensure a proper assessment and review of the suitability of clients using the service, that clients using the service are prevented from exceeding appropriate pre-set trading and credit thresholds, that trading by clients using the service is properly monitored and that appropriate risk controls prevent trading that may create risks to the investment firm itself or that could create or contribute to a disorderly market or could be contrary to other legislation[110ja] or the rules of the trading venue. Direct electronic access without such controls is prohibited.

(8) An investment firm that provides direct electronic access shall be responsible for ensuring that clients using that service comply with the requirements of this Act, of other legislation[56abb] and the rules of the trading venue. The investment firm shall monitor the transactions in order to identify infringements of those rules, disorderly trading conditions or conduct that may involve market abuse and that is to be reported to Národná banka Slovenska. The investment firm shall ensure that there is a binding written agreement between the investment firm and the client regarding the essential rights and obligations arising from the provision of the service and that under the agreement the investment firm retains responsibility under this Act and under other legislation.[56abb]

(9) An investment firm that provides direct electronic access to a trading venue shall notify Národná banka Slovenska and the competent authority of the trading venue at which the investment firm provides direct electronic access accordingly.

(10) Národná banka Slovenska may require an investment firm to provide, on a regular or ad-hoc basis, a description of the systems and controls referred to in paragraph 7 and evidence that those have been applied.

(11) Národná banka Slovenska shall, on the request of a competent authority of a trading venue in relation to which an investment firm provides direct electronic access, communicate without undue delay the information referred to in paragraph 10 that it receives from the investment firm.

(12) An investment firm that acts as a general clearing member for other persons shall have in place effective systems and controls to ensure clearing services are only applied to persons who are suitable and meet clear criteria and that appropriate requirements are imposed on those persons to reduce risks to the investment firm and to the market. The investment firm shall ensure that there is a binding written agreement between the investment firm and the person regarding the essential rights and obligations arising from the provision of that service.

(13) When engaging in algorithmic trading as a member or participant of a regulated market or an MTF, entities referred to in Section 54(3)(g) and (i), insurance undertakings, reinsurance undertakings, asset management companies and their depositories, pension fund management companies and their depositories, and supplementary pension management

companies and their depositories shall proceed mutatis mutandis in accordance with this Section and with Section 75(11).

Section 71b
Risk management

Investment firms which are significant in terms of their size, internal organisation and the nature, scope and complexity of their activities shall establish a risk management committee composed of members of the management body who do not perform any executive function in the investment firm concerned. Members of the risk management committee shall have appropriate, knowledge, skills and expertise to fully understand and monitor the risk management strategy and the risk appetite of the investment firm. Investment firms which are not deemed significant as defined in the first sentence are not required to establish a risk management committee if risk management at the firm is conducted by the audit committee in accordance with other legislation.[56ac]

Section 71c
Repealed as from 3 January 2018

Section 71d

(1) An investment firm shall, in accordance with this Act include in its articles of association the remuneration principles which shall be taken into account in the investment firm's risk management and support it, as well as regulate activities of the investment firm's remuneration committee, if it is established, or activities of the person responsible for the investment firm's remuneration system and activities of the risk management committee, if established, or activities of the audit committee under other legislation[56ac] if it carries out risk management.

(2) Senior management and, where so stipulated in the articles of association, the supervisory board, shall assess, periodically review, and approve the effectiveness of the policies, arrangements and procedures put in place to manage, monitor and mitigate the risks the investment firm is or might be exposed to, including those posed by the macroeconomic environment in which it operates in relation to the status of the business cycle. Senior management and, where so stipulated in the articles of association, the supervisory board, shall adopt and regularly review the remuneration principles. A report on the review for compliance with the remuneration principles shall be submitted to Národná banka Slovenska by the investment firm by 30 June of the year following the calendar year for which the report is drawn up.

(3) An investment firm shall establish adequate policies and procedures sufficient to ensure compliance of the firm including its managers, employees and tied investment agents with the provisions of this Act as well as rules governing personal transactions by such persons. An investment firm shall have sound administrative and accounting procedures, internal control mechanisms, effective procedures for risk assessment, and effective control and safeguard arrangements for information processing systems.

(4) By a decree published in the Collection of Laws of the Slovak Republic, Národná banka Slovenska may stipulate the following:

(a) details concerning remuneration principles of an investment firm under Section 71da to 71dc including
   1. criteria to determine the ratios between the fixed and the variable component of the total remuneration of an investment firm's employee;
   2. methods of including the values of variable remuneration provided in the form of securities and other financial instruments in the total remuneration;
(b) criteria for establishing an investment firm's remuneration committee under Section 71dd.

Section 71da
Remuneration principles in investment firms

(1) Investment firms shall apply the remuneration principles laid down in this Act to:
(a) all members of their statutory body;
(b) their managers responsible for risk management;
(c) their managers responsible for trading in securities;
(d) their employees responsible for internal risk management, including employees authorised to set or exceed limits as part of internal risk management.
(e) all members of their supervisory board;
(f) their chief internal audit officer;
(g) other employees not mentioned under (a) to (d) who are responsible for undertaking risk and whose professional activities are relevant to a bank's risk profile under other legislation.[56aca]

(2) Under the remuneration principles for persons referred to in paragraph 1, investment firms shall apply:
(a) a guaranteed fixed component of total remuneration as:
   1. a basic component of compensation, for their employees;
   2. a fixed component of remuneration, for members of their statutory body or supervisory board;
(b) a variable component of total remuneration.

(3) The guaranteed fixed component of total remuneration under paragraph 1 shall constitute an adequately balanced proportion of the variable component of the total remuneration; the variable component of the total remuneration shall not be higher than the guaranteed fixed component of the total remuneration. The guaranteed fixed component of the total remuneration shall represent a sufficiently high proportion of the total remuneration to allow the operation of a fully flexible variable remuneration policy, including the possibility to pay no variable remuneration. The guaranteed fixed component of the total remuneration shall reflect the professional competence and responsibilities of the person under paragraph 1 within the organisation and management of an investment firm.

(4) The remuneration principles under paragraph 1 apply equally to the provision of severance and termination payments and other compensations related to the previous employment of the persons under paragraph 1.

(5) Investment firms' remuneration principles under paragraph 1 shall be consistent with an effective internal risk management system and with the firm's business strategy and long-term objectives, and they should also include measures to prevent conflict of interest.

(6) Investment firms that benefited from government stabilisation aid for mitigating the effects of the global financial crisis shall also apply remuneration principles as follows:

(a) to variable components of total remuneration of the persons mentioned in paragraph 1 which do not exceed 1% of net income, provided that the remuneration principles are not inconsistent with the business strategy or interests of the investment firm or with the unwinding of the stabilisation aid granted;
(b) in a structure modified at the request of Národná banka Slovenska, and, if necessary, including limits on the remuneration of members of the statutory board and members of the supervisory board, set in such a way as to be in line with appropriate risk management;
(c) to variable components of total remuneration of member of the statutory body and members of the supervisory board which are not awarded for an evaluated period, unless the components are justified.

Section 71db
Variable component of total remuneration

(1) The variable component of total remuneration shall include:

(a) the incentive component of remuneration the amount of which shall be related to the assessment of the performance of the persons under Section 71da(1) of an investment firm, or on a combination of these assessments, for the maximum period of one year;
(b) the incentive component of remuneration determined as a share in the investment firm's profit;
(c) the incentive component of remuneration the amount of which shall be related to overall results achieved in the area of long-term business strategy and interests of the investment firm;
(d) securities with possibility to be traded on securities markets deferred over a period of at least three years after their issuance to the persons under Section 71da(1);
(e) other financial instruments that adequately reflect the credit quality of the investment firm as a going concern, including instruments under other legislation;[56ad] or
(f) discretionary pension benefits.

(2) Investment firms shall determine the conditions for providing the variable component of total remuneration so that at least 40% of the variable remuneration component is awarded to persons under Section 71da(1) no earlier than after three years and no later than five years after the expected amount of the variable remuneration component is determined. Where the average sum of the expected amount of the variable remuneration component for a month exceeds 200% of the guaranteed fixed component of the total remuneration, the portion of remuneration deferred for a period of between three years and a maximum of five years shall not be less than 60% of the variable remuneration component.

(3) Investment firms shall determine the conditions for awarding the variable component of total remuneration under paragraph 1(c) with regard to their long-term business strategy, interests and objectives. The persons referred to in Section 71da(1) shall be awarded the variable component of total remuneration in an amount set in accordance with the assessment of actual results achieved by the investment firm, no earlier than three years and no later than five years after the result are achieved.

(4) Investment firms shall, in line with their long-term business strategy and interests, set particular objectives taken into account in the risk management system and reflecting all

types of current and future risks related to the investment firm's activity, and they shall set individual performance assessment criteria for persons referred to in Section 71da(1), which they shall apply in setting the amount of the variable remuneration component. Investment firm shall set the objectives and criteria so that, if the objectives criteria are not met, the variable remuneration component for persons under Section 71da(1) may be proportionally contracted, or even not paid at all.

(5) The share of the variable component of total remuneration that will be paid to persons under Section 71da(1) in the form of securities and other financial instruments referred to in (1)(d) and (e) shall be at least 50% of the sum of the variable remuneration component.

(6) For a period of up to one year after starting employment with an investment firm, persons under Section 71da(1) preparing for independent work may be awarded, as an exception, a guaranteed amount of the variable remuneration component irrespective of their performance assessment.

(7) In determining the variable component of total remuneration, account shall also be taken of the investment firm's capacity to fulfil its obligations under Section 74.

(8) Under the remuneration principles, investment firms shall set criteria for making deductions from the variable component of total remuneration and for recovering the paid variable component of total remuneration. Up to 100% of the variable component of total remuneration is subject to deductions from the variable component of total remuneration and to recovery of the variable component of total remuneration. The criteria shall cover cases where a person under Section 71da(1) participated in, or was responsible for, any act that caused the investment firm a significant financial loss.

(9) Under the remuneration principles, investment firms shall set criteria for discretionary pension benefits.

(10) Employees referred to in Section 71da(1)(b) to (d) may not take out insurance against non-payment of their variable component of total remuneration.

Section 71dc

The provisions of Section 71db(1) are without prejudice to the provisions of Section 118 of the Labour Code. The variable remuneration components pursuant to Section 71db(1)(d) to (f) are subject mutatis mutandis to provisions of the Labour Code concerning payment term of wage, payment of wage and wage deductions.

Section 71dd
An investment firm's remuneration committee

(1) Investment firm shall establish an internal remuneration committee, if they meet the criteria under Section 71d(4)(b), or shall nominate a person responsible for the firm's remuneration system. The remuneration committee or the person responsible for the firm's remuneration system shall:

(a) independently assess the remuneration principles and their impact on the risk, own funds and liquidity management;

(b) be responsible for the preparation of decisions regarding remuneration, including those which have implications for the risk and risk management of the investment firm and which are to be taken by the statutory body;
(c) take into account the long-term interests of shareholders, investors and other stakeholders in the investment firm; and
(d) supervise remuneration of the persons under Section 71da(1)(a) to (b).

(2) The remuneration committee of an investment firm shall have at least three members. The remuneration committee shall consist only of members of the investment firm's supervisory board, including members of the supervisory board elected by the investment firm's employees.

Section 71de

(1) An investment firm shall inform in writing Národná banka Slovenska by 30 June of each year of the persons and the number of persons whose total remuneration awarded by the investment firm achieved at least EUR 1,000,000 for the respective accounting period. Where the accounting period is a fiscal year rather than a calendar year, the deadline for the information in writing referred to in the first sentence shall be extended by the period of time between the end of the calendar year and the end of the fiscal year.

(2) In the exercise of supervision for the purposes of benchmarking remuneration trends and practices of investment firms, Národná banka Slovenska shall use the information disclosed in accordance with Section 74b(1)(l).

(3) Národná banka Slovenska shall report the information pursuant to paragraph 1 and the information disclosed in accordance with Section 74b(1)(l) to ESMA.[56b]

Section 71df

(1) Investment firms shall, in their articles of association, assign and regulate powers and responsibilities for the preparation, implementation and updating of a recovery plan for the firm (hereinafter a 'recovery plan') in accordance with paragraph 2.

(2) Investment firms not subject to supervision on a consolidated basis and investment firms constituting a significant share of the financial system of the Slovak Republic shall draw up, update on a regular basis, and adhere to a recovery plan as part of their governance system. An investment firm is considered to constitute a significant share of the financial system of the Slovak Republic if:
(a) the total value of its assets exceeds EUR 30,000,000,000; or
(b) the ratio of its total assets over the GDP of the Slovak Republic exceeds 20%, unless the total value of its assets is below EUR 5,000,000,000.

(3) A recovery plan shall include the following information:
(a) a summary of the key elements of the plan and a summary of overall recovery capacity; for the purposes of this Act, 'recovery capacity' means the capability of an investment firm to restore its financial position following a significant deterioration;
(b) a summary of the material changes to the investment firm that have occurred since the most recent resolution plan was submitted to Národná banka Slovenska;

(c) a communication and disclosure plan outlining how the investment firm intends to manage any potentially negative market reactions;
(d) a range of capital and liquidity actions required to maintain or restore the viability and financial position of the investment firm;
(e) an estimation of the timeframe for executing each material aspect of the plan;
(f) a detailed description of any material impediment to the effective and timely execution of the plan, including consideration of impact on the rest of the group, clients and counterparties; for the purposes of Sections 71df to 71dl, 'group' means a parent undertaking and its subsidiaries;
(g) identification of the investment firm's critical functions;
(h) a detailed description of the processes for determining the value and marketability of the core business lines, operations and assets of the investment firm;
(i) a detailed description of how recovery planning is integrated into the corporate governance structure of the investment firm as well as the policies and procedures governing the approval of the recovery plan and identification of the persons in the firm responsible for preparing and implementing the plan;
(j) arrangements and measures to conserve or restore the investment firm's own funds;
(k) arrangements and measures to ensure that the investment firm has adequate access to contingency funding sources to ensure that it can carry out its operations, and meet its obligations as they fall due, including an assessment of:
    1. potential liquidity sources;
    2. available collateral;
    3. the possibility to transfer liquidity across group entities and business lines;
(l) arrangements and measures to reduce risk and leverage;
(m) arrangements and measures to restructure liabilities;
(n) arrangements and measures to restructure business lines;
(o) arrangements and measures necessary to maintain continuous access to financial markets infrastructures;
(p) arrangements and measures necessary to maintain the continuous functioning of the investment firm's operational processes, including infrastructure and IT services;
(q) preparatory arrangements to facilitate the sale of assets or business lines in a timeframe appropriate for the restoration of the investment firm's financial soundness;
(r) other management actions or strategies to restore financial soundness and the anticipated financial effect of those actions or strategies;
(s) preparatory measures that the investment firm has taken or plans to take in order to facilitate the implementation of the recovery plan, including those necessary to enable the timely recapitalisation of the firm;
(t) a framework of indicators which identifies the points at which appropriate actions referred to in the plan may be taken by the investment firm; the indicators may be of a qualitative or quantitative nature relating to the investment firm's financial position and shall be capable of being monitored easily by the investment firm;
(u) the measures available to the investment firm if the conditions under Section 144(24) are met;
(v) an analysis of how and when the investment firm may apply, in the conditions addressed by the plan, for the use of central bank facilities, and identification of those assets which would be expected to qualify as collateral.

(4) Investment firms shall monitor the indicators referred to in paragraph 3(t) on a regular basis. The statutory body of an investment firm may, where it considers appropriate, decide to:
(a) take action under the recovery plan even if the relevant indicator has not been met;

(b) refrain from taking an action under the recovery plan even if the relevant indicator has been met.

(5) Decisions taken under paragraph 4 and their reasoning shall be notified by the investment firm to Národná banka Slovenska without undue delay.

(6) Recovery plans shall not assume any access to or receipt of extraordinary public financial support.

(7) Recovery plans shall include appropriate procedures to ensure the timely implementation of recovery actions and shall specify all the recovery options available to the investment firm. Recovery plans shall contemplate an as wide as possible range of scenarios of macroeconomic and financial stress relevant to the investment firm's investment services and activities and ancillary activities, including system-wide events and stress specific to individual legal persons and to groups of legal persons.

(8) Recovery plans are subject to approval by the investment firm's statutory body, and, after being approved, are to be submitted by the investment firm to Národná banka Slovenska.

(9) Investment firms shall update their recovery plans at least annually or after a change to the firm's legal or organisational structure, its business or its financial situation, which could have a material effect on the recovery plan; in updating their recovery plans, investment firms shall proceed in accordance with paragraph 8. Národná banka Slovenska may require investment firms to update their recovery plans more frequently than once a year.

Section 71dg

(1) Investment firms shall submit their recovery plans to Národná banka Slovenska for review within five working days after the plan was approved in accordance with Section 71df(8). Národná banka Slovenska shall assess whether

(a) the plan contains all the elements mentioned in Section 71df(3) and (7);
(b) the implementation of the arrangements proposed in the plan is reasonably likely to maintain or restore the viability and financial position of the investment firm or of the group, taking into account the preparatory measures that the investment firm has taken or is planning to take to facilitate implementation of the plan;
(c) the plan is reasonably likely to be implemented quickly and effectively in situations of financial stress and avoiding to the maximum extent possible any significant adverse effect on the financial system, including in scenarios which would lead other banks and investment firms to implement recovery plans within the same period.

(2) When assessing recovery plans, Národná banka Slovenska shall take into consideration the appropriateness of the investment firm's capital and funding structure to the level of complexity of the firm's organisational structure and risk profile.

(3) Národná banka Slovenska shall deliver its opinion on the recovery plan within six months of the plan's submission under paragraph 1. If the investment firm has a significant branch established in another Member State and the recovery plan includes arrangements related to that branch, Národná banka Slovenska shall deliver its opinion on the plan after consulting the competent supervisory authority of that Member State.

(4) Within five working days of a recovery plan's submission under Section 71df(8), Národná banka Slovenska shall provide the recovery plan to the Resolution Council, which may examine it. If the Resolution Council identifies any actions in the recovery plan which may adversely impact the resolvability of the investment firm, it shall notify Národná banka Slovenska of this fact. Such notification of the Resolution Council is recommendatory in character.

(5) If Národná banka Slovenska finds that an investment firm's recovery plan does not meet the requirements laid down in paragraph 1, it shall notify the firm of this fact and shall request the firm to give its opinion on the plan's deficiencies within a time limit set by Národná banka Slovenska; after receiving the investment firm's opinion, Národná banka Slovenska shall require the firm to remove the deficiencies within two months. Národná banka Slovenska may, at the investment firm's request, extend the time limit mentioned in the previous sentence by one month.

(6) If an investment firm fails to remedy the deficiencies mentioned in paragraph 5, Národná banka Slovenska may require the firm to make specific changes to the recovery plan.

(7) If the investment firm fails to submit the recovery plan within the timeframe under paragraph 5, or, after receiving the notification under paragraph 6, submits a recovery plan that still does not meet the requirements laid down in paragraph 1, Národná banka Slovenska shall require the investment firm to propose within a specified timeframe changes the firm can make to its business in order to address the deficiencies in the recovery plan.

(8) If the investment firm fails within the specified timeframe to propose the changes referred to in paragraph 7, or if Národná banka Slovenska assesses that the actions proposed by the firm would not adequately address the deficiencies in the recovery plan, Národná banka Slovenska may impose measures under Section 144 and direct the firm to:

(a) reduce its risk profile, including liquidity risk;
(b) enable timely recapitalisation measures;
(c) modify its strategy and structure;
(d) modify its funding strategy so as to improve the resilience of its core business lines and critical functions; for the purpose of this Act, 'core business lines' means business lines and associated services which represent material sources of revenue, profit or intellectual property value for the investment firm or its group, and 'critical functions' means activities, services or operations the discontinuance of which is likely in one or more Member States, to lead to the disruption of services that are essential to the real economy or to disrupt financial stability due to the size, market share, external and internal interconnectedness, complexity or cross-border activities of the investment firm or its group, with particular regard to the substitutability of those activities, services or operations;
(e) modify its governance structure.

(9) The imposition of measures and obligations under paragraph 8 is subject to the provisions of other legislation.[20]

Section 71dh

(1) Where an investment firm is an EU parent undertaking,[56baa] it shall draw up and submit to Národná banka Slovenska a recovery plan for the group (hereinafter the 'group recovery plan'). The group recovery plan shall be approved by the investment firm's statutory body. The

investment firm shall submit the recovery plan to Národná banka Slovenska for assessment within the timeframe under Section 71dg(1).

(2) Národná banka Slovenska shall transmit the group recovery plans to the following institutions:

(a) where the investment firm is established in another Member State, that country's competent supervisory authority which exercises supervision over the firm, and the competent resolution college;
(b) where the investment firm has a significant branch in another Member State, insofar as the recovery plan is relevant to the branch, that country's competent supervisory authority;
(c) the Resolution Council;
(d) the competent resolution authorities of subsidiaries under other legislation.[56bb]

(3) The group recovery plan of an EU parent undertaking shall identify measures to be implemented by the parent undertaking its subsidiaries. The group recovery plan shall aim to achieve the stabilisation of the group as a whole, or any institution of the group, when it is in a situation of stress so as to address or remove the causes of the distress and restore the financial position of the group or the institution in question, at the same time taking into account the financial position of other group entities. The group recovery plan shall include arrangements to ensure the coordination and consistency of measures to be taken at the level of the EU parent undertaking, the EU financial holding company, the EU mixed financial holding company, the parent financial holding company in a Member State, the EU parent financial holding company, the parent mixed financial holding company in a Member State, and the EU parent mixed financial holding company, as well as measures to be implemented at the level of subsidiaries and at the level of significant branches.

(4) The group recovery plan shall include the elements specified in Section 71df(3) and (7) in relation to the group as a whole and to each subsidiary, as well as any agreement for intra-group financial support that has been concluded.

(5) For each of the scenarios of macroeconomic and financial stress situations, the group recovery plan shall identify whether there are obstacles to the implementation of recovery measures within the group, including at the level of individual entities covered by the plan, and whether there are substantial practical or legal impediments to the prompt transfer of own funds or the repayment of liabilities or assets within the group.

Section 71di

(1) Where Národná banka Slovenska is the consolidating supervisor, it will do everything within its power to reach a joint decision with the authority competent to supervise the investment firm as a subsidiary of foreign investment firm and with the competent supervisory authorities of the Member States in which the investment firm has a significant branch, on the following:

(a) approving the group recovery plan under Section 71dh(1) and (3);
(b) requiring the subsidiary that is a foreign investment firm within a group to draw up a recovery plan on an individual basis pursuant to Section 71df;
(c) the procedure pursuant to Section 71dg(5);
(d) the procedure pursuant to Section 71dg(6);
(e) the procedure pursuant to Section 71dg(7);
(f) imposing a measure under Section 71dg(8).

(2) The provisions of Section 71dg(1) and (2) apply equally to the assessment of a group recovery plan; Národná banka Slovenska shall, together with the other authorities competent to supervise subsidiaries that are foreign investment firms, assess the potential impact that the recovery measures contained in the plan will have on financial stability in the Member States in which the investment firm and its subsidiaries are established.

(3) Where, before the end of the period referred to in paragraph 1, any of the supervisory authorities under paragraph 1 has referred a matter under paragraph 1(a) and Section 71dg(8)(a), (b) and (d) to the EBA, as the competent European Supervisory Authority, in accordance with other legislation,[110l] Národná banka Slovenska shall defer its decision and await any decision that the EBA may take on the matter, and shall take its decision in accordance with the decision of the EBA. If within one month of the matter being referred to it, the EBA has not taken a decision, or if none of the competent supervisory authorities under paragraph 1 has referred a matter to the EBA, and if at the same time Národná banka Slovenska has not managed to reach a joint decision with the authorities under paragraph 1, Národná banka Slovenska shall take a decision on an individual basis taking account of the opinions of the authorities under paragraph 1. Národná banka Slovenska shall deliver its decision to the authorities under paragraph 1 and to the investment firm.

(4) Where, before the end of the period referred to in paragraph 1, Národná banka Slovenska has not reached a joint decision with the supervisory authorities under paragraph 1 in a matter under paragraph 1(b) to (f), Národná banka Slovenska shall take a decision in these the matters only in relation to the investment firm as a parent undertaking. Before the end of the period referred to in paragraph 1, Národná banka Slovenska may refer a matter under paragraph 1(a) and Section 71dg(8)(a), (b) and (d) to the EBA in accordance with other legislation.[110l] Where Národná banka Slovenska refers a matter under the previous sentence, it shall await any decision that the EBA may take. If the EBA does not issue a decision within one month of the matter being referred to it, Národná banka Slovenska shall take a decision on an individual basis.

(5) Where Národná banka Slovenska is competent to supervise an investment firm that is a subsidiary within a group, it is also subject to the provisions of paragraph 1. As an authority competent to supervise a subsidiary with in a group, Národná banka Slovenska shall, in assessing the group recovery plan, check the plan's compliance with the requirements under Section 71df(3) and (7), as appropriate, in the scope set out in the plan, taking account of the potential impact of the plan on financial stability.

(6) Národná banka Slovenska may refer a matter under paragraph 1(a) and Section 71dg(8)(a), (b) and (d) to the EBA in accordance with other legislation,[110l] and Národná banka Slovenska is bound by any decision on the matter that the EBA may take. If within the period referred to in paragraph 1, a joint decision is not reached, Národná banka Slovenska may make a decision on an individual basis in accordance with paragraph 1(b), (e) and (f) in respect of the investment firm that it supervises.

(7) A joint decision reached between Národná banka Slovenska and supervisory authorities under paragraph 1 shall be binding on the investment firm that is subject to supervision on a consolidated basis.

Section 71dj
Provisions on proportionality

(1) Having regard to the impact that the failure of an investment firm and other entities in the firm's group may have on the financial system, including the impact on other specific institutions, funding conditions and the economy as a whole, Národná banka Slovenska may, on its own initiative if necessary, proportionally reduce the scope of application of the requirements laid down in Sections 62, 64, 67, 70, 71a and 71d, and set a different time limit for the drawing-up of the recovery plan and a different frequency of its updating. In doing so, Národná banka Slovenska shall take into account the nature and complexity of the investment firm's business, the firm's shareholding structure, risk profile, size, legal status, and interconnectedness with other financial system participants, the firm's membership of any institutional protection scheme (IPS) or other similar system under other legislation,[56bd] and the investment services provided by the firm. If these circumstances change, Národná banka Slovenska may request the investment firm to draw up and submit a recovery plan in the scope specified in Sections 71df and 71dh and to update that plan in accordance with Section 71df(9).

(2) If Národná banka Slovenska applies the procedure under paragraph 1 it shall inform the EBA of this fact and of the details of the procedure.

Section 71dk
Intra-group financial support

(1) Parent investment firms, EU parent investment firms, financial holding companies, mixed financial holding companies and mixed-activity holding companies established in the Slovak Republic, parent financial holding companies, EU parent financial holding companies, parent mixed financial holding companies, EU parent mixed holding companies, and subsidiaries thereof which are institutions or financial institutions subject to supervision on a consolidated basis in accordance with this Act (hereinafter a 'subgroup'), may, under the conditions laid down in another act,[56be] conclude with one or more members of the subgroup an agreement including a commitment to provide financial support where the conditions are met for early intervention or any comparable measure in accordance with the law of the Member State in which the contracting party is established (hereinafter an 'intra-group support agreement'). The financial support may be provided in the form of a loan, guarantees or assets to be collateralised (hereinafter 'intra-group support'). The recipient of intra-group support may use the intra-group support also in business relations with entities not party the intra-group support agreement.

(2) Provisions of another act apply mutatis mutandis to the provision of intra-group support.[56bf]

Section 71dl

(1) The provisions of Sections 71df to 71dl and Sections 144(8)(f), (29) and (30) apply only to investment firms subject to a share capital requirement equal to or greater than the amount specified in Section 54(11).

(2) Another act's[114a] provisions on receivership in respect of banks apply mutatis mutandis to receivership in respect of investment firms subject to a share capital requirement equal to or greater than the amount specified in Section 54(11).[114a]

(3) Another act's[56bg] provisions on group receivership in respect of banks apply mutatis mutandis to group receivership in respect of investment firms subject to a share capital requirement equal to or greater than the amount specified in Section 54(11).

Section 71e and Section 71f
Repealed as from 3 January 2018

Section 71g

(1) An investment firm shall ensure, when outsourcing to a third party the performance of operational functions which are critical or important for the provision of continuous and satisfactory investment services to clients and the performance of investment activities on a continuous and satisfactory basis, that it takes the steps required to avoid undue additional operational risk. Outsourcing of important operational functions may not be undertaken in such a way as to impair the effectiveness of its internal control and the ability of Národná banka Slovenska to monitor the investment firm's compliance with all its obligations.

(2) The subject-matter of outsourcing may not be a function, service or activity which the investment firm performs in its capacity as a member under Section 104.

Section 71h
Safeguarding of client financial instruments and funds

(1) Client assets placed with an investment firm shall not be included in the assets of the investment firm. An investment firm may not use the funds or financial instruments that a client has placed with it for its own benefit or the benefit of any third party, unless the client has given his consent thereto.

(2) For the purposes of safeguarding clients' rights in relation to financial instruments and funds belonging to them, an investment firm shall:

(a) keep such records and accounts that are necessary to enable it at any time and without undue delay to distinguish assets held for one client from assets held for any other client, and from their own assets;
(b) maintain its records and accounts in a way that ensures their accuracy, and in particular their correspondence to the financial instruments and funds held for clients and that they may be used as an audit trail;
(c) conduct, on a regular basis, reconciliations between its internal accounts and records and those of any third parties by whom those assets are held;
(d) take the necessary steps to ensure that any client financial instruments deposited with a third party, in accordance with Section 71i, are identifiable separately from the financial instruments belonging to the investment firm by means of differently titled accounts on the books of the third party or other equivalent measures that achieve the same level of protection;
(e) take the necessary steps to ensure that client funds deposited in accordance with Section 71j are held separately from any accounts used to hold funds belonging to the investment firm;
(f) introduce adequate organisational arrangements to minimise the risk of the loss or diminution of client assets, or of rights in connection with those assets, as a result of misuse of the assets, fraud, poor administration, inadequate record-keeping or negligence.

(3) If, for reasons of the applicable law of the jurisdiction in which the funds and financial instruments are kept or held, the arrangements made by the investment firm in compliance with paragraph 2 are not sufficient to safeguard clients' rights, especially in the event of the insolvency of the investment firm, the investment firm shall take additional measures in order to safeguard clients' assets.

(4) If the applicable law of the jurisdiction in which the client funds or financial instruments are held prevents an investment firm from complying with the provisions of paragraph 2(d) or (e), the investment firm shall take equivalent measures which have the same effect in terms of safeguarding clients' rights.

(5) By a decree whose full text is published in the Collection of Laws of the Slovak Republic, Národná banka Slovenska may lay down details of what is meant by 'additional measures' and 'equivalent measures' for the purposes set out in paragraphs 3 and 4, details of the conditions for depositing financial instruments with a third party under Section 71i, and the manner and method of reconciliations made under paragraph 2.

(6) Security interests, liens or rights of set-off over client financial instruments or funds enabling a third party to dispose of client's financial instruments or funds in order to recover debts that do not relate to the client or provision of services to the client are not permitted except where this is required by applicable law in a non-Member State in which the client funds or financial instruments are held. Where an investment firm is obliged to conclude agreements that create such security interests, liens or rights of set-off, it shall disclose that information to clients indicating to them the risks associated with those agreements.

(7) Where security interests, liens or rights of set-off are granted by the investment firm over client financial instruments or funds, or where the firm has been informed that they are granted, they shall be recorded in client contracts and the firm's own accounts to make the ownership status of client assets clear, such as in the event of an insolvency.

(8) Investment firms shall make information pertaining to clients' financial instruments and funds available to Národná banka Slovenska, appointed insolvency practitioners and the Resolution Council. The information to be made available shall include the following:

(a) related internal accounts and records that readily identify the balances of funds and financial instruments held for each client;
(b) where client funds are held by investment firms in accordance with Section 71j, details on the accounts in which client funds are held and on the relevant agreements with those firms;
(c) where financial instruments are held by investment firms in accordance with Section 71i, details on the accounts opened with third parties and on the relevant agreements with those third parties;
(d) details of third parties carrying out any related (outsourced) tasks and details of any outsourced tasks;
(e) key individuals of the firm involved in related processes, including those responsible for oversight of the firm's requirements in relation to the safeguarding of client assets; and
(f) agreements relevant to establish client ownership over assets.

(9) An investment firm shall designate one employee to be specifically responsible for the firm's compliance with its obligations related to the safeguarding of client funds and financial assets and this employee shall have sufficient expertise and authorisation for this purpose. The investment firm may decide that the employee under the first sentence will only

perform activities related to the responsibility referred to, or will concurrently perform other activities on behalf of the investment firm.

(10) An investment firm shall not conclude title transfer collateral arrangements with retail clients for the purpose of securing or covering present or future, actual or contingent or other obligations of retail clients.

Section 71i

(1) An investment firm may deposit financial instruments that it holds on behalf of its clients into an account or accounts opened with a third party. In the selection and appointment of the third party and the conclusion of an agreement on the safe custody and administration of those financial instruments, the investment firm shall exercise due professional care. In this respect, the investment firm shall also take into account and periodically review the expertise and market reputation of the third party, as well as any legislation of general application or market practices related to the holding of those financial instruments that could adversely affect clients' rights.

(2) If the safe custody of financial instruments for the account of another person is subject to specific legal regulation and supervision in a jurisdiction where an investment firm proposes to deposit client financial instruments with a third party, the investment firm may not deposit those financial instruments in that jurisdiction with a third party which is not subject to such regulation and supervision.

(3) An investment firm shall not deposit financial instruments held on behalf of clients with a third party in a non-Member State that does not regulate the holding and safe custody of financial instruments for the account of another, unless one of the following conditions is met:

a) the nature of the financial instruments or of the investment services connected with those instruments requires them to be deposited with a third party in that non-Member State;
b) where the financial instruments are held on behalf of a professional client, that client requests the investment firm in writing to deposit them with a third party in that non-Member State.

(4) The provisions of paragraphs 2 and 3 apply equally when the third party has delegated any of its functions concerning the holding and safekeeping of financial instruments to another third party.

Section 71j

(1) Where an investment firm has received client funds, it shall promptly place those funds into one or more accounts opened with any of the following:

(a) a central bank;
(b) a bank or foreign bank with an operating authorisation in accordance with the laws of Member States;
(c) a bank authorised in a third country;
(d) a qualifying money market fund.

(2) The provision of paragraph 1 does not apply to a bank, or a foreign bank established in a Member State, in respect of deposits held by that institution.

(3) ‘Qualifying money market fund’ means an open-end fund or European fund, or another foreign collective investment undertaking that is subject to supervision or has been issued an operating authorisation under the law of a Member State, and which satisfies the following conditions:

(a) its primary investment objective is to maintain the net asset value of the assets, either constant at par (net of earnings), or the value of the investor’s initial capital plus earnings;
(b) assets in the qualifying money market funds are invested exclusively in high quality money market instruments with a maturity or residual maturity of no more than 397 days, or regular yield adjustments consistent with such a maturity, and with a weighted average maturity of 60 days, or they are invested on an ancillary basis in deposits with banks;
(c) it shall ensure the liquidity of the deposited funds through same day or next day settlement.

(4) For the purposes of paragraph 3(b), a money market instrument shall be considered to be of high quality if the asset management company or investment fund performs its own documented assessment of the credit quality of money market instruments that allows it to consider a money market instrument as high quality. Where one or more credit rating agencies registered and supervised by ESMA have provided a rating of the instrument, the company/fund’s internal assessment shall have regard to, inter alia, those credit ratings.

(5) For the purposes of paragraph 4, a rating agency shall be considered to be competent if it issues credit ratings in respect of money market funds regularly and on a professional basis and is an eligible rating agency within the meaning of another act.[15]

(6) In the selection and appointment of the entity mentioned in paragraph 1 and the conclusion of agreements related to the depositing of client funds, an investment firm shall exercise all due professional care and diligence. In this respect, the investment firm shall also take into account and periodically review the expertise and market reputation of the entity mentioned in paragraph 1(b) to (d), as well as any legislation of general application or market practices related to the holding of those financial instruments that could adversely affect clients’ rights.

(7) Investment firms shall ensure that clients give their explicit consent to the placement of their funds in a qualifying money market fund. Clients may oppose the placement of their funds in this way. Investment funds shall inform clients that funds placed with a qualifying money market fund will be not be held in accordance with the requirements for the protection of client deposits set out in other legislation.[18b]

(8) Where investment firms deposit client funds with a bank or money market fund of the same group as the investment firm, they shall limit the funds that they deposit with any such group entity or combination of any such group entities so that funds do not exceed 20% of all such funds.

(9) An investment firm may not comply with the limit under paragraph 8 where it is able to demonstrate that, in view of the nature, scale and complexity of its business, and also the safety offered by the third parties considered in paragraph 8, and including in any case the small balance of client funds the investment firm holds the requirement under paragraph 8 is not proportionate. Investment firms shall periodically review the assessment made in

accordance with the first sentence and shall notify their initial and reviewed assessments to Národná banka Slovenska.

Section 71k

(1) An investment firm may not enter into arrangements for securities financing transactions[57] in respect of financial instruments that it holds on behalf of a client, or otherwise use such financial instruments for its own account or the account of another client, unless the following conditions are met:

(a) the client has given his prior express consent to the use of the financial instruments on precisely specified terms, and has confirmed this consent; in the case of a retail client, this confirmation shall be evidenced by his signature or equivalent alternative method;
(b) the use of the client's financial instruments shall be restricted to the exactly specified terms to which the client consents.

(2) An investment firm may not enter into arrangements for securities financing transactions in respect of financial instruments which are held on behalf of a client in an omnibus account, or otherwise use financial instruments held in such an account for their own account or for the account of another client unless, in addition to the conditions set out in paragraph 1, the following conditions are met:

(a) each client whose financial instruments are held together in an omnibus account shall have given prior express consent in accordance with paragraph 1(a);
(b) the investment firm has in place systems and controls which ensure that only financial instruments belonging to clients who have given prior express consent in accordance with paragraph 1(a) are so used.

(3) The records of the investment firm shall include details of the client on whose instructions the use of the financial instruments has been effected, as well as the number of financial instruments used belonging to each client who has given his prior consent, so as to enable the correct allocation of any loss.

(4) For the purposes of this Act, 'omnibus account' means a holder account and the accounts in which client assets of an investment firm are held, including accounts maintained under the law of another country.

(5) An investment firms shall take appropriate measures to prevent the unauthorised use of client financial instruments for its own account or the account of any other person such as:

(a) the conclusion of agreements with clients on measures to be taken by the investment firms in the case the client does not have enough provision on its account on the settlement date, such as borrowing of the corresponding securities on behalf of the client or unwinding the position;
(b) the monitoring by the investment firm of its projected ability to delivery on the settlement date and the putting in place of remedial measures if this cannot be done; and
(c) the monitoring and prompt requesting of undelivered securities outstanding on the settlement date and beyond.

(6) An investment firm shall adopt specific arrangements for all clients to ensure that the borrower of client financial instruments provides the appropriate collateral and that the firm monitors the continued appropriateness of such collateral and takes the necessary steps to

maintain the balance with the value of client instruments.

(7) An investment firm shall consider, and be able to demonstrate that it has done so, the use of title transfer financial collateral arrangements in the context of the relationship between the client's obligation to the firm and the client's assets subjected to title transfer financial collateral arrangements by the firm.

(8) When considering, and documenting, the appropriateness of the use of title transfer financial collateral agreements, investment firms shall take into account all of the following factors:

(a) whether there is only a very weak connection between the client's obligation to the firm and the use of the title transfer financial collateral arrangements, including whether the likelihood of a client's liability to the firm is low or negligible;
(b) whether the amount of client funds or financial instruments subject to title transfer financial collateral arrangements far exceeds the client's obligation, or is even unlimited if the client has any obligation at all to the firm;
(c) whether all clients' financial instruments or funds are made subject to title transfer financial collateral arrangements, without consideration of what obligation each client has to the firm.

(9) Where using title transfer collateral arrangements, an investment firm shall highlight to professional clients and eligible counterparties the risks involved and the effect of any title transfer financial collateral arrangement on the client's financial instruments and funds; otherwise such arrangements are prohibited.

Section 71l

(1) Investment firms shall take all appropriate steps to identify and to prevent or manage conflicts of interest between themselves, including their senior management, employees and tied investment agents, or any person directly or indirectly linked to them by control and their clients, or between one client and another, that arise in the course of providing investment services and activities and ancillary services, or combinations thereof. Where a conflict of interest in the provision of investment services and activities and ancillary services is unavoidable, the investment firm shall, prior to the provision of such service or activity, communicate to the client the nature and source of the conflict, and in providing the service or activity, it shall place the client's interest ahead of its own; in the event of a conflict of interest between clients, the investment firm shall ensure equal and fair treatment for all clients.

(2) If the steps taken by an investment firm under this Act and under other legislation[57aa] to manage a conflict of interest are not sufficient to ensure that risks of damage to a client's interests will be prevented, the investment firm shall, before effecting a transaction for the client's account, clearly disclose to the client the nature and sources of the conflict of interest and the steps taken to mitigate these risks.

(3) The information mentioned in paragraph 2 shall be provided by the investment firm to the client in a durable medium and in sufficient detail to enable the client to make an informed decision, in knowledge of the facts, with respect to the investment service or ancillary service in the context of which the conflict of interest arises.

(4) An investment firm which provides investment services to clients shall ensure that it does not remunerate or assess the performance of its staff, financial agents and other relevant persons[57c] in a way that conflicts with its duty to act in the best interests of its clients. In particular, it shall not make any arrangement by way of remuneration, sales targets or otherwise that could provide an incentive to its staff to recommend a particular financial instrument to a retail client when the investment firm could offer a different financial instrument which would better meet that client's needs.

Requirements for the manufacture and distribution of financial instruments

Section 71m
Heading repealed as from 3 January 2018

(1) Investment firms which manufacture financial instruments shall maintain, operate and review a process for the approval of each financial instrument and adaptations of existing financial instruments, and are subject mutatis mutandis to the relevant provision of this Act with regard to the nature of the financial instrument, investment services and target market for the financial instrument before the instrument is marketed or distributed to clients. For the purposes of this Act, the manufacture of a financial instrument means the creation, development, issuance and design of a financial instrument.

(2) Investment firms which manufacture financial instruments for sale to clients shall ensure that those financial instruments are designed to meet the needs of an identified target market of clients within the relevant category of clients, the strategy for distribution of the financial instruments is compatible with the identified target market, and the investment firm takes reasonable steps to ensure that the financial instrument is distributed to the identified target market.

(3) When acting pursuant to paragraph 1, investment firms shall:

(a) specify an identified target market of end clients within the relevant category of clients for each financial instrument;
(b) ensure that all relevant risks to such identified target market are assessed; and
(c) ensure that the intended distribution strategy is consistent with the identified target market.

(4) Investment firms shall regularly review financial instruments they offer or market, taking into account any event that could materially affect the potential risk to the identified target market, to assess at least whether the financial instrument remains consistent with the needs of the identified target market and whether the intended distribution strategy remains appropriate.

(5) Investment firms shall establish, implement and maintain procedures and measures to ensure the manufacturing of financial instruments complies with the requirements on proper management of conflicts of interest, including remuneration. In particular, investment firms manufacturing financial instruments shall ensure that the design of the financial instrument, including its features, does not adversely affect clients or does not lead to problems with market integrity by enabling the firm to mitigate and/or dispose of its own risks or exposure to the underlying assets of the product, where the investment firm already holds the underlying assets on own account.

(6) Investment firms shall analyse potential conflicts of interests each time a financial instrument is manufactured; in particular, firms shall assess whether the financial instrument creates a situation where clients may be adversely affected if they take:

(a) an exposure opposite the one previously held by the firm itself; or

(b) an exposure opposite to the one that the firm wants to hold after the sale of the financial instrument.

(7) Investment firms shall consider whether the financial instrument may represent a threat to the orderly functioning or to the stability of financial markets before deciding to proceed with the launch of the product.

(8) Investment firms shall ensure that relevant staff involved in the manufacturing of financial instruments possess the necessary expertise to understand the characteristics and risks of the financial instruments they intend to manufacture.

(9) Investment firms shall ensure that the management body has effective control over the process referred to in paragraph 1. Investment firms shall ensure that the compliance reports to the management body systematically include information about the financial instruments manufactured by the firm, including information on the distribution strategy. Investment firms shall make the reports available to Národná banka Slovenska on request.

(10) Investment firms shall ensure that the compliance function monitors the development and periodic review of the processes referred to in this Section in order to detect any risk of failure by the firm to comply with the obligations set out in this Section.

(11) Where investment firms, in creating products, collaborate with entities which are not authorised and supervised in accordance with this Act or third-country firms, they shall outline their mutual responsibilities in a written agreement.

(12) Investment firms shall identify at a sufficiently granular level the potential target market for each financial instrument and specify the type(s) of client for whose needs, characteristics and objectives the financial instrument is compatible. As part of this process, the firm shall identify any group(s) of clients for whose needs, characteristics and objectives the financial instrument is not compatible. Where investment firms collaborate to manufacture a financial instrument, only one target market needs to be identified.

(13) Investment firms manufacturing financial instruments that are distributed through other investment firms shall determine the needs and characteristics of clients for whom the product is compatible based on their theoretical knowledge of and past experience with the financial instrument or similar financial instruments, the financial markets and the needs, characteristics and objectives of potential end clients.

(14) Investment firms shall undertake a scenario analysis of their financial instruments which shall assess the risks of poor outcomes for end clients posed by the product and in which circumstances these outcomes may occur. Investment firms shall assess the financial instrument under negative conditions covering what would happen if, for example:

(a) the market environment deteriorated;

(b) the manufacturer or a third party involved in manufacturing and or functioning of the financial instrument experiences financial difficulties or other counterparty risk materialises;
(c) the financial instrument fails to become commercially viable; or
(d) demand for the financial instrument is much higher than anticipated, putting a strain on the firm's resources and/or on the market of the underlying instrument.

(15) Investment firms shall determine whether a financial instrument meets the identified needs, characteristics and objectives of the target market, including by examining the following elements:
(a) the financial instrument's risk/reward profile is consistent with the target market; and
(b) the financial instrument's manufacture is driven by features that benefit the client and not by a business model that relies on poor client outcomes to be profitable.

(16) Investment firms shall consider the charging structure proposed for the financial instrument, including by examining the following:
(a) the financial instrument's costs and charges are compatible with the needs, objectives and characteristics of the target market;
(b) charges do not undermine the financial instrument's return expectations, such as where the costs or charges equal, exceed or remove almost all the expected tax advantages linked to a financial instrument;
(c) the charging structure of the financial instrument is appropriately transparent for the target market, such as that it does not disguise charges or is too complex to understand.

(17) Investment firms shall review the financial instruments they manufacture on a regular basis, taking into account any event that could materially affect the potential risk to the identified target market. Investment firms shall consider if the financial instrument remains consistent with the needs, characteristics and objectives of the target market and if it is being distributed to the target market, or is reaching clients for whose needs, characteristics and objectives the financial instrument is not compatible.

(18) Investment firms shall review financial instruments prior to any further issue or re-launch, if they are aware of any event that could materially affect the potential risk to investors and at regular intervals assess whether the financial instruments function as intended. Investment firms shall determine how regularly to review their financial instruments based on relevant factors, including factors linked to the complexity or the innovative nature of the investment strategies pursued. Investment firms shall also identify crucial events that would affect the potential risk or return expectations of the financial instrument, such as:
(a) the crossing of a threshold that will affect the return profile of the financial instrument; or
(b) the solvency of certain issuers whose securities or guarantees may impact the performance of the financial instrument.

(19) When events referred to in paragraph 18 occur, investment firms shall take appropriate action which may consist of:
(a) the provision of any relevant information on the event and its consequences on the financial instrument to the clients or the distributors of the financial instrument (hereinafter referred to as 'distributors' or individually as a 'distributor') if the investment firm does not offer or sell the financial instrument directly to the clients;

(b) changing the financial instrument approval process;
(c) stopping further issuance of the financial instrument;
(d) changing the financial instrument to avoid unfair contract terms;
(e) considering whether the sales channels through which the financial instruments are sold are appropriate where the firm becomes aware that the financial instrument is not being sold as envisaged;
(f) contacting the distributor to discuss a modification of the distribution process;
(g) terminating the relationship with the distributor; or
(h) informing Národná banka Slovenska.

(20) Investment firms shall ensure that the provision of information about a financial instrument to distributors includes information about the appropriate channels for distribution of the financial instrument, the financial instrument approval process and the target market assessment. Such information shall be of an adequate standard to enable distributors to understand and recommend or sell the financial instrument properly.

Section 71n

(1) Investment firms which manufacture financial instruments shall make available to any distributor all appropriate information on the financial instrument and the financial instrument approval process, including the identified target market of the financial instrument.

(2) Investment firm shall understand the financial instruments they offer or recommend, assess the compatibility of the financial instruments with the needs of the clients to whom they provide investment services, also taking account of the identified target market of end clients as referred to in Section 71m, and ensure that financial instruments are offered or recommended only when this is in the interest of the client.

(3) Where investment firms offer or recommend financial instruments which they do not manufacture, they shall have in place adequate arrangements to obtain the information referred to in paragraph 1 and to understand the characteristics and identified target market of each financial instrument. Investment firms shall have in place arrangements to ensure that they obtain sufficient information about these financial instruments also from the instruments' manufacturers that are not subject to this Act. Investment firms shall determine the target market for the respective financial instrument, even if the target market was not defined by the manufacturer.

(4) Investment firms shall have in place product governance arrangements to ensure that products and services they intend to offer are compatible with the needs, characteristics, and objectives of an identified target market and that the intended distribution strategy is consistent with the identified target market.

(5) Investment firms, when deciding the range of financial instruments manufactured by themselves or other firms and services they intend to offer or recommend to clients, shall comply, in a way that is appropriate, with the provisions of this Act, taking into account the nature of the financial instrument, the investment service and the target market for the instrument and service. Investment firms shall appropriately identify and assess the circumstances and needs of the clients to whom they intend to offer or recommend a financial instrument, so as to ensure that clients' interests are not compromised as a result of commercial

or funding pressures. As part of this process, investment firms shall identify any groups of clients for whose needs, characteristics and objectives the financial instrument or service is not compatible.

(6) In order to understand financial instruments whose manufacturers are not subject to this Act and to ensure that such instruments will be distributed in accordance with the characteristics, objectives and needs of the target market, investment firms shall take all reasonable steps to ensure that they obtain adequate and reliable information from these manufacturers. Where the relevant information is not publicly available, the distributor shall take all reasonable steps to obtain such information from the manufacturer or its agent; publicly available information is information which is clear, reliable and produced to meet requirements laid down in this Act and in other legislation.[103] This obligation is relevant for products sold on primary and secondary markets and applies in a proportionate manner, depending on the degree to which publicly available information is obtainable and the complexity of the financial instrument. Investment firms shall use the information obtained from financial instrument manufacturers and information on their own clients to identify the target market and distribution strategy. When an investment firm acts both as a manufacturer and a distributor, only one target market assessment shall be required.

(7) Investment firms, when deciding the range of financial instrument and services that they offer or recommend and the respective target markets, shall maintain procedures and measures to ensure compliance with all applicable requirements under this Act including those relating to disclosure, assessment of suitability or appropriateness, inducements and proper management of conflicts of interest; in this context, particular care shall be taken when distributors intend to offer new financial instruments or there are variations to the services they provide.

(8) Investment firms shall periodically review and update their product governance arrangements in order to ensure that they remain robust and fit for their purpose, and take appropriate actions where necessary.

(9) Investment firms shall review the financial instruments they distribute and the services they provide on a regular basis, taking into account any event that could materially affect the potential risk to the identified target market. Investment firms shall assess at least whether the financial instrument or service remains consistent with the needs, characteristics and objectives of the identified target market and whether the intended distribution strategy remains appropriate. Investment firms shall reconsider the target market and/or update the product governance arrangements if they become aware that they have wrongly identified the target market for a specific financial instrument or service or that the instrument or service no longer meets the circumstances of the identified target market, such as where the instrument becomes illiquid or very volatile due to market changes.

(10) Investment firms shall require investment firms to ensure their compliance function oversee the development and periodic review of product governance arrangements in order to detect any risk of failure to comply with the obligations set out in this Section. Investment firms shall ensure that relevant staff possess the necessary expertise to understand the characteristics and risks of the products they intend to offer or recommend and the services provided as well as the needs, characteristics and objectives of the identified target market.

(11) Investment firms shall ensure that the management body has effective control over the firm's product governance process and determines the range of financial instruments distributed and the services provided to the respective target markets. Investment firms shall ensure that the compliance reports to the management body systematically include information about the financial instruments offered or sold and the services provided, including the distribution strategy. Investment firms shall make the reports available to Národná banka Slovenska on request.

(12) Distributors shall provide the financial instrument manufacturers with information on sales of the instruments and, where appropriate, information on their periodical reviews to support financial instrument reviews carried out by the manufacturers.

(13) Where different investment firms work together in the distribution of a financial instrument or service, the investment firm with the direct client relationship shall have ultimate responsibility to meet the product governance obligations set out in this Section; however, intermediary investment firms shall:

(a) ensure that relevant information on the instrument is passed from the manufacturer to the final distributor in the chain;
(b) if the manufacturer requires information on sales of the instrument in order to comply with their own product governance obligations, enable them to obtain it; and
(c) apply product governance obligations for manufacturers, as relevant, in relation to the service they provide.

Section 71o
Repealed as from 3 January 2018

Section 71p

(1) In respect of the provision of investment services, investment firms shall ensure that their employees who come into contact with retail clients and give them investment advice or information about financial instruments, investment services or ancillary services are professionally competent.

(2) Employees are deemed professionally competent for the purpose of paragraph 1 if, in respect of the capital market, they have attained an intermediate level of professional competence as defined in another act.[57a] Employees who come into contact with retail clients and do not meet the professional competence requirements mentioned in the first sentence may perform activities that involve giving investment advice or information about financial instruments, investment services or ancillary services only if such activity is performed under the management and responsibility of an employee who meets those professional requirements.

(3) In verifying whether employees are professionally competent under paragraph 1, investment firms shall follow the procedure laid down in other legislation.[57b]

(4) Investment firms shall keep a list of the employees referred to in paragraph 1.

Section 72
Repealed as from 1 November 2007

Section 73
Heading repealed as from 1 November 2007

(1) An investment firm shall:

(a) inform clients whether the requested transaction is covered by a client protection scheme (Section 80) and about the terms and conditions of guarantees provided by that client protection scheme;
(b) when promoting investment services, refrain from using information on the compensation provided by a client protection scheme for advertising purposes.

(2) Národná banka Slovenska may lay down, by legislation of general application, further details concerning the rules of conduct of an investment firm in relation to clients set out in paragraphs 1 to 7.

(3) In each transaction, an investment firm shall require the client to document its identity; the client shall be required to comply with the request in each transaction. An investment firm shall decline any transactions in which the client remains anonymous.

(4) For the purposes of paragraph 3, the identity of a client may be established by an identity document or a client signature, provided the investment firm knows the client in person and its signature matches the signature shown in a signature specimen deposited with the investment firm upon the signing of which the client established its identity by an identity document; if transactions are executed through technical devices, identity shall be evidenced by a personal identification number or a similar code assigned by the investment firm to the client, and by an authentication that had been agreed between the investment firm or by the branch of the foreign brokerage firm and the client, or by an electronic signature pursuant to another law. For minor clients, who do not possess an identity document, the investment firm shall check the identity document of its legal representative and request a document from which it is evident that the representative is authorised to represent the minor, and a birth certificate of the minor client.

(5) For each transaction with a consideration of at least EUR 15,000, an investment firm shall identify the ownership of the funds used by the client to conduct the transaction. For the purposes of this provision, ownership shall be established by a binding written statement of the client, in which the client shall be required to state whether it is the owner of the funds and whether it makes the transaction for its own account. If the funds are owned by a third party, or if the transaction is to be made for the account of a third party, the client shall specify in the statement the name, personal identification number or date of birth, and permanent residence of the natural person or, as appropriate, the name, registered office and identification number, if any, of the legal person who owns the funds and for whose account the transaction is being made; in such a case, the client shall also present the investment firm with a written consent of the person concerned to the use of its funds for the transaction and to making the transaction for its account. If the client fails to meet any of the conditions set out in this paragraph, the investment firm shall be required to refuse the transaction. The obligation to establish the ownership of funds shall not apply in cases where the client of the investment firm is another investment firm or financial institution executing a transaction on behalf of a client the ownership of whose funds has already been established by this other investment firm or financial institution; in the case of foreign investment firms or financial institutions, this obligation applies only if their registered office is in the territory of a non-Member State or they pursue their activity in the territory of a non-Member State which imposes duties related to the prevention and uncovering of money laundering (legalisation) and

terrorist financing equivalent to those laid down in other legislation[55a] and compliance with these duties is subject to supervision. The other investment firm or financial institution shall prove these facts to the investment firm which executes the respective transaction, and in the event of any doubt, the investment firm may insist on proof of ownership of the funds.

(6) The investment firm and the foreign investment firm shall retain and protect the data against damage, alteration, liquidation, loss, theft, disclosure, misuse and unauthorised access and copies of client identification and of documents identifying the owner of the funds used by the client to accomplish the trade and contracts, and other documents on deals made for at least ten years from conclusion of the transaction.

(7) The provisions of paragraphs 1 to 6 apply equally to a foreign investment firm in its operations in the territory of the Slovak Republic.

Section 73a

(1) For the purposes of concluding and executing transactions with clients, and the follow-up control thereof, and for the purpose of identifying clients and for other purposes set out in paragraph 3, clients and their representatives shall, for each transaction, meet any request of the investment firm

(a) to provide the following:
   1. where the client is a natural person, including a natural person representing a legal person, personal identification information[58a] that includes the client's name, address of permanent residence, address of temporary residence, personal identification number, if assigned, date of birth, citizenship, type and number of identity document; if the client is natural person-entrepreneur, also his business address, the designation of the official register or other official record in which the natural person-entrepreneur is registered, and the number of his entry in this register or record;
   2. identification information that includes the client's name, identification number, if assigned, the address of his registered office, the address of his place of business or organisational units or the address of another place where his activities are carried out, and, if a legal person, a list of the members of the statutory body of this legal person and information on them to the extent laid down in point 1, the designation of the official register or other official record in which the legal person is registered,[58b] and the number of its entry in this register or record;
   3. contact telephone number, fax number and electronic mail address, if any;
   4. documents and information proving authorisation to represent the client, in the case of a representative, and to meet the other requirements and conditions for concluding and executing transactions as laid down in this Act or by separate regulation or which have been agreed with the investment firm;
   5. personal data concerning the client's economic identity for the purposes of this Act;

(b) to enable the following to be obtained by photocopying, scanning or other means of recording:
   1. personal identification information[58a] that includes a visual likeness, title, name, maiden name, personal identification number, date of birth, place and district of birth, address of permanent residence, address of temporary residence, citizenship, record of any restriction of legal capacity, type and number of the identity document, the issuing authority, date of issue and expiry date of the identity document; and

2. additional information from documents corroborating the information subject to points 1 to 4 of subparagraph (a).

(2) For the purposes of concluding and executing transactions with clients, and the follow-up control thereof, and for the further purposes mentioned in paragraph 3, an investment firm may, for any transaction, require the client or his representative to provide the information mentioned in paragraph 1(a) and obtain it by a method pursuant to paragraph 1(b).

(3) For the purposes of concluding and executing transactions between investment firms and clients, and the follow-up control thereof, for the purposes of identifying clients and their representatives, for the protection and enforcement of the rights of investment firms towards clients, for documenting the activities of investment firms, for the exercise of supervision, and for meeting the tasks and obligations of investment firm in accordance with this Act or other legislation,[58c] investment firms may, without the consent of and without informing the persons concerned,[58d] establish, obtain, record, store, use and otherwise process[58e] personal information and other information to the extent laid down in paragraph 1; investment firms may, by automated or non-automated means, make copies of identity documents, and process the personal identification numbers and other information and documents referred to in paragraph 1.

(4) Even without the consent of and without informing the persons concerned,[58d] investment firms shall, in the cases set out in this Act or in another act,[58g] give other entities access to the information subject to paragraphs 1 and 3 and provide[58f] it to them for the purposes of processing, and shall also provide this information to Národná banka Slovenska for the purpose of exercising supervision in accordance with this law and separate laws.

(5) Even without the consent of and without informing the persons concerned,[58d] investment firms may make available and provide[58f] information from their information systems only to persons and authorities to which they are required to provide information protected under Section 134.

(6) The information subject to paragraphs 1 to 3 may be made available and provided abroad by investment firms only under the conditions laid down in another act[58h] or where provided by an international agreement binding upon the Slovak Republic.

(7) The provisions of paragraphs 1 to 6 apply equally to a foreign investment firm insofar as it carries on activities in the territory of the Slovak Republic.

Operating conditions for investment firms in relation to clients

Section 73b

(1) When providing investment services, investment activities or ancillary services, investment firms shall observe fair business practices and act honestly, fairly and professionally in accordance with the best interests of their clients..

(2) Investment firms shall be regarded as not fulfilling their obligations under paragraph 1 where they pay or are paid any fee or commission, or provide or are provided with any non-monetary benefit in connection with the provision of an investment service or an ancillary

service, to or by any party except the client or a person on behalf of the client, other than where the payment or benefit:

(a) is designed to enhance the quality of the relevant service to the client; and
(b) does not impair compliance with the investment firm's duty to act honestly, fairly and professionally in accordance with the best interest of its clients.

(3) The existence, nature and amount of the payment or benefit, or, where the amount cannot be ascertained, the method of calculating that amount, must be clearly disclosed to the client, in a manner that is comprehensive, accurate and understandable, prior to the provision of the relevant investment or ancillary service. Where applicable, the investment firm shall also inform the client on mechanisms for transferring to the client the fee, commission, or non-monetary benefit received in relation to the provision of the investment or ancillary service.

(4) The requirements on investment firms set out in paragraph 1 and Section 71l shall not apply in regard to the payment of a fee or commission or the provision of a non-monetary benefit:

(a) which enables or is necessary for the provision of investment services, such as custody costs, levies imposed by the regulated market organiser or supervisory authority, or legal fees; and
(b) which by its nature cannot give rise to conflicts with the investment firm's duties to act in accordance with paragraph 1.

(5) A fee, commission or non-monetary benefit shall not be considered acceptable if the provision of relevant services to the client is biased or distorted as a result of the fee, commission or non-monetary benefit. A fee, commission or non-monetary benefit shall be considered to be designed to enhance the quality of the relevant service to the client if all of the following conditions are met:

(a) it is justified by the provision of an additional or higher level service to the relevant client, proportional to the level of the fee, commission or benefit received, such as:
    (1) the provision of non-independent investment advice on and access to a wide range of suitable financial instruments including an appropriate number of financial instruments from third parties having no close links with the investment firm;
    (2) the provision of non-independent investment advice combined either with an offer to the client, at least on an annual basis, to assess the continuing suitability of the financial instruments in which the client has invested, or with another ongoing service that is likely to be of value to the client such as advice about the suggested optimal asset allocation of the client; or
    (3) the provision of access, at a competitive price, to a wide range of financial instruments that are likely to meet the needs of the client, including an appropriate number of financial instruments from third parties having no close links with the investment firm, together with either the provision of added-value tools, such as objective information tools helping the relevant client to take investment decisions or enabling the relevant client to monitor, model and adjust the range of financial instruments in which they have invested, or providing periodic reports of the performance and costs and charges associated with the financial instruments
(b) it does not directly benefit the recipient firm, its shareholders or employees without tangible benefit to the relevant client;
(c) it is justified by the provision of an ongoing benefit to the relevant client in relation to an ongoing fee, commission or non-monetary benefit.

(6) Investment firms shall fulfil the requirements set out in paragraph 5 on an ongoing basis as long as they continue to pay or receive the fee, commission or non-monetary benefit.

(7) Investment firms shall hold evidence that any fees, commissions or non-monetary benefits paid or received by the firm are designed to enhance the quality of the relevant service to the client:

(a) by keeping an internal list of all fees, commissions and non-monetary benefits received by the investment firm from a third party in relation to the provision of investment or ancillary services; and

(b) by recording how the fees, commissions and non-monetary benefits paid or received by the investment firm, or that it intends to use, enhance the quality of the services provided to the relevant clients and the steps taken in order not to impair the firm's ability to observe fair business practices and to act professionally in accordance with the best interests of the client.

(8) In relation to any payment or benefit received from or paid to third parties, investment firms shall disclose to clients the following information:

(a) prior to the provision of the relevant investment or ancillary service, information on the payment or benefit concerned in accordance with paragraph 3; minor non-monetary benefits may be described in a generic way, and other non-monetary benefits received or paid by the investment firm in connection with the investment service provided to a client shall be priced and disclosed separately;

(b) where the firm was unable to ascertain on an ex-ante basis the amount of any payment or benefit to be received or paid, and instead disclosed to the client the method of calculating that amount, information on the exact amount of the payment or benefit received or paid on an ex-post basis; and

(c) on an individual basis, at least once a year as long as payments or benefits are received by the investment firm in relation to the investment services provided to the relevant clients, information on the actual amount of payments or benefits received; minor non-monetary benefits may be described in a generic way.

(9) The provision of paragraph 8 is without prejudice to Section 73d(1)(d) and other legislation.[58haa] When more investment firms are involved in a distribution channel, each investment firm providing an investment or ancillary service shall comply with its obligations to make disclosures to its clients.

(10) The provision of investment research by third parties to investment firms providing portfolio management or other investment or ancillary services to clients is subject to the following provisions:

(a) the investment research shall not, for the purposes of this Act, be regarded as a fee, commission or non-monetary benefit if it is received in return for direct payments by the investment firm out of its own resources;

(b) the investment research shall not, for the purposes of this Act, be regarded as a fee, commission or non-monetary benefit if it is received in return for payments from a separate investment research payment account (hereinafter ‘research account’) controlled by the investment firm, provided the following conditions relating to the operation of the account are met:

1. the research account is funded by a specific investment research charge to the client;

2. as part of establishing a research account and agreeing the investment research charge with their clients, investment firms set and regularly assess an investment research budget as an internal measure;
3. the investment firm is held responsible for the research account;
4. the investment firm regularly assesses the quality of the investment research purchased based on robust quality criteria and the ability of the research to contribute to better investment decisions;

(c) where the investment firm makes use of the research account, it shall provide the following information to clients:
1. before the provision of an investment service to clients, information about the budgeted amount for investment research and the amount of the estimated investment research charge for each of them;
2. annual information on the total costs that each client has incurred for third party research.

(11) Where an investment firm operates a research account, the firm shall, upon request by their clients or by Národná banka Slovenska, provide a summary of the investment research providers paid from this account, the total amount they were paid over a defined period, the benefits and services received by the investment firm, and how the total amount spent from the account compares to the budget set by the firm for that period, noting any rebate or carry-over if residual funds remain in the account. For the purposes of point 1 of paragraph 10(b), the specific investment research charge shall:

(a) only be based on an investment research budget set by the investment firm for the purpose of establishing the need for third party investment research in respect of investment services rendered to its clients; and

(b) not be linked to the volume and/or value of transactions executed on behalf of the clients.

(12) Where an investment firm does not collect the client investment research charge separately but alongside a transaction commission, the firm shall indicate to the client a separately identifiable investment research charge and shall fully comply with the conditions set out in points (b) and (c) of paragraph 10.

(13) The total amount of investment research charges received may not exceed the investment research budget.

(14) Investment firms shall agree with clients, in the firm's contract with the client or general terms of business, the investment research charge as budgeted by the firm and the frequency with which the specific investment research charge will be deducted from the resources of the client over the year. Increases in the investment research budget shall only take place after the provision of clear information to clients about such intended increases. If there is a surplus in the investment research payment account at the end of a period, the firm shall have a process to rebate those funds to the client or to offset it against the investment research budget and the special investment charge calculated for the following period.

(15) For the purposes of point 2 of paragraph 10(b), the investment research budget shall be managed solely by the investment firm and shall be based on a reasonable assessment of the need for third party investment research. The allocation of the investment research budget to purchase third party investment research is subject to appropriate controls and senior management oversight to ensure it is managed and used in the best interests of the firm's clients.

Those controls shall include a clear audit trail of payments made to investment research providers and how the amounts paid were determined with reference to the quality criteria referred to in point 4 of paragraph 10(b). Investment firms shall not use the investment research budget and research account to fund internal investment research.

(16) Investment firms may delegate the administration of the investment research payment account to a third party, provided that the arrangement facilitates the purchase of third party investment research and payments to investment research providers in the name of the investment firm without any undue delay in accordance with the investment firm's instruction; this is without prejudice to the investment firm's responsibility under point 3 of paragraph 10(b).

(17) For the purposes of point 4 of paragraph 10(b), the investment firm shall establish all necessary elements of the quality assessment in a written policy and provide the policy to its clients. The firm shall also address the extent to which investment research purchased through the research account may benefit clients' portfolios, including by taking into account investment strategies applicable to various types of portfolios, and the approach the firm will take to allocate such costs fairly to the various clients' portfolios.

(18) Investment firms providing order execution services shall identify separate charges for these services that only reflect the cost of executing the transaction. The provision of each other benefit or service by the same investment firm to other investment firms or to foreign investment firms established in the European Union is subject to a separately identifiable charge; the supply of and charges for those benefits or services shall not be influenced or conditioned by levels of payment for order execution services.

(19) When an investment service is offered together with another service or product as part of a package or as a condition for the same agreement or package, the investment firm shall inform the client whether it is possible to buy the different components separately and shall provide for a separate evidence of the costs and charges of each component. Where the risks resulting from such an agreement or package offered to a retail client are likely to be different from the risks associated with the components taken separately, the investment firm shall provide an adequate description of the different components of the agreement or package and the way in which their interaction modifies the risks.

Section 73c

All information, including marketing communications, addressed by the investment firm to clients or potential clients shall be fair, clear and not misleading. Marketing communications shall be clearly identifiable as such.

Section 73d

(1) Investment firms shall provide the following information in a comprehensible form in such a manner that clients or potential clients are reasonably able to understand the nature and risks of the investment service and of the specific type of financial instrument that is being offered and, consequently, to take investment decisions on an informed basis:
(a) information about the investment firm and its services;

(b) information about the financial instruments and proposed investment strategies, including appropriate guidance on and warnings of the risks associated with investments in these instruments or in respect of particular investment strategies, about the safeguarding of client financial instruments or client funds, and about whether the financial instrument is intended for retail or professional clients, taking account of the identified target market;
(c) information about execution venues;
(d) information about all costs and associated charges, including information relating to both investment and ancillary services, including the cost of advice, where relevant, the cost of the financial instrument recommended to the client and how the client may pay for it, also encompassing any third-party payments.

(2) When investment advice is provided, the investment firm must, in good time before it provides investment advice, inform the client:
(a) whether or not the advice is provided on an independent basis;
(b) whether the advice is based on a broad or on a more restricted analysis of different types of financial instruments and, in particular, whether the range is limited to financial instruments issued or provided by entities having close links with the investment firm or any other legal or economic relationships, such as contractual relationships, so close as to pose a risk of impairing the independent basis of the advice provided;
(c) whether the investment firm will provide the client with a periodic assessment of the suitability of the financial instruments recommended to that client.

(3) Where an investment firm informs the client that investment advice is provided on an independent basis, that investment firm shall:
(a) assess a sufficient range of financial instruments available on the market which must be sufficiently diverse with regard to their type and issuers or product providers to ensure that the client's investment objectives can be suitably met and must not be limited to financial instruments issued or provided by:
    1. the investment firm itself or by entities having close links with the investment firm; or
    2. other entities with which the investment firm has such close legal or economic relationships, such as contractual relationships, as to pose a risk of impairing the independent basis of the advice provided;
(b) not accept and retain fees, commissions or any monetary or non-monetary benefits paid or provided by any third party or a person acting on behalf of a third party in relation to the provision of the service to clients; minor non-monetary benefits which are disclosed to a client prior to the provision of the relevant investment service, are capable of enhancing the quality of service provided to the client, and are of a scale and nature such that they could not be judged to impair compliance with the investment firm's duty to act in the best interest of the client may be described in a generic way.

(4) When providing the investment service of portfolio management, investment firms shall not accept and retain fees, commissions or any monetary or non-monetary benefits paid or provided by any third party or a person acting on behalf of a third party in relation to the provision of the service to clients. Minor non-monetary benefits which are disclosed to a client prior to the provision of the relevant investment service, are capable of enhancing the quality of service provided to the client, and are of a scale and nature such that they could not be judged to impair compliance with the investment firm's duty to act in the best interest of the client may be described in a generic way.

(5) Where, in relation to the provision of independent investment advice and the investment service of portfolio management to clients, investment firms are paid or provided any fees, commissions or any monetary benefits by any third party or a person acting on behalf of a third party, they shall allocate and transfer the full amount of these fees, commissions or benefits to each individual client without undue delay after receiving them.

(6) Investment firms shall set up and implement a policy to comply with the obligations under paragraph 5, and they shall periodically inform clients about the fees, commissions or any monetary benefits transferred to them.

(7) Investment firms providing investment advice on an independent basis or the investment service of portfolio management shall not accept non-monetary benefits other than minor non-monetary benefits that are capable of enhancing the quality of service provided to the client and are of a scale and nature such that they could not be judged to impair compliance with the investment firm's duty to act in the best interest of the client. The following minor non-monetary benefits are acceptable only if they are:

(a) information or documentation which relates to a financial instrument or an investment service and is generic in nature or personalised to reflect the circumstances of an individual client;
(b) written material from a third party that is commissioned and paid for by a corporate issuer or potential issuer to promote a new issuance by the company, or where a third party is contractually engaged and paid by the issuer to produce such material on an ongoing basis, provided that the relationship is clearly disclosed in the material and that the material is made available at the same time to any investment firms wishing to receive it or to the general public;
(c) participation in conferences, seminars and other training events on the benefits and features of a specific financial instrument or an investment service;
(d) hospitality of a reasonable de minimis value, such as food and drink during a business meeting or a conference, seminar or other training events mentioned under subparagraph (c); and
(e) other minor non-monetary benefits which are capable of enhancing the quality of service provided to a client and, having regard to the total level of benefits provided by one entity or group of entities, are of a scale and nature that are unlikely to impair compliance with an investment firm's duty to act in the best interest of the client.

(8) Acceptable minor non-monetary benefits shall be reasonable and proportionate and of such a scale that they are unlikely to influence the investment firm's behaviour in any way that is detrimental to the interests of the relevant client.

(9) Disclosure of minor non-monetary benefits shall be made prior to the provision of the relevant investment or ancillary services to clients. Minor non-monetary benefits may be described in a generic way.

(10) The information about all costs and charges referred to in paragraph 1, including costs and charges in connection with the investment service and the financial instrument, which are not caused by the occurrence of underlying market risk, shall be aggregated to allow the client to understand the overall cost as well as the cumulative effect on return of the investment, and where the client so requests, an itemised breakdown shall be provided. Where applicable,

such information shall be provided to the client on a regular basis, at least annually, during the life of the investment.

Section 73e
Repealed as from 3 January 2018

Section 73f

(1) When providing investment advice or the investment service of portfolio management, investment firms shall obtain the necessary information regarding the client's or potential client's knowledge and experience in the investment field relevant to the specific type of financial instrument or investment or ancillary service, the client's or potential client's financial situation including ability to bear losses, and the client's or potential client's investment objectives, so as to enable the investment firm to recommend to the client or potential client the investment services and financial instruments that are suitable for the client or potential client in the light of the information about the client's or potential client's knowledge and experience. When providing investment advice, an investment firm may recommend a package of services or products bundled pursuant to Section 73b(19) only if the overall bundled package is suitable.

(2) The investment firm shall provide the client with adequate reports on the service provided in a durable medium. Those reports shall include periodic communications to clients, taking into account the type and the complexity of financial instruments involved and the nature of the service provided to the client and shall include, where applicable, the costs associated with the transactions and services undertaken on behalf of the client.

(3) When providing investment advice, the investment firm shall, before the transaction is made, provide the client with a statement on suitability in a durable medium specifying the advice given and how that advice meets the preferences, objectives and other characteristics of the retail client.

(4) Where the agreement to buy or sell a financial instrument is concluded using a means of distance communication which prevents the prior delivery of the suitability statement, the investment firm may provide the written statement on suitability in a durable medium immediately after the client is bound by any agreement, provided both the following conditions are met:

(a) the client has consented to receiving the suitability statement without undue delay after the conclusion of the transaction; and
(b) the investment firm has given the client the option of delaying the transaction in order to receive the statement on suitability in advance.

(5) Where an investment firm provides the investment service of portfolio management or has informed the client that it will carry out a periodic assessment of suitability, the periodic report mentioned in paragraph 2 shall contain an updated statement of how the investment meets the client's preferences, objectives and other characteristics of the retail client.

(6) A series of transactions that are each suitable for a client when viewed in isolation may be unsuitable if the recommendation or the decisions to trade are made with a frequency that is not in the best interests of the client.

Section 73g

(1) Investment firms, when providing investment services other than those referred to in Section 73f, shall ask the client or potential client to provide information regarding that person's knowledge and experience in the investment field relevant to the specific type of financial instrument, investment service or ancillary service offered or demanded so as to enable the investment firm to assess whether the client understands the risks involved in relation to the financial instrument, investment service or ancillary service offered or demanded and whether it is appropriate for the client. Where the investment firm provides a bundle of services or products pursuant to Section 73b(19), the overall bundled package shall be suitable.

(2) Where the investment firm considers, on the basis of the information received under the previous paragraph, that the financial instrument or investment service or ancillary service is not appropriate to the client or potential client, the investment firm shall warn the client or potential client. This warning may be provided in a standardised format.

(3) Where clients or potential clients do not provide the information referred to under paragraph 1, or where they provide insufficient information regarding their knowledge and experience, the investment firm shall warn them that the investment firm is not in a position to determine whether the investment service, ancillary service or financial instrument envisaged is appropriate for them. This warning may be provided in a standardised format.

Section 73h

(1) When providing investment services under Section 6(1)(a) or (b), excluding the granting of credits or loans as specified in Section 6(2)(b) that do not comprise existing credit limits of loan, current accounts and overdraft facilities of clients, investment firms are not subject to the requirements laid down in Section 73g where all the following conditions are met:

(a) the investment services relate to any of the following financial instruments:

1. shares admitted to trading on a regulated market or on an equivalent market in a non-Member State or on an MTF, where those are shares in companies, and excluding shares in open-end funds and shares that embed a derivative; a market in a non-Member State shall be considered to be equivalent to a regulated market if it complies with requirements equivalent to those laid down in another act[58] and in a list drawn up by the Commission;
2. money market instruments, excluding those that embed a derivative or incorporate a structure which makes it difficult for the client to understand the risk involved;
3. bonds or other forms of securitised debt, admitted to trading on a regulated market or on an equivalent market in a non-Member State or on an MTF, excluding those that embed a derivative or incorporate a structure which makes it difficult for the client to understand the risk involved;
4. shares or units of standard funds and in European standard funds, excluding structured standard funds and structured European standard funds as defined in other legislation;[58hca]
5. non-complex financial instruments[58hcb] other than those mentioned in points 1 to 4 which meet the criteria set out in other legislation;[58hcb]

6. structured deposits, excluding those that incorporate a structure which makes it difficult for the client to understand the risk of return or the cost of exiting the product before term;
7. other non-complex financial instruments;

(b) the investment service is provided at the initiative of the client or potential client;

(c) the client or potential client has been clearly informed that in the provision of that service the investment firm is not required to assess the suitability of the financial instrument or investment service provided or offered and that therefore the client or potential client does not benefit from the corresponding protection of the rules laid down in this Act governing the conduct of business with clients; such a warning may be provided in a standardised format;

(d) the investment firm complies with its obligations under Section 71(l).

(2) If a credit agreement relating to residential immovable property, which is subject to the provisions concerning creditworthiness assessment of consumers laid down in other legislation,[58hcc] has as a prerequisite the provision to that same consumer of an investment service in relation to mortgage bonds specifically issued to secure the financing of and having identical terms as the credit agreement relating to residential immovable property, in order for the loan to be payable, refinanced or redeemed, that service shall not be subject to the obligations set out in Sections 73g and 73f.

Section 73i

Investment firms shall establish a record that includes all the documents agreed between the investment firm and the client that set out the rights and obligations of the parties, and the other terms on which the investment firm will provide investment services or ancillary services to the client. The rights and obligations of the parties may also be stated in the record by reference to other documents or legislation of general application.

Sections 73j to 73l
Repealed as from 3 January 2018

Section 73m

In cases where an investment service is offered as part of a financial product which is subject to the provisions of other legislation[58he] or Member States' legislation related to credit institutions and consumer credits and governing risk assessment of clients or disclosure obligations, this investment service shall not be subject to the obligations set out in Section 73b to 73d provided that they have already been satisfied on the basis of those regulations.

Section 73n

(1) Where an investment firm receives an instruction to perform investment or ancillary services on behalf of a client through the medium of another investment firm, it may rely on the client information transmitted by the latter investment firm. The investment firm which mediates the instruction will remain responsible for the completeness and accuracy of the information transmitted.

(2) An investment firm that receives an instruction to undertake an investment service or ancillary service on behalf of a client in the way described in paragraph 1 shall also be able to rely on any recommendations in respect of the investment service or ancillary service or transaction that have been provided to the client by another investment firm. The investment firm which mediates the instruction will remain responsible for the reliability of the recommendation.

(3) The provisions of paragraphs 1 and 2 are without prejudice to the fact that an investment firm under this Act which receives client instructions through the medium of another investment firm shall remain responsible for performing the investment service, or ancillary service or transaction, based on any such information or recommendations, in accordance with paragraphs 1 and 2.

Section 73o

(1) Investment firms shall take all sufficient steps to obtain, when executing orders, the best possible result for their clients taking into account price, costs, speed, likelihood of execution and settlement, size, nature or any other consideration relevant to the execution of the order. Nevertheless, where there is a specific instruction from the client the investment firm shall execute the order following the specific instruction, and in doing so shall be deemed to have fulfilled its obligation to obtain the best possible result for its client.

(2) Where an investment firm executes an order on behalf of a retail client, the best possible result shall be determined in terms of the total consideration, representing the price of the financial instrument and the costs related to execution, including execution venue fees, clearing and settlement fees and any other fees paid to third parties involved in the execution of the order. Where there is more than one competing to venue to execute an order for a financial instrument, in order to assess the provision of the best possible results for the client, account shall be taken of the investment firm's own commissions and costs for executing the order on each of execution venues listed in its order execution policy which is capable of executing that order.

(3) Investment firms shall not receive any remuneration, discount or non-monetary benefit for routing client orders to a particular trading venue or execution venue which would infringe the requirements on conflicts of interest or on the receipt and payment of fees, commissions or non-monetary benefits.

(4) For financial instruments subject to the trading obligation laid down in other legislation,[58hf] each trading venue and systematic internaliser and for other financial instruments each execution venue shall make available to the public, without any charges, data relating to the quality of execution of transactions[58hea] on that venue on at least an annual basis. Following execution of a transaction on behalf of a client, the investment firm shall inform the client where the order was executed. Periodic reports shall include details about price, costs, speed and likelihood of execution for individual financial instruments.

(5) Investment firms shall demonstrate to their clients, at their request, that they have executed their orders in accordance with the investment firm's execution policy and shall demonstrate to Národná banka Slovenska, at its request, their compliance with this obligation.

Section 73p

(1) An investment firm shall establish and implement an order execution policy that allows it to obtain, for its client orders, the best possible result in accordance with Section 73o. The order execution policy shall be reviewed at least annually and whenever a material change occurs that affects the ability of the investment firm to continue to obtain the best possible result for the execution of its client orders.

(2) The order execution policy shall include, in respect of each class of instruments, information on the different venues where the investment firm executes its client orders and the factors affecting the choice of execution venue. It shall at least include those venues that enable the investment firm to obtain on a consistent basis the best possible result for the execution of client orders.

(3) Investment firms shall provide appropriate information to their clients on their order execution policy and shall obtain the prior consent of their clients to the order execution policy. That information shall explain clearly, in sufficient detail and in a way that can be easily understood by clients, how orders will be executed by the investment firm for the client.

(4) Where the order execution strategy provides for the possibility that client orders may be executed outside a regulated market, an MTF or an OTF, the investment firm shall inform its clients about this possibility. An investment firm shall obtain a client's prior express consent before proceeding to execute his order outside a regulated market, an MTF or an OTF; this consent may be granted to the investment firm either in the form of a general agreement or in respect of individual transactions.

(5) Investment firms shall monitor the effectiveness of their order execution arrangements and order execution policy in order to identify and correct any deficiencies. In particular, they shall assess, on a regular basis pursuant to other legislation[58hfb], whether the execution venues included in the order execution policy provide for the best possible result for the client or whether they need to make changes to their order execution arrangements. Investment firms shall notify clients of any material changes to their order execution arrangements or order execution policy. Investment firms that execute client orders shall summarise and make public on an annual basis, for each class of financial instruments, the top five execution venues in terms of trading volumes where they executed client orders in the preceding year and information on the quality of execution obtained.[58hfc]

(6) Investment firms shall demonstrate to their clients, at their request, that they have executed their orders in accordance with the firm's order execution policy.

Section 73r
Repealed as from 3 January 2018

Section 73s

An investment firm which, under its authorisation to provide investment services, is authorised to provide the investment service mentioned in Section 6(1)(b) shall implement procedures and arrangements which provide for the prompt, fair and expeditious execution of client orders, relative to other client orders or the trading interests of the investment firm. Those

procedures or arrangements shall allow for the execution of otherwise comparable client orders in accordance with the time of their reception by the investment firm.

Section 73t

In the case of a client limit order in respect of shares admitted to trading on a regulated market or traded on a trading venue which are not immediately executed under prevailing market conditions, the investment firm shall, unless the client expressly instructs otherwise, take measures to facilitate the earliest possible execution of that order by making public immediately that client limit order in a manner which is easily accessible to other market participants.[58hf] Investment firms may comply with that obligation by transmitting the client limit order to a trading venue. Národná banka Slovenska may waive the obligation to make public a limit order that is large in scale compared with normal market size as determined under other legislation.[58hfa] 'Limit order' means an order to buy or sell a financial instrument at its specified price limit or better and for a specified size.

Section 73u

(1) An investment firm which, under its authorisation to provide investment services, is authorised to provide the investment service mentioned in Section 6(1)(a), (b) or (c) may bring about or enter into transactions with eligible counterparties without being obliged to comply with the provisions of Sections 73b to 73m and 73o to 73t in respect of those transactions or in respect of any ancillary service directly related to those transactions.

(2) For the purposes of paragraph 1, the following shall be recognised as eligible counterparties:

(a) investment firms and foreign investment firms;
(b) banks and foreign banks;
(c) insurance undertakings, foreign insurance undertakings and insurance undertakings from another Member State;
(d) asset management companies, foreign asset management companies, investment funds, European funds, foreign investment firms and foreign investment funds;
(e) pension fund management companies, supplementary pension companies, pension funds, supplementary pension funds, and similar foreign companies and funds;
(f) other financial institutions authorised or regulated under the law of the European Union or a Member State;
(g) persons mentioned in Section 54(3)(i) and (j);
(h) public authorities of the Slovak Republic or other countries, including the Debt and Liquidity Management Agency, which are charged with performing certain activities related to the management of public debt and liquidity in accordance with other legislation,[49a] and authorities of other countries that are charged with or intervene in the management of public debt;
(i) Národná banka Slovenska, other national central banks, and the European Central Bank;
(j) international organisations;
(k) professional clients as referred to in Section 8a(2)(a) to (c) which are not already mentioned in points (a) to (j);
(l) professional clients as referred to in Section 8a(2)(e), at their request, only in respect of the investment services or ancillary services or transactions for which that client could be treated as a professional client.

(3) An investment firm, when it enters into a transaction in accordance with paragraph 1 with a person mentioned in paragraph 2(k) or (l) shall obtain the confirmation from the prospective counterparty that it agrees to be treated as an eligible counterparty. This confirmation may be issued in the form of a general agreement or in respect of each individual transaction.

(4) An eligible counterparty under paragraph 2(a) to (j) may request either on a general form or on a trade-by-trade basis, treatment as clients whose business with the investment firm is subject to the provisions of Sections 73b to 73m and 73o to 73t. This request may be granted to the investment firm either in the form of a general agreement or in respect of each individual transaction. Where, in the request mentioned in the first sentence, the eligible counterparty does not expressly request treatment as a retail client, the investment firm shall treat that eligible counterparty as a professional client. However, where that eligible counterparty expressly requests treatment as a retail client, the provisions in respect of requesting retail treatment specified in Section 8a apply.

(5) In the event of a transaction where the prospective counterparties are located in different jurisdictions, the investment firm shall defer to the status of the other undertaking as determined by the law or measures of the Member State in which that undertaking is established.

(6) In their relationship with eligible counterparties, investment firms shall act honestly, fairly and professionally and communicate in a way which is fair, clear and not misleading, taking into account the nature of the eligible counterparty and of its business.[58hg]

Section 73v
Repealed as from 3 January 2018

Section 74
Heading repealed as from 1 January 2007

(1) An investment firm shall calculate and systematically monitor the amount of its own funds.

(2) A parent investment firm under Section 138(2)(a) shall calculate and systematically monitor the amount of own funds of the consolidated group.

(3) The own funds of an investment firm means own funds under other legislation.[58hh]

(4) An investment firm shall maintain its own funds at least at the level of its share capital referred to in Section 54. This is without prejudice to the provision of other legislation[58hi]. In the case of a merger of two or more investment firms, the own funds of the investment firm established by the merger need not amount to the level of the share capital under Section 54 for a period which is set in a decision on prior approval issued under Section 70(1)(e); during this period, the own funds of the investment firm established by the merger may not fall below the sum of the own funds held by the merged investment firms at the time of the merger.

(5) An investment firm shall calculate capital requirements using the same procedure as does a bank under other legislation,[58j] unless otherwise provided by this Act. By a decree to be promulgated in the Collection of Laws, Národná banka Slovenska shall lay down the calculation method for capital requirements.

(6) The provisions of paragraphs 1 to 5 shall not apply to an investment firm defined by Section 54(14).

Section 74a
Repealed as from 1 August 2014

Section 74b

(1) An investment firm shall disclose information regarding itself, its activities, any corrective measures or fines imposed on it, its financial indicators, the total remuneration of all members of its supervisory board for the performance of their duties, including remuneration for the performance of their duties paid by an entity other than the investment firm, information regarding selected shareholders of the investment firm in the maximum extent of the information stipulated in Section 73a(1)(a) points 1 and 2, the percentage of the capital and voting rights in the investment firm held by each of its shareholders, the financial indicators of the consolidated group in which the investment firm is included and the structure of this consolidated group in terms of its interrelations and composition in accordance with Section 138, and information regarding the facts related to the investment firm's remuneration system and resulting from the investment firm's remuneration principles.

(2) An investment firm and a branch of a foreign investment firm shall not be required to disclose immaterial information, proprietary information or confidential information under other legislation.[58ja]

(3) A branch of a foreign investment firm shall disclose information regarding itself, its activities, any corrective measures or fines imposed on it, as well as information on its financial indicators.

(4) By a decree to be issued by Národná banka Slovenska and promulgated in the Collection of Laws, there shall be stipulated:
(a) the extent of the information mentioned in paragraph 1 which the investment firm or branch of a foreign investment firm is required to disclose;
(b) how often, how and by when the information mentioned in paragraph 1 is to be disclosed;
(c) the extent of the information in respect of the consolidated group under paragraph 8;
(d) repealed as from 1 August 2014.

(5) An investment firm controlled by an EU parent financial holding company, or in which an EU parent financial holding company has a participation, or by a mixed financial holding company shall cooperate with that financial holding company in the disclosure of information under paragraphs 1 and 2 in respect of the consolidated group.

(6) An investment firm under paragraph 7 shall disclose the information stipulated by a Decree of Národná banka Slovenska under paragraph 4 also in respect of the consolidated group.

(7) At the request of a small or a medium-sized legal person, or another person which runs a business requesting for a loan, an investment firm and a branch of a foreign investment firm shall explain its decision as to the rating of that person, which explanation may also be in writing if requested; operating costs of the explanation shall be proportionate to the size of the provided loan. For the purposes of this Act, the small or a medium-sized legal person means a legal person with an annual turnover of up to EUR 50,000,000 and employing less than 250 employees.

(8) An investment firm and a branch of a foreign investment firm shall notify in writing Národná banka Slovenska about the information which they are required to disclose but which they will not disclose on grounds of being considered immaterial, proprietary or confidential; this notification shall be done by the deadlines of respective information disclosure.

(9) An investment firm and a branch of a foreign investment firm shall prepare and approve a procedure for assessing whether information disclosure is adequate as to the disclosure obligation laid down in paragraphs 1 and 3 herein, including its verification and frequency.

Section 74c

(1) An investment firm shall have in place its own system for assessing the adequacy of the internal capital which it considers appropriate for the coverage of risks to which it may be exposed. The system for assessing internal capital adequacy shall correspond to the nature, scope and complexity of its activities and shall include:
(a) a strategy for managing the amount of internal capital;
(b) a procedure for determining the adequate level of internal capital, the components of internal capital and the assigning of internal capital to risks; and
(c) a system for maintaining internal capital in the required amount.

(2) For the purposes of this Act, internal capital means equity and the subordinate obligations of an investment firm which are, on the basis of the investment firm's own assessment and evaluation of the risk of potential losses, held internally and used to cover that risk.

(3) Internal capital of an investment firm shall be adequate to the actual market risks which are not subject to the own funds requirements. An investment firm which has in calculating own funds requirements for position risk under other legislation[58jb] set off its positions in one or more of the shares constituting a stock-index against one or more positions in the stock-index future or other stock-index product shall have adequate internal capital to cover the basis risk of loss caused by the future's or other product's value not moving fully in line with that of its constituent equities. An investment firm shall hold adequate internal capital where they hold opposite positions in stock-index futures which are not identical in respect of either their maturity or their composition. When using the procedure under other legislation[58jc] an investment firm shall hold adequate internal capital against risk of loss which exists at the time of commitment acceptance up until the next business day.

(4) As a consequence of a sudden and unexpected change in market interest rates, the economic value of an investment firm may not fall by more than 20% of the value of its own

funds; in the event that such a change, the result of which is calculated from positions recorded in the non-trading book of the investment firm, causes the economic value of the investment firm to decline by more than 20% of its own funds, Národná banka Slovenska shall impose a corrective measure on the bank in accordance with Section 144(1)(m).

(5) For the purposes of this Act, 'economic value' means the difference between the fair value of interest rate-sensitive assets recorded in the trading book and the fair value of interest rate-sensitive liabilities recorded in the non-trading book; interest rate-sensitive assets and interest rate-sensitive liabilities are assets and liabilities whose fair value varies according to changes in market interest rates.

(6) Where Národná banka Slovenska waives the application of own funds requirements on a consolidated basis in accordance with other legislation,[58jca] the requirements under paragraph 1 apply on an individual basis.

Section 74d

(1) An investment firm shall fulfil the requirements relating to a capital buffer (hereinafter the 'buffer') in the same way as a credit institution under other legislation,[58jd] apart from the provisions of other legislation,[58je] where the investment firm is a small and medium-sized enterprise under other legislation.[58jea]

(2) The provisions of paragraph 1 shall not apply to an investment firm which is not authorised to provide investment services referred to under Section 6(1)(c) and (f).

(3) The Ministry shall notify the Commission on application of an exemption under paragraph 1 for investment firms.

(4) Národná banka Slovenska shall notify the EBA, the European Systemic Risk Board and the competent supervisory authorities of the Member States on application of an exemption under paragraph 1 for an investment firm.

Commercial documentation

Section 75

(1) Investment firms shall arrange for records to be kept of all services, activities and transactions undertaken by them which shall be sufficient to enable Národná banka Slovenska to fulfil its supervisory tasks and in particular to ascertain that the investment firm has complied with all obligations under other legislation[58jf] including those with respect to clients or potential clients and to the integrity of the market.

(2) The records referred to in paragraph 1 shall include the recording of telephone conversations or electronic communications relating to, at least, transactions concluded when dealing on own account and the provision of client order services that relate to the reception, transmission and execution of client orders. Such telephone conversations and electronic communications shall also include those that are intended to result in transactions concluded when dealing on own account or in the provision of client order services that relate to the reception, transmission and execution of client orders, even if those conversations or communications do not result in the conclusion of such transactions or in the provision of client order services.

(3) Investment firms shall take all reasonable steps to record relevant telephone conversations and electronic communications, made with, sent from or received by equipment provided by the investment firm to an employee or contractor or the use of which by an employee or contractor has been accepted or permitted by the investment firm. Investment firms shall notify new and existing clients that telephone communications or conversations between the investment firm and its clients that result or may result in transactions will be recorded. Such a notification may be made once, before the provision of investment services to new and existing clients.

(4) Investments firms shall not provide, by telephone, investment services and activities to clients who have not been notified in advance about the recording of their telephone communications or conversations, where such investment services and activities relate to the reception, transmission and execution of client orders. Orders may be placed by clients through other channels, however such communications must be made in a durable medium such as mails, faxes, emails or documentation of client orders made at meetings. In particular, the content of relevant face-to-face conversations with a client may be recorded by using written minutes or notes. Such orders shall be considered equivalent to orders received by telephone.

(5) Investment firms shall take all reasonable steps to prevent an employee or contractor from making, sending or receiving relevant telephone conversations and electronic communications on privately-owned equipment which the investment firm is unable to record or copy. The records kept shall be provided to the client involved upon request and shall be kept for a period of five years and, where requested by Národná banka Slovenska, for a period of up to seven years.

(6) Investment firms shall maintain a trading book and make daily entries therein of positions in individual financial instruments and commodities which they hold for trading or for hedging of their financial instrument or commodity transactions recorded in the trading book, provided that these financial instruments or commodities are negotiable or that these financial instrument or commodity transactions can be hedged. In maintaining a trading book, investment firms shall follow the same procedure as that laid down for banks in other legislation.[58k] Requirements for how to manage the trading book and the obligation to comply with them shall be specified by the investment firm in an internal regulation. Details for the maintenance of investment firms' trading books shall be set out in a decree, to be published in the Collection of Laws, which may be issued by Národná banka Slovenska.

(7) The provisions of paragraph 1 to 6 apply equally to branches of foreign investment firms.

(8) Investment firms providing investment services for clients as part of long-term portfolio investment shall keep records of transactions executed in each client's portfolio in such a way that it is possible to document and retrace all the transactions. Where investment firms provide clients with investment services in addition to services related to long-term portfolio investment, the records under the first sentence shall be kept in such a way that it is possible to differentiate the transactions related to the long-term portfolio investment from the other transactions. The investment firm shall store these records in the manner stipulated in paragraph 4 from when the client's long-term portfolio investment commences until the end of the period in which a tax under other legislation[58l] may be imposed on the client. If there is a breach of the conditions under Section 7(11), the investment firm shall transmit these records

to the tax authority and the client without undue delay; this is without prejudice to the provisions of other legislation.[58la]

(9) Investment firms shall arrange for records to be kept in relation to the matters referred to in paragraph 10 and Section 71a(2) to (4) and shall ensure that those records be sufficient to enable Národná banka Slovenska to monitor compliance with the requirements of this Act and of other legislation.[103]

(10) Investment firms that engage in a high-frequency algorithmic trading technique shall store in an approved form accurate and time sequenced records of all their placed orders, including cancellations of orders, executed orders and quotations on trading venues and shall make them available to Národná banka Slovenska upon request.

(11) Investment firms shall arrange for records to be kept in relation to the matters referred to in Section 71a(7) to (10) and shall ensure that those records be sufficient to enable Národná banka Slovenska to monitor compliance with the requirements of this Act.

Section 76

(1) In addition to financial statements prepared under other legislation,[59] an investment firm shall also prepare interim financial statements as at the end of each calendar quarter.

(2) An investment firm which is not a bank is obligated to inform Národná banka Slovenska in writing which auditor or auditing company has been approved to examine the financial statements, and shall do so by 30 June of the calendar year or before the half of the accounting period, for which the audit is to be performed. Národná banka Slovenska has the option of rejecting the choice of an auditor or of an auditing company before 31 August of such calendar year or within eight months after the start of the accounting period following delivery of the notification. Where the investment firm was issued with an authorisation to provide investment services during the course of the calendar year, the notification shall be given within three months from the effective date of the decision to issue the authorisation to provide investment services. In that case, Národná banka Slovenska has the option of refusing the auditor or the auditing company within 30 days following delivery of the notification. Within 45 days after the decision on refusal took effect, the investment firm is obligated to inform Národná banka Slovenska in writing of a new auditor or auditing company. If Národná banka Slovenska refuses even the choice of another auditor or auditing company, Národná banka Slovenska shall appoint an auditor or an auditing company to examine the financial statements.

(3) An auditor examining the financial statements of an investment firm shall notify Národná banka Slovenska without undue delay of any fact found during an audit, which:
(a) indicates a breach of the investment firm's duties arising from relevant laws and other generally applicable legislation;
(b) may affect the proper operation of the investment firm; or
(c) result in the rejection of the annual financial statements or expression of reservations.

(4) Paragraph 3 applies equally to auditors examining the financial statements of persons that together with the investment firm constitute a closely linked group.

(5) An entity may not be selected as an auditor if it has a special relationship with the investment firm in the meaning of Section 87(8)(a) to (g), (i) and (j), for the reasons set out in other legislation,[60a] or if it fails to meet the obligations laid down in paragraph 3. The same applies to a natural person performing audit activities in the name of an auditing company.

(6) On the written request of Národná banka Slovenska, an auditor or auditing company shall provide documents on the matters set out in paragraph 3, and other information and source documents discovered during the performance of their activity at the investment firm, which are closely related to the facts referred to in paragraph 3.

(7) An investment firm shall ensure that its auditor reports at least annually to Národná banka Slovenska on the adequacy of the investment firm's arrangements under Sections 71h to 71k.

(8) An auditor examining the financial statements and the consistency of data from the annual report with data in the financial statements of the investment firm shall ensure verification of data accuracy also under Section 77(2)(f) to (k).

Reporting obligation of an investment firm
Section 77

(1) Investment firms and foreign investment firms shall submit to the Ministry and Národná banka Slovenska, within two months from the end of each half of the accounting period, a report on their financial performance (hereinafter the 'mid-year report') and shall file in the public section of the financial statements register,[60aa] within four months from the end of the accounting period, the annual report and auditor's report. Investment firms and foreign investment firms shall submit to Národná banka Slovenska, by 30 June of the year following the calendar year for which audit was carried out, a sheet of auditor's recommendations to the management of the investment firm.

(2) An annual report shall include:
(a) audited financial statements;
(b) a report on financial situation which states the following information –
    1. a comparative table with data from the balance sheet and the income statement of the consolidated accounts for the past two accounting periods, if prepared by the investment firm, the procedures used to produce the consolidated accounts, the business name, registered office and identification number of the corporate entities included in the consolidated accounts;
    2. a summary of bank loans and other credits received, and information on their maturity broken down into short-term credits and long-term credits;
    3. the class, type, form, number and nominal value of issued and unpaid securities and a description of the rights attached thereto; additionally for bonds, the commencement date of their issue, the redemption date of their nominal value, the method of determining yields thereon and the date of their payment, guarantees for the redemption of the nominal value or the payment of the yields thereon, including identification information on any persons who have assumed such guarantees;
    4. the number and nominal value of issued bonds to which is attached a right to request, within a time period stated therein, the issue of shares, and the procedures under which they may be exchanged for shares;

(c) information on the distribution of profits or the settlement of a loss;
(d) economic and financial projections for the next calendar year;
(e) return on assets, determined as a ratio of net profit and balance sheet total;
(f) indication of nature of activity and geographic location;
(g) yields;
(h) number of employees in employment on a full time equivalent basis as at the date of the financial statements;
(i) profit or loss before tax;
(j) income tax;
(k) public subsidies received.

(3) If the financial statements are not audited within the period laid down in paragraph 1, the investment firm or foreign investment firm shall file the auditor's report in the public section of the financial statements register at the latest within one month after receiving it, but no later than one year after the end of the accounting period.

(4) A mid-year report shall comprise:
(a) financial statements for the past half year and the auditor's opinion, if the financial statements have been audited;
(b) report on the financial situation in the extent specified in Section 2(b) for the past half year,
(c) description of any major factors which have influenced the issuer's business performance in the period covered by the mid-year report,
(d) economic and financial projections for the next calendar half year.

(5) Investment firms shall notify Národná banka Slovenska without undue delay of any changes in their financial situation and other circumstances that may affect their ability to meet their liabilities towards clients.

(6) Investment firms and branches of foreign investment firms shall provide Národná banka Slovenska information from their accounting and statistical books in the form of statements, reports or summaries in the manner and within dates set for that purpose; such disclosure shall not be deemed a breach of the obligation of confidentiality pursuant to Section 134. The extent, manner and dates for such reporting shall be specified by a decree to be issued by Národná banka Slovenska and promulgated in the Collection of Laws.

(7) Investment firms and branches of foreign investment firms shall prepare and present to Národná banka Slovenska statements, reports and other disclosures in a manner and within dates set for that purpose. The content, form, layout, dates, manner and place for such reporting shall be specified by a decree to be issued by Národná banka Slovenska and promulgated in the Collection of Laws. The data and information shown in the statements, reports and other disclosures shall be comprehensible, easy-to-follow, supported by evidence, give a true picture of the facts reported, and be delivered in time. If the statements, reports and other disclosures do not comply with the applicable methodology, or if there is a reasonable doubt as to whether they are correct and complete, the investment firm or foreign investment firm concerned shall be required, at the request of Národná banka Slovenska, to provide necessary supporting documents and necessary explanations in a period set by Národná banka Slovenska.

(8) The Ministry may, for the purposes of exercising its functions and performing its tasks pursuant to this Act and other legislation,[47i] as well as for statistical purposes, require an interest

grouping of investment firms and branches of foreign investment firms to supply opinions, explanations and other supporting documents and information related to the activities of that interest grouping, or to the activities of its members. The interest grouping concerned may, for the purposes of such cooperation with the Ministry, collect and process supporting documents and information from its members with a view to submitting them to the Ministry.

Section 78
Policies of asset managers for engagement in the exercise of shareholder rights

(1) Asset managers' policies for engagement in the exercise of shareholder rights (hereinafter 'engagement policies') shall determine how asset managers integrate the exercise of shareholder rights in their investment strategy. The engagement principles shall describe how asset managers monitor investee joint-stock companies whose shares are admitted to trading on a regulated market on relevant matters, including strategy, financial and non-financial performance and risk, capital structure, social and environment impact, and corporate governance, conduct dialogues with investee companies, exercise voting rights and other rights attached to shares, cooperate with other shareholders, communicates with relevant stakeholders of investee joint-stock companies, and manage actual and potential conflicts of interest in relation to their engagement in the exercise of shareholder rights.

(2) Asset managers shall:

a) establish, disclose pursuant to paragraph 5, and comply with engagement principles;
b) disclose pursuant to paragraph 5 a clear and reasoned explanation why they have decided not to establish an engagement policy or any part of such policy.

(3) For the purposes of this Act, 'asset manager' means an investment firm that provides portfolio management services to investors.

(4) Asset managers that have established an engagement policy shall, on an annual basis, disclose how their engagement policy has been implemented, including a general description of voting behaviour, an explanation of the most significant votes and the use of proxy advisers. Asset managers under the first sentence shall also disclose how they have cast votes in the general meetings of joint-stock companies in which they hold shares; such disclosure may exclude votes that that are insignificant due to the subject matter of the vote or the size of the holding in the company.

(5) The information referred to in paragraphs 1 to 4 shall be available free of charge on the asset manager's website.

(6) The provisions of paragraphs 1 to 5 are without prejudice to the provisions of Section 71l.

Section 78a

(1) Asset managers shall disclose, on an annual basis, to the institutional investor with which they have concluded a contract under another act,[60ab] how their investment strategy and implementation thereof complies that contract and contributes to the medium to long-term performance of the assets of the institutional investor or of the investment fund. Such disclosure shall include reporting on the key material medium to long-term risks associated with the

investments, on portfolio composition, turnover and turnover costs, on the use of proxy advisers for the purpose of engagement activities, and their policy on securities lending and how it is applied to fulfil engagement activities if applicable, particularly at the time of the general meeting of the investee joint-stock companies. Such disclosure shall also include information on whether and, if so, how they make investment decisions based on evaluation of medium to long-term performance of the investee joint-stock company, including non-financial performance, and on whether and, if so, which conflicts of interest have arisen in connection with engagement activities and how the asset managers have dealt with them.

(2) Where the information disclosed pursuant to paragraph 1 is already publicly available, the asset manager is not required to provide the information to the institutional investor directly.

(3) For the purposes of paragraphs 1 and 2, 'institutional investor' means an insurance undertaking conducting life insurance business, or a reinsurance undertaking conducting reinsurance business in respect of life-insurance obligations, or a supplementary pension fund management company.

Section 79

(1) A legal person or a natural person which has decided to cancel qualified participation in an investment firm or to reduce an interest in the share capital or voting rights of an investment firm below 20%, 30% or 50%, or so that the investment firm ceases to be its subsidiary company, shall notify the fact to Národná banka Slovenska in writing.

(2) A notification pursuant to paragraph 1 shall contain:
(a) name, personal identification number, and permanent residence, if a natural person, or business name, identification number, and registered office, if a legal person,
(b) the extent to which the legal or natural person intends to reduce its interest pursuant to paragraph 1 in the share capital of an investment firm.

(3) An investment firm shall notify Národná banka Slovenska of any change in its share capital, which results in the interest of a single person, or several persons acting in concert,[55] growing above 10%, 20%, 30%, or 50%, or in the interest of a single person, or several persons acting in concert,[55] falling below 50%, 30%, 20%, or 10%, without undue delay after becoming aware of the fact.

(4) An investment firm shall submit a list of its shareholders to the Ministry and Národná banka Slovenska by 31 March of a calendar year.

SECTION 79a

(1) Banks and foreign banks may provide investment services, investment activities and ancillary services where these are stated in their banking authorisation.

(2) The provisions of Sections 61a(1), (2), (4) to (9), 71 to 71n, 71p, 73 to 73u, 75, 76, 80 to 98, 104, 135, 135a and 144 and the provisions of another act[60r] shall also apply to banks and foreign banks which provide one or more investment services unless otherwise provided by this Act. Banks and foreign banks that provide one or more investment services on the basis

of the freedom to provide services as provided for under other legislation[60s] are subject to the provisions of Sections 62 to 66, 67(2) to (4), 68, 75, 104, 135, 135a and 144 and other legislation.[60r]

(3) The freedom to provide service within the European Economic Area shall not extend to the provision of investment services as counterparty in transactions carried out by public authorities charged with the management of public debt or by members of the European System of Central Banks performing their tasks as provided for by the Treaty on the Functioning of the European Union and the Statute of the European System of Central Banks and of the European Central Bank or performing equivalent functions in accordance with the laws of a Member State.

(4) The provisions of Sections 8a, 71 to 71n, 71p, 73b to 73v, and 76(7) and the provisions on the operation of a multilateral trading facility and on requirements for transparency in trading as set out in other legislation[58hc] apply equally to the performance of activities in the territory of the Slovak Republic by foreign investment firms whose registered office is in a non-Member State.

(5) When selling or advising clients in relation to structured deposits, banks, foreign banks, investment firms and foreign investment funds are subject to the provisions of Sections 58, 61a, 63, 71, 71d to 71l, 73b to 73d, 73m, 73p, 73s, 73u, 75, 81, 135, 137, 144 and 146a, and shall, for this purpose, contribute to the Investment Guarantee Fund established under Section 80.

Section 79b
Data reporting services

For the purposes of this Act, 'data reporting service' means:
(a) a service provided by an APA in its capacity as such;
(b) a service provided by a CTP in its capacity as such;
(c) a service provided by an ARM in its capacity as such.

Section 79c
Requirements for management bodies of data service providers

(1) All members of the management body of a data reporting services provider shall be of sufficiently good repute possess sufficient expertise, have appropriate professional competence, and commit sufficient time to perform their duties. Members of the management body are deemed to be professionally competent if they have completed a master's degree and have gained at least one year's professional experience in a field similar to the provision of data reporting services, or if they have completed secondary education or secondary vocational education and have gained at least three years' professional experience in a field similar to the provision of data reporting services.

(2) The management body shall possess adequate collective knowledge, skills and experience to be able to understand the activities of the data reporting services provider. Each member of the management body shall act with honesty, integrity and independence of mind to effectively challenge the decisions of the senior management where necessary and to effectively oversee and monitor management decision-making where necessary.

(3) Where a stock exchange seeks authorisation to operate an APA, a CTP or an ARM and the members of the management body of the APA, the CTP or the ARM are the same as the members of the management body of the stock exchange, those persons are deemed to comply with the requirement laid down in paragraph 1.

(4) A data reporting services provider shall notify Národná banka Slovenska of all members of its management body and of any changes to its membership, along with all information needed to assess whether the entity complies with paragraph 1.

(5) The management body of a data reporting services provider shall implement governance arrangements that ensure effective and prudent management of the provider including the segregation of duties in the organisation and the prevention of conflicts of interest, and in a manner that promotes the integrity of the market and the interest of its clients.

Authorisation to provide data reporting services
Section 79d

(1) Data reporting services may be provided only under an authorisation granted by Národná banka Slovenska to an investment firm, stock exchange or other entity that fulfils the requirements laid down in this Act and in other legislation,[60t] on the basis of application for authorisation to provide data reporting services.

(2) The granting of an authorisation to provide data reporting services is subject to the demonstration of the applicant's compliance with the conditions laid down in this Act and in other legislation[60t] and the applicant's technical readiness to perform the authorised activities.

(3) Applications for authorisation to provide data reporting services shall include all information that demonstrates the applicant's compliance with requirements for the provision of data reporting services, a programme of operations setting out, inter alia, the types of services planned, and other information pursuant to other legislation.[60t]

(4) Within six months of the applicant referred to in paragraph 1 submitting a complete application, Národná banka Slovenska shall inform the applicant whether or not the authorisation has been granted.

(5) Národná banka Slovenska shall refuse the application under paragraph 1 if the applicant does not meet one or more of the conditions referred to in paragraph 2.

(6) The conditions referred to paragraph 2 must be met on an ongoing basis throughout the validity period of the authorisation to provide data reporting services.

(7) In assessing an application for authorisation to provide data reporting services made by an investment firm pursuant to Section 55, by a foreign investment firm pursuant to Section 56 or by a stock exchange pursuant to other legislation,[60u] Národná banka Slovenska shall proceed mutatis mutandis in accordance with paragraphs 2 to 6, and shall grant the authorisation under the framework for granting or amending an authorisation as specified in Section 55 or in other legislation.[60u]

Section 79e

(1) Authorisations to provide data reporting services shall be granted for an indefinite period, may not be transferred to another party, and may not pass to a legal successor. An entity holding an authorisation to provide data reporting services may provide the services specified in the authorisation in any Member State within the scope in which the authorisation was granted.

(2) In addition to the elements specified in other legislation,[54] the statement of a decision granting an authorisation to provide data reporting services shall state the data reporting services whose provision is authorised under the authorisation.

(3) On the basis of an application made by a data reporting services provider, Národná banka Slovenska may issue a decision amending an authorisation to provide data reporting services. In assessing an application to amend such authorisation, Národná banka Slovenska shall proceed mutatis mutandis in accordance with Section 79d.

(4) Data reporting services providers shall notify Národná banka Slovenska without undue delay of any change in their situation that relates to the conditions under which their authorisation to provide data reporting services is granted. In the case of any change to the membership of the management body, the notification shall also include information needed to assess compliance with the conditions laid down in Section 79d.

Section 79f

The home Member State of a data reporting services provider that is:
(a) a natural person is the Member State in which that person's place of business is situated;
(b) a legal person is the Member State in which that entity's registered office is established;
(c) an entity which under its national law does not have a registered office is the Member State in which that entity's place of business is situated.

Section 79g
Expiry of authorisations to provide data reporting services

(1) An authorisation to provide data reporting services shall expire on the date when:
(a) the authorisation is renounced;
(b) a bankruptcy order is issued against the data reporting services provider, or a bankruptcy petition against the provider is rejected on grounds of insufficient assets pursuant to other legislation;[21] or the provider goes into liquidation;
(c) the data reporting services provider, if a legal person, is dissolved, or, if a natural person, dies;
(d) the business of the data reporting services provider is sold due to a merger, acquisition or division.

(2) The expiry of an authorisation to provide data reporting services is without prejudice to the data reporting services provider's obligations as at the date on which the event that was the reason for the withdrawal occurred.

Section 79h
Organisational requirements for APAs

(1) APAs shall have adequate policies and arrangements in place to make public the information required under other legislation[18c] close to real time as is technically possible, on a reasonable commercial basis.

(2) The information shall be made available free of charge 15 minutes after the APA has published it.

(3) The APA shall efficiently and consistently disseminate such information:
(a) in a way that ensures fast access to the information, on a non-discriminatory basis;
(b) in a format that facilitates the consolidation of the information with similar data from other sources.

(4) The information made public by an APA in accordance with paragraph 1 shall include, at least, the following details:
(a) the identifier of the financial instrument;
(b) the price at which the transaction was concluded;
(c) the volume of the transaction;
(d) the time of the transaction;
(e) the time the transaction was reported;
(f) the price notation of the transaction;
(g) the code for the trading venue the transaction was executed on, or where the transaction was executed via a systematic internaliser the code 'SI' or otherwise the code 'OTC';
(h) if applicable, an indicator that the transaction was subject to specific conditions.

(5) APAs shall:
(a) operate and maintain effective administrative arrangements designed to prevent conflicts of interest with their clients;
(b) have sound security mechanisms in place designed to:
    1. guarantee the security of the means of transfer of information;
    2. minimise the risk of data corruption and unauthorised access;
    3. prevent information leakage before publication;
(c) maintain adequate resources and have back-up facilities in place in order to offer and maintain its services at all times;
(d) have systems in place that can effectively check trade reports for completeness, identify omissions and obvious errors and request retransmission of any such erroneous reports.

(6) An APA that is also a stock exchange or an investment firm shall treat all information collected in a non-discriminatory fashion and shall operate and maintain appropriate arrangements to separate different business functions.

Section 79i
Organisational requirements for CTPs

(1) CTPs shall have adequate policies and arrangements in place:
(a) to collect the information made public in accordance with other legislation;[60ua]
(b) to consolidate the information mentioned in subparagraph (a) into a continuous electronic data stream;
(c) to make the information available to the public as close to real time as is technically possible, on a reasonable commercial basis.

(2) The information referred to in paragraph 1 shall include, at least, the following details:

(a) the identifier of the financial instrument;
(b) the price at which the transaction was concluded;
(c) the volume of the transaction;
(d) the time of the transaction;
(e) the time the transaction was reported;
(f) the price notation of the transaction,
(g) the code for the trading venue the transaction was executed on, or where the transaction was executed via a systematic internaliser the code 'SI' or otherwise the code 'OTC;
(h) where applicable, the fact that a computer algorithm within the investment firm was responsible for the investment decision and the execution of the transaction;
(i) if applicable, an indicator that the transaction was subject to specific conditions;
(j) if the obligation to make public the information referred to in other legislation[60w] was waived in accordance with that regulation,[60v] a flag to indicate which of those waivers the transaction was subject to.

(3) The information referred to in paragraph 2 shall be made available free of charge 15 minutes after the CTP has published it. The CTP shall efficiently and consistently disseminate such information in a way that ensures fast access to the information, on a non-discriminatory basis and in formats that are easily accessible and utilisable for market participants.

(4) CTPs shall have adequate policies and arrangements in place:

(a) to collect the information made public in accordance with other legislation,[60va]
(b) to consolidate the information mentioned in subparagraph (a) into a continuous electronic data stream;
(c) to make the information available to the public as close to real time as is technically possible, on a reasonable commercial basis.

(5) The information mentioned in paragraph 4 shall include, at least, the following details:

(a) the identifier or identifying features of the financial instrument;
(b) the price at which the transaction was concluded;
(c) the volume of the transaction;
(d) the time of the transaction;
(e) the time the transaction was reported;
(f) the price notation of the transaction;
(g) the code for the trading venue the transaction was executed on, or where the transaction was executed via a systematic internaliser the code 'SI' or otherwise the code 'OTC';
(h) if applicable, an indicator that the transaction was subject to specific conditions.

(6) The information mentioned in paragraph 5 shall be made available free of charge 15 minutes after the CTP has published it. The CTP shall efficiently and consistently disseminate such information in a way that ensures fast access to the information, on a non-discriminatory basis and in generally accepted formats that are interoperable and easily accessible and utilisable for market participants.

(7) CTPs shall:

(a) ensure that the data provided is consolidated from all the regulated markets, MTFs, OTFs

and APAs and for the financial instruments specified by other legislation;[60t]
(b) operate and maintain effective administrative arrangements designed to prevent conflicts of interest;
(c) have sound security mechanisms in place designed to guarantee the security of the means of transfer of information and to minimise the risk of data corruption and unauthorised access;
(d) maintain adequate resources and have back-up facilities in place in order to offer and maintain its services at all times.

(8) A stock market, investment firm or APA that also operates a consolidated tape, shall treat all information collected in a non-discriminatory fashion and shall operate and maintain appropriate arrangements to separate different business functions.

Section 79j
Organisational requirements for ARMs

(1) ARMs shall have adequate policies and arrangements in place to report the information required under other legislation[60x] as quickly as possible, and no later than the close of the working day following the day upon which the transaction took place. Such information shall be reported in accordance other legislation.[60x]

(2) ARMs shall:
(a) operate and maintain effective administrative arrangements designed to prevent conflicts of interest with its clients;
(b) have sound security mechanisms in place designed to guarantee the security and authentication of the means of transfer of information, minimise the risk of data corruption and unauthorised access and to prevent information leakage, maintaining the confidentiality of the data at all times;
(c) shall require the ARM to maintain adequate resources and have back-up facilities in place in order to offer and maintain its services at all times;
(d) have systems in place that can effectively check transaction reports for completeness, identify omissions and obvious errors caused by the investment firm and where such error or omission occurs, to communicate details of the error or omission to the investment firm and request re-transmission of any such erroneous reports;
(e) have systems in place to enable the ARM to detect errors or omissions caused by the ARM itself and to enable the ARM to correct and transmit, or re-transmit as the case may be, correct and complete transaction reports to Národná banka Slovenska or other competent supervisory authority.

(3) An ARM that is also a stock exchange or investment firm shall treat all information collected in a non-discriminatory fashion and shall operate and maintain appropriate arrangements to separate different business functions.

Section 79k
List of data reporting services providers

(1) Národná banka Slovenska shall maintain on its website a publicly accessible list of data reporting services providers.

(2) The list mentioned in paragraph 1 shall include information about the scope of the

data reporting services providers' authorisations to provide data reporting services. The information given in this list shall be updated by Národná banka Slovenska on a regular basis.

(3) Národná banka Slovenska shall notify ESMA of every authorisation and withdrawal of authorisation to provide data reporting services. Information on the withdrawal or expiry of an authorisation shall be published on this list for a period of five years.

DIVISION FIVE

INVESTMENT GUARANTEE FUND

Section 80

(1) An Investment Guarantee Fund is hereby established (hereinafter 'the Fund'), which shall collect financial contributions (hereinafter 'contributions') of investment firms, branches of foreign investment firms, asset management companies, and branches of foreign asset management companies to provide compensation for inaccessible client assets received by an investment firms, foreign investment firms, asset management companies, and foreign asset management companies providing an investment service, and shall use the funds raised in accordance with this Act.

(2) The Fund is a legal person registered in the Commercial Register. Detailed provision on the activities of the Fund and its organisation shall be laid down by the statutes of the Fund in accordance with this Act. The activities and tasks performed by the Fund under this Act shall not be deemed business activities.[61a]

(3) The Fund is not a state fund as defined by another act.[61]

Section 81

(1) For the purposes of this Act, client assets means funds, structured deposits and financial instruments of a client entrusted to an investment firm or to a foreign investment firm in relation to performing an investment service or ancillary service pursuant to Section 6(2)(a), including the financial instruments and funds obtained for these values, if the client is:

(a) a natural person, including a natural person-entrepreneur;
(b) a foundation,[62] non-investment fund,[63] non-profit organisation providing generally beneficial services,[64] civil association,[65] or an association of owners of residential and non-residential premises,[66]
(c) a legal person other than those mentioned in subparagraph (b), except for
    1. a bank, insurance undertaking, supplementary pension insurance undertaking, asset management company including investment fund assets, pension fund management company including pension fund assets,[66a] investment firm other than a bank, central depository, stock exchange, commodity exchange,[67] post office,[68] legal person operating lotteries or other games,[69] the Export-Import bank of the Slovak Republic;[70]
    2. a Slovak legal person not mentioned in point 1, or a foreign legal person with at least a partly similar line of business as any of the legal persons listed in point 1;

3. a legal person not mentioned in points 1 and 2 which is required under another act[71] to have its financial statements audited;
4. the state, a state budget-funded organisation, state budget-supported organisation, state fund, town, higher territorial unit, and public administration authorities;
5. a legal person established by law not covered by points 1 to 4;
6. a legal person controlling an investment firm or a foreign investment firm or controlled in the meaning of Section 138 by an investment firm or a foreign investment firm in which, or in the branch of which, the client assets are maintained.

(2) Client assets pursuant to paragraph 1 are also deemed to include:

(a) joint client assets which, according to records made by an investment firm or foreign investment firm before the client assets become inaccessible pursuant to Section 82(1), were kept for several clients, with information on individual clients having at least the extent specified in paragraph 5(a);
(b) assets in notarial custody with an investment firm or foreign investment firm, where the eligible beneficiary of financial instruments or funds in custody is or should be an entity whose assets are protected under this Act, if before the date the client assets become inaccessible pursuant to Section 82(1), a notary administrating the notarial custody delivers a written notice to the investment firm or foreign investment firm concerned containing information on eligible beneficiaries at least in the extent specified in paragraph 4(a).

(3) Client assets as defined in paragraphs 1 and 2 shall be protected in the extent and under terms and conditions specified in this Act.

(4) A client's funds accepted by an investment firm or a branch of a foreign investment firm and kept in accounts covered by protection under another act[71] shall not constitute client assets.

(5) For the purposes of this Act, the following are not client assets:

(a) client assets which, according to records made by an investment firm or foreign investment firm before the client assets become inaccessible pursuant to Section 82(1), were not kept for the client with at least the following minimum extent of client information:
   1. name, personal identification number or date of birth, and permanent residence of the client, if a natural person;
   2. name, identification number, if assigned, and registered office of the client, if a legal person, whose client assets are protected under this Act, as well as the name, and permanent residence of a person or persons constituting or participating in the statutory body of the legal person;
(b) joint client assets in the case of which the conditions defined in paragraph 2(a), are not met;
(c) notarial custody in the case of which the conditions defined in paragraph 2(b), are not met.

Section 82

(1) Inaccessible client assets are client assets accepted by:

(a) an investment firm or foreign investment firm which has been declared incapable of meeting its liabilities towards clients pursuant to Section 86(3);
(b) an investment firm or foreign investment firm whose use of client assets has been suspended by a bankruptcy court order during the bankruptcy proceedings, provided that such an order became executable before a declaration under Section 86(3).

(2) Securities and other financial instruments accepted by an investment firm pursuant to paragraph 1 which the investment firm or foreign investment firm is able to return to the client without damaging the claims of other clients, are not inaccessible client assets.

Section 83
Participation in client protection

(1) Investment firm authorised by Národná banka Slovenska to provide investment services shall participate in client protection pursuant to this Act and pay contributions to the Fund for this purpose.

(2) Foreign investment firms shall participate in client protection and pay contributions under this Act to the full extent if client assets received by their branches:

(a) are neither protected nor insured in the country in which the foreign investment firm has its registered office; or

(b) are protected or insured in the country in which the foreign investment firm has its registered office to a lesser extent than are client assets protected under this Act; this provision shall not apply to branches of foreign investment firms providing investment services or activities or ancillary activities in the territory of the Slovak Republic under the freedom to provide services.

(3) Foreign investment firms are not required to participate in client protection pursuant to this Act if client assets received by a branch of the foreign investment firm are protected in the country in which the foreign investment firm has its registered office at least to the extent that client assets are protected under this Act, and if reciprocity is guaranteed; this provision does not apply to branches of foreign investment firms providing investment services or activities or ancillary services in the territory of the Slovak Republic under the freedom to provide services.

(4) The obligation to participate in client protection does not apply to investment firms whose registered office is in the Slovak Republic in respect of client assets received by the firm's branch in a country in which the protection or insurance of client assets is required by the law of that country, irrespective of the client protection scheme applied in the Slovak Republic.

(5) Compensation for inaccessible client assets in a branch of a foreign investment firm which participates in client assets protection or insurance in the country in which the founding foreign investment firm has its registered office may not be higher than compensation provided under this Act.

(6) The obligation of an investment firm and a foreign investment firm to participate in client protection under this Act arises on the date a decision to grant it an authorisation to provide investment services comes into force, unless otherwise provided by this Act.

(7) The level and extent of client protection under this Act may not be used for economic competition or advertising purposes;[73] this prohibition applies equally to any differences regarding the extent and the level of client protection in the Member States. This is without prejudice to the provisions of Section 98.

(8) The provisions of this Act which apply to investment firms apply equally to foreign investment firms pursuant to paragraph 2, unless individual provisions of this part contain separate provisions concerning foreign investment firms; the provisions of this part apply equally to asset management companies and foreign asset management companies where an obligation to participate in client protection is imposed upon them by another act.[73a]

Section 83a

(1) An investment firms which participates in a client protection scheme in the meaning of this Act and which, owing to a merger or acquisition by a foreign investment firm or the sale of an undertaking or a part of an undertaking of the investment firm to a foreign investment firm or another reason, should terminate or substantially restrict its participation in the client protection scheme referred to in this Act, while the investment firm itself, or its legal successor, will continue to provide investment services in the territory of the Slovak Republic and to participate in the client protection scheme in another country pursuant to Section 83(2) and (3), shall in the interests of client of client protection ensure that this changeover is effected without reducing the scope of protection for the client assets that the investment firm has already accepted.

(2) An investment firm shall prior to effecting the change mentioned in paragraph 1 ensure that the following detailed and comprehensible information is displayed prominently and in the Slovak language at all its business premises:

(a) information about the preparations and planned timeframe for the change in the investment firm's participation in the client protection scheme and about the implications of this change for clients; this information shall be published in the business premises of the investment firm or its legal successor and shall be regularly updated until at least 12 months after this change has taken place;
(b) information about the client protection scheme which, following the change in the stockbrokerage firm's participation in the scheme of client protection, shall ensure the protection of client assets that the investment firm has accepted, and this information shall include in particular the precise designation of this client protection scheme, the rules on protecting client assets in this scheme and the rules on the payment of compensation for inaccessible assets in this scheme, including the places and times for the claiming and payment of compensation; this information shall be displayed at all the business premises of the investment firm or its legal successor and shall be continuously updated for so long as it provides investment services in the territory of the Slovak Republic.

(3) The investment firm mentioned in paragraph 1 shall prior to changing its participation in the client protection scheme under paragraph 1:

(a) give the Fund and Národná banka Slovenska written notification of exact date of the change in its participation in the client protection scheme and demonstrate to them that this change will be made without reducing the scope of protection for client assets in comparison with the protection of client assets laid down by this Act;
(b) to each client whose assets are subject to the change in the client protection scheme, to deliver a separate written notice of such change, which shall contain also the date of such change and information on all consequences resulting for the client and his assets from the change in the client protection scheme; if the client decided to withdraw his assets or transfer them elsewhere, the investment firm shall allow him to do so without imposing any sanctions whatsoever;

(c) pay the Fund in a verifiable way any outstanding annual contributions or the unpaid part of the annual contribution for the calendar year during which the investment firm changes its participation in the deposit protection scheme pursuant to paragraph 1;
(d) pay the Fund in a verifiable way any extraordinary contribution in an amount equal to -
1. the upper limit of the range of the extraordinary contribution rate, if as of the date of the change in the investment firm's participation in the deposit protection scheme mentioned in paragraph 1, a shortage of funds precludes the repayment of a loan provided to the Fund to secure the payment of compensation for inaccessible client assets; or
2. the mid-range of the extraordinary contribution rate, if as of the date of the change in the investment firm's participation in the deposit protection scheme mentioned in paragraph 1, the provision of point 1 does not apply to the investment firm and, owing to a shortage of funds, the Fund does not have enough money to secure the payment of compensation in the amount of at least 1.5% of the value of all client assets protected in accordance with this Act.

(4) Fulfilment of the obligations of an investment firm as set out in paragraphs 1 to 3 represents a condition precedent for the change of an investment firm's participation in the client protection scheme pursuant to this Act.

(5) Members of the Fund's bodies who represent an investment firm shall cease to be members of the Fund's bodies as of the day when the investment firm terminates its participation in the client protection scheme pursuant to this Act.

(6) Foreign investment firms providing investment services in the territory of the Slovak Republic in accordance with Section 65 or Section 67 shall also display the information for clients mentioned in paragraph 2(b) at all their business premises in the Slovak Republic, although they have not participated in the protection of client assets pursuant to this Act.

Section 83b

(1) A branch of a foreign investment firm providing investment services, ancillary services or investment activities in the territory of the Slovak Republic through freedom to provide services, on conditions laid down by this Act, may participate voluntarily in the client protection scheme in the Slovak Republic to secure increased protection of clients in the scope in which the protection of client assets under the rules of the client protection scheme in the Slovak Republic exceeds the highest total possible compensation for inaccessible protected client assets under the rules of the client protection scheme in the Member State, on the territory of which the relevant investment firm has its seat (hereinafter the 'home client protection scheme'). For the purposes of such participation, a written contract is required between the Fund, the institution of the home client protection scheme and the foreign investment firm, whose branch participates in the client protection scheme in the Slovak Republic.

(2) If a branch of a foreign investment firm providing investment services, ancillary services or investment activities in the territory of the Slovak Republic through freedom to provide services, participates voluntarily in the client protection scheme in the Slovak Republic, then the subject of payment of the annual contribution or of the extraordinary contribution to the Fund and the subject of the provision of compensation from the client protection scheme in the Slovak Republic shall only be client assets accepted on the territory of the Slovak Republic and protected by this Act, and to such extent only to which the protection of clients under the

rules of the client protection scheme in the Slovak Republic exceeds the highest possible compensation for inaccessible protected client assets under the rules of the home client protection scheme.

(3) If client assets in a branch of a foreign investment firm which participates voluntarily in the client protection scheme in the Slovak Republic become inaccessible under the rules of the home client protection scheme, then clients and other persons entitled to compensation for inaccessible protected client assets, which were accepted on the territory of the Slovak Republic shall have an option to exercise and prove the right to compensation for inaccessible protected client assets and to the payment of compensation for inaccessible protected client assets.

(4) Provisions of this Act apply to any branch of a foreign investment firm providing investment services, ancillary services or investment activities in the territory of the Slovak Republic through freedom to provide services and which participates voluntarily in the client protection scheme in the Slovak Republic; such a branch of a foreign investment firm is obligated to publish in its business premises also information on the protection of clients under the home client protection scheme, in Slovak language, including the rules of the home client protection scheme, on the protection of client assets and on the provision of compensation for inaccessible client assets.

(5) Participation of a branch of a foreign investment firm in the client protection scheme in the Slovak Republic shall be terminated by written notice of the contract concluded pursuant to paragraph 1; the notice period is one year and starts to lapse on the first day of the calendar year following the day when written notice is delivered provably to the other contracting parties, unless otherwise provided in the third sentence, the Fund may terminate the contract only in case that the other contracting parties have failed to carry out their obligations under the contract concluded pursuant to paragraph 1, or in case that the relevant foreign investment firm or its branch has failed to fulfil obligations according to this Act, unless otherwise provided in the third sentence. Either party may also terminate the contract on the basis of the fact that the scope of the home country client protection scheme is comparable with the scope of client protection under the protection scheme of the Slovak Republic; the contract may be terminated as from the date when the scope of the home country client protection scheme became comparable with the scope of client protection under the protection scheme of the Slovak Republic, provided the contract does not specify a later effective date of termination. Before the termination of participation of a branch of a foreign investment firm in the client protection scheme in the Slovak Republic, both the annual contribution and the extraordinary contribution shall be paid to the Fund in an amount pursuant to Section 83a(3)(c) and (d). A branch of a foreign investment firm for which voluntary participation in the client protection scheme in the Slovak Republic ceased to exist based on notice shall publish information on this in its business premises, in Slovak language, no later than on the start of the notice period up to termination of their participation in the client protection scheme in the Slovak Republic.

Section 84
Contributions of investment firms to the Fund

(1) Investment firms shall pay into the Fund the following contributions:
(a) an initial contribution,
(b) an annual contribution,
(c) extraordinary contributions.

(2) The initial contribution is a one-time contribution of an investment firm.

(3) The annual contribution is a regular contribution of an investment firm designed to raise the Fund's resources.

(4) An extraordinary contribution is a contribution of an investment firm intended to replenish the Fund's resources set aside to provide compensation for inaccessible client assets, should the need arise for replenishment of the Fund resources for expenditures as a result of payments of compensation for inaccessible client assets or repayment of a loan taken to ensure the payment of compensation for inaccessible client assets.

(5) The initial contribution is set at the following levels:

(a) EUR 150 for investment firms under Section 54(13) or (14) and for similar foreign investment firms;
(b) EUR 350 for investment firms under Section 54(12) and for similar foreign investment firms;
(c) EUR 2,000 for other investment firms and foreign investment firms.

(6) The annual contribution for the relevant year is set by the Fund in advance for the whole year by no later than 20 December of the previous year, as follows:

(a) for investment firms under Section 54(13) or (14) and similar foreign investment firms, within a range from 0.1% to 1% of the yearly amount of fees charged to clients for investment services and ancillary services pursuant to Section 6(2)(a), but not less than EUR 80;
(b) for investment firms under 54(12) and similar foreign investment firms:
    1. within a range from 0.5% to 2% of the yearly amount of fees charged to clients for investment services and ancillary services pursuant to Section 6(2)(a), but not less than EUR 390;
    2. within a range from 0.01% to 2% of the value of client assets calculated as an arithmetic mean of the values of these assets reported in the firm's business documentation as at the end of the last day of each month, but not less than EUR 390; or
    3. EUR 390 plus between EUR 1 and EUR 20 per client that is entitled to compensation from the Fund;
(c) for other investment firms and foreign investment firms:
    1. within a range from 1% to 3% of the yearly amount of fees charged to clients for investment services and ancillary services pursuant to Section 6(2)(a), but not less than EUR 2,300;
    2. within a range from 0.01% to 2% of the value of client assets calculated as an arithmetic mean of the values of these assets reported in the firm's business documentation as at the end of the last day of each month, but not less than EUR 2,300; or
    3. EUR 2,300 plus between EUR 1 and EUR 20 per client that is entitled to compensation from the Fund.

(7) The Fund shall set the annual contribution under equal conditions for all investment firms within the categories defined in paragraph 6. When setting the annual contribution, the Fund shall not favour any of the categories of investment firms defined in paragraph 6.

(8) The annual contribution in years, when the Fund repays a loan drawn to ensure the payment of compensation for inaccessible client assets, shall be set at the top of the eligible range; the annual contribution in years, when the Fund falls short of funds needed to pay compensation of at least 1.5% of the total client assets protected by law, shall be set by the Fund in the top half of the eligible range. The annual contribution for years when the Fund does not repay a loan drawn to secure compensation payments made in respect of inaccessible client assets may be set by the Fund, with the prior approval of Národná banka Slovenska, in the lower half of the range even if the Fund has not generated funds in the amount mentioned in the first sentence.

(9) The value of the extraordinary contribution shall be set by Národná banka Slovenska equally for all investment firms. The amount of the extraordinary contribution may, in the calendar year, exceed 3% of the annual amount of fees charged to clients for investment services and ancillary services pursuant to Section 6(2)(a) rendered to them in the calendar year preceding the date when the extraordinary contribution is due, only following its discussion by the Council of the Fund.

Section 85

(1) An investment firm shall pay the initial contribution within 30 days after the registration of its authorised activities in the Commercial Register. Payment of the initial contribution shall be a precondition for the commencement of the authorised activities.

(2) An investment firm shall pay the annual contribution in regular quarterly instalments no later than on the 20th day of the first month of a calendar quarter, except for the first instalment, which the investment firm shall pay no later than 20 February of the respective year. In the year when an investment firm is granted the authorisation to provide investment services, the investment firm shall only pay a pro rata portion of the annual contribution, unless this Act provides for an earlier due date for the annual contribution or a part thereof.

(3) Investment firms shall pay extraordinary contributions within deadlines set by a decision of the Fund.

(4) Investment firms shall pay their contributions in euros. In the case of client protection for liabilities of investment firms towards them payable in foreign currencies, the foreign exchange reference rate set and published by the European Central Bank or Národná banka Slovenska[60] ruling shall be used for the conversion calculation for the date on which the investment firms report the amount of liabilities for purposes of determining the average balance of liabilities for the preceding quarter pursuant to Section 84(6).

(5) An investment firm whose client assets become inaccessible pursuant to Section 82(1), shall not be required to pay contributions to the Fund which fall due after the date when the client assets became inaccessible.

(6) An investment firm which fails to pay a contribution to the Fund when and as due shall pay the Fund a default interest on the overdue payment at a rate determined according to another act.[74]

(7) An investment firm that did not pay a contribution to the Fund within the deadlines set in paragraphs 2 and 3 may not, effective from the first day of default, conclude any new contracts

to provide investment services. Národná banka Slovenska shall set a new deadline for this investment firm to settle the contribution to the Fund, which may not be longer than 90 days. If the investment firm does not settle the contribution in this grace period, Národná banka Slovenska shall proceed in accordance with Section 156(1)(f).

Section 86

(1) If an investment firm, despite using all of its liquid means, is unable to meet its liabilities towards clients for a period of 48 hours, it shall notify the fact to Národná banka Slovenska and the Fund on the next working day at the latest; an investment firm which is a bank, and a branch of a foreign investment firm which is a foreign bank, shall notify the fact to the Fund, Národná banka Slovenska, and the Deposit Protection Fund.

(2) If an investment firm is placed in receivership and the situation specified in paragraph 1 occurs, the notification pursuant to paragraph 1 shall be made by the receiver of the investment firm (hereinafter the 'receiver').

(3) Národná banka Slovenska shall declare an investment firm unable to meet its liabilities towards clients within three working days from the delivery of a notification pursuant to paragraph 1, if a persistent liquidity shortage of the investment firm is determined or if it proves impossible to overcome the temporary liquidity shortage. Národná banka Slovenska may also declare an investment firm unable to meet its liabilities at its own initiative if it determines that a situation specified in this paragraph has occurred, even though no notification pursuant to paragraphs 1 and 2 was given.

(4) With respect to declaring an investment firm which is a bank, or a branch of a foreign investment firm, which is a foreign bank, unable to meet its liabilities towards clients, the provisions of paragraphs 2 and 3 shall not apply. In declaring an investment firm which is a bank, or a branch of a foreign investment firm, which is a foreign bank, unable to meet its liabilities towards clients, another act[75] shall be applied. A declaration of an investment firm which is a bank, or a branch of a foreign investment firm, which is a foreign bank, as being unable to meet its liabilities pursuant to another act[75] shall also operate as a declaration as being unable to meet its obligations under this Act; such a declaration pursuant to another act[75] shall also be delivered to the Fund.

(5) The general legislation on administrative proceedings shall not apply to a decision-making process on, and to a decision, declaring an investment firm unable to meet its liabilities towards clients;[76] such decisions are not subject to appeal, nor may they be reviewed by an administrative court.[76a] The decision-making referred to in paragraph (3) shall be a competence of the Bank Board of Národná banka Slovenska.

(6) Národná banka Slovenska shall deliver the decision on the declaration made pursuant to paragraph 3 to the investment firm and the Fund.

(7) Effective from the date client assets become inaccessible pursuant to Section 82(1) until the payment of compensation pursuant to Section 88(1) and (2), is completed, the right to use financial instruments and funds constituting inaccessible client assets, to assign claims under inaccessible client assets against the investment firm, and to set off claims between the investment firm and other persons, shall be suspended and prohibited. The investment firm shall further be

barred from providing investment services or concluding other transactions increasing the assets or liabilities of the investment firm towards other persons.

(8) A client of an investment firm, whose client assets become inaccessible pursuant to Section 82(1) may reclaim its security or any other financial instrument pursuant to Section 82(2), and the investment firm shall comply with the request.

Section 87
Compensation for inaccessible client assets

(1) For inaccessible client assets, a client shall be entitled to compensation in euros from the Fund, and the Fund shall compensate for such inaccessible client assets in the extent and under terms specified in this Act. Instead of a client, another person may only be entitled to compensation if stipulated in this Act.

(2) For protected client assets the Fund provides compensation in the amount of the inaccessible client assets; however, a single client or another eligible person shall be entitled, in accordance with this Act, to compensation from the Fund amounting to EUR 50,000 in total.

(3) To determine the amount of compensation for protected client assets, the inaccessible client assets of the same client with an investment firm shall be added up, including its share in any joint client assets protected by law, as at the date client assets become inaccessible pursuant to Section 82(1). For each jointly owned client asset item a rule applies that, unless credible documents are presented to prove otherwise, each of the co-owners shall have an equal share. Interests and other property benefits associated with inaccessible client assets shall, for the purposes of determination of compensation, be calculated as at the date when the client assets become inaccessible pursuant to Section 82(1), and shall be added to the respective inaccessible client assets of the client. For the purposes of compensation, the amount of inaccessible client assets determined in the manner described above shall be lowered by any precluded financial instruments[77] and deposits,[78] and any liabilities of the client towards the investment firm as at the date the client assets become inaccessible pursuant to Section 82(1). Later changes in this situation shall not be taken into account. The calculated amount of compensation shall be rounded up to the nearest whole eurocents.

(4) The determination of the value of client assets shall be based on values which, as at the date client assets become inaccessible pursuant to Section 82(1), are applicable under a contract with the investment firm or under separate legislation[79] concerning valuation of assets. The value of securities admitted to trading on a stock exchange market for listed securities[80] shall be based on the last price of the securities concerned quoted by the stock exchange on the date client assets become inaccessible pursuant to Section 82(1).

(5) Unless a different value of a client's assets or liabilities towards an investment firm can be reliably documented, the values recorded in the books of the investment firm shall be decisive, unless another act provides otherwise.[81]

(6) A client is entitled to compensation pursuant to paragraphs 1 and 2 even if its financial instrument is not payable within the period set for the payment of compensation, which shall be determined according to Section 88(1) and (2). This does not apply in the case there is a ban on using or paying the financial instruments pursuant to other legislation.[82] After the ban is lifted,

compensation can be provided depending on the nature of the matter to the client or another person given title to the client's financial instrument or any part thereof by virtue of a decision of a competent authority.

(7) No compensation is provided for precluded financial instruments[77] and deposits[78] and for client assets of clients who have had a special relationship to an investment firm at any time within one year before the date the client assets become inaccessible. The Fund may, in accordance with Section 90(1), request an investment firm to supply a list of such persons covering the period concerned.

(8) For the purposes of this Act, the following persons are deemed to have a special relationship to an investment firm:

(a) members of the statutory body of the investment firm, managers of the investment firm, other employees of the investment firm specified in the articles of association of the investment firm, and the authorised representative of the investment firm;
(b) members of the supervisory board of the investment firm;
(c) legal or natural persons who control the investment firm, members of the statutory body of these legal persons and managers of these legal persons;
(d) persons close[83] to members of the management board of the investment firm, members of the supervisory board of the investment firm, managers of the investment firm, or natural persons who control the investment firm;
(e) legal persons, in which any of the persons specified in points (a), (b), (c) or (d) have a qualifying holding;
(f) shareholders with a significant influence over an investment firm and any legal person that is under their control or that has control over them;
(g) legal persons controlled by the investment firm;
(h) an auditor or a natural person that carried out an audit on behalf of the auditing company;
(i) a member of the statutory body of another investment firm and the manager of a branch of a foreign investment firm;
(j) the manager of a branch of a foreign investment firm and his deputy.

(9) No compensation shall be provided to clients who:

(a) by their criminal activities for which they were convicted by a final judgement partly or fully caused the inability of the investment firm to meet its liabilities towards clients,
(b) acquired financial instruments and funds in connection with legalisation of income from criminal activity for which they were convicted by a final judgement.

(10) The Fund shall suspend compensation payments to clients against whom there is a criminal proceeding underway in connection with their criminal activity which may have an impact on the inability of an investment firm to meet its liabilities towards clients.

(11) For client assets of their clients pursuant to paragraphs 7 and 9, investment firms shall contribute to the Fund in accordance with this Act.

(12) A court of law shall decide on any disputes related to compensation and their payment under this Act.

Section 88
Payment of compensation

(1) No later than within five working days from the date client assets held by an investment firm become inaccessible pursuant to Section 82(1), the Fund shall set the beginning, duration, procedure, and place of the payment of compensation. This announcement shall be delivered to the investment firm without undue delay.

(2) The payment of compensation shall be completed no later than within three months of the announcement pursuant to Section 86(3), or from the delivery of an executable court order pursuant to Section 82(1)(b). The Fund may, subject to prior approval of Národná banka Slovenska, in extraordinary and justified instances, extend this period by three months at most. However, the payment of compensation shall be completed no later than within one year of the announcement pursuant to Section 86(3) or from the delivery of an executable court verdict pursuant to Section 82(1)(b).

(3) An investment firm shall publish information pursuant to paragraph 1 together with the announcement pursuant to Section 86(3), or a decision on an executable court verdict pursuant to Section 82(1)(b), in a national newspaper and in publicly accessible premises of the investment firm on the next working day following the delivery of the announcement pursuant to paragraph 1.

(4) The Fund shall pay compensation for inaccessible client assets through a bank it commissions with this task. For this purpose, it may give necessary instructions to the bank. These instructions shall be binding upon the bank.

(5) A person who has and exercises the right to compensation shall prove, depending on the type of client assets, its right to payment of compensation for the client assets concerned; this right shall be demonstrated in particular by a document establishing the title to the investment instrument or funds, or by a decision of a competent authority. A natural person exercising its right to compensation shall also evidence its identity; a legal person exercising its right to compensation shall present a statement from an official register or official records, where it is inscribed, issued no more than one month prior to the exercise of the compensation claim. A representative of a client shall also document his identity and present a document, or an officially certified copy thereof, showing its authorisation to represent the client; in the case of a legal person, whose right to compensation is not exercised by its statutory body, such a document shall contain an officially certified signature of its statutory body. If a client or his legal representative is acting through an agent, the agent shall also document its identity and present a power of attorney with an officially certified signature of the principal; where the principal is a legal person, the power of attorney shall contain an officially certified signature of its statutory body. The identity of a client, its representative, of their agent shall be documented by:

(a) a valid identity card,[84] or
(b) a valid passport,[85] diplomatic passport, service passport and, if a foreigner, a foreigner's permit to reside[86] in the territory of the Slovak Republic.

(6) The announcement of the Fund made pursuant to paragraph 1 may specify the conditions under which the compensation will be paid by a bank transfer.

(7) If the client's assets held by the investment firm exceed in total the compensation sum under Section 87(2), the compensation shall cover financial instruments in the order as they were deposited with the investment firm up to the amount set in Section 87(2), unless otherwise agreed between the Fund and the client.

(8) The amount of compensation for client assets consisting of financial instrument and funds denominated in a foreign currency shall be calculated using the foreign exchange reference rate set and published by the European Central Bank or Národná banka Slovenska[60] ruling on the date when the financial instruments or funds become inaccessible pursuant to Section 82(1).

(9) If a client or another person pursuant to Section 87(6) were unable to exercise their right to compensation within a deadline pursuant to paragraphs 1 and 2 for documented serious health reasons or other serious reasons,[87] the Fund may provide compensation based on a written application even after the deadline expires, but no later than within one year after the client assets become inaccessible pursuant to Section 82(1).

(10) Any person or their representative who exercises the right to compensation for inaccessible client assets shall, in order to demonstrate the fulfilment of the requirements and conditions laid down in paragraphs 5 and 9 and Section 87(3), provide the following information and allow it to be obtained by photocopying, scanning or other means of recording:

(a) if a natural person, personal identification information[87a] from an identity document that includes a visual likeness, title, name, maiden name, personal identification number, date of birth, place and district of birth, address of permanent residence, address of temporary residence, record of any restriction of legal capacity, type and number of the identity document, the issuing authority, date of issue and expiry date of the identity document;
(b) if a legal person, identification information to the extent set out in Section 81(5)(a)(2);
(c) any contact telephone number, fax number and electronic mail address;
(d) documents and information on client assets and any claims and liabilities towards the investment firm holding the inaccessible client assets, on the representative's power of attorney, an on the fulfilment of other requirements and conditions necessary for assessing and documenting the justification of the exercised right to compensation and to the provision of compensation for the inaccessible client assets protected by law.

(11) Compensation for inaccessible deposits may not be provided and paid where the person or their representative who exercises the right to compensation for inaccessible assets has not met all the requirements and conditions pursuant to this Act and to the general terms and conditions for the payment of compensation (Section 90(3)), which are necessary for assessing and documenting the justification of the exercised right to compensation and to the provision of compensation for legally protected inaccessible client assets.

Section 89
Inception and expiry of some rights

(1) On the date compensation is paid, the Fund acquires a claim to and becomes the creditor of an investment firm or a branch of a foreign investment firm in the extent of compensation paid to its client by the Fund. On that date, the client's claim on the investment firm or the branch of a foreign investment firm is discharged in the extent of compensation paid pursuant to Section 87.

(2) The Fund may also claim from the investment firm or the branch of a foreign investment firm reimbursement of actual costs incurred in connection with the payment of compensation.

(3) Unless otherwise provided by this Act, the legal relationships between the Fund and the investment firm, for whose inaccessible client assets the Fund paid compensation, are governed by the provisions of the Civil Code on guarantees.

(4) The payment of compensation for inaccessible client assets, the amount of interest and other property benefits determined pursuant to Section 87(4), and the outstanding liability for which compensation was not provided shall be recorded in the books of the investment firm and in documents on relations to a financial instrument, in which the amount of a liability is specified.

(5) The provision of compensation from the Fund is without prejudice to the right of the client or other authorised person to claim from the investment firm holding its inaccessible assets the payment of that part of the client assets for which compensation was not provided from the Fund.

(6) In order to ensure the activities of the Fund, the centralisation of contributions made by investment firms to the Fund, the payment of compensation for legally protected inaccessible client assets under this Act, and the protection and claiming of the Fund's rights towards clients, investment firms and other persons, and in order to carry out and document the activities and tasks of the Fund in accordance with the Act or other legislation,[87b] the Fund may, even without the consent of and informing the persons concerned,[58d] establish, obtain, record, store, use and otherwise process,[58e] personal information of clients of investment firms, persons subject to Section 87(7), persons or their representatives who exercise the right to compensation for inaccessible client assets; the Fund may, by automated or non-automated means, make copies of identity documents and process the personal identification numbers and other documents referred to in Section 81, 87, 88 and 90.

(7) For the purposes mentioned in paragraph 6, and even without the consent of and informing the persons concerned, investment firms shall make available and provide to the Fund, for processing purposes, the personal information and documents defined in paragraph 6 and shall do so in the cases stipulated by this Act and other legislation.[58e] The personal information and documents defined in paragraph 6 may, even without the consent of and informing the persons concerned, be made available and provided to the Fund, in order to be processed for the purposes mentioned in paragraph 6, also by persons subject to Section 90(8) or Section 97(1).

(8) The Fund may, even without the consent of and informing the persons concerned, make available and provide from its information system the personal information and documents defined in paragraph 6 to other persons subject to Section 90(8) or Section 97(1) and for the purposes mentioned in paragraph 6. The Fund may make available and provide such personal information and documents abroad, but only to institutions of deposit protection schemes and investment protection schemes in Member States.

Section 90
Rights and obligations of the Fund and obligations of investment firms

(1) The Fund may demand from an investment firm any information needed to perform its duties directly associated with its activities before clients' assets held by an investment firm become inaccessible. The Fund may not request data that an investment firm shall keep secret. If an investment firm becomes unable to pay its liabilities towards clients on client assets, it shall supply to the Fund without undue delay, at its written request, information and documents on financial instruments and liabilities of the investment firm.

(2) With the approval of Národná banka Slovenska, the Fund may also obtain information pursuant to paragraph 1 by conducting on-site inspections at the investment firm. If, before client assets become inaccessible, the Fund has reasonable doubts about the veracity or completeness of information provided by an investment firm related to transactions that an investment firm shall keep secret, it may ask Národná banka Slovenska to check it.

(3) The Fund shall issue general terms for payment of compensation, and changes thereto, subject to prior approval by Národná banka Slovenska, which shall set out the details of procedures in the exercise of the right to compensation and the method of documenting the right to compensation.

(4) The Fund may carry out a control of due implementation of the provisions of this Act, of the general compensation payment terms and related Fund instructions at an investment firm that was declared unable to meet its liabilities towards its clients under client assets, and at a bank performing the payment of compensation for the Fund.

(5) All documents on paid compensation for inaccessible financial instruments deposited, administered, managed or held by an investment firm shall be stored by the Fund or a person it commissions in accordance with other legislation.[88]

(6) Investment firms shall
(a) pay contributions to the Fund within the deadlines and at the rates set for that purpose;
(b) provide the Fund with information pursuant to paragraph 1 within deadlines set by the Fund;
(c) publish in their business premises information in Slovak about the client protection scheme under this Act, including the general conditions for payment of compensation issued pursuant to paragraph 3;
(d) submit without undue delay to the Fund and Národná banka Slovenska an executable decision of a court of law pursuant to Section 82(1)(b);
(e) keep separate files in their information systems on client assets covered by the client protection scheme.

(7) Investment firms may not publish information about the client protection scheme under this Act in any manner other than as provided in paragraph 6(c).

(8) The Fund may, to the extent necessary to meet its tasks under this Act, cooperate and exchange information with Národná banka Slovenska, with entities by means of which the Fund ensures the payment of compensation, and with institutions of deposit protection schemes and investment protection schemes in other countries. The personal information may be made available

only under the conditions laid down in a separate provision[58f] and under the conditions laid down in this Act.

Section 91
Resources of the Fund and their use

(1) The resources of the Fund shall consist of:
(a) contributions paid pursuant to Section 84;
(b) income derived from the use of finances pursuant to paragraph 4, including proceeds from the sale of government securities purchased under paragraph 4(a);
(c) loans pursuant to paragraph 3;
(d) finances raised by the exercise of rights acquired by the Fund pursuant to Section 89;
(e) other income in accordance with other legislation.

(2) The Fund's financial resources may be in the form of repayable financial assistance and government subsidies to the extent stipulated by separate provisions[88a] and by the State Budget Act.

(3) The Fund may request a loan from the Deposit Protection Fund, Národná banka Slovenska,[88b] a bank, or a branch of a foreign bank.

(4) The resources of the Fund shall be held in separate accounts with Národná banka Slovenska or separate accounts with the State Treasury; resources of the Fund held in such separate accounts may not be subject to, and shall be excluded from, the enforcement of a decision.

(5) Using its own financial resources, the Fund may create a special fund to provide compensations for inaccessible client assets. In addition to payment of compensation for financial instruments pursuant to Section 87, the resources of the Fund may also be used to:
(a) purchase government securities with maturity of up to three years from the date of purchase;
(b) repay loans pursuant to paragraph 3;
(c) to repay the financial assistance referred to in paragraph 2;
(d) extend a loan to the Deposit Protection Fund, up to 10% of the Fund's resources;
(e) pay expenses necessary to ensure proper operation of the Fund.

(6) Detailed provisions on the use of the Fund's resources shall be laid down by its statute, in accordance with this Act.

(7) The Fund shall keep its accounts and prepare annual financial statements pursuant to another act.[59]

(8) The financial statements of the Fund shall be audited.

Section 92
Bodies of the Fund

The Fund's bodies comprise:
(a) Council of the Fund,
(b) Presidium,
(c) supervisory board of the Fund.

Section 93
Council of the Fund

(1) The Council of the Fund is the supreme body of the Fund.

(2) The Council of the Fund consists of nine members. Their term of office is four years.

(3) Two of the members of the Council of the Fund shall be representatives of the Ministry, appointed and dismissed from among the employees of the Ministry by the Minister of Finance. Three of the members of the Council of the Fund shall be representatives of Národná banka Slovenska, appointed and dismissed by the Governor of Národná banka Slovenska. The remaining four members of the Council of the Fund shall be appointed and dismissed by representatives of investment firms subject to the obligation pursuant to Section 83 at a meeting of investment firms. The representatives of individual investment firms shall be appointed by their statutory body and, at the meeting of representatives of investment firms, they shall have votes in proportion to the share of respective contributions the investment firms have paid to the Fund pursuant to Section 84(6). The proceedings of the meeting of representatives of investment firms and the outcome of the election of members to the Council of the Fund shall be recorded in a notarial deed.

(4) The members of the Council of the Fund shall be entitled to a reimbursement of costs they incur in performing their duties.

(5) The Council of the Fund shall:
(a) appoint and dismiss members of the Presidium of the Fund;
(b) appoint and dismiss members of the supervisory board of the Fund, except as provided in Section 95(2);
(c) appoint and dismiss the chairman and the deputy chairman of the Council of the Fund;
(d) approve the rules of procedure of the Council of the Fund and the Presidium of the Fund;
(e) approve the statutes of the Fund;
(f) approve the budget of the Fund, including the budget of expenses of the Fund pursuant to Section 91(5)(e);
(g) approve the annual financial statements of the Fund;
(h) approve the annual report of the Fund for the previous year, to be filed in the public section of the financial statements register;
(i) decide on payment of compensation from the Fund in accordance with this Act and determine the method of payment of compensation;
(j) approve the use of the Fund's resources;
(k) determine the amount of annual contributions by investment firms and a deadline for payment of extraordinary contributions;
(l) approve the rules of procedure for the Fund, including the procedure of its bodies and the procedure of other entities in regard to ensuring the payment of compensation for legally protected and inaccessible client assets;
(m) approve the rules for remuneration to employees of the Fund and the remuneration of the members of the fund's bodies;
(n) approve the general terms and conditions for the payment of compensation for inaccessible client assets held by investment firms;
(o) decides on other issues in the sphere of action of the fund, which are not in the sphere of action of other fund's bodies.

(6) All decisions of the Council of the Fund shall be signed by at least two members of the Council of the Fund, at least one of which shall be the chairman or the deputy chairman of the Council of the Fund.

Section 94
Presidium of the Fund

(1) The Presidium of the Fund shall consist of the chairman of the Presidium of the Fund and two other members appointed and dismissed by the Council of the Fund.

(2) The chairman of the Presidium of the Fund and the other members of the Presidium of the Fund are employees of the Fund.

(3) The Presidium of the Fund is the statutory body of the Fund. The Presidium of the Fund shall act on behalf of the Fund in the extent defined by its statutes. If the Presidium acts on behalf of the Fund, for a written instrument to be valid, it shall be signed by at least two members of the Presidium of the Fund. The statutes shall specify when and to what extent the member of the Presidium of the Fund shall act on behalf of the Fund and grant the authorisation to act on behalf of the Fund.

Section 95
Supervisory board

(1) The supervisory board of the Fund shall have seven members, their term of office is four years.

(2) Three members of the supervisory board of the Fund shall be appointed and dismissed by the Council of the Fund on a proposal of investment firms passed by a meeting of representatives of the investment firms. Two members of the Fund's supervisory board shall be appointed and dismissed from among the employees of the Ministry by the Minister of Finance. Two members of the Fund's supervisory board shall be representatives of Národná banka Slovenska, appointed and dismissed by the Governor of Národná banka Slovenska.

(3) The supervisory board of the Fund shall elect from among its members its chairman and deputy chairman.

(4) Neither members of the Council of the Fund nor any employees of the Fund may be members of the supervisory board of the Fund.

(5) The supervisory board of the Fund shall oversee the activities and financial management of the Fund, the Council of the Fund, and whether their activities and financial management are in line with this Act, generally applicable legislation, general conditions for the payment of compensation for inaccessible client assets, and the statutes of the Fund.

(6) Members of the supervisory board of the Fund may inspect any documents relevant to the activities of the Fund and to obtain information about the use of its finances.

(7) The supervisory board of the Fund shall submit to the Council of the Fund and to Národná banka Slovenska a report on its findings once per quarter and, in the case of any breach of this Act, general terms, or the statutes, no later than within three days of its detection.

(8) The members of the supervisory board of the Fund shall be entitled to a reimbursement of costs they incur in performing their duties.

Section 96
Office of the Fund

Tasks associated with professional, organisational, administrative, and technical support of activities and regular operations of the Fund and its bodies shall be performed by the office of the Fund. It shall be made up of employees of the Fund and managed by the chairman of the Presidium. Further details regarding the position and activities of the office of the Fund shall be laid down in the statutes of the Fund.

Section 97
Confidentiality obligation

(1) The members of the Council of the Fund, members of the supervisory board of the Fund, employees of the Fund, employees of the bank through which the Fund pays compensation, as well as other persons involved in operations of the Fund shall keep confidential any matters concerning investment firms and their clients, they learn while performing the duties of the Fund or in direct connection therewith; this obligation applies equally after the termination of their office in the Council of the Fund, the supervisory board of the Fund, or their employment or a similar work contract.

(2) The Council of the Fund may exempt from the confidentiality obligation members of the Council of the Fund, members of the supervisory board of the Fund, or members of the Presidium of the Fund; other persons mentioned in paragraph 1 may be exempted from the obligation by the Presidium of the Fund.

Section 98
Contractual insurance of investment firms

Investment firms may insure financial instruments, beyond the extent of client protection in the meaning of this Act, on terms agreed upon in a contract with a legal person which was granted a special authorisation for this activity by Národná banka Slovenska.[23]

DIVISION SIX

CENTRAL DEPOSITORIES

Section 99

(1) A central depository is a legal person established in the Slovak Republic and authorised as a central depository under an authorisation issued in accordance with other legislation[89] (hereinafter a ‘depository authorisation’).

(2) A foreign central depository is a legal person established in a Member State other than the Slovak Republic and authorised as a central depository, or a legal person established outside the Slovak Republic and recognised pursuant to other legislation.[89]

(3) Národná banka Slovenska is the competent authority for the issuance of depository authorisations.

(4) Provisions on applying for, issuing and amending a depository authorisation, on the conditions for the issuance of a depository authorisation, on the outsourcing of core services of a central depository, and on the withdrawal of a depository authorisation are laid down in other legislation.[89a]

(5) Provisions on the keeping of records of book-entry securities under this Act or other legislation[89b] by central depositories apply mutatis mutandis to foreign central depositories carrying on business in the Slovak Republic under the freedom to provide services pursuant to other legislation.[89c]

(6) Entities that are not central depositories or foreign central depositories may not provide central account management services[89d] in the Slovak Republic for securities admitted to trading on a regulated market except under the conditions laid down in this Act and in other legislation.[89e]

(7) Securities settlement systems shall comprise at least three participants in addition to the system’s operator and to any entities that are a settlement agent, central counterparty, clearing house, or indirect participant, and they are subject to common rules on clearing through a central counterparty, on clearing without a central counterparty, and on the execution of transfer orders between participants (hereinafter the ‘settlement system’).

(8) Central depositories shall set a timetable for securities settlement transactions, including specification of when precisely transfer registration orders are entered in the settlement system and specification of the point in time from which a transfer registration order may not be withdrawn or cancelled by a participant in the system or a third party, nor otherwise prevented; if a central depository is a participant in a linked system, it shall, in determining this point in time take into account the need for maximum possible coordination between settlement systems within the linked system in accordance with the rules laid down in paragraph 23.

(9) Central depositories are entitled to all documentation necessary to conduct their business, and if the documentation required for a given service is not provided, they may decline to provide that service. A failure to provide this documentation, a late or incomplete delivery, or delivery in a form other than requested, shall be at the expense of the person required to provide

the documentation. If the order or request is submitted or forwarded to a central depository by its member, the central depository is not obliged to examine the veracity, lawfulness, accuracy or completeness of the provided documents, and the member that provided the documents shall be liable for any damage caused by failure to provide documents, by delayed or incomplete provision of documents or their provision in another form than requested and for any damage caused by the untruthfulness, illegality, inaccuracy or incompleteness of provided documents. A member that submits an order for an unclassified account under Section 173v shall be responsible for the accuracy and completeness of such order and for the timeliness of their submission.

(10) The business name of a central depository shall contain the designation 'centrálny depozitár cenných papierov' (English translation: central securities depository). No other natural person or legal person may use the designation 'centrálny depozitár cenných papierov' in its business name.

(11) The organisation and management of central depositories and the rules of their business in relation to clients are subject to the provisions of Section 73a. When providing one or more investment services or performing one or more investment activities in addition to providing services under other legislation,[89f] central depositories are subject to the provisions of this Act to the same extent as are investment firms which provide the same investment services or activities, except for Sections 70, 71(1) and (2), 71(4) to (6), 71a to 71de, and 79 and for the provisions of other legislation;[90] this is without prejudice to the provision of Section 54(3)(k).

(12) When providing a service, central depositories shall require the client to document its identity; the client shall be required to comply with the request each time a service is provided. A central depository shall decline any provision of service in which the client remains anonymous.

(13) For the purposes of paragraph 12, the identity of a client may be documented by:

(a) the client's identity document pursuant to other legislation on identity documents;[89g] by means of electronic communication, the identity of a client may be documented by its identity document that is an official authenticator under another act;[89h]
(b) the client's signature, provided the central depository knows the client in person and its signature matches the signature shown in a signature specimen deposited with the central depository upon the signing of which the client established its identity by an identity document;
(c) an identity document[89g] of the legal representative of a minor client who does not have an identity document; by means of electronic communication, the identity of a minor client's legal representative may be evidenced by an identity document that is an official authenticator under another act;[89h] in the case of minor clients who do not have an identity document, in addition to documenting the identity of their legal representative it is also necessary to:
    1. submit a document evidencing the legal representative's right to represent the minor client, along with the minor client's birth certificate; or
    2. acquire verifiable electronic data from an official register that clearly demonstrate the legal representative's right to represent the minor client, including the minor client's identification data;
(d) a qualified electronic signature,[89i] provided the client has been identified using the procedure set out in subparagraphs (a) or (c);

(e) if services are provided through technical devices, a special identification number or a similar code assigned to the client by the central depository and an authentication detail agreed between the central depository and the client or an electronic signature; this shall be without prejudice to the provisions of other legislation.[89j]

(14) In establishing the identity of the client by the means of an official authenticator[89h] pursuant to paragraph 13, the central depository can employ the procedure for identification and authentication set out in another act,[89k] including verifying and demonstrating the right to act for or on behalf of another person. For the purpose stated in the first sentence, the administrators of the parts of the authentication module under another act[89l] shall cooperate with the central depository in the identification and authentication of the client using an official authenticator.[89h] The Ministry of Interior of the Slovak Republic (hereinafter "the Ministry of Interior") shall, to the extent of the data recorded in the official register of natural persons,[89m] provide the central depository with the data on the representative and on the minor client for the purposes stated in paragraph 13(c)(2).

(15) For the purposes of performing, verifying and controlling the identification of clients and their representatives, providing services to clients, and updating the data on clients and their representatives already kept by the central depository, the central depository may, even without the consent of the persons concerned and to the extent of the data recorded in the register of natural persons[89m] and data recorded in the register of identity cards,[89n] acquire the data specified in Section 73a(1). For the purpose stated in the first sentence, the data specified in Section 73(1) shall be provided to the central depository by the Ministry of Interior and the administrator of the communication part of the authentication module under another act.[89l]

(16) The details and technical conditions of the provision of data from the register of natural persons[89m] and register of identity cards[89n] pursuant to paragraphs 14 and 15 shall be set out in an agreement between the Ministry of Interior and the central depository.

(17) Central depositories shall, in all transactions with a consideration of at least EUR 15,000, ascertain the ownership of funds used by the client to accomplish the transaction; this does not apply to registration orders of book-entry securities pursuant to Sections 24 and 25, and instructions of members and of the stock exchange toward clearing and settlement of transactions performed with other financial instruments. For the purposes of this provision, the ownership of funds shall be ascertained by a binding written declaration of the client wherein the client shall demonstrate whether such funds are his property and whether the transaction is being performed for his own account. Should such funds be the property of a different person, or should the transaction be performed on account of a different person, the client shall show in the declaration the name, personal identification number or date of birth, and permanent address of the natural person, or the business name, domicile and identification number of the legal person (when allocated) who is the owner of such funds and for whose account the transaction is being performed; in such case the client shall provide the central depository with written consent of such different person to use his funds in the performed transaction and to perform the transaction for his account. Unless the client has complied with his obligations specified in this paragraph, the central depository shall refuse performance of the required transaction.

(18) Only the following entities may be participants in a settlement system:
(a) a bank or foreign bank;
(b) an investment firm or foreign investment firm;

(c) a central counterparty, settlement agent, clearing house, settlement system operator, or payment system operator;
(d) a public authority;
(e) a company whose country of establishment has provided a guarantee for its participation in a settlement system or payment system;
(f) a central depository that has become a participant in a settlement system operated by another central depository under other legislation.[90]

(19) Národná banka Slovenska shall provide regional courts and the Supreme Court of the Slovak Republic with a list of central depositories and other participants in settlement systems. Národná banka Slovenska shall inform ESMA of the central depositories and other settlement system participants to the extent laid down by legally binding acts of the European Union governing payment systems and securities settlement systems.

(20) The operation of a settlement system is governed by the law of the Slovak Republic, unless otherwise agreed by the participants in the settlement system and providing that at least one of the participants has its registered office in the Slovak Republic. Participants in the settlement system may opt for the governing law of another member state only if one of them has its registered office in that state. The specification of the governing law in the operating rules is also considered as an agreement of the settlement system's participants on the governing law.

(21) Central depositories shall disclose to Národná banka Slovenska, or to the relevant authority of the member state whose law is the governing law of the settlement system, a list of their participants and inform Národná banka Slovenska about any changes to the list. Central depositories shall also inform Národná banka Slovenska about any links with other settlement systems or payment systems.

(22) Two or more settlement systems, or those settlement systems which were notified to the Commission by relevant member states' authorities, may create a linked system, meaning a mutual link to execute orders for the registration of transfers between the two settlement systems based on rules agreed between operators of these settlement systems. Part of the linked system may also be a payment system or a payment system notified to the Commission by a relevant member state's authority. Rules under this paragraph shall be part of the operating rules.

(23) Rules under paragraph 25 above shall establish in particular:
(a) settlement systems in a linked system and their operators,
(b) the point in time of acceptance of an order by the settlement system in relation to the irrevocability of an order, which point is harmonised in the rules of settlement systems; the point in time of acceptance of an order by the settlement system shall not be subject to the rules of other settlement systems in a linked system, unless otherwise specified in the rules of all settlement systems,
(c) rules of executing orders for transfer registration between settlement systems in a linked system,
(d) rights and obligations of operators of settlement systems in a linked system,
(e) details of other obligations and rules provided by this Act.

(24) Any link between settlement systems or payment systems shall not represent the settlement system provided by this Act or the payment system provided by other legislation.[90aa]

(25) A participant in the settlement system shall provide information about his participation in settlement systems and rules of these settlement systems, at a written request, to any person whose interest in receiving such information is legitimate and justifiable.

Section 100
Repealed as from 1 December 2016

Section 101
Surrender of a depository authorisation

(1) Central depositories shall notify Národná banka Slovenska if they intend to surrender their depository authorisation under other legislation.[90ab] Upon receiving a notification of intention to surrender a depository authorisation, Národná banka Slovenska shall commence the authorisation withdrawal procedure in accordance with other legislation.[20]

(2) Before issuing a decision to withdraw a depository authorisation, Národná banka Slovenska shall examine whether obligations and other conditions have been fulfilled concerning the procedure for ensuring the timely and proper settlement and transfer of assets belonging to clients and to members of the other central depository (hereinafter the 'transfer of assets') specified in the winding down plan produced in accordance with other legislation.[90ac] Under the procedure referred to in the first sentence, Národná banka Slovenska may require the central depository to take measures to ensure a timely and proper transfer of assets beyond the measures envisaged in the plan under the first sentence and in the notification of intention.

(3) A central depository may transfer assets to another central depository that is an authorised transferee under other legislation.[90] Along with the assets, the transferring central depository shall transfer records and registers related to the assets. Národná banka Slovenska may specify the scope, content and terms of such transfer of assets and related records and registers, so that the transfer is without prejudice to the persons whose assets are being transferred or to the rights of third parties associated with the transferred assets, records and registers. In cases of doubt, it shall be assumed that all obligations concerning the transferred assets and related records and registers have also been transferred to the authorised transferee. In the transfer of assets and related records and registers, the central depository, authorised transferee and each person participating in the transfer shall protect the rights of third parties that may be affected by the transfer. The central depository and authorised transferee are jointly and severally liable for any damage caused during the transfer of assets and related records and registers.

(4) When the transfer of assets and related records and registers has been completed in accordance with other legislation[90ac] and the conditions imposed by Národná banka Slovenska in respect of the transfer have been met, Národná banka Slovenska shall issue a decision to withdraw the central depository's depository authorisation.[90ab]

(5) The withdrawal of a depository authorisation under paragraph 4 is without prejudice to the good repute of persons under this Act or other legislation.

Section 102
Repealed as from 1 December 2016

Section 103
Operating rules

(1) The operating rules of a central depository shall lay down the rules and procedures for conducting the business and providing the services of the central depository.

(2) The operating rules shall lay down the range of orders for other entries which a member may make in a non-classified account in accordance with Section 173v(2).

(3) A central depository shall make its operating rules, including any amendments thereto, available in writing to the public at its registered office and at the registered offices of its members, and shall publish a notice of that fact on its website. The version of the operating rules published on the central depository's website shall be up to date.

(4) The operating rules of a central depository are binding upon the central depository, its members, investment firms who keep records in accordance with 71h(2), investment firms for whom the central depository has opened a holder account in accordance with Section 105a, legal and natural persons for whom the central depository has opened an owner account in accordance with Section 105 and 164, issuers whose securities are registered at the central depository, legal persons and natural persons issuing orders to register the inception, change and expiry of the right of pledge, legal persons and natural persons requesting registration of the pledge in the book-entry security, issuers whose list of stockholders is maintained by the central depository, the stock exchange, legal persons and natural persons issuing orders to register the inception, change and expiry of the right of pledge, legal persons and natural persons requesting registration of the pledge in the book-entry security, legal persons and natural persons requesting an extract from the register of pledges, and other entities to whom the central depository provides services related to the conduct of their business.

Section 104
Members

(1) Members of a central depository shall be a participant in a settlement system operated by the central depository or be central depository that has become a participant in a settlement system operated by another central depository under other legislation.[90]

(2) Members shall perform the following activities:

(a) register owners of book-entry securities and changes thereof, as well as other information relating to such owners;
(b) record information pursuant to this Act in owner accounts;
(c) give orders to the central depository for accounting entries to debit or credit owner accounts or holder account of a member;
(d) give orders to the central depository and to another member for registration of transfers in accordance with Sections 22 and 23;
(e) give other orders to the central depository, except for orders specified under points (c) and (d) for clearing and settlement of transactions in financial instruments;
(f) repealed as from 1 December 2016.

(3) Members shall perform the activities specified in paragraph 2 within a system for technical data processing operated by the central depository subject to conditions stipulated in this Act and in accordance with the operating rules.

(4) Central depositories may request members to supply information necessary for the fulfilment of the obligations of the central depository in accordance with this Act. If so requested by the central depository, a member shall supply the information without undue delay. Central depositories shall not make entries in the owner account kept by a member; this does not apply to the registration of a suspension of the right of use applying to an entire issue in accordance with Section 28(5), nor to entries in owners' accounts maintained by the member in regard to:

(a) the issuing of book-entry securities pursuant to Section 13;
(b) the conversion of securities pursuant to Section 16(3) and Section 17(2);
(c) a change in the particulars of book-entry securities pursuant to Section 12;
(d) the termination of securities pursuant to Section 14(4);
(e) the correcting or supplementing of a member's records on the basis of an objection made by an issuer under Section 108(1);
(f) the registration of a transfer of shares pursuant to Section 118i(8).

(5) Members may request the central depository to supply information necessary for the fulfilment of the member's obligations under this Act. If so requested by a member, the central depository shall supply the information without undue delay.

(6) Central depositories may process statistical data from the register of securities kept by members.

Section 105
Owner account

(1) An owner account shall contain in particular:

(a) the number of the owner account, and the date when it was opened;
(b) the following information of the account owner -
    1. business name or name, identification number and registered office, if a legal person,
    2. name, personal identification number and permanent residence, if a natural person;
(c) information on individual securities, in particular -
    1. class of security, its description as to its fungibility, ISIN code, and other particulars of the security;
    2. number of units of securities of a relevant issue, and their share in the issue;
    3. business name or names, and identification numbers, in the case of legal persons, or names and personal identification numbers, in the case of natural persons, of any co-owners of the security and the size of their interest;
    4. note on the registration, if any, of a suspension or restriction of the right of use;
    5. business name and registered office of an investment firm administering the security pursuant to Section 41, or managing the security pursuant to Section 43;
    6. note on whether the security is subject to a pledge and, if so, identification of the secured creditor;
(d) identification data pursuant to subparagraph (b) on persons authorised to use securities registered in the owner account and the extent of their authorisation;

(e) identification data pursuant to subparagraph (b) on persons authorised to request information about these securities and the extent of their authorisation;
(f) date and time of each accounting entry in the owner account.

(2) Central depositories shall, on request, open an owner account for another central depository, a member, a public authority acting on behalf of the Slovak Republic, and a legal person under other legislation.[90ab] The central depository may open an owner account also for another legal person, if the operating rules provide for this.

(3) A member may open an owner account for legal persons other than those specified in paragraph 2 or for natural persons. A member shall open an owner account for a legal or natural person also at the request of an investment firm, a branch of a foreign investment firm, a foreign investment firm, an issuer, or a stock exchange.

(4) Central depositories and members that open an owner account shall disclose the number of that account only to the entity for whom the account was opened and without undue delay after opening the account.

(5) Legal relationships between a member for whom an owner account was opened and the central depository, and legal relationships between a member and the holder of such an account are governed by this Act and by the Commercial Code.

(6) A member shall record, in a register that it maintains, the information mentioned in paragraph 1(c)(4) upon the order of the central depository, if the central depository was given an order pursuant to Section 28(5) applying to an entire issue of securities.

(7) The central depository or member shall provide a statement to the owner from this account without undue delay after making an accounting entry to the debit or credit of the account, unless otherwise agreed or unless so requested by the account owner. Central depositories or members that maintain an owner account shall provide the account owner, at no charge and on a durable medium, with a statement of the account containing the information specified in the second sentence of paragraph 8, and this statement shall be provided at least once a year, or at more frequent intervals upon agreement; this obligation does not apply during the period between the death of the account owner and the effective date of the inheritance decision. At the request of a legal person under other legislation,[90ab] a central depository shall hand over to the natural persons that the legal person specifies in the request in accordance with other legislation[90ab] a statement from the owner account within the scope of data according to the second sentence of paragraph 8. By handing over this statement from the owner account, liability according to the second sentence is deemed fulfilled. The central depository may authorise a member or another legal person whose scope of business comprises the provision of document printing, enveloping, sorting and distributing services or similar services, to prepare, process and hand over the statement from the owner account or other documents which the central depository is required to prepare, process or hand over to the account holder in performing its activities. The central depository shall not be required to provide a statement of this account to the account owner after it has been debited, if such an entry is made because of the termination of the issuer's register on grounds of a legal matter other than the contract with the issuer, and the issuer has been deleted from the Commercial Register without a legal successor. The central depository shall publish such fact on its website without undue delay.

(8) A statement of owner account pursuant to paragraph 1 given upon an accounting entry crediting or debiting the account shall contain information on securities concerned by the change before and after the accounting entry, indicating the number or volume of securities broken down by class, issuer, and issue. A statement of an owner account under paragraph 1 produced at the request of the account owner shall specify the number or volume of securities broken down by class, issuer, and issue.

(9) If a security is co-owned by several owners, the central depository or a member shall register the security concerned on an owner account, holder account (Section 105a) or member's client account (Section 106):
(a) according to a relevant contract;
(b) according to a valid inheritance decision;
(c) based on a valid decision by another state authority; or
(d) based on other legal facts.

(10) A member is not allowed to keep an owner account for itself.

(11) The central depository shall, at the request of the account owner, reserve the owner account in favour of Národná banka Slovenska, the European Central Bank or another central bank of the Eurosystem[47h] for the purpose of securing financial claims by a pledge as referred to under Section 53a(1) to (5). Book-entry securities on a reserved owner account may be acquired only by a movement under Section 18a or a transfer under Section 19. It is not possible to cancel reservation of the owner account if the owner account contains securities.

Section 105a
Holder account

(1) A holder account is an account belonging to a person mentioned in paragraph 3 in which a central depository records information on securities whose owners are registered with the person mentioned in paragraph 3. A holder account is not an account in the meaning of Section 105 or 106. Information on the owner of a security shall be kept in the records of an investment firm under Section 71h(2), or in equivalent records in accordance with the same legal system under which was founded the foreign investment firms, or in records established under the same legal system as was founded the foreign legal person for whom the holder account was opened.

(2) A holder account shall include:
(a) the number of the holder account, and the date when it was opened;
(b) the business name or name, identification number, and registered office of the person mentioned in paragraph 3 for whom the holder account was established;
(c) information on individual securities, in particular:
    1. the class of the security, further details pertaining to its fungibility, ISIN code, and other particulars of the security;
    2. the number of units of securities in the respective issue, and their share in that issue;
    3. other information about the security, information on the registration of the right of use in respect of a whole issue of book-entry securities;
(d) the date and time of the respective accounting entry in the holder account.

(3) Central depositories may open a holder account only for Národná banka Slovenska, another central depository, or a foreign legal person with a similar scope of business. Central depositories may also open a holder account for an investment firm or for a bank authorised to perform the ancillary service of custodianship, or for a foreign investment firm or foreign bank authorised to perform an ancillary service such as custodianship. Central depositories may open more than one holder account for a single person.

(4) Central depositories shall open a holder account on the basis of a written application made by the person mentioned in paragraph 3 in accordance with the operational rules.

(5) After opening a holder account, the central depository shall notify the person mentioned in paragraph 3 of the number of this account without undue delay.

(6) Legal relations between the person mentioned in paragraph 3 at whose request the holder account was opened and the central depository are governed by this Act and the Commercial Code.

(7) The statement of a holder account shall be delivered by the central depository to the person mentioned in paragraph 3 without undue delay following every credit or debit entry recorded in the account, unless otherwise agreed, or at the request of the person mentioned in paragraph 3.

(8) A statement of a holder account issued after the recording of a credit or debit entry in the holder account shall include information on the securities that the change concerns, both before and after the change was recorded, indicating the number or volume of securities broken down by class, issuer, and issue. The statement of a holder account issued at the request of the person mentioned in paragraph 3 shall state the number or volume of securities broken down by class, issuer and issue.

(9) For operations requiring a statement of information on the owner of a security registered under this Act, information on the owner of a security recorded in a holder account shall be replaced with information on the person mentioned in paragraph 3 for whom the holder account was opened, and this fact shall be stated.

(10) Where information on securities is recorded in a holder account, and the central depository is subject to a statutory information, information on the owner of the securities shall be replaced with information on the person mentioned in paragraph 3 for whom the holders account was opened, and this fact shall be stated. If the securities are foreign, the person for whom the holder account was opened shall provide the central depository with information on the securities' owner to the extent necessary to meet the information obligation of a central depository according to the national law under which the foreign securities were issued.

Section 105b
Technical account

(1) The technical account of a central depository shall be the account in which the central depository records details of securities that are subject to liabilities and claims arising from the clearing and settlement of transactions in financial instruments. The technical account shall not be an account in the meaning of Sections 105, 105a and 106.

(2) A technical account shall include:

(a) the number of the technical account, and the date when it was opened;
(b) the business name or title, identification number, and registered office of the central depository;
(c) information on individual securities, in particular:
    1. the class of the security, further details pertaining to its fungibility, ISIN code, and other particulars of the security;
    2. the number of units of the security in the respective issue, and their share in that issue;
    3. other information about the security, in particular, information on the registration of any suspension of the right of use in respect of a whole issue of book-entry securities;
(d) the date and time of the respective accounting entry in the technical account.

(3) A statement of the technical account shall state the number of units of the securities according to class, issuers and issues, including their proportion of the relevant issue.

(4) For operations requiring a statement of information on the owner of a security that is entered in a register in accordance with this Act, information on the owner of a security recorded in a technical account shall be replaced with information on the central depository which opened that technical account, and this fact shall be stated.

(5) Where information on securities is recorded in a technical account, and a disclosure obligation is imposed on the central depository by law, information on the owner of the securities shall be replaced with information on the depository which opened that technical account, and this fact shall be stated.

Section 105c
Central securities depository link

(1) Where an owner account, client's account or holder account is opened by a central depository for another central depository or for a foreign central depository, or where an account is opened and maintained for a central depository by a foreign central depository, that account is deemed to be a standard link[90ac] between central depositories. Where a holder account is opened for a central depository, information on the owner of the securities shall be kept in its register maintained in accordance with Sections 105, 105a, 105b and 106.

(2) Legal relations concerning an account that is opened and maintained for a central depository in another Member State by a foreign central depository, foreign bank or foreign investment firm established in a Member State are governed by the law of the Member State in which this account is opened and maintained. The records that central depositories keep about such accounts, about the securities held in such accounts, and about the owners or holders of the securities held in such accounts are governed by the law of the Slovak Republic.

Section 106
Member's client account

(1) A member's client account is an account used by a central depository to register information on securities whose owners are included in the register. A member's client account is not an account as specified in Section 105.

(2) A member's client account shall contain:

(a) the number of the member's client account and the date when it was opened;
(b) business name or name, identification number and registered office of the member;
(c) information on individual securities, in particular -
    1. class of security, its description as to its fungibility, ISIN code, and other particulars of the security,
    2. number of units of securities of a relevant issue, and their share in the issue,
    3. other information on a security, in particular a note on registration, if any, of a suspension of the right of use;
(d) date and time of each accounting entry made in the member's client account.

(3) Central depositories may open a member's client account for a member at its request.

(4) Central depositories shall notify the number of a member's client account to the member without undue delay after opening the account.

(5) Legal relationships between a member, at whose request a member's client account was opened, and the central depository are governed by this Act and by the Commercial Code.

(6) Central depositories shall deliver to a member a statement of the member's client account without undue delay after making an accounting entry crediting or debiting the member's client account, unless they agree otherwise, or at the member's request.

(7) A statement of a member's client account given upon an accounting entry crediting or debiting the member's client account shall contain information on securities concerned by the change before and after the accounting entry, indicating the number of units of securities broken down by class, issuers, and issues, including their share in the relevant issue. A statement of a member's client account given at the request of a member shall specify the number of units of securities broken down by class, issuers, and issues, including their share in the relevant issue.

Section 107
Issuer's register

(1) Central depositories shall establish an issuer's register at the request of an issuer.

(2) Central depositories shall keep only one issuer's register per issuer.

(3) Legal relations between an issuer and a central depository pertaining to the keeping of an issuer's register are governed by this Act and the Commercial Code.

(4) An issuer's register shall contain:

(a) the number of the issuer's register and the date it was established;
(b) the following information on the issuer:
    1. business name or name, identification number, LEI code, and registered office, if a legal person,

2. full name, personal identification number and permanent residence, if a natural person; it that person is registered in the Commercial Register or Register of Trades, the issuer's register shall also contain the LEI code;

(c) information on individual securities in the scope defined in points 1 and 2 of Section 105(1)(c);

(d) date and time of each entry in the issuer's register.

(5) Central depositories shall deliver to an issuer a statement of its issuer's register:

(a) every time an issue of a security is issued, changed, or cancelled;

(b) every time when the type of a security is changed;

(c) at the request of the issuer;

(d) repealed as from 1 August 2005.

(6) For the purposes of keeping a list of shareholders,[89] an issuer, in the cases stipulated in paragraph 5(c), may commission the central depository to identify the business name or name, identification number or personal identification number, and registered office or permanent residence of the owner of securities issued by the issuer, and obtain information on the nominal value and number of units of registered securities issued by the issuer recorded in owner accounts in the case of owner accounts kept by a member.

(7) Central depositories' keeping of separate records of securities that are not recorded in an issuer's register is governed by the central depository's operating rules.

(8) For book-entry shares, the list of shareholders shall be replaced by a register of book-entry securities maintained by a central depository in accordance with this Act. Central depositories keeping a list of owners of registered paper shares shall, on the instruction of the issuer of the shares, enter a change of shareholder in the list. In such list of registered securities, central depositories shall not enter the numerical designation of the shares.

(9) An issuer of registered paper shares shall conclude a contract with a central depository on the keeping of a list of holders of the shares without undue delay after issuing the shares. The central depository keeping this list of shareholders shall, at the issuer's request, provide a copy of the list to the issuer and shall, at the request of a shareholder included in the list, provide the shareholder with the extract from the list pertaining to that shareholder.

(10) Central depositories shall deliver to an issuer, upon request, the list of the owners of the securities issued by the issuer and of the issuer's secured creditors thereof. This list shall not be regarded as an extract from the issuer's register. The list mentioned in the first sentence shall contain the information stipulated in paragraph 6; this provision also applies mutatis mutandis to bearer securities. Where the central depository keeps the respective securities in the owner account pursuant to Section 164 and simultaneously keeps securities in the owner account pursuant to Section 105, the central depository may deliver to the issuer a list for the owner account pursuant to Section 164 and another list for the owner account established in accordance with Section 105.

(11) Central depositories may provide an applicant, on request, with a list of the owners of the securities pertaining to an issue of securities admitted to a regulated market, who hold 5% or more of that issue. Where a natural person is included in that list of owners, the personal identification number of that person shall not be stated.

(12) Where a secured creditor is represented by Národná banka Slovenska in accordance with Section 53a(5), the central depository shall inform the issuer thereof.

(13) The issuer of a securities issue that is recorded in an issuer's register kept by a central depository may request that the issue be transferred to an issuer's register kept by another central depository. The central depository with which the issue is registered shall, on the basis of a contract, enable the issuer to transfer the securities to the other central depository.

(14) The transfer of an issue of securities by central depositories shall not restrict the rights attached to the securities of the issue in question.

(15) An issuer of registered paper shares may request a transfer of the keeping of the list of holders of the registered paper shares by submitting the request to the central depository that it wants to take over the keeping of the list of shareholders and to the central depository that is currently keeping the list of shareholders. The central depository currently keeping the list of shareholders shall, on the basis of a contract, enable the issuer to transfer the keeping of the list of shareholders to the other central depository.

(16) A request submitted by the issuer as referred to under paragraph 16 applies to all lists of owners of registered paper shares of the issuer in question, which were kept in the records of lists of owners of registered paper shares at the time of the request.

(17) Liability for the keeping of a list of owners of registered paper shares shall be borne by the central depository whose records contain the list of owners of registered paper shares kept in accordance with the provision of this paragraph, and this from the first day of the keeping of the list of owners of registered paper shares until the day when keeping of the list of owners of registered paper shares is terminated.

(18) Central depositories shall lay down in their operating rules more detailed conditions for changing the keeping of an issuer's register and for changing the keeping of a list of owners of registered paper shares.

Section 107a
Irrevocability of a transfer registration order

(1) From the point in time specified in the operating rules, no participant in a settlement system or any third party may validly withdraw or cancel a transfer registration order accepted by the settlement system, nor may the settlement of the order be otherwise impeded.

(2) A bankruptcy order made against a participant in a settlement system or linked settlement system, or an authorisation to restructure the assets of such participant, is without prejudice to the participant's right to use funds and securities from its account to settle its liabilities in the settlement system or linked settlement system on the business day on which the bankruptcy order was made or the restructuring authorised. The business day of a settlement system means the time period during which all activities of a single business cycle of the system are performed.

(3) A bankruptcy order made against a participant in a settlement system or linked settlement system, or an authorisation to restructure the assets of such participant, is without

prejudice to the obligation of the settlement system to process and settle the transfer registration orders of that participant and to the validity and enforceability of such orders against third parties if these orders became irrevocable from the point in time specified in the operating rules:

(a) before the bankruptcy order was made or the restructuring was authorised;
(b) at the moment when the bankruptcy order was made or the restructuring was authorised, or after that point in time provided that the transfer registration orders were received by the settlement system on the business day on which the bankruptcy order was made or the restructuring was authorised and that the central depository was not aware of such bankruptcy order or restructuring authorisation, whether from the notifications referred to in paragraphs 7 and 8 or otherwise.

(4) The reverse calculation of mutual receivables and obligations of participants in the settlement system is prohibited. Similarly, a reverse calculation of mutual receivables and obligations of participants in a linked settlement system is prohibited.

(5) A bankruptcy order made against a participant in a settlement system or linked settlement system, or an authorisation to restructure the assets of such participant, is without prejudice to rights to the collateral provided by this participant to another participant in the settlement system or to an entity in connection with its participation in the settlement system or linked system; this is also without prejudice to any rights to the enforcement and exercise of claims arising from the collateral provided.

(6) The collateral which a participant in the settlement system has provided to another participant in the settlement system or to another entity in connection with its participation in the settlement system or linked system shall not be subject to a decision exercised in accordance with other legislation[90a] and shall be excluded therefrom. This is without prejudice to the provision of Section 159(2).

(7) If a central depository is notified by a court that a bankruptcy order has been made against a participant in a settlement system operated under this Act, or that a restructuring of the assets of such participant has been authorised, or that a bankruptcy petition against such participant has been rejected on grounds of insufficient assets, the central depository shall notify this fact to all other participants in the settlement system without undue delay.

(8) The obligation laid down in in paragraph 7 applies equally to a central depository if it is notified by the competent authorities of another Member State that a bankruptcy order has been made against a participant in a settlement system operated under this Act, or that a restructuring of the assets of such participant has been authorised, or that a bankruptcy petition against such participant has been rejected on grounds of insufficient assets.

(9) If a central depository is notified that a bankruptcy order has been made against a participant in a settlement system operated under the law of another Member State, or that a restructuring of the assets of such participant has been authorised, or that a bankruptcy petition against such participant has been rejected on grounds of insufficient assets, and if that participant has its registered office or an organisational unit in the Slovak Republic, the central depository shall, without undue delay, notify this fact to the authorities of other Member States in accordance with the law of the Member State from which the notification was received, to the European Systemic Risk Board and to ESMA.

Section 107b

(1) Where the settlement system is governed by the law of the Slovak Republic, the law of the Slovak Republic shall also be the governing law for all rights and obligations of a central depository or a participant in the settlement system which occurred in connection with their participation in the settlement system, including rights of other persons to the collateral provided by the participant in the settlement system in connection with his participation in the settlement system; this applies equally in the event of bankruptcy or restructuring of the central depository or the participant in the settlement system, or the suspension of payments of the central depository or participant in the settlement system, or the suspension of bankruptcy proceedings, or the termination of bankruptcy owing to insufficient value of property of the central depository or the participant in the settlement system. This provision shall equally apply to the linked system and participants in a settlement system of a linked system where the linked system is governed, based on agreed rules, by the law of the Slovak Republic.

(2) The law of a state, in which collateral is registered, shall be the governing law of legal relationships connected with the collateral provided in a form of financial instruments or securities other than financial instruments, including collateral provided in a form of rights arising from financial instruments or securities other than financial instruments, while this collateral is

(a) provided to secure rights of:
    1. a participant in a settlement system, in relation to his participation in this settlement system, or
    2. Národná banka Slovenska, the European Central Bank, a national central bank of any other member state, and
(b) registered in favour of any person under subparagraph (a) or in favour of a third person acting on account of the person under subparagraph (a), while this collateral is duly registered in the relevant register or other similar records in the Slovak Republic or in the relevant register or other similar records in another member state.

(3) A different governing law for the legal relationships under paragraphs 1 and 2 shall be forbidden.

Section 107c
Issue agents

(1) In their relations with central depositories and members, issuers may be represented by an issue agent on a contractual basis and to the extent agreed in the contract, including in the submission of a request to establish an issuer’s register.

(2) Central depositories and members shall grant issue agents access to the same information as they grant issuer if the issuer has authorised the agent to receive such information.

(3) The activity of an issue agent may be performed by a member of a central depository, an investment firm or foreign investment firm, the Debt and Liquidity Management Agency, or another legal person specified in the operating rules.

Section 107d
Register of shareholders of a simple joint-stock company

(1) The register of shareholders of a simple joint-stock company is a register of statutorily defined information about statutorily defined persons (hereinafter 'registered persons') and about facts concerning the simple joint-stock company (the register is hereinafter the 'register of shareholders'). The information recorded in the register of shareholders (hereinafter the 'registered information'), with the exception of shareholders' personal identification numbers, shall be published.

(2) Registers of shareholders shall contain the following information:

(a) the issuer's business name, registered office address, and identification number;
(b) for each issue of the issuer's shares, the ISIN code, class, and nominal value of the shares, the number of shares in the issue, and the issue date;
(c) for each shareholder that is a legal person, its business name, registered office address, and identification number, and for each shareholder that is a sole proprietor, the person's full name if different from the business name, date of birth, personal identification number, permanent address, place of business if different from the permanent address, and identification number;
(d) for each shareholder separately, information about the ISIN code, class, nominal value and number of shares owned by the shareholder.

(3) The responsibility for keeping and updating a register of shareholders, and for publishing the registered information, lies with the central depository that keeps the issuer's register in accordance with this Act and with the Commercial Code. The central depository shall publish information from the register of shareholders on its website.

(4) The initial entry of information in a register of shareholders, and the subsequent updating of that information, shall be carried out by the central depository on the basis of information held in its own records or in records held by its members.

(5) Central depositories that keep a register of shareholders shall, upon request, issue a natural person or legal person with an updated extract from the register or a confirmation that a specific entry is not recorded in the register.

(6) Central depositories that keep a register of shareholders shall, upon request, issue a natural person or legal person with a full extract from the register of shareholders showing each change made in the register since the issuer was entered in the register, including the effective date of each change and the date when each change was made in the register.

(7) Updated extracts and full extracts from registers of shareholders shall contain information that is published. This does not apply if the recent or full extract from the register of shareholders is requested by the simple joint-stock company to which the extract pertains or by the simple joint-stock company's shareholder to whom or to which the extract pertains.

Register of the rights of shareholders of a simple joint-stock company
Section 107e

The right to participate in a transfer of shares and the right to request a transfer of shares may be registered only in respect of shares of a simple joint-stock company.

Register of share transfer participation rights
Section 107f

(1) The right to participate in a transfer of shares is established by the recording of the right in a separate register of shares to which the right applies (hereinafter a 'register of share transfer participation rights').

(2) Central depositories that keep an issuer's register shall keep a register of share transfer participation rights.

(3) For the purpose of this Act, registering a share transfer participation right means recording that right in a register of share transfer participation rights.

(4) Amendments to a share transfer participation right shall be made by registering the amendment to the right in the register of share transfer participation rights.

(5) Share transfer participation rights shall expire in accordance with the provisions of the Commercial Code.

Section 107g

(1) Registers of share transfer participation rights shall contain the following information:

(a) the issuer's business name, registered office address, and identification number;
(b) in respect of obliged and authorised persons under the share transfer participation right, information in the same scope as the information recorded in the register of shareholders, and in respect of these persons' shares to which the share transfer participation right applies, the ISIN code, class, nominal value and number of shares in the given issue, and the issue date of the issue;
(c) the period of time for which the share transfer participation right was established, or information that the right is established for an indefinite period of time;
(d) the date when the share transfer participation right was recorded in the register of share transfer participation rights.

(2) Central depositories that keep a register of share transfer participation rights shall publish on their websites the information recorded in the register with the exception of shareholders' personal identification numbers and dates of birth.

(3) A central depository that keeps a register of share transfer participation rights shall, upon request,

(a) issue a legal or natural person with an updated extract from the register containing the published information referred to in Section 107g(2) or a confirmation that no share transfer participation right is registered in respect of the issuer's shares;
(b) issue an updated extract from the register containing the information mentioned in Section 107g(1) to the simple joint-stock company to which the extract pertains and to the shareholder to whom or to which the extract pertains.

Section 107h
Registering a share transfer participation right

(1) Central depositories shall register a share transfer participation right on the basis of an order to register a share transfer participation right.

(2) An order to register a share transfer participation right may be made by
(a) an authorised person under the share transfer participation right;
(b) an obliged person under the share transfer participation right.

(3) An order to register a share transfer participation right shall contain the following information:
(a) the identifier of the central depository or member to which the order is submitted;
(b) the issuer's business name, registered office address, and identification number;
(c) in respect of obliged and authorised persons under the share transfer participation right, information in the same scope as the information recorded in the register of shareholders;
(d) in respect of the obliged and authorised persons' shares to the which the share transfer participation right applies, the ISIN code, class, nominal value and number of shares in the given issue, and the issue date of the issue;
(e) the period of time for which the share transfer participation right was established, or information that the right is established for an indefinite period of time.

(4) An order to register a share transfer participation right shall include, as an annex, a written confirmation of the content of the shareholders' agreement that established the share transfer participation right. This written confirmation shall include the elements mentioned in paragraph 3(b)(c)(d) and (e) and shall be signed by an obliged person under the share transfer participation right and by an authorised person under the share transfer participation right; their signatures shall be attested.

(5) If an order to register a share transfer participation right does not contain the information mentioned in paragraph 3, or if the annex mentioned in paragraph 4 has not been submitted, the central depository shall not record the right in the register of share transfer participation rights.

(6) An order to register a share transfer participation right shall be submitted to the central depository that maintains the owner account in which information on the owner of the shares is recorded or to the member that maintains the owner account in which information on the owner of the shares is recorded. After receiving such order, the member shall without undue delay forward the order to the central depository, and the central depository shall register the right.

(7) After recording a share transfer participation right in the register of share transfer participation rights, the central depository shall without undue delay record the registration in the account of the owner of the shares, if it maintains the owner account, or it shall without undue delay notify the registration to the member that maintains the owner account. After the member has been informed by the central depository that the share transfer participation right has been registered, it shall without undue delay record this fact in the owner account.

(8) If information concerning a share transfer participation right changes, the person to whom the information relates shall, without undue delay after the information changes, submit an order to amend accordingly the information contained in the register of share transfer participation rights. If it is not possible to determine a person to whom such change of information relates, the order to amend the registration of the right shall be submitted by an obliged person under the right. If more than one person is required to submit an order to amend the registration of the right, the fulfilment of the obligation by one of them is deemed to fulfil the obligation of all of them. If a change in a share transfer participation right concerns information contained in the written confirmation mentioned in paragraph 4, the obliged person shall add a written confirmation that the content of the shareholders' agreement has been amended. Such written confirmation shall contain the information and signatures mentioned in paragraph 4. The amending of the registration of a share transfer participation right is subject to the provisions of paragraphs 2 to 6.

(9) After a share transfer participation right expires, the central depository shall delete the right from the register of share transfer participation rights. The deletion shall be made in such a way that the central depository records in the register of share transfer participation rights the date of the right's expiry in accordance with provisions of the Commercial Code. The order to register the deletion of the share transfer participation right from the register of share transfer participation rights shall be submitted by an authorised person under the right without undue delay after the right expires. The order to register the deletion of the share transfer participation right from the register of share transfer participation rights may be submitted by an obliged person under the right only if the order is accompanied by evidence of the expiry of the right in the form of a written confirmation drawn up by an authorised person under the right or another document proving the expiry of the right.

(10) If a security has expired and has been deleted from a register referred to in Section 10(4)(a), the central depository shall delete the share transfer participation right in respect of this security from the register of share transfer participation rights irrespective of whether it has received an order to do so. In such case, the central depository shall notify the deletion to the obliged and authorised persons at the address recorded in the register of shareholders.

(11) Anyone who without authorisation submits an order to register a share transfer participation right or the expiry of such right, or who submits such order incorrectly, incompletely, or late, shall be liable for any damage arising as a result.

Section 107i
Registering a transfer of shares recorded in a register of share transfer participation rights

(1) The registration of a transfer of shares recorded in a register of share transfer participation rights is subject mutatis mutandis to the provisions of Sections 22 to 27.

(2) Where an order to register a transfer of shares recorded in a register of share transfer participation rights is submitted by the transferor who is an obliged person under the share transfer participation right, the central depository or member shall execute the order provided that the transferor submits the following along with the order:

(a) a written declaration made and signed by an authorised person under the share transfer participation right stating that the authorised person agrees with the share transfer; or

(b) a written declaration made and signed by an authorised person under the share transfer participation right confirming that a transfer to this person of shares in respect of which the share transfer participation right is registered is permitted under the terms of the shareholders' agreement;
(c) a written declaration made and signed by an obliged person under the share transfer participation right, stating that the transfer of shares to an authorised person under the right is permitted under the terms of the shareholders' agreement.

(3) If an authorised person under a share transfer participation right makes a written declaration of agreement with a transfer of shares under that right, the authorised person shall remain entitled to participate in a transfer of shares under that right.

(4) Transfers of shares recorded in a register of share transfer participation rights shall be recorded by the central depository in the register of share transfer participation rights. Where a member executes such transfer of shares, it shall notify this fact without undue delay to the central depository, and the central depository shall register this change in the register of share transfer participation rights.

(5) Anyone who without authorisation submits an order to register a share transfer request right or the expiry of such right, or who submits such order incorrectly, incompletely, or late, shall be liable for any damage arising as a result.

Register of share transfer request rights
Section 107j

(1) The right to request a transfer of shares is established by the recording of the right in a separate register of shares to which the right applies (hereinafter a 'register of share transfer request rights').

(2) Central depositories that keep an issuer's register shall keep a register of share transfer request rights.

(3) For the purpose of this Act, registering a share transfer request right means recording that right in a register of share transfer request rights.

(4) Amendments to a share transfer request right shall be made by registering the amendment to the right in the register of share transfer request rights.

(5) Share transfer request rights shall expire in accordance with the provisions of the Commercial Code.

Section 107k

(1) Registers of share transfer request rights shall contain the following information:
(a) the issuer's business name, registered office address, and identification number;
(b) in respect of obliged and authorised persons under the share transfer request right, information in the same scope as the information recorded in the register of shareholders, and in respect of these persons' shares to which the share transfer request right applies, the ISIN code, class, nominal value and number of shares in the given issue, and the issue date of the issue;

(c) the period of time for which the share transfer request right was established, or information that the right is established for an indefinite period of time;
(d) the date when share transfer request right was recorded in the register of share transfer request rights.

(2) Central depositories that keep a register of share transfer request rights shall publish on their websites the information recorded in the register with the exception of shareholders' personal identification numbers and dates of birth.

(3) A central depository that keeps a register of share transfer request rights shall, upon request,
(a) issue a legal or natural person with an updated extract from the register containing the published information referred to in Section 107k(2) or a confirmation that no share transfer request right is registered in respect of the issuer's shares;
(b) issue an updated extract from the register containing the information mentioned in Section 107k(1) to the simple joint-stock company to which the extract pertains and to the shareholder to whom or to which the extract pertains.

Section 107l
Registering a share transfer request right

(1) Central depositories shall register a share transfer request right on the basis of an order to register a share transfer request right.

(2) An order to register a share transfer request right may be made by
(a) an authorised person under the share transfer request right;
(b) an obliged person under the share transfer request right.

(3) An order to register a share transfer request right shall contain the following information:
(a) the identifier of the central depository or member to which the order is submitted;
(b) the issuer's business name, registered office address, and identification number;
(c) in respect of obliged and authorised persons under the share transfer request right, information in the same scope as the information recorded in the register of shareholders;
(d) in respect of the obliged and authorised persons' shares to the which the share transfer request right applies, the ISIN code, class, nominal value and number of shares in the given issue, and the issue date of the issue;
(e) the period of time for which the share transfer request right was established, or information that the right is established for an indefinite period of time.

(4) An order to register a share transfer request right shall include, as an annex, a written confirmation of the content of the shareholders' agreement that established the share transfer request right. This written confirmation shall include the elements mentioned in paragraph 3(b) to (e) and shall be signed by an obliged person under the share transfer request right and by an authorised person under the share transfer request right; their signatures shall be attested.

(5) If an order to register a share transfer request right does not contain the information mentioned in paragraph 3, or if the annex mentioned in paragraph 4 has not been submitted, the central depository shall not record the right in the register of share transfer request rights.

(6) An order to register a share transfer request right shall be submitted to the central depository that maintains the owner account in which information on the owner of the shares is recorded or to the member that maintains the owner account in which information on the owner of the shares is recorded. After receiving such order, the member shall without undue delay forward the order to the central depository, and the central depository shall register the right.

(7) After recording a share transfer request right in the register of share transfer request rights, the central depository shall without undue delay record the registration in the account of the owner of the shares, if it maintains the owner account, or it shall without undue delay notify the registration to the member that maintains the owner account. After the member has been informed by the central depository that the share transfer request right has been registered, it shall without undue delay record this fact in the owner account.

(8) If information concerning a share transfer request right changes, the person to whom the information relates shall, without undue delay after the information changes, submit an order to amend accordingly the information contained in the register of share transfer request rights. If it is not possible to determine a person to whom such change of information relates, the order to amend the registration of the right shall be submitted by an obliged person under the right. If more than one person is required to submit an order to amend the registration of the right, the fulfilment of the obligation by one of them is deemed to fulfil the obligation of all of them. If a change in a share transfer request right concerns information contained in the written confirmation mentioned in paragraph 4, the obliged person shall add a written confirmation that the content of the shareholders' agreement has been amended. Such written confirmation shall contain the information and signatures mentioned in paragraph 4. The amending of the registration of a share transfer request right is subject to the provisions of paragraphs 2 to 6.

(9) After a share transfer request right expires, the central depository shall delete the right from the register of share transfer request rights. The deletion shall be made in such a way that the central depository records in the register of share transfer request rights the date of the right's expiry in accordance with provisions of the Commercial Code. The order to register the deletion of the share transfer request right from the register of share transfer request rights shall be submitted by an authorised person under the right without undue delay after the right expires. The order to register the deletion of the share transfer request right from the register of share transfer request rights may be submitted by an obliged person under the right only if the order is accompanied by evidence of the expiry of the right in the form of a written confirmation drawn up by an authorised person under the right or another document.

(10) If a security has expired and has been deleted from a register referred to in Section 10(4)(a), the central depository shall delete the share transfer request right in respect of this security from the register of share transfer request rights irrespective of whether it has received an order to do so. In such case, the central depository shall notify the deletion to the obliged and authorised persons at the address recorded in the register of shareholders.

(11) Anyone who without authorisation submits an order to register a share transfer request right or the expiry of such right, or who submits such order incorrectly, incompletely, or late, shall be liable for any damage arising as a result.

Section 107m
Registering a transfer of shares recorded in a register of share transfer request rights

(1) The registration of a transfer of shares recorded in a register of share transfer request rights is subject mutatis mutandis to the provisions of Sections 22 to 27.

(2) An order to register a transfer of shares recorded in a register of share transfer request rights may be submitted by an authorised person on behalf of the obliged person who is the transferor; the central depository or member shall execute the order provided that the authorised person submits, along with the order, a notarisation pursuant to other legislation.[90b]

(3) Transfers of shares recorded in a register of share transfer request rights shall be recorded by the central depository in the register of share transfer request rights. Where a member executes such transfer of shares, it shall notify this fact without undue delay to the central depository, and the central depository shall register this change in the register of share transfer request rights.

(4) Anyone who without authorisation submits an order to register a share transfer request right or the expiry of such right, or who submits such order incorrectly, incompletely, or late, shall be liable for any damage arising as a result.

Section 107n
Common provisions on shares of simple joint-stock companies, registers of shareholders, and registers of the rights of shareholders of simple joint-stock companies

(1) Central depositories may hold information on the shares issued by a simple joint-stock company only in an owner account or in a member's client account.

(2) Registered information is effective vis-à-vis third parties as of when it is published. This does not apply where a registered person demonstrates that a third party was already aware of the information. For a period of up to 15 days after the information is published however, the registered person may not rely on the information as being effective vis-à-vis third parties if third parties demonstrate that they could not have been aware of the information.

(3) If there is any discrepancy between registered and published information, the published information may not be invoked against third parties. Third parties may rely on the published information if the registered person fails to demonstrate that third parties were aware of the registered information.

(4) Third parties may always refer to information that has not yet been recorded in the register of shareholders except for information that will not be effective until it is recorded in the register of shareholders.

(5) If there is any discrepancy between information published in the Slovak Republic about a foreign legal person and information published about that foreign legal person in the country in which it is established, the information published in the Slovak Republic about that entity may be relied on.

Section 108
Changes in the records of central depositories and members

(1) Central depositories shall correct or complete their records on the basis of an objection which is made by the holder of an owner account, a member, a stock exchange, or an issuer and which the central depository recognises as justified, or on the basis of a final court judgement. Central depositories shall also correct or complete a member's records on the basis of an objection which is made by an issuer and which the central depository recognises as justified, and they shall notify the member of this fact without undue delay. A correction shall be made as at the date when the erroneous information was entered in the records, and a completion as at the date when the records became incomplete.

(2) Members shall correct or complete their records on the basis of an objection which is made by the holder of an owner account, a stock exchange, or the central depository and which the member recognises as justified, or on the basis of a final court judgement. A correction shall be made as at the date when the erroneous information was entered in the records, and a completion as at the date when the records became incomplete.

(3) Central depositories and members may proceed according to paragraph 1 on their own initiative if they find an error or omission in their records. Central depositories and members shall document all such errors and omissions that they find.

(4) After correcting or completing its records, a central depository shall without undue delay send all persons in whose owner account, member's client account, holder account or issuer's register it carried out the correction or completion a statement of their owner account or register together with an explanation. This is without prejudice to the provision of Section 105(7).

(5) After correcting or completing its records, a member shall send without undue delay send all persons in whose owner account it carried out the corrections or completion a statement of their owner account together with an explanation.

(6) The liability for any damage caused as a result of incorrectly or incompletely or belatedly given orders lies with the person who gave the order.

(7) In respect of persons whose accounts they keep, central depositories and members are liable for any damage caused to these persons by the incorrect or late registration of an order.

(8) In respect of issuers whose issuer's registers they keep, central depositories are liable for any damage cause to these issuers by the incorrect or late registration of an order.

Section 109
Data protection

(1) Unless provided otherwise by Section 110, central depositories, members, and investment firms shall protect information about owners of securities and owners of registered paper shares, information about securities recorded in an owner account, holder account, or client account, and information recorded in a register of pledges or in another separate register related to securities collateral or the to the suspension of the right of use.

(2) Except for information disclosed to meet the reporting obligation pursuant to Sections 105, 107 and 108, central depositories, investment firm and members shall disclose information only if required by this Act or by other legislation, or only to persons who can document to the central depository, investment firm, or member that the person to whom the information pertains commissioned them to acquire this information.

Section 110

(1) Central depositories, members, and investment firms shall disclose protected information as defined in Section 109(1) to the following:

(a) a court;
(b) law enforcement authorities for the purposes of criminal prosecution;[92]
(c) Národná banka Slovenska for the purposes of the supervision, transaction execution, and fulfilment of its other tasks in accordance with separate legal provisions;[93]
(d) the criminal police service and the financial police service of the Police Force for the purposes of performing their duties established by another act;[94]
(e) tax authorities for the purposes of tax proceedings[95], or customs authorities for the purposes of customs proceedings involving a client of the central depository or of a member;
(f) the Ministry in the implementation of control under other legislation;[96]
(g) the Ministry or other ministries for the purposes of management and control of provision of the European Union funds and the state budget funds for funding of joint programs of the Slovak Republic and European Union and in protection of financial interests of the European Union for the purposes of carrying out the tasks under other legislation;[96a]
(h) a state administration authority for the purposes of executing a decision under another act;[97]
(i) the assignee where a claim is transferred under Section 110a;
(j) National Security Authority, Police Force, Slovak Intelligence Service, Military Intelligence for the purpose of performance of security vetting procedures within their fields of the competence under the separate legal provision.[97a]
(k) Slovak Intelligence Service and Military Intelligence for the purpose of fulfilment of their tasks under the separate legal provisions[97b] in fighting the organised crime and terrorism;
(l) the Resolution Council for the purposes of exercising its functions pursuant this Act or other legislation;[47i]
(m) the managing and audit authorities in relation to the control or audit of financial instruments;[97ba]
(n) the competent authority of the Slovak Republic under other legislation[97bb] in relation to fulfilment of the notification requirement;
(o) the National Security Authority for the purpose of ensuring that the Judicial Council of the Slovak Republic has documents required for decisions on compliance with judicial competence requirements.[97a]

(2) For the purposes mentioned in paragraph 1, for the purposes according to the third sentence of Section 105(7), in Section 107(6) and for the purposes according to Section 110b(1), a central depository may obtain necessary information from a member's records held in an owner account. Where details of securities are recorded in a holder account opened in accordance with Section 105a or in the records kept by an investment firm in accordance with Section 71h(2), the information required for the purposes mentioned in paragraph 1 shall be provided by the member for whom the holder account was opened or by the investment firm which records information in accordance with Section 71h(2).

(3) Central depositories, members and investment firms shall provide a report pursuant to paragraph 1 only on the basis of a written request by an authorised person, which contains details allowing the identification of the requested information. An electronic format may be used for the written requests of authorised persons and for the disclosure of information; the operating rules of the central depository shall include detailed requirements and procedure for the use of such formats for the requests of authorised persons and disclosure of information. Authorised persons may use supplied information only for the purposes indicated in their requests.

(4) For providing information pursuant to paragraph 1(a), the central depository or a member are entitled to a reimbursement of expenses.

(5) The provisions of paragraph 1 shall not operate to invalidate the obligation to prevent or notify the perpetration of a crime under a different law.

(6) Providing data from the records of the central depository to a member or another legal person whose scope of business comprises the provision of document printing, enveloping, sorting and distributing services or similar services, authorised by the central depository to prepare, process and hand over statements from the owner account or other documents which the central depository is required to prepare, process or hand over to the account holder in performing its activities, does not represent an omission of liability according to Section 109(1). The member or the authorised legal person whose scope of business comprises the provision of document printing, enveloping, sorting and distributing services or similar services, may use the data provided only for the purpose of performing the activities for which he/she is authorised by the central depository and it shall protect the data provided to the same extent as the central depository.

(7) Publication of data relating to the issue of book-entry securities which is kept by the central depository in the issuer's register shall not constitute a violation of the obligation under Section 109(1), insofar as it is within the extent of data under Section 107(4)(b) and (c), with the exception of the personal identification number of a natural person. The central depository may publish the business name or name, identification number and registered office of an issuer for which it keeps the list of owners of registered paper shares.

Section 110a

(1) Central depositories may assign its claim to another person (hereinafter the 'assignee'), based on a written contract, even without the client's consent. The central depository may not apply this right if, prior to the assignment of the claim, the client pays the central depository the full liability, including interest and fees. When assigning a claim, the central depository shall also submit to the assignee the documentation on the contractual relationship on which basis the claim arose.

(2) For the purposes set out in paragraph 1, the central depository may provide the assignee with information on other contractual relation between the central depository and the client and may do so only under the conditions laid down by this Act.

(3) Where the client of a central depository has for a continuous period of longer than 14 days been in arrears in the payment of any part of its monetary liability to the central depository, the central depository may refuse to provide its services to the client for so long as

the client does not meet its monetary liability or any outstanding part thereof, provided that the liability arises from a contract concluded between the central depository and the client.

Section 110b

(1) At the request of a legal person under other legislation,[90ab] central depositories shall send information about the possibility of a securities transfer under other legislation[97c] to natural persons under the third sentence of Section 105(7); the content of such information shall be determined by a legal person under other legislation.[90ab] Central depositories may authorise a member to send information pursuant to the previous sentence.

(2) Costs incurred by central depositories or members for activities performed under paragraph 1 shall be reimbursed by a legal person under other legislation.[90ab]

Section 111
Disclosure obligation of central depositories

(1) Central depositories shall without undue delay publish on their websites:

(a) information on issued, changed, or cancelled issues of securities admitted to a stock exchange, broken down into -
   1. business name, registered office and identification number of issuer, if the issuer is a legal person, or name and personal identification number, if the issuer is a natural person;
   2. class of security;
   3. ISIN code;
   4. date of issue, change, or cancellation of the issue;
   5. type, form, nominal value, and number of shares in an issue;

(b) information on the beginning or end of a suspension of the right of use in an entire issue of securities admitted to stock exchange listing pursuant to Section 28 broken down by:
   1. business name, registered office and identification number of issuer, if the issuer is a legal person, or name and personal identification number, if the issuer is a natural person,
   2. class of security;
   3. ISIN code;
   4. date of the beginning or end of a suspension of the right of use in the securities.

(2) Central depositories shall provide the information specified in paragraph 1 to the stock exchange, to Národná banka Slovenska, and to its members no later than before the beginning of the next trading day.

(3) Repealed as from 1 May 2007.

(4) Repealed as from 1 May 2007.

DIVISION SEVEN

PROTECTION OF THE FINANCIAL MARKET

Section 112

(1) An issuer may not, while fulfilling its duties under this Act and while promoting an issue of its securities, use untrue or misleading information, or withhold information important for decisions concerning the acquisition securities, above all to offer benefits the fulfilment of which it cannot guarantee, or which are not in line with the law, or to provide incorrect information about its economic situation. An issuer is liable for damage it causes by a breach of these duties. This does not preclude the provisions of the Commercial Code on unfair trading practices.

(2) A member of a statutory body or a supervisory body of an issuer of listed securities admitted to trading on the stock exchange has the obligation, within seven days of the effective date of a decision of a general meeting on its appointment to these bodies, to announce to Národná banka Slovenska, the stock exchange, and the issuer information about its equity interests and positions on bodies in other companies. A member of a statutory body or a supervisory body of an issuer also has the obligation to notify any change in this information within seven days from its making.

(3) A member of a statutory body or a supervisory body of an issuer of listed securities admitted to trading on the stock exchange (hereinafter 'listed shares') shall, in addition to information specified in paragraph 2, notify to Národná banka Slovenska, the stock exchange, and the issuer of any change in its interest in the issuer's share capital within three workdays from its occurrence.

(4) The stock exchange shall, without undue delay, publish the information referred to in paragraph 3.

Section 113
Repealed as from 1 May 2007

Section 114
Takeover bid

(1) Unless provided otherwise by this Act, 'takeover bid' means a public offer to conclude a contract under other legislation[99] for the purchase of all or part of the shares of the offeree company or the exchange of all or part of these shares for other securities stipulated by a shareholder of that company, which is made either on a mandatory basis under this Act or on voluntary basis and which follows or has as its objective the acquisition of control of the offeree company; for the purpose of a takeover bid, 'shares' means shares, interim certificates and another transferable securities which carry voting rights and are admitted to trading on a regulated market in the Slovak Republic or in another Member State.

(2) 'Offeree company' means a company the shares of which are the subject of a takeover bid. For the purposes of this Act, 'control' means a holding of at least 33% of the voting rights attached to the shares of a single offeree company. For the calculation of control, the procedure shall be the same as that used to calculate the percentage of voting rights attached

to the shares of an issuer of securities admitted to trading on a regulated market for the purposes of meeting the reporting obligation.

(3) A legal or natural person which decides or becomes obliged to make a takeover bid (hereinafter the 'offeror'), persons acting in concert with the offeror, members of their bodies, if legal persons, the offeree company, members of the offeree company's bodies and shareholders shall, during the preparation and course of the takeover bid, act in relation to the takeover bid so as not to adversely affect the securities market, especially not through market manipulation as defined in Section 131a, and shall adopt measures to prevent the premature dissemination of information, the dissemination of false information, as well as the misuse of inside information in connection with the takeover bid.

(4) An offeror may announce a takeover bid under Section 115(1) only after ensuring that he can meet in full any cash consideration if such is offered; if the offeror intends to offer another type of consideration, he may announce a takeover bid only after taking all measures to ensure the implementation of that consideration.

(5) A takeover bid under this Act may be made only on a regulated market.

(6) For the purposes of this Act, 'persons acting in concert' means natural or legal persons who cooperate with the offeror or the offeree company on the basis of an agreement, either express or tacit, either oral or written, aimed either at acquiring control of the offeree company or at frustrating the successful outcome of a takeover. Persons controlled by another person under Section 8(h) shall be deemed to be acting in concert with the other person or with each other.

(7) An offeree company shall not be hindered in the conduct of its affairs for longer than is reasonable by the takeover bid; this is without prejudice to the provision of Section 118g.

Section 115
Announcement of a takeover bid

(1) Where an offeror has decided or become obliged to make a takeover bid, it shall without undue delay announce this fact in writing to the management board of the offeree company and to Národná banka Slovenska. In the case of a mandatory bid, the offeror shall state in the announcement the date and reason that the obligation arose, and with the announcement addressed to Národná banka Slovenska it shall enclose an application for the appointment of an expert or for an expert opinion in accordance with Section 118g(7) and (8). An offeror shall publish the takeover bid announcement in a daily newspaper circulated throughout, or widely circulated in the Slovak Republic and in those Member States on the regulated markets of which the shares of the offeree company were admitted to trading; if the takeover bid announcement is published in more than one periodical, the bid shall be deemed disclosed as at the date of the first publication.

(2) The following shall happen without undue delay after submission of the announcement under paragraph 1:

(a) the management board of the offeree company shall disclose the contents of the announcement to the supervisory board of the offeree company;

(b) the management board of the offeree company and the relevant bodies of the offeror, if a legal person, shall disclose the contents of the announcement to the employees' representatives of the offeree company, and in the absence of employees' representatives at the offeree company, directly to the employees.

(3) Members of the management board or supervisory board of the offeree company shall keep confidential any information acquired from the offeror in relation to the takeover bid until disclosure of the bid. This confidentiality obligation applies also to employees' representatives, employees and shareholders of the offeree company who have acquired information in relation to the takeover bid.

Section 116
Takeover bid document

(1) Within ten working days after disclosure of the announcement under Section 115(1), the offeror shall submit the written document of the takeover bid to Národná banka Slovenska together with documentary proof of the bid's disclosure; if it has been necessary to disclose the bid in more than one Member State, the start of the period for submitting the takeover bid document shall be extended to the date of the latest disclosure. In the case of a takeover bid for which Národná banka Slovenska has appointed an expert, the period of ten working days shall begin from when the expert's opinion is given.

(2) A takeover bid document shall state:

(a) the business name or name, registered office and legal form of the offeror, if a legal person, or the name, address and date of birth of the offeror, if a natural person; where the offeror is acting in his own name but on the account of another person, there shall also be stated this person's business name or name and registered office, if a legal person, or name, address and date of birth, if a natural person;
(b) the business name and registered office of the offeree company;
(c) the business name and registered office of the investment firm or foreign investment firm which acquires securities of the offeree company in respect of the takeover bid and which ensures whatever steps are required for its implementation.
(d) the validity period of the takeover bid, which may not be shorter than 30 days and longer than 70 days unless otherwise provided by this Act; this period shall begin from the disclosure date of the takeover bid;
(e) the number, class, type, form nominal value and ISIN code of the shares to which the takeover bid relates;
(f) the number, class, type, form and nominal value of any voting shares of the offeree company included in the assets of the offeror or persons acting in concert with the offeror, including information on the time of their acquisition and the acquisition price and whether shares of the offeree company have been sold by these persons within the past 12 months;
(g) the number of shares which the offeror undertakes to acquire, including whether the offer relates to all of the shares of the offeree company or to only a designated part thereof (hereinafter a 'partial takeover bid');
(h) whether the offeror conditions his undertaking to acquire the shares on the acquisition of a minimum number thereof; in that case, the offeror shall state also the period within which he will notify those persons who have accepted the offer that this condition has or has not been met;

(i) the consideration offered for the shares of the offeree company; where an offer is made to purchase the shares of an offeree company, there shall be stated the price offered per share of the same class and type; where an offer is made to exchange the shares of the offeree company for other securities, there shall be stated the number, class, type, form and nominal value of these securities and their ratio of exchange to the shares of the offeree company; the price or exchange ratio of fungible securities shall be set equally for all persons to whom the takeover bid is addressed;
(j) the method used to set the purchase price or exchange ratio under subparagraph (i), including a statement on whether the method takes into account the revenues of the offeree company and the value of its business assets, including intangible property, and whether the value of these assets and revenues of the offeree company have been calculated proportionally for each share of the offeree company according to its relative percentage of the capital of the offeree company;
(k) information on the sources and means used by the offeror to finance obligations arising from the takeover bid and whether the offeror expects to incur any debt in regard to the fulfilment of these obligations;
(l) the way in which the takeover bid may be accepted, including the procedure and method for concluding a purchase contract for the shares or a contract to exchange the shares for securities, and the method, terms and procedure regarding the payment of the purchase price or implementation of the exchange of securities;
(m) the rules for withdrawing acceptance of a takeover bid or for withdrawing from a purchase contract for the shares or from a contract to exchange the shares for other securities, concluded following acceptance of the bid in accordance with Section 118c;
(n) the aims and objectives of the offeror in regard to the offeree company; there shall in all cases be stated those aims and objectives concerning the future use of its assets, the continuation of its business activities, restructuring of the offeree company and companies under its control, changes in its statutory body and supervisory board, amendments to its articles of association, and any changes in the number of employees, conditions of employment and participation of employees in the profits and management;
(o) compensation offered for the removal of rights under Section 118h where the offeree company is subject to a regime involving the removal of rights, including the method used to set the amount of the compensation and the method, conditions and procedure of its payment;
(p) the name and address of natural persons acting in concert with the offeror or with the offeree company and the business name or name, registered office and legal form of legal persons acting in concert therewith; in the case of legal persons, there shall also be stated their relationship with the offeror or with the offeree company;
(q) which country's law will apply to the purchase contract for shares or a contract on the exchange of shares for securities concluded in respect of the takeover bid between the offeror and shareholders of the offeree company, and which courts will be competent to decide on any disputes arising under the bid;
(r) other data and facts which could affect how shareholders of the offeree company decide on the takeover bid.

(3) A partial takeover bid may be made only if the offeror simultaneously undertakes that, where acceptances of the bid represent more than a certain number of the shares of the offeree company, it will pay, proportionally and in accordance with Section 118b(3), all persons who accepted the bid; in this case, the takeover bid document shall also state how and by when the offeror will notify such persons of the proportional payment and the amount thereof.

(4) The terms and conditions of the takeover bid shall be the same for all holders of fungible shares in the offeree company.

(5) Information stated in the takeover bid document shall be complete, true and drawn up with professional care, shall not be of a deceptive or misleading nature, and shall, in sufficiently good time, provide shareholders of the offeree company with the full facts on which to base their decision on the takeover bid. Liability for the correctness of the information contained in the takeover bid document shall attach to the offeror.

(6) Prior to approval of a takeover bid document by Národná banka Slovenska, the offeror shall not disclose the contents thereof.

Section 117
Processing a takeover bid document

(1) Národná banka Slovenska shall reject a takeover bid document which is contrary to this Act within ten working days after receiving it. Within five working days after delivery of a takeover bid document, Národná banka Slovenska may require the offeror to supplement or correct the information contained therein. Národná banka Slovenska may also require the offeror to prove certain facts related to the takeover bid document, in particular the source and adequacy of funds allocated for the fulfilment of obligations arising from the bid, and where consideration is offered as an exchange of securities for the acquired shares, the offeror's authorisation to use the securities offered as consideration. Where Národná banka Slovenska requires an offeror to supplement or correct information or to prove certain facts, it shall set the offeror a deadline for resubmitting the takeover bid document which shall not be longer than 15 working days. Following the resubmission of a takeover bid document, Národná banka Slovenska shall decide on it within a new period of five working days.

(2) A takeover bid document shall be rejected by Národná banka Slovenska if it is not supplemented or corrected in accordance with paragraph 1 or it is resubmitted after the deadline for resubmission.

(3) A takeover bid document which complies with this act shall be approved by Národná banka Slovenska within the period stipulated in paragraph 1.

(4) No appeal may be made against a decision of Národná banka Slovenska under paragraph 1 that requires an offeror to supplement or correct information or to prove certain facts, or against a decision of Národná banka Slovenska under paragraph 2.

(5) The processing of a takeover bid document may be discontinued in accordance with another act.[20]

(6) The rejection of a takeover bid document shall not terminate the obligation mentioned in Section 118g and Section 119 in regard to Section 170(3), where the offeree company has not decided to withdraw the decision from which this obligation arose.

Section 118

(1) A takeover bid approved by Národná banka Slovenska shall be delivered without undue delay to the offeree company and disclosed in accordance with Section 115(1). A takeover bid approved by Národná banka Slovenska shall take effect upon its disclosure.

(2) Following the disclosure of an approved takeover bid, the management board of the offeree company and the competent body of the offeror, if a legal person, shall without undue delay communicate the contents of the bid to the employees' representatives of the offeree company or, in the absence of such representatives, directly to the employees.

(3) Following the disclosure of a takeover bid, the offeror shall disclose at least once a week his percentage of the voting rights in the offeree company and information on the progress of the takeover bid, in particular the number and the nominal value of shares the acquisition of which has been accepted under the takeover bid.

(4) When the validity period of the takeover bid has passed, the offeror shall disclose the outcome of the bid.

Section 118a
Withdrawal or revision of a takeover bid

(1) Unless otherwise provided by this Act, a takeover bid may be withdrawn only if this is expressly provided for in the bid document, the conditions laid down by this Act are met, and the grounds for withdrawal arose independent of the will of the offeror or persons acting in concert with him. A takeover bid may not be withdrawn if it has been accepted by any person in the manner stipulated in the bid document.

(2) A takeover bid may be revised, even repeatedly, only if this is expressly provided for in the bid document, the conditions laid down by this Act are met, and the grounds for revision arose independent of the will of the offeror or persons acting in concert with him; this shall not apply to changes that involve increasing the price or exchange ratio, or improving other conditions of the takeover bid. A revision of the takeover bid shall not diminish the conditions under which the bid was originally made. A revision of the takeover bid may not be carried out later than five working days prior to the end of the bid's validity period. Following the disclosure that a takeover bid has been revised, the validity period of the bid shall run for at least five trading days of the regulated market's organiser.

(3) The withdrawal or revision of a takeover bid is subject to the approval of Národná banka Slovenska. The process of withdrawing or revising a takeover bid is subject mutatis mutandis to Section 117. Národná banka Slovenska may also prohibit the withdrawal or revision of a takeover bid where the bid could adversely affect the offeree company's activities, burden the offeree company for an unreasonably long time, or adversely affect the securities market.

(4) The withdrawal or revision of a takeover bid, including information concerning the approval thereof, shall be disclosed by the offeror without undue delay in accordance with Section 115(1). The withdrawal or revision of a takeover bid shall take effect upon its disclosure.

(5) The revision of a takeover bid which improves the bid's original conditions applies also to those shareholders of the offeree company who accepted the bid prior to the disclosure of the revision; they may, however, until the end of the bid's validity period extended under paragraph 2, retract their acceptance of the original takeover bid and withdraw from the contract concluded on the basis of that acceptance.

(6) If between the disclosure of a takeover and the end of its validity period, the offeror or a person acting in concert with an offeror acquires any shares of the offeree company for a consideration greater than that offered under the approved bid, the offeror shall raise the offered consideration so that it is not lower than the highest consideration provided for the acquisition of the offeree company's shares.

(7) The period during which consideration is offered under a takeover bid may not be longer than the period usual on the regulated market on which the bid is made, but not more than 60 days from when the contract took effect.

Section 118b
Outcome of a takeover bid

(1) If, in a partial takeover bid, the stipulated number of shares has been exceeded, the concluded contract shall be deemed to be amended to take account of the number of shares concerned. Persons who accepted the bid shall be paid a proportionate amount according to the total number of shares to which the accepted bid applies. The offeror shall notify such persons of the proportionate payment and the amount thereof. The offeror shall fulfil this disclosure obligation in cooperation with the organiser of the regulated market.

(2) If a takeover bid is conditioned on the acquisition of a stipulated minimum number of shares, the offeror shall inform the persons who have accepted the bid of whether this condition has or has not been met.

(3) Notification of the amount of the proportionate payment under paragraph 1 and of the fulfilment or non-fulfilment of the condition under paragraph 2 shall be given by the offeror in the manner and within the period stipulated in the takeover bid, but no later than one month after the bid's validity period, or else the concluding of the contract shall be deemed disclosed or the condition fulfilled.

(4) If the offeror under a partial takeover bid fails to notify the persons who accepted it of the amount of the proportional payment within the period laid down in paragraph 3, the contract shall be deemed concluded in the full extent of the acceptances of the bid; the limit on the number of shares which the offeror set himself shall not be taken into account.

(5) An offeror may not disclose before the end of the validity period of the takeover bid that a contract has been concluded.

(6) After the disclosure obligation towards persons who accepted the takeover bid has been met or after the period under paragraph 3 has elapsed, the offeror shall without undue delay issue a summary notice on the outcome of takeover bid and shall forward it to the offeree company.

Section 118c
Withdrawal from the contract

(1) A person who has accepted a takeover bid may withdraw from the contract concluded on the basis of that acceptance only until the end of the validity period of the takeover, unless otherwise stipulated by the organiser of the regulated market. A withdrawal from the contract shall be presented in writing.

(2) A person who has accepted a partial takeover bid may withdraw from the contract concluded on the basis of that acceptance within ten days after delivery of the notification of the proportional payment and the amount thereof.

Section 118d
Obligations of an offeree company's bodies

(1) Members of an offeree company's management board, supervisory board or executive bodies may not, between the disclosure of the takeover bid under Section 115 and the disclosure of its outcome, adopt any measures or perform any acts, except to discuss more favourable conditions or call for competing bids, which could prevent shareholders of the offeree company from making an informed and free decision on the takeover bid; this shall not apply where such measures or acts are approved during the validity period of the takeover bid by the general meeting of shareholders of the offeree company. The resolution of the general meeting of shareholders shall be adopted and executed in accordance with other legislation.[100]

(2) The procedure under paragraph 1 shall be applied also for measures and acts decided on prior to the start of the period mentioned in paragraph 1 which have not yet been implemented; it shall not apply where they are part of the going concern of the offeree company and their implementation cannot hinder the takeover bid.

(3) Bodies of the offeree company or persons mentioned in paragraph 1 which have decision-making authority may not in particular:
(a) decide to increase the share capital;
(b) decide to issue bonds carrying a prior right to subscribe shares of the offeree company, or bonds which may be exchanged for shares of the offeree company;
(c) decide to purchase own shares;
(d) commit the company to a performance without reasonable consideration;
(e) perform legal acts which result in a substantial change in the property relations of the offeree company.

(4) Within five working days after receiving a takeover bid, members of the management board of the offeree company in cooperation with members of its supervisory board, except for those making a competing bid, shall issue a joint response to the takeover bid in which they shall give their opinion on:
(a) whether the takeover bid is in the interests of shareholders, employees and creditors of the offeree company, along with the reasons on which this standpoint is based;
(b) the impact of a takeover bid on the interests of the company and the interests of its shareholders, creditors and, in particular, employees;
(c) the strategic plans of the offeror for the offeree company and their expected impact on employment in the company and on placing the output of its business activities.

(5) The response shall also include:

(a) any differences of opinion among its drafters;

(b) notice of any legal or factual flaws in the takeover bid;

(c) information about any conflict of interest between the drafters of the response and the interests of the offeree company or its shareholders, including whether any members of the management board are shareholders of the offeree company.

(6) The drafters of the response shall disclose its contents to the employees' representatives of the offeree company or, in the absence of employees' representatives, directly to the employees. They shall at the same time stipulate an adequate period for giving an opinion on the response, which shall not be shorter than three working days. If submitted to the drafters of the response within this period, the opinion of the employees of the offeree company on the employment consequences of the takeover bid, expressed either through their representatives or directly, shall be attached to the response to the takeover bid.

(7) Within two days after the response to takeover bid has been drafted, the management board shall send it to the offeror and disclose it in accordance with Section 115(1); if the response to the takeover bid is supplemented under paragraph 6, this period shall begin from the date of its supplementation. The management board of the offeree company shall also ensure that, until the end of the validity period of the takeover bid, shareholders, employees and employees' representatives of the offeree company will be able to view the response to the bid at the company's registered office. At the request and expense of a shareholder of the offeree company, the management board shall have the response to the takeover bid delivered to an address given by this shareholder, unless otherwise provided by the articles of association.

Section 118e
Competing takeover bid

(1) A competing takeover bid means a takeover bid made during the validity period of another takeover bid for the shares of the same offeree company by another offeror. A competing bid is subject mutatis mutandis to the provisions of this Act regarding a takeover bid, unless otherwise provided by this Act.

(2) A person acting in concert with an offeror may not launch a competing bid during the period from the disclosure of the takeover bid to the end of its validity period.

(3) An offeree company shall treat all competing offerors on an equal basis.

(4) After receiving a competing takeover bid, the management board of the offeree company shall notify this fact without undue delay to the offeror of the original takeover bid.

(5) A competing takeover bid shall be disclosed at least five working days before the end of the validity period of the original takeover bid, and its validity period shall be the same length as that of the original takeover bid, but not less than ten working days.

(6) If the validity period of a competing takeover bid would end later than the validity period of the original takeover bid, its validity period shall be extended so that it ends on the same day as that of the original takeover bid, but not by more than 30 days.

(7) The offeror of an original takeover bid may withdraw the bid no later than five working days before the end of its validity period; the offeror shall send notification of this fact, including the reasons for withdrawing the takeover bid, to Národná banka Slovenska, and shall disclose it. The provision of Section 118a on withdrawing a takeover bid shall not apply to the withdrawal of an original bid. The withdrawal of an original bid shall take effect upon the date that the withdrawal is disclosed. Where an original takeover bid is withdrawn, the offeror shall notify this fact to all persons who, so far as he is aware, accepted the bid prior to its withdrawal and shall at the same time inform them of the possibility of accepting a competing takeover bid. The organiser of the regulated market shall provide the offeror with cooperation.

(8) If the offeror fails to disclose the withdrawal of the takeover within the period mentioned in paragraph 7, the bid shall be deemed to stand.

(9) Shareholders of an offeree company who have accepted the original takeover bid may, until the end of the validity period of the original bid, withdraw their acceptance of the original bid and withdraw from the contract based thereon without incurring any sanctions.

Section 118f
Cooperation within the European Union and the European Economic Area

(1) The takeover bid document approved in accordance with this Act applies in each Member State in which the shares of the offeree company are admitted to trading on a regulated market. No further approval shall be required from the supervisory authority of that Member State.

(2) An offeror shall submit the takeover bid document in the language required by the law of the respective Member State under paragraph 1 and shall supplement the takeover bid document in accordance with the requirements of the supervisory authority of the respective Member State under paragraph 1.

(3) Where a takeover bid document vis-à-vis an offeree company or a company whose shares are traded on regulated market in the Slovak Republic has been approved by another Member State's supervisory authority, and provided that such approval was required under the law of that Member State, the takeover bid document is also valid in the Slovak Republic without requiring the additional approval of Národná banka Slovenska. Documents and materials related to the takeover bid shall be translated into the state language and, together with that translation, submitted to Národná banka Slovenska. Národná banka Slovenska may require supplementation of the takeover bid only if the requested information concerns the formal terms that shall be completed in relation to the acceptance of a takeover bid, the offering of consideration in regard to acceptance of the takeover bid within the bid's validity period, and the tax regime applicable to the consideration offered to the shareholders.

Section 118g
Mandatory takeover bid

(1) A natural person or legal person who himself or with persons acting in concert with him acquires a percentage of shares of an offeree company that give him control of that

company shall be required to make a bid for all the shares of the offeree company (hereinafter a ’mandatory takeover bid’).

(2) The obligation under paragraph 1 shall not apply to:

(a) a natural person or legal person who acquired control of the offeree company as a result of a takeover bid made in accordance with this Act and provided that this bid was not partial or conditioned under Section 116(2)(h);
(b) the legal successor of a shareholder of the offeree company who assumes all the shareholder’s rights and obligations, provided that this shareholder has met the obligation under paragraph 1 or that this succession does not increase this shareholder’s percentage of the voting rights in the offeree company;
(c) a natural person or legal person who acquires shares of the offeree company through the purchase of another enterprise, or part thereof, under the procedure laid down by another act,[21] provided that in so doing it has not increased its percentage of the voting rights in the offeree company;
(d) a natural person or legal person acting in concert with another natural person or legal person, provided that its total percentage of the voting rights in the offeree company, together with the persons acting in concert, remains unchanged and the only change is to the internal structure of that share.

(3) Where control of an offeree company has been acquired or exceeded by persons acting in concert and this gives rise to the obligation under paragraph 1, all the persons acting in concert are subject to this obligation; the obligation shall be fulfilled when a takeover bid is made by any of them. Under contracts concluded within the takeover bid, the persons acting in concert shall be obligated jointly and severally. Acting in concert under paragraph 1 shall be deemed to mean where persons who are, or by the acquisition of shares become, shareholders of the offeree company act together in accordance with Section 114(6).

(4) The consideration under a mandatory takeover bid may be offered in cash, securities or a combination thereof. If the offeror offers any part of the consideration in securities, he shall offer also a cash consideration as an alternative.

(5) The consideration under a mandatory takeover bid shall be fair in regard to the value of the shares of the offeree company; the fairness of the consideration shall be corroborated by an expert opinion given in accordance with other legislation.[101] Where a mandatory takeover bid precedes the exercise of the right of squeeze-out under Section 118i, the expert shall set the general value of the company as a whole by means of both the asset method[101] and business method,[101] where the appropriate consideration set by the expert opinion shall be treated as the higher general value of the company from those determined by the asset method or business method, broken down proportionally into individual shares of the offeree company by their relative share in the share capital.

(6) Consideration shall be deemed fair where it is not lower than the highest consideration which the offeror or a person acting in concert with the offeror has provided for the shares of the offeree company within the period of 12 months before the takeover bid became mandatory, and at the same time it is not lower than the consideration stipulated by the expert opinion, nor lower than the net value per share of the business assets, including the value of intangible assets, of the offeree company, according to the most recent financial statements audited before the takeover bid became mandatory. In the case of listed shares, adequate

consideration also cannot be lower than the average price of these shares quoted on the stock exchange over the period of 12 months before the takeover bid became mandatory.

(7) The selection of an expert to determine the amount of consideration shall be made by Národná banka Slovenska on the basis of a list maintained in accordance with other legislation.[102] The appointed expert may be legal person registered in the expert field of economics and business administration, in the area of corporate valuation and assessment. The expert opinion on the amount of consideration shall determine the general value of the company as a whole, including intangible assets assigned in cash.

(8) For the purposes of setting the amount of consideration, it is permitted to use an expert opinion drafted before the takeover bid became mandatory, provided that the period between its drafting and when the takeover bid became mandatory was not more than six months and that Národná banka Slovenska has not prohibited the use thereof.

(9) Before the disclosure of a mandatory takeover bid, a person under paragraph 1 may not exercise voting rights in the offeree company in excess of the percentage conferring control thereof.

(10) A mandatory takeover bid is subject mutatis mutandis to the provisions of this Act on takeover bids, unless otherwise provided by this Act.

(11) A person who fulfils the obligation under paragraph 1 may not make a partial takeover bid or a conditioned takeover bid under Section 116(2)(h).

(12) The document of a mandatory takeover bid shall state in addition to the particulars mentioned in Section 116(2), the date when the takeover bid became mandatory, the reasons for making this offer, and a description of the methods used to set the amount of consideration. Along with the mandatory bid document, the offeror shall submit to Národná banka Slovenska documents proving the amount of consideration which the offeror and persons acting in concert with him offered during the 12 months before it became obligatory to disclose the mandatory takeover bid.

(13) A mandatory takeover bid may not be withdrawn.

Section 118h
Removal of certain rights

(1) The general meeting of shareholders of an offeree company may decide that the company will apply paragraphs 4 to 6. This decision may not be withdrawn from when the announcement is disclosed under Section 116(1) until the end of the validity period of the takeover bid.

(2) A decision of the general meeting of shareholders under paragraph 1 or a revocation of that decision shall be taken and executed in accordance with other legislation.[100]

(3) The decision of the general meeting of shareholders under paragraph 1 shall be disclosed and notified without undue delay by the management board of the offeree company to Národná banka Slovenska and the supervisory bodies of all the Member States in which the

shares of the offeree company are admitted to trading on a regulated market or in which a request has been submitted to have these shares admitted to trading on a regulated market.

(4) On the basis of the decision under paragraph 1, any restrictions on the transfer of securities provided for in the articles of association of an offeree company, or in contractual arrangements between the offeree company and its shareholders or between shareholders of the offeree company, shall not apply vis-à-vis the offeror from when the takeover bid is disclosed until the end of its validity period.

(5) On the basis of a decision under paragraph 1, the setting of the number of voting rights as provided for in the articles of association of the offeree company, or in contractual arrangements between the offeree company and its shareholders or between shareholders of the offeree company, shall not have effect at the general meeting of shareholders which decides on any measures or acts in accordance with Section 118d.

(6) Where, following disclosure of the outcome of a takeover bid or possibly after the disclosure of the proportionate payment under a partial takeover bid, the offeror holds 75% or more of the capital carrying voting rights in the offeree company, none of the following shall, on the basis of a decision under paragraph 1, apply at the general meeting of shareholders convened by the offeror for the purpose of amending the articles of association or electing or removing members of the company's bodies after disclosure of the outcome of the bid or the end of the statutory period for disclosing the proportionate payment under the partial bid:
(a) restrictions on the transfer of shares under paragraph 4:
(b) restrictions on voting rights under paragraph 5;
(c) extraordinary rights of shareholders concerning the appointment or removal of members of the bodies of the offeree company.

(7) The removal of voting rights under paragraphs 5 and 6 shall not apply where the removal of voting rights is compensated for by pecuniary advantages.

(8) Persons whose rights are removed under paragraphs 1 to 6 shall be entitled to equitable compensation. This compensation shall be determined according to the type of right concerned.

(9) Contracts concluded on the basis of acceptances of a takeover bid shall not be invalidated if the compensation is inequitable. The recipient may, however, sue for payment of the difference between the compensation stated in the takeover bid and equitable compensation. If, in that case, the court upholds the right of the plaintiff to payment of the difference, the ruling applies equally to the other persons who have accepted the bid.

Section 118i
The right of squeeze-out

(1) An offeror who has made a takeover bid which was neither partial nor conditioned under Section 116(2)(h) may require all the holders of the remaining shares of the offeree company to transfer those shares to him for a fair consideration (hereinafter 'right of squeeze-out'), provided that he owns shares whose total nominal value represents not less than 95% of the capital carrying voting rights and not less than 95% of the voting rights in the offeree company; under the same conditions, an offeror may also exercise the right of squeeze-out

against legal successors of the remaining shareholders of the offeree company. An offeror may exercise the right of squeeze-out no later than three months after the end of the time allowed for acceptance of the bid referred to in the first sentence; otherwise the right expires.

(2) When calculating the percentage of voting rights under paragraph 1, the procedure shall be the same as that used to calculate, for the purposes of meeting the reporting requirement, the percentage of voting rights attached to the shares of an issuer whose securities are admitted to trading on a regulated stock exchange.

(3) An offeror who has decided to exercise the right of squeeze-out shall without undue delay announce this decision, and the circumstance in which the right arose, to Národná banka Slovenska and the offeree company, and shall publish it in the manner specified in Section 115(1).

(4) A squeeze-out of the remaining shareholders of an offeree company is subject to the prior approval of Národná banka Slovenska; the same applies to exercise of the right of squeeze-out against legal successors of such shareholders. Národná banka Slovenska shall grant this prior approval to the offeror only if the conditions for the exercise of the right of squeeze-out are met. The application procedure for the prior approval of a squeeze-out is subject mutatis mutandis to the provisions of Section 117. The offeror shall annex to the application the terms under which the right of squeeze-out will be exercised against the shareholders of the offeree company (hereinafter the 'squeeze-out terms'), the opinion of the offeree company's management board and supervisory board on the proposed squeeze-out, a document confirming payment of the monies referred to in paragraph 12 together with any other documents that Národná banka Slovenska deems necessary for the granting of prior approval, and an expert opinion if required under paragraph 10. The squeeze-out terms annexed to the application shall include in particular the information specified in paragraph 7 (b) to (d).

(5) The offeror may require the management board of the offeree company to call a general meeting of shareholders in order to adopt a decision on the transfer to the offeree of the shares of all the remaining shareholders. The offeror shall annex to the request to call a shareholders' general meeting the decision of Národná banka Slovenska granting prior approval pursuant to paragraph 4, an offer of consideration that may not be lower than the consideration determined in accordance with paragraph 10, and a document confirming payment of the monies to be provided as consideration to the remaining shareholders pursuant to paragraph 12. The offeree company's management board shall call a shareholders' general meeting no later than 30 days after receiving the offeror's request to do so. Invitations to the shareholders' general meeting shall include, in addition to the elements specified in the Civil Code, the following:

(a) information on the amount of consideration to the extent specified in Section 116(2)(i), including the reasons for this amount of consideration;
(b) the management board's opinion on the adequacy of the consideration offered;
(c) information on the prior approval for the squeeze-out granted by Národná banka Slovenska pursuant to paragraph 4.

(6) For a shareholders' general meeting to approve the transfer of the shares of all remaining shareholders to the offeror, its decision to do so must be supported by shareholders holding at least 95% of the voting rights of all the offeree company's shareholders. The minutes of the shareholders' general meeting shall be notarised. No later than 30 days after the

shareholders' general meeting has adopted the decision pursuant to the first sentence, the management board of the offeree company shall file an application for the registration of the decision in the Commercial Register. That application shall also include the decision of Národná banka Slovenska to grant prior approval for the squeeze-out in accordance with paragraph 12. Where a shareholders' general meeting approves the transfer to the offeror of the shares of all remaining shareholders, the right of squeeze-out is deemed to be exercised.

(7) No later than ten days after the end of the shareholders' general meeting, the offeror shall send all the remaining shareholders and secured creditors a notification of the decision of the general meeting approving the transfer to the offeror of the shares of all the remaining shareholders. For this purpose, the central depository shall provide the offeror, at the offeror's written request, a list of the owners of the securities of the offeree company and secured creditors of the offeree company; the provision of Section 107(10) applies mutatis mutandis. In the case of an offer to exchange the shares of the offeree company for other securities, such list shall also include information about the exchange of shares for other securities, including the relevant exchange ratio. The notification referred to in the first sentence shall include in particular the following:

(a) the full text of the decision adopted by the shareholders' general meeting of the offeree company;
(b) information on the amount of consideration to the extent specified in Section 116(2)(i), including the reasons for this amount of consideration;
(c) details of when and how the consideration is to be paid;
(d) the time period and procedure for transferring the securities;
(e) information on prior approval for the squeeze-out granted by Národná banka Slovenska pursuant to paragraph 4;
(f) information on how remaining shareholders may raise objections to the amount of consideration offered.

(8) When 30 days have elapsed since the decision of the shareholders' general meeting referred to in paragraph was registered in the Commercial Register, the shares of the remaining shareholders of the offeree company shall transfer to the offeror. The transfer of ownership under the first sentence is a legal fact as referred to in Section 18(1); as at the date of the transfer, on the basis of a transfer registration order submitted by the offeree company to the central depository that maintains the issuer's register, the transfer shall be registered in the statutory register of securities referred to in Section 18. The documents submitted together with a transfer registration order based on the right of squeeze-out shall include the decision of the shareholders' general meeting referred to in paragraph 6, the prior approval for the squeeze-out granted by Národná banka Slovenska pursuant to paragraph 4, and a copy of the offeree company's entry in the Commercial Register following the registration of the decision of the shareholders' general meeting in accordance with paragraph 6.

(9) The consideration when exercising the right of squeeze-out may be in the form of cash, securities or a combination thereof. If the offeror offers the consideration or part of the consideration in the form of securities, he shall also, as an alternative, offer cash consideration in the full amount of what constitutes appropriate consideration.

(10) The consideration offered shall be fair in regard to the value of the shares of the offeree company. Where a mandatory takeover bid precedes the right of squeeze-out, consideration shall be deemed fair where it is not lower than the consideration in that bid. If the mandatory takeover bid on a voluntary basis is launched before the right of squeeze-out is

exercised, the consideration offered in this bid shall be deemed fair where the offeror has, through this bid, acquired shares carrying at least 90% of the voting rights in that part of the offeree company's share capital which was subject to the takeover bid; if, through this bid, the offeror has not acquired shares carrying at least 90% of the voting rights in that part of the offeree company's share capital which was subject to the takeover bid, the amount of consideration shall be determined in accordance with Section 118g(5) to (7), while the expert opinion may not be more than three months older than the disclosure of the announcement under paragraph 3.

(11) No later than three days after the shares held in the offeree company by the remaining minority shareholders have been transferred to the offeror pursuant to paragraph 8, the payment of the consideration shall be made in accordance with paragraph 13 by an entity authorised by the offeror, and the authorised person shall perform this task at the expense of the offeror. The authorised entity shall be one of the following:

(a) a bank;
(b) an investment firm;
(c) a central depository;
(d) a foreign entity authorised to perform trading activities in the territory of the Slovak Republic as an entity referred to in subparagraph (a), (b) or (c).

(12) Prior to the submission to Národná banka Slovenska of an application for prior approval of a squeeze-out in accordance with paragraph 4, the offeror will provide the authorised person with funds in the amount necessary to pay the consideration in full. The authorised person may not use these funds other than for the payment of consideration to the remaining shareholders of the offeree company. The funds so provided may not be subject to the enforcement of a decision under other legislation,[100aa] nor, if a bankruptcy order is made against the authorised person under other legislation,[21] may they be treated as part of the bankruptcy estate of that person, nor may they be used by the authorised person to pay or secure the payment of costs incurred by the authorised person or by the offeror in relation to the exercise of the right of squeeze-out, nor may they be used by the authorised person to satisfy claims of third parties arising under other legislation.[100ab] The authorised person is competent and required to, on behalf of the offeror, publish in the Commercial Bulletin an announcement of the payment of consideration for the shares transferred under the right of squeeze-out from the remaining minority shareholders to the offeror as the majority shareholder; this announcement shall include the business name, registered office address and identification number of the offeree company whose shares have been transferred to the majority shareholder under the right of squeeze-out, the identification data of the majority shareholder — which if a legal person shall comprise its business name, registered office address and identification number, and if a natural person, the person's full name, date of birth and place of residence[100ac] — the date on which the shares were transferred to the majority shareholder, the amount of consideration offered per share, and the due date for the payment of the consideration of the shares in the offeree company that have been transferred under the right of squeeze-out from the remaining minority shareholders to the offeror as the majority shareholder.

(13) The authorised person shall pay consideration to shareholders who held shares in the offeree company at the moment when the title to the shares transferred to the offeror in accordance with the first sentence of paragraph 8. If, however, it is demonstrated that the shares are subject to a pledge at the time when the consideration is paid, the authorised person shall pay the consideration to the secured creditor in the full amount of the claim secured by that pledge; this does apply where the remaining shareholder concerned demonstrates that the

pledge agreement stipulates an alternative resolution. If payment of the consideration becomes past due, the shareholders whose shares were transferred to the offeror may claim past due interest in an amount in accordance with the Civil Code or other legislation.[74] The authorised person shall promptly and demonstrably notify the offeree company and offeror of the payment of the consideration to all the persons entitled.

(14) For the purpose of the exercise of the right of squeeze-out on shares of the offeree company, the management board of the company shall provide the offeror with all appropriate cooperation.

(15) If a court has been petitioned to annul the decision of the shareholders' general meeting on the transfer of shares referred to in paragraph 6, the offeror may not dispose of, or use as collateral, shares acquired through the exercise of the right of squeeze-out; any such act is null and void. The right to petition a court to annul the decision of the shareholders' general meeting to approve the transfer of shares in the offeree company under the right of squeeze-out from the remaining minority shareholders to the offeror as the majority shareholder, on the grounds that it is contrary to law, to the company's memorandum of association or articles of association, or to accepted principles of morality lies with each of the offeree company's shareholders, management board members and supervisory board members, as well as anyone whose interest in the decision is worthy of legal protection; the right to lodge such petition expires if a person entitled to exercise it does not exercise it within three months after date on which such person learned or could have learned of the decision of the shareholders' general meeting on the transfer of shares adopted pursuant to paragraph 6, but no later than one year after the adoption of that decision, such expiry being without prejudice to the right of shareholders whose shares have been transferred to the offeror to receive a supplementary payment based on a court ruling referred to in paragraph 17. Such petitions are subject to Section 131(1) of the Civil Code unless this paragraph provides otherwise.

(16) Shareholders whose shares have been transferred to the offeror may object to the offeror that the consideration offered is unfair and may also claim supplementary consideration from the offeror. The right to claim supplementary consideration expires if none of the persons entitled to exercise it exercises it within three months after the due date for the payment of the consideration as stated in the announcement referred to in paragraph 12; if the offeror has not responded to an objection that the consideration is unfair within one month after receiving the objection, or if the offeror disagrees with paying the supplementary consideration requested by shareholders whose shares have been transferred to the offeror and are requesting the supplementary consideration, these shareholders may, within the limitation period starting from published due date for the payment of the consideration, petition a court rule on the amount of supplementary consideration. Where shareholders whose shares have been transferred to the offeror petition for a judicial review of the fairness of the consideration offered, such petition shall be without prejudice to the validity of the decision of the shareholders' general meeting to approve the exercise of the right of the right of squeeze-out. In the judicial proceedings, it is incumbent on those who exercised the right of squeeze-out pursuant to paragraph 6 to demonstrate the fairness of the consideration.

(17) Where a court issues a final and enforceable decision to uphold the petition referred to in paragraph 15 or to recognise the right to supplementary consideration, that decision is binding on the offeror in relation to all shareholders whose shares have been transferred to the offeror; where the court has recognised the right to supplementary consideration, the offeror shall pay that consideration to all persons entitled to receive it whose shares in the offeree

company have been transferred under the right of squeeze-out to offeror as the majority shareholder, and the offeror shall make that payment within the time limit stipulated in the court ruling. For shareholders whose shares have been transferred to the offeror and who have not exercised the right to claim supplementary consideration pursuant to paragraph 16, the limitation period for exercising the right to payment of the supplementary consideration unpaid by the offeror begins as from the date on which the court's ruling to recognise the right to supplementary consideration is published in accordance with paragraph 18. If a person entitled to receive supplementary consideration does not exercise that right within the period stipulated by the court ruling, the offeror shall place in notarial custody the funds designated for the supplementary consideration payable to that person and shall notify this fact in writing to all persons entitled to receive supplementary consideration. Expenses related to such placement of funds in notarial custody shall be met by the offeror and may not be met from funds designated for the payment of supplementary consideration.

(18) The offeree company shall, by a method stipulated by its shareholders' general meeting, publish the court ruling recognising the right to supplementary consideration, the amount of the supplementary consideration, and the time limit for the payment of the supplementary consideration; the offeree shall in the same way publish the court's ruling on the petition referred to in paragraph 15.

(19) The provision of paragraph 17 applies mutatis mutandis also where the offeror has concluded an agreement on the payment of supplementary consideration with at least one of the shareholders whose shares have been transferred to the offeror.

Section 118j
The right of sell-out

(1) If the circumstances mentioned in Section 118i(1) arise, a holder of remaining shares in the offeree company may require the offeror to acquire his shares from him for a fair consideration.

(2) The right under paragraph 1 may be exercised by the shareholder no later than three months after the validity period of the takeover bid, or else it shall expire. The shareholder shall exercise this right by sending a contract proposal for the purchase of his shares. The contract proposal shall state in particular:
(a) the required fair consideration in cash or securities;
(b) the period for acceptance of the contract proposal;
(c) the period and procedure for the transfer of the securities.

(3) An obliged person under paragraph 1 shall accept the contract proposal within the period stated therein, or else within a period of ten working days from the date of its receipt. If the obliged person fails to accept the proposal within this period, the entitled person may petition a court to issue an order in substitution for acceptance of the proposal. This right shall be exercised within three months after the period mentioned in the first sentence, or else it shall expire.

(4) An obliged person under paragraph 1 may, without undue delay after receiving the contract proposal, seek judicial review of whether the consideration offered is fair. This right shall expire if not exercised within one month after receipt of the contract proposal. If the

amount of the consideration was not set by an expert opinion, it shall be incumbent on the entitled person to prove that the consideration offered is fair.

(5) The provisions of Section 118i apply mutatis mutandis.

Section 118k
Enabling provision

By a decree to be issued by Národná banka Slovenska and promulgated in the Collection of Laws, there may be stipulated further details of the takeover bid document and the conditions under which the takeover bid is made.

Section 118l

(1) The provisions of this Act concerning takeover bids shall not apply to securities issued by central banks of Member States or to securities issued by foreign open-end investment companies in accordance with other legislation.[102a]

(2) For the purposes of assessing whether investment companies are open-end collective investment undertakings, measures adopted by such companies in order to ensure that the price of their securities does not differ significantly from the value of their net assets shall be deemed equivalent to the redemption of securities from the assets of these entities.

(3) The provisions of this Act concerning takeover bids shall not apply to firms which are subject to resolution measures in a financial market pursuant to this Act or other legislation.[47i]

Section 118m
Applicable law

(1) Matters concerning the provision of information to the employees of an offeree company and matters concerning company law, especially in regard to setting the percentage of voting rights that gives control of an offeree company, exemptions from the obligation to make a takeover bid, as well as conditions regarding the fulfilment of which the offeree company's bodies take measures that could lead to the frustration of the takeover bid, are governed by the law of the Member State in which the offeree company has its registered office. Supervision in these matters shall be exercised by the competent supervisory authority of that Member State.

(2) Other issues concerning a takeover bid, particularly in regard to consideration, the processing of a bid and especially the announcement of the offeror's decision to make a bid, the offeror becoming obliged to make a bid, particulars of a bid, and the disclosure of a bid, are governed by the law of the Member State of the competent supervisory authority.

(3) The calculation of the percentage of voting rights that gives control of an offeree company, and the method of such calculation in the case of an issuer whose registered office is in another Member State, is subject to legal provisions of the Member State in which the respective issuer has its registered office.

Section 119

(1) If a general meeting of an issuer of listed shares decides that the shares issued by the issuer shall no longer be listed, the issuer shall be required to publish a mandatory takeover bid to buy all listed shares from those shareholders who, at the general meeting concerned, have not voted for the decision to remove the shares from the listed ones, or have not attended the general meeting. The mandatory takeover bid shall indicate the general meeting's decision to delist the shares as the reason for the publication of the mandatory takeover bid.

(2) The decision of a general meeting to delist the shares issued by the issuer shall be recorded in form of a notarial deed. Such notarial deed from the general meeting shall name the shareholders who have voted for the decision to delist the shares of the company.

(3) The obligation pursuant to paragraph 1 shall be deemed fulfilled if the mandatory takeover bid to buy all listed shares from shareholders who did not vote at the general meeting to delist the shares is made for the issuer by a person other than the issuer.

(4) The management board of the company shall, without undue delay after the decision pursuant to paragraph 1 is taken by the general meeting, notify the decision to Národná banka Slovenska and to a stock exchange trading the shares concerned. The notification shall be accompanied by a copy of the notarial deed recording the decision of the general meeting pursuant to paragraph 1, and the text of the mandatory takeover bid.

(5) The stock exchange shall cease to trade the shares on the market with listed securities within five days from receiving the issuer's notice that it has discharged its obligations under the mandatory takeover bid.

(6) A mandatory takeover bid made in accordance with paragraph 1 and Section 170(3) may precede the exercise of the right of squeeze-out under Section 118i only if the offeror is a person mentioned in paragraph 3 and if the bid was not a partial takeover bid or a conditioned takeover bid in the meaning of Section 116(2)(h).

Offer of securities to the public

Section 120
The prospectus

(1) Národná banka Slovenska is the competent authority for the exercise of powers with respect to prospectuses.[16aba]

(2) The obligation to publish a prospectus[102ab] applies to public offers of securities where the aggregate value of the given offer in the European Union, calculated over a period of 12 months exceeds EUR 1,000,000.

(3) Responsibility for the information given in a prospectus lies with the issuer, the offeror of securities, the person asking for admission to trading on a regulated market, or the person guaranteeing the redemption of the securities or the yields thereon.

(4) If any information presented in the prospectus is incorrect or untrue, the person responsible for the information in the prospectus bears civil liability only for damage resulting from the incorrect or untrue information.

(5) Persons responsible for the summary of a prospectus, including any translation thereof, do not bear civil liability on the basis of the summary unless the summary contains information that is misleading, inaccurate or inconsistent when read together with the other parts of the prospectus, or the summary does not provide, when read together with the other parts of the prospectus, key information enabling investors to take informed decisions about whether to invest in such securities.

(6) The persons mentioned in paragraph 3 do not bear civil liability for the information stated in a registration document or in a universal registration document unless the registration document or the universal registration document is used as part of an approved prospectus; this is without prejudice to the provisions of other legislation,[102ae] where information specified in that regulation is included in the universal registration document.

(7) Národná banka Slovenska may ban or suspend for ten working days the publication of an announcement, advertisement, poster, or other similar document if it finds that such publication or further publication would be contrary to provisions laid down in this Act or in other legislation.[103a]

Sections 121 to 125h
Repealed as from 21 July 2019

Heading and Sections 126 to 130
Repealed as from 22 July 2013

Section 131

(1) If an annual or mid-year report is to be published in the Slovak Republic and in another Member State, Národná banka Slovenska shall co-ordinate its activity with a competent authority of that Member State so as to enable an issuer of listed shares to publish, as far as possible, a uniform text of its annual or mid-year report in the Slovak Republic and the country concerned.

(2) Národná banka Slovenska shall coordinate its activity with a competent authority of the relevant Member State in order to enable an issuer of listed shares to publish a uniform text of its annual or mid-year report as required by the law of a country where its shares have been first admitted for trading on a market with listed securities.

Sections 131a to 132n
Repealed as from 1 July 2016

Section 132o
Rating agencies

(1) The competent authority for exercising powers of the national supervisory authority in respect of rating agencies in accordance with other legislation[107ca] is Národná banka Slovenska.

(2) In exercising powers pursuant to paragraph 1, Národná banka Slovenska shall cooperate with competent authorities of Member States in the scope specified in other legislation.[107ca]

(3) Repealed as from 10 June 2013.

(4) Repealed as from 10 June 2013.

Section 132p
Central counterparties and counterparties for OTC derivatives

(1) The competent authority for exercising powers in respect of central counterparties in accordance with other legislation[107cb] is Národná banka Slovenska.

(2) Financial counterparties and non-financial counterparties for OTC derivatives, central counterparties, entities asking for an authorisation as a central counterparty under other legislation,[107cb] or for its modification, or entities with qualifying holdings or those who have taken a decision to acquire a qualifying holding in a central counterparty, shall submit to Národná banka Slovenska any data requested that are necessary for the proper performance of duties of the competent authority under other legislation.[107cb]

(3) Unless otherwise provided by other legislation,[107cb] proceedings for and decisions on granting and withdrawing an authorisation as a central counterparty and approving persons with qualifying holdings in a central counterparty are governed by another act.[20]

Section 132r
Certain rules for short selling and credit default swaps

(1) The competent authority for exercising powers in respect of rules for short selling and credit default swaps in accordance with other legislation[107cc] is Národná banka Slovenska.

(2) Entities holding net short positions or entering into credit default swap transactions shall submit to Národná banka Slovenska any data requested that are necessary for a proper performance of duties of the competent authority in accordance with other legislation.[107cc]

Section 133s

Indices used as benchmarks in financial instruments and financial contracts

The competent authority for exercising powers in respect of indices used as benchmarks in financial instruments and financial contracts or to measure the performance of investment funds in accordance with other legislation[107cd] is Národná banka Slovenska.

Section 133
Conflict of interests

(1) Employees of a central depository may not, at the same time, be employees of, or have a similar work relationship with, an investment firm, bank, stock exchange, asset management company, insurance undertaking, an issuer of securities, or another central depository.

(2) Members of the Government of the Slovak Republic, heads of central state administration authorities who are not members of the Government of the Slovak Republic, deputies of the National Council of the Slovak Republic, and employees of central state administration authorities of the Slovak Republic, Národná banka Slovenska, the Office of the President of the Slovak Republic, the Office of the National Council of the Slovak Republic, the Supreme Audit Office of the Slovak Republic, the Constitutional Court of the Slovak Republic, the Supreme Court of the Slovak Republic, the Office of the Attorney General of the Slovak Republic, the Slovak Information Service, and the Centre of Coupon Privatisation of the Slovak Republic may not be a member of the management board, the supervisory board, or an employee of an investment firm or a central depository. The foregoing does not apply to employees of a central state administration authorities who are delegated to these bodies by their employer.

(3) Repealed as from 1 July 2015.

Section 134
Confidentiality obligation

(1) Members of the statutory and supervisory bodies, employees, authorised representatives, liquidators, insolvency practitioners, and other persons involved in the activities of an investment firm, foreign investment firm, central depository, or a stock exchange, shall keep confidential any facts they learn due to their position or in the discharge of their duties, which is material for the development of the financial market or concerns the interests of its individual participants.

(2) The confidentiality obligation pursuant to paragraph 1 shall survive the termination of employment or a similar work relationship.

(3) The confidentiality obligation pursuant to paragraph 1 shall not be deemed violated, if information is disclosed to:

(a) persons authorised to exercise supervision for the purposes supervision;[20]
(b) a court;[91]
(c) law enforcement authorities for the purposes of criminal prosecution;[92]
(d) Národná banka Slovenska for the purposes of the bank supervision which it exercises;[93]
(e) the criminal police service and the financial police service of the Police Forces for the purposes of performing their duties established by another act;[94]
(f) tax authorities for the purposes of tax proceedings;[95]
(g) the Office for Personal Data protection;[107d]
(h) the Slovak Intelligence Service in regard to the performance of its duties under other legislation;[107e]
(i) Military Intelligence for the performance of tasks stipulated by other legislation;[107f]
(j) the competent authority of the Slovak Republic under other legislation[97bb] in relation to the fulfilment of the notification requirement;

(k) the National Security Authority for the purposes of security vetting and of ensuring that the Judicial Council of the Slovak Republic has documents required for decisions on compliance with judicial competence requirements, in accordance with other legislation.[97a]

(4) The provisions of paragraphs 1 to 3 shall not operate to invalidate the obligation to prevent or notify the perpetration of a crime under a different law.

DIVISION EIGHT

SUPERVISION

Section 135
Scope of supervision

(1) Supervision in the meaning of this Act shall be exercised over the activities of central depositories, a person discharging managerial responsibilities within an issuer and any person closely associated with him, investment firms and foreign investment firms, data reporting services providers, the Fund, rating agencies, take-over bidders, offerors of securities, persons asking for admission to trading on a regulated market; supervision is executed also over other entities with a position, deals or other activities relating to the investment firms, branches of foreign investment firms, mediator of investment services or central depository and in the scope stipulated by this law also the work of the securities issuer, person with controlling responsibility at the issuer and a person related to this person, the work of the announcer of the public offer of securities, work of a person applying for acceptance for trading on a regulated market and the work of other persons to whom this act and other legislation[107g] impose liabilities are subject to this supervision. Supervision shall also be exercised over consolidated groups and sub-consolidated groups (Section 138) including investment firms or central depositories, over financial conglomerates pursuant to Section 143j, over entities subject to obligations and prohibitions concerning inside information, short selling, credit default swaps, OTC derivatives, central counterparties, market manipulation or the production and dissemination of investment recommendations, over mixed financial holding companies, and over financial holding companies which are subject to obligations laid down in this Act. This provision shall not apply to activities performed by Národná banka Slovenska pursuant to other legislation.[108]

(2) The subject of supervision by Národná banka Slovenska over the supervised entities listed in paragraph 1 is the finding and assessing of information and documents about facts that relate to the supervised entities and their work; doing that, Národná banka Slovenska, within this supervision, finds and assesses also information and documents about the compliance with permits and other decisions issued according to this law and separate law,[20] about compliance with the provisions of this law and compliance with other legislation of general application,[110e] pertaining to supervised entities or their activities including legally binding acts of the European Union pertaining to investment services, investment activities, supporting services, financial mediation or another activity of supervised entities listed in paragraph 1 as well information and documents about risks and sufficient coverage of risks to which supervised entities listed in paragraph 1 are or may be exposed or that endanger the interests or may lead to endangering of interests of clients of supervised entities listed in paragraph 1.

(3) Supervision pursuant to paragraph 1 shall be exercised by Národná banka Slovenska.

(4) Investment firms, foreign investment firms, and central depositories shall allow persons authorised to exercise supervision to attend general meetings of the investment firm or the central depository, meetings of the supervisory board of the investment firm or the central depository, meetings of the management board of the investment firm or central depository, and meetings of the management of a branch of a foreign investment firm.

(5) The supplementary supervision of financial conglomerates (hereinafter 'supplementary supervision') shall not replace supervision on a consolidated basis, supervision of individual entities within a consolidated group or sub-consolidated group, or supervision of individual entities within a financial conglomerate, and nor shall it replace the supervision of individual investment firms and branches of foreign investment firms pursuant to this Act, nor supervision in accordance with other legislation.[15]

(6) Supervision on a consolidated basis and supplementary supervision do not require Národná banka Slovenska to exercise supervision over individual entities within a consolidated group, sub-consolidated group or financial conglomerate which are not subject to supervision by Národná banka Slovenska.

(7) In exercising supervision over an investment firm, Národná banka Slovenska shall in particular examine and evaluate its management organisation, division of responsibilities, adopted strategy, systems and procedures introduced within the performance of authorised activities, information flows, and the risks to which the investment firm is or could be exposed; in doing so, it shall verify the adequacy of the investment firm's own funds of financing (hereinafter 'own funds'). Národná banka Slovenska shall at least once a year carry out an examination and evaluation appropriate to the nature and scope of the activities performed. On the basis of exercised supervision, Národná banka Slovenska shall assess whether the management organisation of the investment firm, the adopted strategy, the systems and procedures introduced within the performance of authorised activities, and the own funds correspond to the prudential management of the investment firm, and it shall also assess the adequacy of risk coverage with own funds. Based on this assessment, Národná banka Slovenska shall inform the investment firm whether its own funds are adequate to cover risks; where the investment firm's own funds are not adequate to cover risks, Národná banka Slovenska shall specify the amount of own funds necessary to cover risks in its notification. If on the basis of an examination under the first sentence Národná banka Slovenska finds that the investment firm and the branch of a foreign investment firm may pose systemic risk, Národná banka Slovenska shall forthwith inform the EBA about the results of such examination.

(8) Národná banka Slovenska may on the basis of findings arising from the examination under paragraph 7 increase the number and frequency of on-site inspections, require submission of additional reports, more frequent examination of strategic plans or business plans or conduct thematic inspections.

(9) Every year Národná banka Slovenska shall prepare a plan of on-site inspections and a plan of off-site inspections. These plans of inspections shall in particular include information on

(a) exercising supervision,
(b) identification of entities which will be subject to enhanced supervision,
(c) the plan of inspections under other legislation.[110f]

(10) When preparing the plan of inspections under paragraph 9, Národná banka Slovenska shall take into account in particular

(a) results of stress testing of investment firms,
(b) information and findings of the competent supervisory authority of another Member State where a branch of an investment firm conducts its activities,
(c) systemic risk,
(d) those investment firms in the case of which Národná banka Slovenska considers it necessary.

(11) The investment firm shall comply with the conditions under which it was granted prior approval under other legislation[110g] throughout the validity period of prior approval. Národná banka Slovenska shall at least every three calendar years review the fulfilment of conditions under which prior approval under other legislation[110g] was granted, especially with regard to new types of transactions.

(12) If the investment firm exceeds several values of multipliers[110h] or it fails to comply with the conditions required for granting prior approval under other legislation,[110i] Národná banka Slovenska may withdraw prior approval granted to the investment firm or impose measures which are necessary to improve this approach. Apart from measures under Section 144 these measures may also include submission of a recovery plan in accordance with the conditions under which prior approval was granted, together with a deadline for its submission and implementation. If the investment firm fails to submit and implement the recovery plan within the given deadline, the prior approval under other legislation[110i] shall be withdrawn.

(13) If the investment firm fails to comply with the conditions under which prior approval under other legislation[110g] was granted, Národná banka Slovenska may withdraw prior approval granted to the investment firm or impose measures which are necessary to improve internal approaches under other legislation.[110g] Apart from measures under Section 144 these measures may also include submission of a recovery plan in accordance with the conditions under which prior approval was granted, together with a deadline for its submission and implementation. If the investment firm fails to submit and implement the recovery plan by a set deadline in accordance with the conditions under which the prior approval was granted, Národná banka Slovenska shall withdraw the firm's prior approval granted under the separate regulation[110g] or restrict it only to that part which is in accordance with the requirements for the internal procedure under the separate regulation.[110g] If the said non-compliance with the conditions under which prior approval under other legislation[110g] was granted to the investment firm could lead to disproportionate own funds, Národná banka Slovenska may require the investment firm to demonstrate compliance with the own funds requirements under other legislation.[110j]

(14) A decision by a competent consolidating supervisor of another Member State made in agreement with Národná banka Slovenska shall be binding also for the entities subject to consolidating supervision of Národná banka Slovenska to which it is addressed.

Section 135a

(1) Národná banka Slovenska is required to cooperate with Member States' competent authorities responsible for the supervision of the financial market,[110ja] to exchange information with them for the purpose of exercising supervision, and to cooperate with them in regard to

investigations into insider dealing or market manipulation[110ja] and for the purposes of exercising supervision over investment firms and the market in financial instruments in accordance with other legislation.[60b]

(2) Where the competent authority of a Member State requests Národná banka Slovenska to provide information for the purposes mentioned in paragraph 1, Národná banka Slovenska shall meet such request without undue delay. If Národná banka Slovenska is not able to supply the required information, it shall notify the requesting authority of this fact without undue delay.

(3) Národná banka Slovenska may refuse information provision under paragraph 1, supervision under paragraph 5 or consultation under Section 58 where:
(a) judicial proceedings have already been initiated in the Slovak Republic in respect of the same actions and against the same entities to which the request for information relates; or
(b) in the Slovak Republic, a final judgement has already been delivered in relation to such entities for the same actions to which the request for information relates.

(4) Where Národná banka Slovenska has been advised by the competent authority of a Member State or ESMA that acts are being, or have been, carried out in the territory of the Slovak Republic which are contrary to the provisions of this Act, laws of the European Union governing the operation of investment firms and the market in financial instruments or a legal provision of the European Union on insider dealing and market manipulation, or that acts are affecting financial instruments traded on a regulated market situated in another Member State, Národná banka Slovenska shall exercise supervision in this regard. Národná banka Slovenska shall notify the competent authority and ESMA by which it was advised of the significant interim measures that Národná banka Slovenska has taken in regard to verifying the advice and of the outcome of the proceedings.

(5) Where the competent authority of a Member State requests Národná banka Slovenska to carry out an on-site inspection in the territory of the Slovak Republic, Národná banka Slovenska shall comply with this request. Members of the competent authority's personnel may participate in the inspection, provided that the competent authority has requested such participation. Národná banka Slovenska may refuse such requests on the grounds mentioned in paragraph 3. In that case, Národná banka Slovenska shall notify the requesting competent authority accordingly, providing it with information on the proceedings or judgement mentioned in paragraph 3(b) or (c).

(6) Národná banka Slovenska may request that the competent authority of a Member State provide it with information for the purposes mentioned in paragraph 1.

(7) Where Národná banka Slovenska has reason to suspect that acts are being, or have been, carried out in the territory of another Member State which are contrary to the provisions of a legal provision of the European Union governing investment firms and the market in financial instruments, on insider dealing and market manipulation, or that acts are affecting financial instruments traded on a regulated market situated in the Slovak Republic, Národná banka Slovenska shall give notice of this fact to the competent authority of the Member State and ESMA.

(8) Národná banka Slovenska may request that the competent authority of a Member State carry out an on-site inspection in the territory of the Member State and that members of Národná banka Slovenska's personnel be allowed to participate in this inspection.

(9) Národná banka Slovenska may use information received from the competent authority of another Member State only for the exercise of supervision, without prejudice to the obligations to which Národná banka Slovenska is subject in proceedings under other legislation.[92] Where the competent authority of the Member State consents thereto, Národná banka Slovenska may use this information for other purposes or forward it to the competent authorities of other Member States.

(10) The information that Národná banka Slovenska has received from the competent authority of a Member State is subject to the same duty of confidentiality as laid down in another act.[20]

(11) If the competent authority of a Member State rejects a request of Národná banka Slovenska made pursuant to paragraphs 6 to 8, or if it does not answer to such request within a reasonable period, Národná banka Slovenska may bring that fact to the attention of ESMA.

(12) Where a regulated market from the Slovak Republic has established arrangements in a Member State or a regulated market from a Member State has established arrangements in the Slovak Republic, and the operation of such regulated market has become of substantial importance for the function of the securities markets and the protection of investors in, respectively, the Slovak Republic or that Member State, Národná banka Slovenska shall establish appropriate cooperation arrangements with the competent authority of that Member State in regard to the exercise of supervision.

(13) Where Národná banka Slovenska, in the course of exercising supervision over a regulated market, directly addresses a foreign investment firm whose registered office is in a Member State and which is a remote member of that market, it shall inform the competent authority of the home Member State accordingly.

(14) Národná banka Slovenska may use its powers for the purpose of cooperation even in cases where the conduct under investigation does not constitute an infringement of any legislation of general application in the Slovak Republic.

(15) Národná banka Slovenska may cooperate with competent authorities of other Member States with respect to facilitating the recovery of fines.

(16) Národná banka Slovenska shall cooperate with the Ministry of Environment, national administrators[110jc] and other Member States' public authorities competent for the oversight of spot and auction markets, registry administrators, and other public authorities charged with the supervision of compliance with the provisions of European Union legislation establishing a scheme for greenhouse gas emission allowance trading.

(17) Národná banka Slovenska shall cooperate and exchange information with the State Veterinary and Food Administration of the Slovak Republic and with other Member States' public authorities competent for the oversight, administration and regulation of agricultural markets in accordance with other legislation.[110jd]

(18) Where, pursuant to paragraph 3, Národná banka Slovenska refuses information provision, supervision, or consultation, it shall notify the reasons for its refusal to the applicant authority of a Member State and to ESMA and shall provide them information about the judicial proceedings referred to in paragraph 3(a) or about the final judgment referred to in paragraph 3(b) provided that it has that information and can provide it in accordance with other legislation.[108a]

Section 135b

(1) Národná banka Slovenska shall cooperate with Member States' competent supervisory authorities and shall, for the purposes of exercising supervision over the public offering of securities, exchange with them information concerning regulated markets and types of securities traded on Member States' markets, in particular if the issuer is subject to supervision by several supervisory authorities of Member States or if the approval of the prospectus has been transferred in accordance with other legislation.[110je] Národná banka Slovenska shall cooperate with the competent supervisory authorities of Member States in requests for the suspension or prohibition of trading in securities on a regulated market simultaneously in the Slovak Republic and in other Member States.

(2) If Národná banka Slovenska finds that the issuer or the person responsible for a public offering of securities has breached legislation of general application or that the issuer has not complied with the obligations arising to him from the admission of securities to trading on a regulated market, Národná banka Slovenska shall communicate its findings to the competent supervisory authority of the issuer's home Member State and to ESMA.

(3) If, despite the measures adopted by the competent supervisory authority of the issuer's home Member State, the issuer or the offeror of securities continues to breach legislation of general application or other terms and conditions of such activity, or if these measures have been shown to be insufficient, Národná banka Slovenska may, after informing the competent supervisory authority of the issuer's home Member State and ESMA, adopt any measures required for the protection of investors. Without undue delay after adopting such measures, Národná banka Slovenska shall notify the Commission and ESMA thereof.

(4) If the competent supervisory authority of the issuer's host Member State informs Národná banka Slovenska that the offeror of securities in the territory of the host Member State is in breach of legal regulations or the terms and conditions of such activity, Národná banka Slovenska shall adopt the measures required to bring this illegal state of affairs to an end. Without undue delay after adopting such measures, Národná banka Slovenska shall notify the competent supervisory authority of the issuer's host Member State and ESMA thereof.

(5) If, in the course of activities in the territory of the issuer's host Member State, the issuer or the offeror of securities breaches legal regulations of that Member State or the terms and conditions of such activities, the offeror of securities shall carry out or countenance any measures adopted by the competent supervisory authority of the issuer's host Member State in accordance with the legal regulations of this Member State.

(6) ESMA may participate at on-site inspections relating to compliance with the provisions of this Act on public offering of securities and prospectuses, where the supervision

is also exercised by one or several supervisory authorities of other Member States in accordance with other legislation.[108b]

(7) If a competent authority of a Member State rejects a request for cooperation concerning the exchange of information made by Národná banka Slovenska pursuant to paragraph 1, or if it does not answer to such request within a reasonable period, Národná banka Slovenska may bring that fact to the attention of ESMA.

Section 135c

(1) Národná banka Slovenska shall cooperate with Member States' competent supervisory authorities and exchange with them information for the purposes of exercising supervision over takeover bids made for offeree companies whose shares are admitted to trading on a regulated market in the Slovak Republic or in another Member State.

(2) Národná banka Slovenska shall exercise supervision over a takeover bid for an offeree company whose registered office is in the Slovak Republic provided that the shares of this offeree company are admitted to trading on a regulated market in the Slovak Republic, unless otherwise provided by this Act.

(3) If the shares of an offeree company whose registered office is in the Slovak Republic are not admitted to trading on a regulated market in the Slovak Republic, supervision of the takeover bid shall be exercised by the competent supervisory authority of that Member State on a regulated market of which the shares of the offeree company are admitted to trading.

(4) If the shares of an offeree company whose registered office is in the Slovak Republic are the subject of a takeover bid and are admitted to trading on a regulated market in the Slovak Republic and in another Member State, supervision of the takeover bid shall be exercised by:
(a) Národná banka Slovenska, if the shares of the offeree company were first admitted to trading on a regulated market in the Slovak Republic; or
(b) another Member State's competent supervisory, if the shares of the offeree company were first admitted to trading on a regulated market in that Member State.

(5) If the shares of an offeree company whose registered office is in the Slovak Republic are the subject of a takeover bid and were simultaneously admitted to trading on a regulated market in the Slovak Republic and in another Member State, the offeree company shall decide which from the supervisory authorities of the respective Member States will exercise supervision over the takeover bid. The offeree company shall notify its decision in writing to the respective supervisory authority no later than the first trading day and shall disclose it.

(6) Národná banka Slovenska shall also exercise supervision over a takeover bid where the shares of the offeree company whose registered office is in another Member State are admitted to trading:
(a) only on a regulated market in the Slovak Republic, and are not admitted to trading on a regulated market in another Member State;
(b) simultaneously on a regulated market in the Slovak Republic and in another Member State in which its registered office is not situated, and these shares were first admitted to trading on a regulated market in the Slovak Republic;

(c) simultaneously on a regulated market in the Slovak Republic and in another Member State in which its registered office is not situated, and the offeree company has, in accordance with paragraph 5, decided that Národná banka Slovenska will be authorised to exercise supervision.

(7) Národná banka Slovenska shall notify the Commission of its competence to exercise supervision over takeover bids and of the sanctions which it is authorised to impose for non-compliance with the provisions of this Act and amendments thereto, in the Slovak Republic.

Section 135d

(1) In exercising supervision of compliance with the rules under the legal act of the European Union governing prudential supervision over banks and investment firms by individual investment firms and branches of foreign investment firms and supervision on a consolidated basis, Národná banka Slovenska shall cooperate with supervisory authorities exercising supervision of the financial institutions and insurance undertakings from other Member States, with the Slovak Chamber of Auditors, with auditors, payment systems operators and may exchange information with them and notify them of deficiencies identified in the course of supervision. The provision of information under this paragraph shall not be subject to the conditions of professional secrecy laid down by this Act and other legislation.[110k] For the purposes of exercising supervision of a branch of an investment firm established in another Member State, Národná banka Slovenska shall provide to the competent supervisory authority in the other Member State in particular information on the management and ownership structure of the investment firm, information concerning their compliance with the liquidity rules and own funds requirement as well as exposure limits of the investment firm, together with other facts which may affect systemic risk posed by the investment firm and information on administrative procedures and accounting procedures and internal control procedures of the investment firm. Národná banka Slovenska may notify ESMA if its request for cooperation, especially a request to exchange information, was rejected or was not processed within a reasonable period. Národná banka Slovenska shall provide to the competent authority of the host Member State any information and findings related to supervision of the liquidity of an investment firm to the extent in which they are important for the protection of depositors and investors in the host Member State where a branch of the investment firm is located; if a problem with liquidity occurs or it can be reasonably expected, this information shall also include the data on the preparation and implementation of a recovery plan and on measures adopted in the framework of supervision. Národná banka Slovenska may disclose the confidential information provided by the competent supervisory authorities of other Member State only with the consent of the latter. Confidential information provided by the supervisory authorities in other Member States may only be used in the performance of duties of Národná banka Slovenska and for the purposes of

(a) exercising supervision over supervised entities when controlling and monitoring compliance with the conditions relating to the taking up of the business of supervised entities and business of supervised entities on an individual or consolidated basis, especially as regards monitoring of their liquidity, capital adequacy, large exposure, administrative procedures and accounting procedures and internal control mechanisms,
(b) imposing sanctions under this Act or under other legislation,[110k]
(c) redress procedures against decisions of Národná banka Slovenska,
(d) judicial review procedures relating to decisions of Národná banka Slovenska or other judicial procedures relating to supervised entities or supervision of supervised entities.

(2) If the competent supervisory authority of a Member State discloses information and findings to Národná banka Slovenska relating to the compliance of a branch of the investment firm with the rules laid down by the legal act of the European Union governing prudential supervision over banks and investment firms in the performance of the firm's activities in the territory of that Member State, Národná banka Slovenska shall then communicate and explain on request to the competent supervisory authority of the Member State what kind of measures were adopted to remedy the situation. If the competent supervisory authority of a Member State adopts its own remedies due to disagreement with the actions of Národná banka Slovenska and Národná banka Slovenska does not agree with these remedies, it may refer the matter to the EBA in accordance with other legislation.[110l]

(3) If Národná banka Slovenska provides information and findings to the competent supervisory authority of a Member State relating to the compliance of a branch of the investment firm with the rules laid down by the legal act of the European Union governing prudential supervision over banks and investment firms in the performance of the firm's activities in the territory of the Slovak Republic pursuant to Section 67(1), indicating that it is necessary to adopt remedies and this Member State refuses to adopt adequate measures, Národná banka Slovenska may after notifying the competent supervisory authority as well as the EBA adopt appropriate measures to prevent further violations in order to protect the interests of depositors, investors and other entities to which services are being provided or to safeguard the stability of the financial system.

Section 136

(1) The scope of supervision does not cover dispute resolutions arising under contracts between investment firms or branches of foreign investment firms and their clients, which shall be heard and settled by competent courts or other authorities pursuant to other legislation.[109]

(2) Based on an agreement concluded between Národná banka Slovenska and the supervisory authority of another country, the supervisory authority of the other country may exercise supervision in the territory of the Slovak Republic over the operations of a branch of a foreign investment firm, or the subsidiary of a foreign investment firm which is an investment firm. Národná banka Slovenska may conclude such an agreement only on a reciprocal basis. The supervisory authority of a Member State may exercise supervision in the territory of the Slovak Republic without the agreement mentioned in the first sentence, provided that it is so authorised under legal regulations of the European Union governing the provision of financial services.

(3) Unless otherwise provided by this Act, Národná banka Slovenska may exercise supervision over branches of an investment firm operating in the territory of another country, and over the subsidiary of an investment firm, which is an investment firm operating in another country, provided that this is allowed by the law of the country concerned and that an agreement is concluded between Národná banka Slovenska and the supervisory authority of that country.

(4) If Národná banka Slovenska deems it necessary, in order to safeguard financial stability, it may after consultation with the competent supervisory authority of a Member State conduct an on-site inspection at branch of a foreign investment firm and demand information for the purpose of supervision. Following such on-site inspection Národná banka Slovenska shall communicate obtained information and findings to the competent supervisory authority of

a Member State for the purpose of supervision at a foreign investment firm conducted by this authority.

(5) Národná banka Slovenska may conclude cooperation agreements providing for the exchange of information with non-Member State bodies, natural persons and legal persons responsible for one or more of the following:

(a) the supervision of financial markets;
(b) the bankruptcy and liquidation of investment firms and other similar procedures relating to foreign investment firms;
(c) the carrying out of statutory audits of the accounts of investment firms and other financial institutions, banks and insurance undertakings, in the performance of their supervisory functions, or which administer compensation schemes, in the performance of their functions;
(d) oversight of the persons involved in the bankruptcy and liquidation of investment firms and other similar procedures relating to foreign investment firms;
(e) oversight of persons charged with carrying out statutory audits of the accounts of insurance undertakings, banks, investment firms and other financial institutions;
(f) oversight of persons active on emission allowance markets for the purpose of ensuring a consolidated overview of financial and spot markets;
(g) oversight of persons active on agricultural commodity derivatives markets[110jd] for the purpose of ensuring a consolidated overview of financial and spot markets.

(6) Národná banka Slovenska may conclude cooperation agreements with non-Member State competent authorities referred to in paragraph 5 only where the information disclosed by Národná banka Slovenska is subject to guarantees of professional secrecy at least equivalent to those required under this Act and other legislation[114f] and is intended for the performance of the tasks of those authorities, bodies or entities.

(7) Národná banka Slovenska shall ensure that the transfer of personal data to a competent authority of a non-Member State is in accordance with other legislation.[114f]

Section 137

(1) If supervision pursuant to Section 135(1) is exercised through an on-site inspection, the relations between Národná banka Slovenska and the entities supervised are governed by the provisions of another act.[20]

(2) Entities subject to supervision pursuant to Section 135(1), to supervision on a consolidated basis or to supplementary supervision over financial conglomerates shall, within a time limit set by Národná banka Slovenska, submit to Národná banka Slovenska the requested information including recordings of telephone conversations and records of information handling, and the information required for the proper exercise of supervision.

(3) Národná banka Slovenska may make public the information mentioned in Section 137(2) provided that a person has not already done so on the basis of a legal requirement.

Supervision on a consolidated basis

Section 138

(1) Supervision on a consolidated basis means the supervision of a consolidated group for the purpose of monitoring and limiting the risks to which an investment firm is exposed by virtue of its inclusion in the consolidated group.

(2) A consolidated group shall comprise:

(a) a parent investment firm or EU parent investment firm, and at least one investment firm or financial institution over which the parent investment firm or EU parent investment firm exercises control or in which it has a participation;
(b) a parent financial holding company or EU parent financial holding company, or a mixed financial holding company, and at least one investment firm over which the financial holding company or EU financial holding company exercises control or in which it has a participation; or
(c) a mixed-activity holding company and at least one investment firm over which the mixed-activity holding company exercises control or in which it has a participation.

(3) Národná banka Slovenska shall exercise supervision over a consolidated group under paragraph 2(c) to the extent of monitoring the intragroup transactions referred to in Section 143i(2) between the mixed-activity holding company and the investment firm which is included in the consolidated group under paragraph 2(c), and to the extent of providing information in accordance with Section 139(5).

(4) Národná banka Slovenska shall maintain a list of financial holding companies under paragraph 2(b), and it shall forward this list to Member States' competent supervisory authorities, ESMA and to the Commission.

(5) Unless otherwise provided by this Act, the supervision of investment firms on a consolidated basis is subject mutatis mutandis to the provisions of other legislation concerning the supervision of banks on a consolidated basis,[109a] wherein each reference to a parent bank in a Member State shall be construed as a reference to a parent investment firm in a Member State, and each reference to an EU parent bank shall be construed as a reference to an EU parent investment firm.

(6) Where a bank has as a parent undertaking an investment firm, only that parent investment firm is subject to requirements on a consolidated basis.

(7) Where an investment firm has as a parent undertaking a bank in a Member State, only that parent credit institution is subject to requirements on a consolidated basis in accordance with other legislation.[109a]

(8) Where a financial holding company has as a subsidiary both a bank and an investment firm, requirements on the basis of the consolidated financial situation of the financial holding company apply to the bank.

(9) The requirements under other legislation apply equally to the recognition of internal models[109b] where the application is submitted by an EU parent credit institution and its

subsidiaries or an EU parent investment firm and its subsidiaries, or jointly by the subsidiaries of the EU parent financial holding company.

(10) For the purposes of this Act:

(a) 'financial holding company' means a financial holding company which is not a mixed financial holding company and the subsidiaries of which are mainly investment firms or financial institutions, at least one of which is an investment firm;
(b) 'mixed-activity holding company' means a parent undertaking other than a financial holding company, investment firm or mixed financial holding company, at least one subsidiary of which is an investment firm;
(c) 'mixed financial holding company' means a parent undertaking, other than a regulated entity, which together with its subsidiaries, at least one of which is a regulated entity having its registered office in a Member State, and together with other controlled entities, constitutes a financial conglomerate;
(d) 'parent investment firm' means an investment firm a subsidiary of which is, or has a participation in, an investment firm or financial institution and is not a subsidiary of another investment firm authorised by Národná banka Slovenska or of a financial holding company set up in the Slovak Republic;
(e) 'EU parent investment firm' means a parent investment firm which is not a subsidiary of an investment firm authorised in a Member State or of a financial holding company set up in a Member State;
(f) 'parent financial holding company' means a financial holding company which is not a subsidiary of an investment firm authorised by Národná banka Slovenska or of a financial holding company set up in the Slovak Republic
(g) 'EU parent financial holding company' means a parent financial holding company which is not a subsidiary of an investment firm authorised in a Member State or of another financial holding company set up in a Member State.

(11) Supervision of investment firms and foreign investment firms is subject mutatis mutandis to provisions of another act[109ba] if the investment firm or the foreign investment firm does not comply with provisions of Section 74(12) or Section 173f(2).

Section 139

(1) A parent investment firm shall ensure that the consolidated group in which it is included complies with the provisions of Sections 71, 74(4) and (5), 74a, 74c(1) and other legislation.[109c]

(2) An investment firm included in a consolidated group under Section 138(2)(b) shall ensure that this consolidated group complies with the provisions of Sections 71, 74(4) and (5), 74a, 74c(1) and other legislation.[109c]

(3) Where a consolidated group under Section 138(2)(b) includes more than one investment firm, paragraph 2 applies only to that investment firm over which supervision is exercised on a consolidated basis.

(4) Where an investment firm also controls a financial institution whose registered office is in a non-Member State, or has a participation in such an entity, this investment firm shall ensure that the consolidated group in which it is included complies with the provisions of

Sections 71, 74(4) and (5), 74a, 74c(1) and other legislation;[109c] the same obligation shall fall to an investment firm where the said control or participation is exercised or held by its parent financial holding company.

(5) An entity included in a consolidated group under Section 138(2)(a) or (b) shall produce and submit to Národná banka Slovenska, either directly or through a parent investment firm or parent financial holding company, or through an investment firm designated by Národná banka Slovenska, all statements, reports and other disclosures required for the exercise of supervision on a consolidated basis in the stipulated manner and at the stipulated times, and a parent investment firm or parent financial holding company shall produce and submit to Národná banka Slovenska all statements, reports and other disclosures required for the exercise of supervision on a consolidated basis in the stipulated manner and at the stipulated times. The structure, scope, content, form and layout, and the times, method, procedure and place of submission of these statements, reports and disclosures, including the methodology for their production, shall be stipulated by a decree to be issued by Národná banka Slovenska and promulgated in the Collection of Laws. Data and other information contained in these statements reports and other disclosures shall be comprehensible, easily analysable and conclusive, shall give a true picture of the reported facts and shall be submitted in good time. If the submitted statements, reports or disclosures do not comply with the stipulated methodology, or if there are reasons to doubt their accuracy or completeness, the investment firm, financial holding company or other entity which produced and submitted them shall, at the request of Národná banka Slovenska, submit documents and give an explanation within a time limit set by Národná banka Slovenska.

(6) The auditor of an entity which is included in a consolidated group under Section 138(2)(a) or (b) shall, for the purposes of supervision on a consolidated basis, provide information to Národná banka Slovenska and to the auditors of the parent investment firm or parent financial holding company.

(7) A parent investment firm or parent financial holding company under Section 138(2)(a) or (b) shall notify Národná banka Slovenska of the auditors who will perform the audit of entities included in the consolidated group under Section 138(2)(a) or (b) no later than the end of the calendar year for which the audit is to be carried out.

(8) Paragraphs 5 and 6 shall likewise apply to a mixed-activity holding company under Section 138(2)(c), to an entity included in a consolidated group under Section 138(2)(c) and to the auditors of such entities.

(9) By a decree[23] to be issued by Národná banka Slovenska and promulgated in the Collection of Laws, there shall be stipulated.

(a) the extent and manner of compliance with the obligation of a parent investment firm on a consolidated basis, as well as methods of consolidating data for these purposes;
(b) the extent and manner of compliance with the obligations of an investment firm included in a consolidated group under Section 138(2)(a) or (b).

Section 140

(1) An entity included in a consolidated group under Section 138(2) shall put in place control mechanisms to ensure that the information provided for the purposes of supervision on a consolidated basis is correct, and it shall also ensure that the consolidated group complies with

the provision of Section 71 so that the control mechanisms within the internal control system are sufficiently harmonised and all the information required for supervision on a consolidated basis is accessible and sound. For the purposes of supervision on a consolidated basis, entities included in the consolidated group shall provide each other with the information required to meet the obligations arising from their inclusion in the consolidated group.

(2) Národná banka Slovenska may conduct on-site inspections, or request that another Member State's competent supervisory authority conduct on-site inspections, of entities included in a consolidated group under Section 138(2), for the purposes of supervision thereof; Národná banka Slovenska shall conduct an on-site inspection if so requested by another Member State's competent supervisory authority.

(3) For the purposes of supervision on a consolidated basis, a parent investment firm or financial holding company under Section 138(2)(a) or (b) shall ensure the auditing of entities included in a consolidated group under Section 138(2). At the request of the parent investment firm or parent financial holding company, these entities shall conclude an audit contract.

Section 141

(1) If Národná banka Slovenska is the national supervisory authority responsible for exercising supervision on a consolidated basis, it shall establish a college of supervisors (hereinafter the 'college') to facilitate the exercise of the tasks referred to in Section 138(3) and Section 140(2), and with regard to the obligation of confidentiality it shall ensure coordination and cooperation also with the competent supervisory authorities in non-Member States.

(2) Národná banka Slovenska shall establish and ensure the functioning of the college under (1) based on written agreements in accordance with Section 136(2) and (3). Národná banka Slovenska shall

(a) chair college meetings and decide which competent authorities participate in a meeting or in an activity of the college,
(b) keep all members of the college fully informed, in advance, of the date, venue and agenda of such college meetings,
(c) keep all the members of the college fully informed, in a timely manner, of the actions taken in those meetings or the measures carried out,
(d) take account, in its decision-making, of the relevance of the supervisory activity to be planned or coordinated for those authorities, in particular the potential impact on the stability of the financial system in the given Member States and the obligations referred to in Sections 135a to 135c,
(e) inform ESMA of the college's activities with regard to the obligation to preserve the confidential nature of information.

(3) If Národná banka Slovenska becomes a member in a college established by a competent supervisory authority of another Member State, it shall closely cooperate with the competent supervisory authority that established the college, as well as with other members of the college and with ESMA.

Sections 142 and 143
Repealed as from 1 January 2007

Supplementary supervision

Section 143a

'Supplementary supervision' means the monitoring and regulation of risks in financial conglomerates that include any investment firms, banks,[15] insurance undertakings, reinsurance undertakings, or asset management companies, for the purpose of limiting the risks to which an investment firm or other regulated entity is exposed because of its inclusion in the financial conglomerate.

Section 143b

For the purposes of this Act:

(a) 'financial conglomerate' means:
   1. a group which meets the following conditions -
      1a. it is controlled by a regulated entity;
      1b. the regulated entity under point 1a is either a parent undertaking of an entity in the financial sector, or it is an entity which holds a participation pursuant to Section 8(l) in an entity in the financial sector, or an entity linked with an entity in the financial sector by a relationship of control within the meaning of Section 143b(d)(3);
      1c. at least one of the entities in the group is within the insurance sector and at least one is within the banking sector or investment services sector; and
      1d. the consolidated or aggregated activities of the entities in the group within the insurance sector and the consolidated or aggregated activities of the entities within the banking and investment services sectors are significant within the meaning of Section 143e(2) and (4);
   2. a group which meets the following conditions -
      2a. at least one of the entities in the group is a regulated entity;
      2b. it is not controlled by a regulated entity and the group's activity is centred on the financial sector pursuant to Section 143e(1);
      2c. at least one of the entities in the group is within the insurance sector and at least one is within the banking sector or investment services sector; and
      2d. the consolidated or aggregated activities of the entities in the group within the insurance sector and the consolidated or aggregated activities of the entities within the banking and investment services sector are significant within the meaning of Section 143e(2) and (4);
   3. a subgroup of another financial conglomerate which fulfils the conditions laid down in points 1 or 2;

(b) 'financial sector' means a sector composed of one or more of the following legal persons:
   1. a bank, other financial institution under another act[110a] or an auxiliary banking services undertaking; these entities constitute the banking sector,
   2. an insurance undertaking, reinsurance undertaking[110b] or an insurance holding company within the meaning of another act;[23] these entities constitute the insurance sector,
   3. an investment firm or other legal person mentioned under the point 1; these entities constitute the investment services sector.

(c) ‘group’ means a group of entities linked to each other by a relationship of control within the meaning of subparagraph (d) including a subgroup.
(d) ‘control’ means, for the purposes of supplementary supervision, a relationship within a group of entities where:
   1. one entity controls another entity;
   2. one entity has a participation in another entity; or
   3. entities are interlinked in a relationship involving influence over the management comparable with the influence that would attach to a participation, or by the fact that two or more of the entities have as members of their statutory body or supervisory board a majority of the same persons.
(e) ‘regulated entity’ means an investment firm, bank, electronic money institution, insurance undertaking, asset management company or an equivalent foreign entity.

Section 143c

(1) Národná banka Slovenska shall exercise supplementary supervision where:
(a) a financial conglomerate is controlled by an investment firm;
(b) a financial conglomerate is controlled by a mixed financial holding company which is the parent undertaking of an investment firm, and the financial conglomerate does not include another regulated entity;
(c) the parent undertaking of an investment firm is a mixed financial holding company, while the financial conglomerate includes at least two regulated entities with a registered office in a Member State, and the principal financial sector of the financial conglomerate is the investment services sector;
(d) a financial conglomerate is controlled by more than one mixed financial holding company with its registered office s in different Member States, and the regulated entity has a registered office in each of these Member States, and where the regulated entity holding the largest total assets in the financial conglomerate is an investment firm, or if the principle financial sector of the financial conglomerate is the investment services sector; if the financial sector includes a foreign investment firm having its registered office in a Member State, the supplementary supervision shall be exercised on the basis of an agreement between Národná banka Slovenska and the competent supervisory authority of that Member State;
(e) a financial conglomerate is controlled by a mixed financial holding company which has its registered office in the Slovak Republic and which is the parent undertaking of at least two regulated entities whose registered office is in a Member State and none of these regulated entities has not been granted authorisation in the Slovak Republic, provided that the principal financial sector of the financial conglomerate is the investment services sector;
(f) a financial conglomerate is not controlled by a parent undertaking or it is controlled in a way not mentioned in points (a) to (e), provided that the principal financial sector of the financial conglomerate is the investment services sector and the regulated entity holding the largest total assets in the financial conglomerate is an investment firm.

(2) Based on an agreement with Member States’ competent authorities responsible for the supervision of regulated entities in a financial conglomerate, and following a statement by the entity controlling the respective financial conglomerate, Národná banka Slovenska may assume the exercise of supplementary supervision also in the cases not mentioned in paragraph 1, provided that this is appropriate with respect to the objectives of supplementary supervision.

(3) Based on an agreement with Member States' competent authorities responsible for the supervision of regulated entities in a financial conglomerate, and following a statement by the entity controlling the respective financial conglomerate, Národná banka Slovenska may relinquish the exercise of supplementary supervision in the cases mentioned in paragraph 1 to the competent supervisory authority of a Member State, provided that this is appropriate with respect to the objectives of supplementary supervision.

Section 143d

(1) In cooperation with Member States' competent authorities responsible for the supervision of regulated entities in a financial conglomerate, Národná banka Slovenska shall, on the basis of criteria laid down in Section 143e, determine which financial conglomerates are subject to supplementary supervision.

(2) Each subsequent proposal for including a financial conglomerate within supplementary supervision shall be communicated by Národná banka Slovenska to Member States' competent authorities responsible for the supervision of regulated entities in a financial conglomerate and to the Joint Committee of the European Supervisory Authorities established under other legislation.[110ba]

(3) Národná banka Slovenska shall notify the fact that a financial conglomerate will be subject to supplementary supervision to the legal person controlling the financial conglomerate pursuant to Section 143c(1), or to the investment firm holding the largest total assets, provided that the principal financial sector of the financial conglomerate is the investment services sector. Národná banka Slovenska shall also communicate this information to the competent authorities in the Member State where the mixed financial holding has its registered office, and to the Joint Committee of the European Supervisory Authorities established in accordance with other legislation.[110ba]

(4) Národná banka Slovenska shall communicate to the Financial Conglomerates Commission at the Commission the principles which it applies in regard to supplementary supervision of risk concentration in the meaning of Section 143h and of intra-group transactions in the meaning of Section 143i.

(5) Národná banka Slovenska shall post on its website a link to the list of financial conglomerates published on the website of the Joint Committee of the European Supervisory Authorities established under other legislation.[110ba]

Section 143e

(1) The activities of a group shall be deemed to occur mainly in the financial sector if the ratio of the total assets of the regulated and non-regulated financial sector entities in the group to the total assets of the group as a whole exceeds 40%.

(2) The activities in different financial sectors are significant if the average of the ratios for each financial sector exceeds 10%, where the average is calculated from the following ratios:

(a) the ratio of total assets for one financial sector to total assets of the financial sector entities in the group, and

(b) the ratio of solvency requirements of one financial sector to the total solvency requirements of the financial sector entities in the group.

(3) The smallest financial sector in a financial conglomerate is the sector with the lowest average as defined in paragraph 2; the most important financial sector in a financial conglomerate is the sector with the highest average as defined in paragraph 2. For the purpose of calculating the average under paragraph 2 and for measuring the smallest and most important financial sectors, the banking sector and investment services sector shall be considered together. Asset management companies shall be added to the financial sector to which they belong within their group; if the asset management companies do not exclusively belong into one financial sector within the group, they shall be added to the smallest financial sector.

(4) If the group does not reach the value of the average ratios referred to in paragraph 2, but the total assets of the smallest financial sector in the group exceed EUR 6,000,000,000, or if the group reaches the value of the average referred to in paragraph 2, but the total assets of the smallest financial sector within the group do not exceed EUR 6,000,000,000, Národná banka Slovenska may decide, upon agreement with Member States' competent authorities responsible for supervision of regulated entities in a financial conglomerate, not to treat the group as a financial conglomerate or not to apply the provisions of Sections 143g and 143h, provided that the exercise of supplementary supervision is inappropriate with respect to the objectives of supplementary supervision.

(5) Decisions taken by Národná banka Slovenska in accordance with paragraph 4 shall be notified by Národná banka Slovenska to Member States' competent authorities responsible for the supervision of regulated entities in a financial conglomerate and disclose these decisions, provided no circumstances occur that would prevent this disclosure.

(6) Národná banka Slovenska shall be authorised, upon agreement with other Member States' competent supervisory authorities responsible for supervision of regulated persons constituting part of a financial conglomerate, to exclude one or more participations in the smallest sector if such participations are material to identify a financial conglomerate and the combined significance of the participations is negligible for the purposes of supplementary supervision. When calculating the ratios referred to in paragraphs 1 to 3, Národná banka Slovenska may, with the agreement of Member States' competent authorities responsible for the supervision of regulated entities in a financial conglomerate, exclude an entity in the following cases:

(a) if the entity has its registered office in a country that is not a Member State where there are legal impediments to the transfer of information for the purpose of exercising supplementary supervision; it is not possible to exclude from the calculation of the ratios under paragraphs 1 through 3 such person that has provably moved its registered office from a Member State to a non-Member State in order to avoid supervision,
(b) if the entity is of negligible interest for the purposes of supplementary supervision.
(c) if the inclusion of the entity would be inappropriate with respect to the objectives of supplementary supervision.

(7) Národná banka Slovenska may, upon the opinion of Member States' competent authorities responsible for the supervision of regulated entities in a financial conglomerate, take into account the ratios referred to in paragraphs 1 and 2 for three consecutive years so as to avoid sudden shifts in the regime of supplementary supervision and may disregard the ratios referred to in paragraphs 1 and 2 if there are significant changes in the group's structure.

(8) For the calculation of ratios pursuant to paragraphs 1 and 2, Národná banka Slovenska may, in exceptional and justified cases and upon the opinion of Member States' competent authorities responsible for supervision of regulated entities in a financial conglomerate, replace the criterion based on total assets with one or more of the following parameters or add one or more of these parameters, if these parameters are of particular relevance for the purposes of supplementary supervision: income structure, total assets under management and off-balance-sheet activities.

(9) If the ratios referred to in paragraphs 1 and 2 fall below 40% and 10% respectively for financial conglomerates already subject to supplementary supervision, lower ratios of 35% and 8% respectively apply for the following three years.

(10) For groups already subject to supplementary supervision, if the total assets of the smallest financial sector in the group fall below EUR 6,000,000,000, a figure of EUR 5,000,000,000 shall be used for the next three years when making the calculation pursuant to paragraph 4.

(11) During the periods stipulated in paragraphs 7 to 10, Národná banka Slovenska may, with the agreement of Member States' competent authorities responsible for the supervision of regulated entities in a financial conglomerate, decide that the lower ratios or lower amount referred to in paragraphs 7 to 10 shall cease to apply for financial conglomerates subject to supplementary supervision.

(12) The calculations concerning total assets shall be made on the basis of the aggregated totals assets of the entities of the group, according to their annual accounts. For the purposes of this calculation, undertakings in which participation is held shall be taken into account as regards the share held in the undertaking. Where consolidated accounts are available, they shall be used instead of aggregated accounts.

(13) A minimum amount of own resources of investment firms for the purpose of additional supervision means such an amount of own resources at which the investment firm maintains its own resources minimum at the level of the sum of values corresponding to the requirements on own resources according to the Section 74(5), while the value of risks does not change.

(14) The solvency requirements for regulated entities, other than investment firms, which are included in the calculations pursuant to paragraphs 2 to 6 shall be set in accordance with other legislation[110c] which apply to the calculation of capital adequacy, the amount of own funds, and the solvency of the respective regulated entity.

(15) Národná banka Slovenska shall, on an annual basis, reassess waivers of the application of supplementary supervision and shall review the quantitative indicators set out in paragraphs 1 through 14 and risk-based assessments applied to financial groups.

Section 143f

(1) An investment firm in a financial conglomerate shall comply with the conditions laid down in Sections 143g to 143j, if
(a) it controls the financial conglomerate;

(b) its parent undertaking is a mixed financial holding company which has its registered office in a Member State;
(c) it is linked with a legal person in another financial sector by a relationship of control within the meaning of Section 143b(d)(3); or
(d) its parent undertaking is a regulated entity or a mixed financial holding company which has its registered office in a country that is not a Member State, provided that the supervision exercised over financial conglomerates in this country is equivalent to supplementary supervision.

(2) Where a financial conglomerate is a subgroup of another financial conglomerate which includes an investment firm meeting some of the requirements laid down in paragraph 1, the conditions mentioned in Section 143g to 143j apply to an investment firm in the financial conglomerate that includes the subgroup.

(3) Where an investment firm has a parent undertaking that is a regulated entity or a mixed financial holding company the registered office of which is in a country that is not a Member State, and where the supervision of financial conglomerates in this country is not equivalent to supplementary supervision, the investment firm shall comply with the conditions laid down in Sections 143g to 143j. If compliance with the conditions laid down in Sections 143g to 143j is not possible owing to the fact that the supplementary supervision exercised by the third country is not equivalent supplementary supervision, Národná banka Slovenska may decide that the investment firm in the financial conglomerate will submit to Národná banka Slovenska special statements, reports and other disclosures concerning its participation in this financial conglomerate, and may also impose a restriction or ban on the investment firm in regard to intra-group transactions that could affect the observance of capital adequacy requirements at the level of the financial conglomerate.

(4) Národná banka Slovenska shall verify whether the supplementary supervision exercised over the financial conglomerate mentioned in paragraph 3 is equivalent to supplementary supervision, provided that it has consulted with the supervisory authorities of the Member State in which the regulated institutions in the financial conglomerate have a registered office; it shall carry out the verification either at the request of the parent undertaking referred to in paragraph 3, at the request of a regulated entity, or on its own initiative. Before issuing a decision in accordance with paragraph 3 and notifying it to the Commission, Národná banka Slovenska shall consult the Financial Conglomerates Committee at the Commission. Where Národná banka Slovenska does not agree with the decision of a competent authority of a Member State concerning the matter under the first sentence, the procedure set out in other legislation shall be followed.[110ca]

(5) Where legal persons hold equity in one or more regulated entities or exercise significant influence over such entities without holding a participation other than the influence referred to in paragraphs 1 to 3, Národná banka Slovenska shall, in cooperation with Member States' competent authorities responsible for the supervision of regulated entities in a financial conglomerate, determine whether and to what extent supplementary supervision of the regulated entities is to be carried out, as if they constituted a financial conglomerate subject to supplementary supervision. In order to apply such supplementary supervision, at least one of the entities referred to in the first sentence shall be an investment firm and the conditions set out in Section 143b(a)(1c) and (1d) shall be met, where this is necessary in order to fulfil the objectives of supplementary supervision.

Section 143g

(1) Investment firms in a financial conglomerate shall ensure that sufficient own funds are available at the level of the financial conglomerate and that adequate capital adequacy policies are in place at the level of the financial conglomerate. The own funds of a financial conglomerate are sufficient if the difference between the own funds at the level of the financial conglomerate and the total solvency requirements for the financial conglomerate comes to zero or a positive figure.

(2) Investment firms in a financial conglomerate shall calculate whether own funds are sufficient by following one of the methods stipulated in a decree issued by Národná banka Slovenska and published in the Collection of Laws in accordance with paragraph 9.

(3) Národná banka Slovenska may, upon the opinion of Member States' competent authorities responsible for the supervision of regulated entities in a financial conglomerate, decide, on its own initiative or at the request of the regulated entity or mixed financial holding company referred to in paragraph 4, to inform the regulated person or mixed financial holding company of which method is used to calculate capital adequacy requirements from the methods set out in the legislation of general application mentioned in paragraph 9.

(4) Investment firms shall, on a half-yearly basis and also at the request of Národná banka Slovenska, submit to Národná banka Slovenska information on the amount of own funds and on the amount of own funds at the level of the financial conglomerate which is necessary to meet the capital adequacy requirements at the level of the financial conglomerate subject to supplementary supervision. If the financial conglomerate is not controlled by the investment firm, the information mentioned in the first sentence shall be submitted to Národná banka Slovenska by a mixed financial holding company or a regulated entity designated by Národná banka Slovenska upon the prior opinion of the regulated entities or mixed financial holding companies in the financial conglomerate.

(5) The calculation of capital adequacy requirements at the level of the financial conglomerate shall include only the requirements for legal persons mentioned in Section 143b(b) and for a mixed financial holding company.

(6) Národná banka Slovenska may decide in the following cases not to include an entity in the scope when calculating the capital adequacy requirements at the level of the financial conglomerate subject to supplementary supervision:

(a) if the entity has its registered office in a country that is not a Member State where there are legal impediments to the transfer of the information necessary for the exercise of supplementary supervision;
(b) if the entity is of negligible interest with respect to the objectives of the supplementary supervision of regulated entities in a financial conglomerate – except if several entities would be excluded from the calculation yet collectively they are significant in the meaning of Section 145e(2) and (4);
(c) if the inclusion of the entity would be inappropriate or misleading with respect to the objectives of supplementary supervision.

(7) In the case of the non-inclusion of a legal person pursuant to paragraph 6(c), Národná banka Slovenska shall consult other countries' competent authorities responsible for supplementary supervision in the respective Member State.

(8) The provision of paragraph 4 is without prejudice to the obligation of the entities concerned to provide information for the purposes of supplementary supervision, and to the authorisation of supervisory bodies to provide information on such persons for the purposes of supplementary supervision or the supervision of financial conglomerates in another Member State.

(9) For the purposes of calculating capital adequacy requirements at the level of the financial conglomerate, a decree to be issued by Národná banka Slovenska and promulgated in the Collection of Laws shall stipulate:
(a) what constitutes own funds at the level of the financial conglomerate and the method of their calculation, including the own funds of a mixed financial holding company;
(b) what is meant by the solvency requirements of entities in a group and the method of their calculation;
(c) the methods for calculating capital adequacy requirements at the level of the financial conglomerate.

Section 143h

(1) Investment firms controlling a financial conglomerate shall, on a half-yearly basis and also at the request of Národná banka Slovenska, submit to Národná banka Slovenska information on the risk concentration of the financial conglomerate. If the financial conglomerate is not controlled by the investment firm, the information mentioned in the first sentence shall be submitted to Národná banka Slovenska by a mixed financial holding company or a regulated entity designated by Národná banka Slovenska upon the prior opinion of the regulated entities or mixed financial holding companies in the financial conglomerate.

(2) For the purposes of supplementary supervision, 'risk concentration of a financial conglomerate' means all exposures with a loss potential borne by entities within a financial conglomerate, which could threaten the solvency or the financial position of the financial conglomerate; such exposures could be caused by credit risk, investment risk, insurance risk, market risk, liquidity risk, operational risk, other risks, or a combination of these risks.

(3) Where a financial conglomerate is controlled by an investment firm, the provisions of Section 74 apply equally to the risk concentration of the financial conglomerate. Where the financial conglomerate is controlled by another regulated entity, the risk concentration of the financial conglomerate is subject mutatis mutandis to the provisions of other legislation.[110c]

(4) Where a financial conglomerate is controlled by a mixed financial holding company and where the most important sector in the financial conglomerate is the investment services sector, the provisions of Section 74 apply mutatis mutandis to the risk concentration of the investment services sector and the mixed financial holding company.

(5) For the purposes of establishing the risk concentration, a decree to be issued by Národná banka Slovenska and promulgated in the Collection of Laws shall stipulate details about:
(a) the equity exposure of the financial conglomerate and its calculation;
(b) the equity exposure of the investment services sector and its calculation;
(c) the equity exposure of the mixed financial holding company and its calculation;
(d) the risk concentration of the financial conglomerate and its calculation.

Section 143i

(1) Investment firms controlling a financial conglomerate shall, on a half-yearly basis and also at the request of Národná banka Slovenska, submit to Národná banka Slovenska information on all significant intra-group transactions of the financial conglomerate. If the financial conglomerate is not controlled by the investment firm, the information mentioned in the first sentence shall be submitted to Národná banka Slovenska by a mixed financial holding company or a regulated entity designated by Národná banka Slovenska upon the prior opinion of the regulated entities or mixed financial holding companies in the financial conglomerate.

(2) For the purposes of this Act, 'intra-group transactions' means transactions by which regulated entities within a financial conglomerate rely either directly or indirectly upon other undertakings within the same group or upon any natural person or legal person which they control, for the fulfilment of an obligation, whether or not contractual, and whether or not for payment.

(3) For the purposes of supplementary supervision, 'significant intra-group transaction' means an intra-group transaction the amount of which is not less than 5% of the established amount of own funds at the level of the financial conglomerate pursuant to Section 143g(9)(a).

(4) In the case of significant intra-group transactions with entities linked by a special relationship, another act[110d] applies.

(5) Where a financial conglomerate is controlled by a mixed financial holding company and where the most important financial sector in the financial conglomerate is the investment services sector, Section 138(4) applies to the intra-group transactions of the investment services sector and the mixed financial holding company.

Section 143j

(1) For the purposes of monitoring and complying with the provisions of this Act at the level of the financial conglomerate, investment firms in a financial conglomerate shall have in place risk management processes and internal control mechanisms, including administrative and accounting procedures.

(2) For the purposes of supplementary supervision, risk management processes shall include:

(a) sound governance and management ensuring at the level of the financial conglomerate the approval and periodical review of the corporate strategy with respect to the risks arising under the activities of the financial conglomerate;
(b) procedures for ensuring capital adequacy, which anticipate the potential impact of their business strategy on risk profile and on the own funds of the investment firm;
(c) procedures for monitoring risk management and measures to ensure that risks are monitored and controlled at the level of the financial conglomerate;
(d) measures aimed at preparing and developing appropriate plans and processes of recovery and controlled liquidation; the measures have to be regularly updated.

(3) For the purposes of supplementary supervision, the internal control mechanisms shall include the evaluation of procedures:

(a) to identify and measure risks affecting the fulfilment of provisions on capital adequacy at the level of the financial conglomerate, and the evaluation of their functionality and effectiveness;
(b) for accounting and reporting, which are used to identify, measure and control the intra-group transactions and the risk concentration.

(4) The investment firm belonging to a financial conglomerate shall, at the level of the financial conglomerate, regularly and on an annual basis
(a) provide Národná banka Slovenska with details on its legal structure and governance and organisational structure including all regulated entities, non-regulated subsidiaries and significant branches;
(b) disclose a description of its legal structure and governance and organisational structure.

Section 143k

(1) In regard to the exercise of supplementary supervision, Národná banka Slovenska shall:
(a) ensure coordination of the gathering and dissemination of information necessary for monitoring the activities of a financial conglomerate, including the dissemination of information which is important for the exercise of supplementary supervision in given financial sectors by other states' competent supervisory authorities responsible for the supervision of entities in a financial conglomerate;
(b) gather information necessary for assessing the financial position of a financial conglomerate for the purposes of supervisory supervision;
(c) monitor compliance with the rules on capital adequacy, risk concentration, and intra-group transactions;
(d) monitor the structure of the financial conglomerate, and the organisation and functionality of the risk management system and functionality of internal control mechanisms in the meaning of Section 143j;
(e) plan and coordinate the exercise of supplementary supervision in any situation, in cooperation with other states' competent supervisory authorities responsible for the supervision of regulated entities in a financial conglomerate;
(f) fulfil other tasks necessary for the exercise of supplementary supervision.

(2) In cooperation with other states' competent supervisory authorities responsible for the supervision of regulated entities in a financial conglomerate, Národná banka Slovenska shall coordinate the exercise of supplementary supervision and arrange coordination procedures in regard to applying the provisions of Section 143d, Section 143e, Section 143f(3) and (5), Section 143g, Section 143l(2) and Section 145a.

(3) Národná banka Slovenska shall request from another country's competent supervisory authority responsible for the supervision of regulated entities in a financial conglomerate any information already provided to this supervisory authority which is necessary for the exercise of supplementary supervision. If Národná banka Slovenska has not obtained this information by the procedure mentioned in the first sentence, it may request the information directly from the entities in the financial conglomerate which are mentioned in Section 143g(2).

(4) For the purposes of coordination and cooperation of Národná banka Slovenska with competent supervisory authorities of other Member States responsible for supervision of

regulated persons belonging to a financial conglomerate, the provisions of Section 141 apply mutatis mutandis to the application of supplementary supervision.

Section 143l

(1) In exercising supplementary supervision, Národná banka Slovenska shall cooperate with Member States' competent supervisory authorities responsible for the supervision of regulated entities in a financial conglomerate also where the competent supervisory authority of a Member State exercises supplementary supervision and at least to the extent laid down in paragraph 3.

(2) At the request of Member States' competent supervisory authorities responsible for the supervision of regulated entities in a financial conglomerate, Národná banka Slovenska shall provide them with any information necessary for the supervision of regulated entities in a financial conglomerate or for supplementary supervision, at least to the extent laid down in paragraph 3. Národná banka Slovenska shall provide this information also on its own initiative where it establishes that the said information is important for the supervision of financial conglomerates. Národná banka Slovenska may request from Member States' competent supervisory authorities responsible for the supervision of regulated entities in a financial conglomerate any information necessary for the exercise of supplementary supervision, at least to the extent laid down in paragraph 3, and it may exchange information necessary for supplementary supervision also with foreign central banks, the European System of Central Banks and the European Central Bank and also with the European Systemic Risk Board in accordance with other legislation.[110da]

(3) The cooperation and exchange of information referred to in paragraphs 1 and 2 shall concern mainly:

(a) the legal structure, governance and organisational structure of a financial conglomerate, including all regulated entities and non-regulated entities, non-regulated subsidiaries and significant branches belonging to the financial conglomerate and holders of qualifying holdings in the entity that controls the financial conglomerate, and the Member States' competent supervisory authorities responsible for supervision of regulated entities in a financial conglomerate;
(b) the strategies and specifications of the financial conglomerate;
(c) the financial situation of the financial conglomerate, in particular on capital adequacy, intra-group transactions, risk concentration and profitability;
(d) major shareholders in the entities in the financial conglomerate and members of the statutory bodies of the entities in the financial conglomerate;
(e) organisation, risk management, and internal control systems at the financial conglomerate level;
(f) procedures for the collection of information from the entities in the financial conglomerate, and the verification of that information;
(g) adverse developments in regulated entities or in other entities of the financial conglomerate, which could seriously affect the investment firm;
(h) major sanctions and exceptional measures taken by Národná banka Slovenska and by the Member States' competent supervisory authorities responsible for the supervision of regulated entities in a financial conglomerate.

(4) Národná banka Slovenska shall consult with regard to the following items the Member States' competent supervisory authorities responsible for the supervision of regulated entities in a financial conglomerate:

(a) decisions on prior consent pursuant to Section 70(1)(a), (c) and (e), where changes in the shareholder structure or bodies of the investment firm would affect the exercise of supplementary supervision;
(b) sanctions imposed or measures taken against regulated entities in a financial conglomerate where such sanctions or measures could also affect regulated entities subject to supplementary supervision exercised by the Member State's competent supervisory authorities responsible for the supervision of regulated entities in a financial conglomerate.

(5) Národná banka Slovenska is not required to consult over the items mentioned in paragraph 4 where to do so may jeopardise the adoption of decisions in the respective period or where the imposition of sanctions or taking of measures may not be postponed. In this case, Národná banka Slovenska shall, without undue delay, inform the Member States' competent supervisory authorities responsible for the supervision of regulated entities in a financial conglomerate.

(6) In exercising supplementary supervision, Národná banka Slovenska may invite the competent authority responsible for the supervision of regulated entities in a financial conglomerate in that Member State in which a parent undertaking has its registered office to ask the parent undertaking for any information which Národná banka Slovenska would need for the exercise of its tasks as laid down in Section 143k, and to transmit that information to it.

(7) The provisions of paragraphs 1 to 6 apply equally to cooperation between Národná banka Slovenska and the supervisory authorities of countries with which the European Union has signed an agreement on cooperation in supplementary supervision.

(8) The provision of paragraph 7 is without prejudice to the authorisation to conclude an agreement with the competent supervisory authority of a country that is not a Member State on the conditions under which the supervision of financial conglomerates may be exercised and on the mutual exchange of information, provided that such agreement is not contrary to rules on the exercise of supplementary supervision.

Section 143m

(1) At the request of a Member State's competent supervisory authority responsible for the supervision of regulated entities in a financial conglomerate, Národná banka Slovenska shall verify the information necessary for the exercise supplementary supervision which concerns an entity in a financial conglomerate that has its registered office in the territory of the Slovak Republic, or it shall verify this information through authorised persons. Persons authorised by the competent supervisory authority of the Member State may participate in the verification carried out by Národná banka Slovenska or may, with the consent of Národná banka Slovenska, verify this information independently.

(2) Národná banka Slovenska may request that a Member State's competent authority responsible for the supervision of regulated entities in a financial conglomerate verify information necessary for the exercise of supplementary supervision or allow persons authorised by Národná banka Slovenska to verify this information.

Section 143n

Entities within a financial conglomerate shall provide each other with the information necessary for the fulfilment of the obligations laid down in Sections 143g to 143j and for the purposes of supplementary supervision.

Section 143o

(1) In accordance with Section 143c, mixed financial holding companies shall produce and submit to Národná banka Slovenska all statements, reports and other disclosures necessary for the exercise of supplementary supervision pursuant to Section 143g(2), Section 143h(1) and Section 143i(1) in the stipulated manner and at the stipulated times. The structure, scope, content, form and layout, and the times, method, procedure and place of submission of these statements, reports and disclosures, including the methodology for their production are governed by a decree to be issued by Národná banka Slovenska and promulgated in the Collection of Laws.

(2) Data and other information contained in the statements, reports, and other disclosures shall be comprehensible, easily analysable and conclusive, they shall give a true picture of the reported facts, and they shall be submitted in good time. If the submitted statements, reports or disclosures do not comply with the stipulated methodology, or if there are reasons to doubt their accuracy or completeness, the mixed financial holding company shall, at the request of Národná banka Slovenska, submit documents and give an explanation within a time limit set by Národná banka Slovenska.

Sanctions

Section 144

(1) If Národná banka Slovenska finds such deficiencies in the activities of an investment firm or branch of a foreign investment firm that involve non-compliance with the conditions specified in an authorisation pursuant to Section 55 or 56 or in a decision on prior approval, non-compliance with conditions and obligations under other decisions of Národná banka Slovenska imposed on the investment firm or a branch of a foreign investment firm, non-compliance with conditions specified in Section 55(2) and (6), Section 56(2) and (9), or non-compliance with or evasion of other provisions of this Act, of separate laws and other legislation of general application the activities of an investment firm,[110e] Národná banka Slovenska may:

(a) impose measures on the investment firm or foreign investment firm designed to eliminate the deficiencies;
(b) require the investment firm or foreign investment firm to adopt remedial measures;
(c) require the investment firm or foreign investment firm to supply special statements, reports and information;
(d) require the investment firm or foreign investment firm to discontinue an unauthorised activity;
(e) impose on the investment firm or foreign investment firm a fine of up to EUR 5,000,000, or in the case of a repeat or serious deficiency, up to EUR 10,000,000; these upper limits of the fine may be increased to up to:
    1. 10 % of the total annual turnover of the investment firm or foreign investment firm for previous calendar year; where the investment firm is a subsidiary undertaking, the total annual turnover for the previous calendar year shall be calculated on the basis of the consolidated gross income of the parent undertaking; or

2. twice the amount of the enrichment resulting from the breach of these provisions, if that amount can be determined;

(f) restrict or suspend some of the authorised activities of the investment firm or foreign investment firm;

(g) withdraw the investment firm's or foreign investment firm's authorisation for a certain investment service;

(h) order a reconciliation of accounts or other records according to the findings of Národná banka Slovenska or an auditor;

(i) order the publication of a correction of incomplete, incorrect or untrue information published by the investment firm or foreign investment firm under an obligation imposed by law;

(j) require that business losses be covered by equity, following settlement of losses with retained profits, profit-generated funds and capital funds;

(k) place the investment firm in receivership for reasons specified in Section 147;

(l) withdraw its authorisation to provide investment services for reasons specified in Section 156;

(m) require an investment firm to maintain own funds in an amount exceeding the minimum capital requirements stipulated by this Act;

(n) require an investment firm, for the purpose of maintenance of own resources of the investment firm in respect to the values corresponding to the requirements, to apply special procedures taking into account the impairment of its assets and expected losses on its off-balance sheet items, where the value of assets or expected losses on off-balance sheet items calculated by the investment firm does not correspond to the objective facts;

(o) require the investment firm or branch of a foreign investment firm to reduce significant risks undertaken during the course of its activities;

(p) require the investment firm to limit providing the variable component of the total remuneration to persons under Section 71da to an amount determined as a percentage of total remuneration paid to persons under Section 71da for at least one preceding calendar year in order to maintain own funds of the investment firm in accordance with Section 74(4) and (5);

(q) require the investment firm to use profit to maintain its own funds in the amount exceeding the total of capital requirements in accordance with Section 74(4) and (5);

(r) require the investment firm to implement a measure set out in the recovery plan in order to resolve the situation within the time limit set by Národná banka Slovenska;

(s) require the investment firm to update the recovery plan;

(t) require the investment firm to convene a general meeting of the investment firm shareholders and to set its agenda; where the investment firm fails to comply with that requirement, convene a general meeting of the investment firm's shareholders directly and set its agenda;

(u) require the investment firm to remove, within a set time limit, members of the management board, members of the supervisory board, authorised representatives, and managers of the investment firm;

(v) require the investment firm to draw up a plan for negotiation on restructuring of debt with the creditors of the investment firm;

(w) require the investment firm to change the business strategy of the investment firm;

(x) require the investment firm to change the organisational structure of the investment firm and performance of its activities;

(y) require the investment firm to provide to the Resolution Council all the information necessary in order to update the resolution plan of the investment firm and prepare for the resolution procedure and for valuation of the assets and liabilities of the investment firm in accordance with other legislation;[47i]

(z) suspend the marketing or sale of financial instruments or structured deposits where the investment firm has not established an effective product approval process or otherwise failed to comply with its obligations under Sections 71m and 71n;
(aa) require the payment of compensation to the person at whose expense the financial advantage was gained and in an amount equal in value to that advantage;
(ab) temporarily ban an investment firm from being a member of or participant in a regulated market or MTF, from trading on a regulated market or MTF, or from being an OTF client.

(2) If Národná banka Slovenska finds any deficiencies in the activities of a central depository involving non-compliance with conditions set out in the depository authorisation, non-compliance with conditions or obligations imposed on the central depository under another decision of Národná banka Slovenska, or non-compliance with or circumvention of other provisions of this Act, other legislation,[110e] or other legislation of general application, or legally binding acts of the European Union concerning the performance of activities of a central depository,[110e] Národná banka Slovenska may impose sanctions in accordance with paragraph 1(a), (c) and (h) to (k) and with other legislation.[110la]

(3) If Národná banka Slovenska finds any deficiencies in the activities of a data reporting services provider involving non-compliance with conditions set out in its authorisation, non-compliance with conditions or obligations imposed on the data reporting services provider under another decision of Národná banka Slovenska, or non-compliance with or circumvention of other provisions of this Act, separate acts, or other legislation of general application concerning the performance of activities of a data reporting services provider, Národná banka Slovenska may impose sanctions mentioned in points (a) and (b) of paragraph 1. If Národná banka Slovenska finds deficiencies in the activities of persons subject to obligations and prohibitions under other legislation which involve a breach of provisions of other legislation,[110m] Národná banka Slovenska may impose sanctions within the scope and under the conditions laid down in other legislation.[110n]

(4) If Národná banka Slovenska finds any deficiencies in the activities of an issuer of securities, an offeror of securities, a person asking for admission to trading on a regulated market, a person discharging managerial responsibilities within an issuer and any person with close links to such person, a rating agency, or a person making a public offer of assets, such that involve non-compliance with obligations laid down in this Act or the circumvention of other provisions of this Act or separate laws defining the obligations of supervised entities,[111] legally binding acts of the European Union governing activities of issuers or other legislation of general application governing the activities of issuers, Národná banka Slovenska may:
(a) impose sanctions on the issuer, the offeror of securities, the person asking for admission to trading on a regulated market, the person discharging managerial responsibilities within an issuer or any person with close links to such person, or the person making a public offer of assets, in accordance with paragraph 1(a), (e) and (i);
(b) suspend the offeror of securities or the person making a public offer of assets from issuing securities, for a period of up to ten working days, or from selling assets, for up to one year;
(c) ban the issuer, the offeror of securities, or the person making a public offer of assets from issuing securities or selling assets;
(d) take measures in accordance with other legislation;[111a]
(e) impose sanctions in accordance with paragraph 1(e) against a rating agency;
(f) impose sanctions within the scope and under the conditions laid down in other legislation;[111b]

(g) suspend the examination of a prospectus or restrict the public offer of securities or admission of securities to trading on a regulated market.

(5) Where Národná banka Slovenska finds any deficiency in the activities of a person making a takeover bid, competing takeover bid or mandatory takeover bid, or a person exercising the right of squeeze-out, which involves a breach of the obligations laid down by this Act or the circumvention of other provisions of this Act or separate laws governing their obligations,[111] Národná banka Slovenska may:
(a) impose sanctions under paragraph 1(a), (e) and (i);
(b) suspend the takeover bid, competing takeover bid, mandatory takeover bid, or the right of squeeze-out;
(c) prohibit the launch of a takeover bid, competing takeover bid or mandatory takeover bid, or prohibit the exercise of the right of squeeze out;
(d) impose sanctions on members of the offeree company's statutory bodies in accordance with paragraph 7.

(6) If Národná banka Slovenska finds any breach of this Act on the part of the Fund, it may propose to dismiss the members of the Fund's bodies accountable for the breach or to impose sanctions in accordance with paragraph 1(a), (c), (h) and (i). The body of the Fund concerned or the person who appointed the members is required to execute the proposed dismissals without undue delay.

(7) For the breach of obligations arising to them under this Act or under other legislation of general application related to the provision of investment services on an individual basis, a consolidated basis, or within a financial conglomerate, or under the articles of association of an investment firm or the central depository, or for non-compliance with the conditions and obligations imposed by a decision issued by Národná banka Slovenska, Národná banka Slovenska may impose on a statutory body member or supervisory board member of an investment firm or the central depository, the manager of a branch of a foreign investment firm or his deputy, a receiver of an investment firm, a deputy receiver of an investment firm, an authorised representative, an employee responsible for internal control or a manager[51] of an investment firm or the central depository, or a statutory body member, supervisory board member or manager of a financial holding company pursuant to Section 138(3) or a mixed financial holding company pursuant to Section 143c(1)(b) to (e), a fine of up to the amount specified in paragraph 1(e) or may temporarily or, for repeated serious infringements, permanently ban any such person from exercising the function of a management body member. A person who has been banned temporarily or permanently from performing the function of a management body member or on whom a final fine has been imposed and who consequently ceases to be of good repute as defined in Section 8(b) shall be dismissed from his office without undue delay by the investment firm, foreign investment firm, financial holding company pursuant to Section 138(3), mixed financial holding company pursuant to Section 143c(1)(b) to (e), or central depository concerned.

(8) A recovery measure taken by an investment firm means any of the following measures:
(a) submit a recovery scheme containing:
    1. a plan for maintenance of own resources of the investment firm in respect to the values corresponding to the requirements;
    2. a plan of current projections and forecasts of the economic performance of the investment firm, at least in the extent of information contained in a balance sheet,

income statement, budget, strategic business plan, an analysis of return on the achievement of the objectives of the scheme;

3. other information Národná banka Slovenska may deem necessary;

(b) restrict or suspend the payment of dividends,[112] royalties[113] or any other shares in the profit, remuneration or non-monetary benefits to shareholders, members of the management board, members of the supervisory board and to employees;

(c) restrict or suspend the growth of salaries paid to members of the statutory body, members of the supervisory board, and all employees of the investment firm;

(d) introduce daily monitoring of the financial situation of the investment firm;

(e) restrict or suspend new business of the investment firm; these transactions may be provided by the investment firm only with prior approval of Národná banka Slovenska;

(f) provide an analysis of deficiencies in the investment firm's activities and a binding plan, including a timetable for implementation, offsetting out measures for achieving compliance with the provisions of this Act, the legally binding acts of the European Union governing investment services and activities, and other acts of general application on investment services and activities.

(9) Národná banka Slovenska shall appeal to the investment firm to take measures for revitalisation if the investment firm fails to fulfil the obligations according to the Section 74.

(10) The management board of an investment firm which is not fulfilling obligations according to Section 74, shall be required to submit to Národná banka Slovenska a recovery scheme within 30 days of becoming aware of the fact. The recovery scheme shall be approved by the management board and the supervisory board of the investment firm. Národná banka Slovenska shall approve or reject the recovery scheme within ten days from its delivery. If Národná banka Slovenska does not reject the recovery scheme in this time, the recovery scheme shall be deemed approved.

(11) If the circumstances leading to a restriction or suspension of any of the authorised activities of an investment firm, foreign investment firm or central depository have elapsed, Národná banka Slovenska shall notify this fact in writing to the investment firm, foreign investment firm or central depository.

(12) If Národná banka Slovenska finds a breach of this Act by a natural person or by a legal person other than an investment firm or financial institution, it may impose on that person or entity a fine of up to the amount specified in paragraph 25, or it shall require the payment of compensation to the person at whose expense the financial advantage was gained and in an amount equal in value to that advantage. It shall also impose measures to eliminate and remedy such breach. If Národná banka Slovenska finds that a natural person or legal person is carrying on without an authorisation an activity for which an authorisation is required in accordance with this Act, it may impose on this natural person or legal person the sanctions as referred to under paragraph 1(d) and in paragraph 25, according to the gravity and the degree of culpability, and shall notify this fact to an authority active in criminal proceedings.

(13) Sanctions imposed pursuant to paragraphs 1 to 7, or paragraph 12, are without prejudice to liability under other laws.[114]

(14) Sanctions set out in paragraphs 1 to 12 and 15 to 33 may be imposed concurrently and repeatedly. Fines shall be payable within 30 days from the effective date of the decision on the fine. Proceeds from fines constitute income of the State budget.

(15) Remedial measures and fines may be imposed within three years from the detection of deficiencies, but no later than within 10 years from their origination. The limitation periods under the first sentence shall be discontinued due to the occurrence of facts that constitute a reason for the termination of the limitation period in accordance with another act[114ab] while a new limitation period starts to run from the time of discontinuance of the previous limitation period. Where deficiencies in the activities of an investment firm, branch of a foreign investment firm, central depository, or other person supervised in accordance with this Act are mentioned in the on-site inspection report, they are deemed to have been found as of the day on which the on-site inspection is completed in accordance with another act.[114aa]

(16) Provisions of another act on receivership of a bank apply mutatis mutandis to receivership of the central depository.[114a]

(17) Národná banka Slovenska may, even outside sanction proceedings, discuss the deficiencies in the activities of an investment firm, foreign investment firm or central depository with members of the management board of the investment firm or central depository, the manager of a branch of a foreign bank, with members of the supervisory board of an investment firm or central depository, with managers,[51] or employees in charge of internal control, who shall be required to afford Národná banka Slovenska the request assistance.

(18) Národná banka Slovenska shall notify, without undue delay, any sanction imposed pursuant to paragraph 1 on a branch of a foreign investment firm to a competent supervisory authority of the country of incorporation of the foreign investment firm concerned.

(19) Sanctions in accordance with this Act may also be imposed for breaches of legally binding acts of the European Union governing the activities of supervised entities.

(20) Where Národná banka Slovenska ascertains during the exercise of supervision in accordance with Section 135(7) that an investment firm is or may be exposed to risks which are not adequately covered with its own funds of financing even after the investment firm has taken measures in line with the notification referred to in Section 135(7) sent by Národná banka Slovenska, Národná banka Slovenska may impose a specific requirement for own funds in the amount exceeding the total of capital requirements in accordance with Section 74(4) and (5), considering the quantitative and qualitative requirements of the system for assessing internal capital adequacy in accordance with Section 74c(1) and (2).

(21) Národná banka Slovenska shall provide ESMA, on annual basis, with summary information on administrative measures and sanctioning for non-compliance
(a) with the prohibition concerning market manipulation or using inside information;
(b) with the provisions of this Act or other legislation[114b] concerning provision of investment services or activity of regulated market or multilateral trading facilities.

(22) Where Národná banka Slovenska publishes, in accordance with other legislation,[54] any administrative measure or sanction concerning the matters under paragraph 21, it shall inform ESMA of the fact without undue delay.

(23) Where Národná banka Slovenska finds any breach of provisions of other legislation,[114c] it may impose sanctions in accordance with Section 144(1)(a), (c), (e) and (i) to such legal or natural persons.

(24) If an investment firm or a branch of a foreign investment firm communicates[114d] the results of stress tests to Národná banka Slovenska corresponding to a level exceeding own funds requirements against the correlation trading portfolio, Národná banka Slovenska may determine the own funds requirement to cover the specific risk for the correlation trading portfolio.

(25) In the event of a breach of the provisions of Section 54(8) and Section 70 Národná banka Slovenska may impose a fine

(a) of up to 10% of the total annual turnover in the preceding calendar year in the case of a legal person; where the legal person is a subsidiary, gross income from the consolidated accounts of the parent undertaking shall be used as the basis for total annual turnover in the preceding calendar year;
(b) of up to EUR 5,000,000 in the case of a natural person; or
(c) of up to twice the amount of enrichment resulting from the breach of these provisions, if it is possible for this amount to be determined.

(26) Information on remedies and fines imposed under paragraphs 1, 7 and 25, Section 145(1), Section 145a(1) and (2), and Section 146(1) shall be published by Národná banka Slovenska on its website for at least five years,[114e] and shall be published without undue delay after the investment firm, branch of a foreign investment firm, mixed financial holding company or person on whom the remedy or a fine was imposed has been informed of it.

(27) In the information that it publishes in accordance with paragraph 26, Národná banka Slovenska shall include the type of remedy or fine imposed, the nature of the breach, and the full name and permanent address, or the business name, registered office address, and identification number, of the person on whom the remedy or fine was imposed. Where the decision imposing the measure referred to in the first sentence is subject to appeal, Národná banka Slovenska shall publish this information simultaneously with the publication under the first sentence or, if an appeal against the decision was lodged after that publication, without undue delay thereafter. This information shall be published in accordance with other legislation.[114f]

(28) Where Národná banka Slovenska considers the publication of the identity of the legal persons or of the personal data of the natural persons to be disproportionate following a case-by-case assessment or where publication pursuant to paragraph 27 may jeopardise the stability of financial markets or an ongoing investigation,[114g] it shall either:

(a) defer the publication of the information mentioned in paragraph 27 until the moment where the reasons for non-publication cease to exist;
(b) publish the information mentioned in paragraph 27 on an anonymous basis if such anonymous publication ensures effective protection of the personal data concerned;
(c) not publish the information mentioned in paragraph 27 at all in the event that the options set out in points (a) and (b) are considered to be insufficient to ensure:
    1. that the stability of financial markets would not be put in jeopardy;
    2. the proportionality of the publication of the information mentioned in paragraph 27 with regard to the seriousness of the breach.

(29) Národná banka Slovenska may impose the duty set out in paragraph 1(e) also when the financial condition of the investment firm significantly deteriorates, if the person concerned infringes legal regulations or statutes of the investment firm, or on grounds of serious misconduct in the fulfilment of its duties.

(30) Without undue delay after issuing a decision under paragraph 1, or after adopting a resolution measure,[114ga] or after the delivery of a notification,[114gb] Národná banka Slovenska shall forward the decision or notification to the Resolution Council. The Resolution Council may require the investment firm to open negotiations with potential interested buyers of the investment firm, taking into account conditions laid down in other legislation.[114ha]

(31) In deferring the publication or non-publication of information on sanctions, Národná banka Slovenska shall proceed in accordance with other legislation.[114h]

(32) In publishing sanctions, Národná banka Slovenska shall proceed in accordance with other legislation.[114ha]

(33) Národná banka Slovenska shall communicate to ESMA information about the imposition of each sanction not published pursuant to paragraph 28(c) and about each appeal against such sanctions and about the resolution of such appeals.

(34) Národná banka Slovenska, when determining the type and level of a sanction shall take into account:
(a) the gravity and the duration of the infringement;
(b) the degree of responsibility of the natural person or legal person responsible for the infringement;
(c) the financial strength of the responsible natural person or legal person, as indicated by the total turnover of the responsible legal person or the annual income responsible natural person;
(d) the amount of profits gained or losses avoided by the responsible natural person or legal person, insofar as they can be determined;
(e) the losses for third parties caused by the infringement, insofar as they can be determined;
(f) the level of cooperation of the responsible natural person or legal person with Národná banka Slovenska;
(g) previous infringements by the responsible natural person or legal person;
(h) action taken after the infringement by the person responsible for the infringement in order to prevent its recurrence.

Section 144a
Repealed as from 1 January 2016

Section 145

(1) Národná banka Slovenska may impose on a legal person within a consolidated group, which is subject to consolidated supervision, a fine within the range set forth in Section 144(1)(e), according to the gravity, extent, duration, consequences and nature of the established deficiencies, if such legal person:
(a) does not allow an on-site inspection to be made;
(b) does not provide requested statements, reports or other disclosures for the purposes of consolidated supervision;

(c) provides incorrect, untrue, or incomplete statements, reports or other disclosures, or fails to meet the deadlines for their delivery;
(d) fails to meet the obligation defined in Section 140(1) or (3).

(2) The provisions of Section 144(12) to (15) apply to fines pursuant to paragraph 1.

Section 145a

(1) Entities forming part of a financial conglomerate over which Národná banka Slovenska exercises supplementary supervision may be fined by Národná banka Slovenska within the range set forth in Section 144(1)(e) according to the gravity, extent, duration, consequences, and nature of the established deficiencies if this entity:
(a) does not allow an on-site inspection to be made;
(b) does not provide requested statements, reports or other disclosures for the purposes of consolidated supervision;
(c) provides incorrect, untrue, or incomplete statements, reports or other disclosures, or fails to meet the deadlines for their delivery;
(d) fails to meet the obligation defined in Section 143(g) to 143j.

(2) Where a financial conglomerate subject to supplementary supervision faces a threat to its solvency or to its compliance with capital adequacy requirements, Národná banka Slovenska may:
(a) impose recovery measures for a financial conglomerate in accordance with Section 144(8);
(b) restrict or suspend the performance of certain intra-group transactions.

(3) Where the entity over which Národná banka Slovenska exercises supervision under Section 135(1) is part of a financial conglomerate in the meaning of Section 135(1), Národná banka Slovenska may impose on this entity a sanction mentioned in Section 144 also on the basis of a notification from the competent supervisory authority of the Member State responsible for the supervision of this financial conglomerate.

(4) Where Národná banka Slovenska has imposed a sanction on an entity mentioned in Section 135(1) which forms part of a financial conglomerate subject to supplementary supervision by a competent supervisory authority of a Member State, and where this sanction is relevant to the exercise of the supplementary supervision, this fact shall be notified to the competent authority of that Member State.

Section 146

(1) Národná banka Slovenska may suspend the right to attend and vote at a general meeting of an investment firm, and the right to request to summon an extraordinary general meeting of an investment firm, held by a natural person or legal person which takes any action resulting in a breach of Section 70(1)(a), or which obtained prior approval pursuant to Section 70(1)(a) and Section 102(1)(a) on the basis of false information. Národná banka Slovenska may also suspend the exercise of these rights for a person whose actions in connection with an investment firm are detrimental to the proper and prudent operation of the investment firm.

(2) From its issuer's register and list of shareholders, an investment firm shall submit to Národná banka Slovenska an extract produced on a relevant date[114i] that is no later than five

working days before the date of its general meeting. The investment firm shall submit this extract to Národná banka Slovenska on the date it was produced. Národná banka Slovenska shall without undue delay name in writing on the extract the person whose rights mentioned in paragraph 1 are suspended and shall deliver the extract to the investment firm no later than the day preceding the date of the general meeting.

(3) Proceedings to suspend the exercise of rights specified in paragraph 1 are deemed open when Národná banka Slovenska, on a statement made pursuant to paragraph 1, marks in writing the person for which it repeatedly found a reason to suspend the exercise of its rights pursuant to paragraph 1.

(4) A preliminary measure[115] in the case of a suspension of the exercise of rights specified in paragraph 1 shall be delivered by Národná banka Slovenska to the person concerned and to the investment firm no later than on the day the general meeting is held. This preliminary measure[115] shall be binding upon the investment firm. A preliminary measure[115] is also deemed delivered if it was given to a proxy authorised to represent the person concerned at the general meeting.

(5) An investment firm may not permit the presence at its general meeting of persons marked by Národná banka Slovenska pursuant to paragraph 3, or persons authorised to act on their behalf.

(6) While a suspension of rights pursuant to paragraph 1 is in effect, the shares to which such suspended rights are attached shall not be deemed to carry voting rights. These shares are not taken into account when determining whether a general meeting has a required quorum or in decision-making of a general meeting. The increase in share of voting rights of the remaining persons listed in the statement submitted by an investment firm pursuant to paragraph 2 does not require prior approval of Národná banka Slovenska pursuant to Section 70(1)(a).

(7) When the reasons cease for the suspension of the exercise of rights specified in paragraph 1, Národná banka Slovenska shall lift the suspension without undue delay. Persons asked by Národná banka Slovenska to publish such a decision shall be required to do so.

(8) Národná banka Slovenska may file a request in court to declare invalid a decision of a general meeting of an investment firm due to breach of laws, other legislation of general application, or the articles of association of an investment firm within three months from the date it learned about the decision, but no later than within one year from the date the decision was adopted.

Section 146a

(1) If information on deficiencies[20] in the activities of a supervised entity referred to in Section 135 is provided to Národná banka Slovenska by an employee or manager of the entity, or by a member of the entity's statutory body, supervisory board or other similar oversight body, Národná banka Slovenska shall preserve the anonymity of that person. The provision of information referred to in the first sentence is not deemed to be a breach of the professional secrecy obligation laid down in this Act or in other legislation[41] no liability may be attributed to a person referred to the first sentence for such provision of information.

(2) When providing an investment service, investment firms, stock exchanges, MTFs, OTFs, data reporting services providers and banks shall, in their internal regulations, provide for procedures for the internal reporting of deficiencies by their employees, including details of the independent, special and separate channels through which such reports may be made.

(3) The provisions of paragraphs 1 and 2 apply equally to branches of foreign investment firms and branches of financial institutions from non-Member States.

Receivership of an investment firm

Section 147

(1) Receivership is a restructuring and reorganisation measure under which the existing rights of third parties may be affected. The purpose of receivership of an investment firm is, in particular:

(a) to eliminate the most serious deficiencies in the management and operation of the investment firm with the objective of preventing further deterioration of the economic situation of the investment firm;
(b) to suspend the execution of duties and powers by the bodies of the investment firm which are liable for its deteriorating economic situation;
(c) to assess the real situation of the investment firm in all areas of its operation and financial performance;
(d) to protect financial instruments deposited with, administered, managed, or held by the investment firm, and funds received by the investment firm with the purpose of providing an investment service, to prevent or contain possible damage;
(e) to implement a recovery scheme if there is a reason to believe that its implementation would ensure the economic recovery of the investment firm, including reorganisation and other measures, designed to gradually stabilise the investment firm and restore its liquidity, especially with the assistance of shareholders controlling the investment firm;
(f) to provide the conditions for the exercise of claims of clients under the client protection scheme;
(g) to take necessary action leading up to the declaration of bankruptcy of the investment firm or its liquidation, if required by the economic condition of the investment firm.

(2) Národná banka Slovenska shall place an investment firm in receivership if the investment firm maintains its own resources at a level lower than 50% of the sum of values corresponding to the requirements on own resources of the investment firm according to Section 74.

(3) Národná banka Slovenska may also place an investment firm in receivership if the deficiencies in the investment firm's activities threaten its safe functioning or the rights of its clients or their interests protected by law, if the investment firm records a cumulative loss of the current period or previous periods of more than 30% of its equity capital, or if there are other serious deficiencies in the activities of the investment firm.

(4) Branches of foreign investment firms that are established in a Member State may not be placed in receivership. Nor may an investment firm or foreign investment firm which is a bank or foreign bank operating a branch in the Slovak Republic be placed in receivership.

(5) An investment firm enters into receivership from the moment that it receives the decision to place it in receivership; at that point, the decision has immediate effect on the investment firm and other legal persons and natural persons. The initiation of receivership proceedings against an investment firm shall not be published.

(6) Národná banka Slovenska shall publish its decision to place an investment firm in receivership without undue delay in at least one national newspaper covering stock exchange news and in publicly accessible premises of the investment firm placed in receivership. Persons asked by Národná banka Slovenska to publish such a decision shall be required to do so.

(7) Where Národná banka Slovenska has placed an investment firm in receivership, it shall without undue delay notify this fact to the competent supervisory authority of any Member States in which this investment firm has established a branch.

(8) The provisions on receivership apply mutatis mutandis to the receivership of branches of foreign investment firms that may be placed in receivership under this Act.

Section 148

(1) The receivership of an investment firm shall be conducted by a receiver of the investment firm (hereinafter a 'receiver') and at least one deputy receiver. A receiver and at most three deputy receivers shall be appointed, and may be dismissed, by Národná banka Slovenska. The receiver and deputy receivers may be appointed for an indefinite period. A certificate of the appointment of the receiver and deputy receiver for the conduct of receivership and proof of the appointment of persons who, in a foreign investment firm which has its registered office in another Member State, are implementing foreign reorganisation measures imposed in another Member State whose purpose and effect on the existing rights of third parties is similar to the purpose and effect of receivership, shall be the original letter of appointment or confirmation issued by Národná banka Slovenska or the competent supervisory authority of another Member State. The translation of this certification into the official language of another Member State does not have to be officially certified or subject to a similar a procedure.

(2) A receiver may be a natural person or legal person stated in paragraph 4, a deputy may only be a natural person. If the receiver or deputy receiver is a natural person, the person shall be professionally competent. In determining whether a receiver or deputy receiver is professionally competent, the provisions of Section 55(10) apply mutatis mutandis.

(3) A receiver and deputy receiver may not be a person who:
(a) has been convicted by a final judgement of a deliberate crime or of a crime caused by negligence in a management office;
(b) over the previous three years, at the investment firm placed in receivership, has been a member of the supervisory board, the statutory body, authorised representative, or manager,[51] unless he voluntarily resigned from this office;
(c) has a special relationship to the investment firm pursuant to Section 87(8);
(d) is a debtor or creditor of the investment firm placed in receivership;
(e) at any time over the past year, provided auditor services to the investment firm placed in receivership without expressing reservations as to the activities of this investment firm;
(f) is an employee or a member of the statutory body or supervisory body of a legal person who is a debtor or creditor of the investment firm placed in receivership;

(g) is a member of the statutory body or supervisory body of another investment firm, or the manager or deputy manager of the branch of a foreign investment firm;
(h) is or was an employee of Národná banka Slovenska at any time over the past two years.

(4) A receiver – if a legal person – may only be a legal person established for the joint performance of advocacy or an auditing company according to a special regulation,[115a] if such legal person has liability insurance for a loss caused in relation to its activity[115a] at the performance of advocacy and execution of the duty of a receiver and if the partners of such legal person, statutory body, members of statutory body, members of supervisory body of this legal person or employees of such legal person is not any natural person that cannot be a receiver according to paragraph 3. If the receiver is a legal person, the deputy receiver is not appointed and this legal person may execute the advocacy only by means of persons complying with the conditions according to paragraph 2 and not excluding paragraph 3.

(5) A receiver shall be entitled to manage an investment firm and its employees. The powers and responsibilities of the receiver shall be those defined in a receiver's contract concluded pursuant to Section 151(1), and in other legislation. The receiver shall be bound by restrictions set out defined in Národná banka Slovenska's decision to place an investment firm in receivership, or in a receiver's contract.

(6) A deputy receiver shall be responsible for an area of operation of an investment firm delegated to him by the receiver and, in the conduct of the receivership of an investment firm, reports to the receiver. The powers and responsibilities of a deputy receiver shall be defined in a deputy receiver's contract concluded with Národná banka Slovenska pursuant to Section 151(1). Subject to prior approval of Národná banka Slovenska, the receiver may commission one of his deputies to take action in his name, based on a written power of attorney with a signature verified pursuant to other legislation;[116] such prior approval may be expressed directly in the receiver's contract.

(7) In conducting the receivership of an investment firm, the receiver may invite professional advisors, subject to prior approval of Národná banka Slovenska, in order to accelerate the resolution of serious problems of the investment firm; such prior approval may be expressed directly in the receiver's contract.

(8) The provisions of Section 55(10) apply mutatis mutandis, to the professional competence of a professional advisor.

(9) The office of a receiver and its deputy receivers shall end upon termination of receivership of an investment firm, upon expiry of its term of office, or by dismissal. A receiver and deputy receivers may be dismissed for a breach of this Act or other generally applicable legislation, or as provided in the relevant receiver's contract or deputy receiver's contract.

(10) When conducting receivership in the territory of another Member State, a receiver and deputy receiver shall proceed in accordance with the law of the Member State in which they are operating, especially in regard to the realisation of assets and provision of information to employees.

(11) In the case of foreign reorganisation measures in the territory of the Slovak Republic, the person exercising such measures and his deputy shall have the same legal position and same

powers that pertain to the conduct of receivership in the territory of the Member State in which the foreign reorganisation measures were imposed; in exercising such powers, they shall proceed in accordance with the law and other legislation of general application of the Slovak Republic, especially in regard to the realisation of assets and provision of information to employees.

Section 149

(1) When an investment firm enters into receivership, the performance of duties shall be suspended for all bodies of the investment firm and the managers of the investment firm, and the power and responsibilities of the management board and the supervisory board shall pass on to the receiver. The foregoing is without prejudice to the right of the management board to appeal against the decision to place the investment firm in receivership. The Commercial Code applies to the receiver in the exercise of powers and responsibilities of the management board and supervisory board.

(2) A receiver may summon a general meeting of an investment firm, direct its proceedings, and submit proposals. A general meeting may adopt decisions only subject to prior approval of Národná banka Slovenska, and only upon the proposal of the receiver.

(3) A receiver may take measures to restore the stability and liquidity of an investment firm, in particular to dispose of its receivables and other assets, sell a branch of the investment firm as a part of the investment firm's undertaking or sell the entire undertaking[33] of the investment firm at a reasonable price, discontinue their activity, or close a branch of the investment firm; this stipulation shall not affect the provisions of Section 70(1). No approval of a general meeting shall be required for these actions.

(4) No later than 30 days after an investment firm enters into receivership, the receiver shall submit to Národná banka Slovenska a recovery scheme for the investment firm, or another proposal on how to solve the situation of the investment firm.

(5) If warranted by the situation of an investment firm, a receiver may, subject to prior approval by Národná banka Slovenska, partly or fully suspend the use of the client's financial instruments, but for no longer than 30 days.

(6) Subject to prior approval of a general meeting, a receiver may make a proposal for settlement.[117]

(7) A receiver may, with the prior approval of Národná banka Slovenska, file a petition for bankruptcy[118] if the debts of the investment firm exceed its equity.

(8) A receiver shall, without undue delay, notify Národná banka Slovenska if it becomes aware of any of the circumstances described in Section 156.

Section 150

(1) A receiver, deputy receiver, and invited professional advisor shall perform their duties with due professional care and shall be liable for any damage caused by their activity. A receiver and a deputy receiver shall report to Národná banka Slovenska regularly on steps they have taken during the receivership of the investment firm.

(2) A receiver, deputy receiver, and invited professional advisor may not misuse, for their benefit or for the benefit of a third party, any information learnt while conducting the receivership of an investment firm, and may not use the investment firm's assets for their benefit or for the benefit of close persons.[83]

(3) A receiver, deputy receiver, and invited professional advisor shall keep confidential all facts associated with the conduct of the receivership of the investment firm from all persons except Národná banka Slovenska learnt in connection with the performance of its duties under this Act or under other legislation;[119] this confidentiality obligation shall continue to apply after the end of their activities associated with the conduct of the receivership. This shall not prejudice the provisions of Section 134(3).

Section 151

(1) Národná banka Slovenska shall conclude a receiver's contract with a receiver, which shall define in detail his rights and obligations and establish his liability for damage caused in connection with performing his office. Národná banka Slovenska shall conclude a deputy receiver's contract with a deputy receiver, which shall define in detail his rights and obligations and establish his liability for damages caused in connection with performing his office.

(2) A receiver inviting professional advisors pursuant to Section 148(7), shall do so on the basis of a contract concluded between the receiver and professional advisors under terms approved by Národná banka Slovenska.

(3) The remuneration due to a receiver and deputy receiver for performing their office shall be determined by Národná banka Slovenska.

(4) Expenses associated with the conduct of receivership of an investment firm, including remuneration of a receiver, deputy receivers, and professional advisors, shall be settled by the investment firm.

Section 152

(1) Members of the management board, members of the supervisory body, manager[51] and employees responsible for internal control shall be required, at the request of a receiver, to cooperate with the receiver, provide him with all documents and other documentation requested by the receiver in connection with the conduct of the receivership.

(2) A receiver may immediately terminate employment contracts of, give a dismissal notice to, or transfer to another position, members of management board, managers[51] and employees responsible for internal control.

(3) After an investment firm has been placed in receivership, the members of its management board and supervisory board may not receive any severance pay upon termination of their membership of these bodies to which they may be entitled under their contract with the investment firm or under internal regulations of the investment firm.

Section 153

(1) The effects of the entry into receivership of an investment firm that has a branch in another Member State, insofar as they concern

(a) employment contracts and employment relations, are governed by the law of the Member State in which the employment contract is governed;
(b) purchase contracts and rental contracts concerning real estate, are governed by the law of the Member State in which the real estate is located;
(c) rights in relation to real estate, a vessel or an aircraft which shall be registered in the Land Register or in another public register, are governed by the law of the Member State on whose territory the respective public register is maintained; this applies equally to legal acts concerning the real estate, vessel or aircraft which are performed after the entry into receivership, and to any attached rights which shall be entered in the public register or in a similar register maintained in another Member State;
(d) ownership or other rights in financial instruments which shall be registered in a public register of securities or in another similar register and which are held or located in another Member State, are governed by the law of the Member State on whose territory the respective public register or other similar register is maintained; the same applies to legal acts concerning financial instruments which are performed after the entry into receivership, and to any attached rights which shall be entered in the public register or in a similar register in another Member State;
(e) contracts on settlement, or other similar agreements the purpose of which is to provide compensation or to convert the total difference between several mutual claims and liabilities of contracting parties into a single aggregate claim and liability, contracts on purchase and repurchase, and contracts on stock exchange transactions, are governed by the law applicable to these contracts.

(2) For a period of six months after an investment firm enters into receivership, claims against the investment firm may not be assigned and claims between the investment firm, an insurance undertaking and any other entities may not be set off, except where the law of another Member State in which the creditor is domiciled or has his registered office allows for the assignment and setting-off of claims even during the introduction of a reorganisation measure.

(3) A receiver may challenge a legal act[120] in the meaning of another act.

(4) Receivership or a foreign reorganising measure entered into or imposed in another Member State is without prejudice to the material rights of creditors or third parties towards those assets of the investment firm, or foreign investment firm established in another Member State, which are located in another Member State upon the entry into receivership or the imposition of the foreign reorganising measure.

(5) The entry into receivership of an investment firm that is buying an asset, or the imposition of a foreign reorganisation measure on a foreign investment firm that is buying an asset and is established in another Member State, is without prejudice to the right of the seller to retain ownership of the asset if the asset was located in another Member State upon the entry into receivership or imposition of the foreign reorganising measure.

(6) The entry into receivership of an investment firm that is selling an asset, or the imposition of a foreign reorganising measure on a foreign investment firm that is selling an asset and is established in another Member State, does not constitute grounds for rescinding or

terminating the sale of an asset that has already delivered, nor does it prevent the transferee from acquiring ownership of the asset, if the asset was located in another Member State upon the entry into receivership or imposition of the foreign reorganising measure.

(7) The entry into receivership or imposition of a foreign reorganising measure in another Member State and the provisions of paragraphs 2, 5, and 6 shall not preclude filing a petition with a court to have upheld the invalidity of legal acts or the ineffectiveness of disputable legal acts detrimental to creditors, a petition to have upheld the right to withdraw from legal acts or to have legal acts declared invalid which are detrimental to creditors, or a petition for the issue of an injunction to refrain from legal acts detrimental to creditors of the investment firm in receivership or creditors of the foreign investment firm, established in another Member State, which is subject to the foreign reorganising measure. If before the entry into receivership, court proceedings have commenced in another Member State concerning an asset or right withdrawn from the investment firm, such proceedings shall continue to be governed after the entry into receivership by the law of the Member State in which the proceedings commenced and are being conducted.

(8) The entry into receivership of an investment firm is without prejudice to the validity, effect and exercise of rights under a contract on final settlement of profit and loss or financial collateral arrangements, provided that these contracts or arrangements meet requirements referred to in Sections 53a to 53e and in other legislation.[120a]

Section 154

(1) The entry into receivership of an investment firm, information about the receiver and deputy receiver, and information about the end of the receivership and related changes shall be entered in the Commercial Register. The application for registration of an investment firm's entry into receivership shall be submitted by Národná banka Slovenska; the provisions of another act[121] do not apply to the submission of such motion.

(2) The following information shall be recorded in the Commercial Register: the name, permanent residence, and personal identification number of the receiver and deputy receiver.

(3) The receiver may propose that the receivership be registered in the Commercial Register or a similar public register maintained in a Member State on whose territory the investment firm in receivership has a branch, provided that such registration is allowed under the law of the respective Member State.

(4) The imposition of a foreign reorganising measure on a foreign investment firm that is established in another Member State and has a branch in the Slovak Republic, as well as the termination and any changes to this measure, shall be registered in the Commercial Register at the motion of the competent supervisory authority of the other Member State or the person conducting the foreign reorganisation. Such entry in the Commercial Register shall include the name and residential address of the person conducting the foreign reorganisation.

Section 155

(1) The receivership of an investment firm shall be terminated:

(a) by delivering a decision of Národná banka Slovenska on the termination of receivership of an investment firm, if the reasons for its introduction have ceased;
(b) upon declaration of bankruptcy of the investment firm;
(c) when 12 months have passed since the investment firm was placed in receivership;
(d) by withdrawal or expiry of the authorisation to establish and operate an investment firm.

(2) The termination of receivership pursuant to paragraph 1 shall be published by Národná banka Slovenska without undue delay in at least one national newspaper covering stock exchange news and in publicly accessible premises of the investment firm placed in receivership. Persons asked by Národná banka Slovenska to publish this announcement shall be required to do so.

(3) The investment firm shall, without undue delay after the termination of receivership of the investment firm, convene an extraordinary general meeting to be held within 30 days from the termination of receivership of the investment firm. The investment firm shall include in the agenda of the extraordinary general meeting the dismissal of incumbent and election of new members of the management board and the supervisory board of the investment firm; the new members of the management board and the supervisory board of the investment firm shall meet the conditions specified in Section 55(2)(d).

Withdrawal of authorisations

Section 156

(1) Národná banka Slovenska shall withdraw an authorisation to provide investment services if:
(a) the own funds an investment firm fall below its share capital pursuant to Section 54;
(b) an investment firm maintains its own resources at a level lower than 25% of the sum of values corresponding to the requirements on the resources of an investment firm according to Section 74;
(c) an investment firm or a foreign investment firm does not start performing operations permitted in its authorisation within 12 months after the authorisation takes effect, or ceases to carry on such operations for a period of six months;
(d) an investment firm or a foreign investment firm acquired an authorisation based on false data given in the authorisation application;
(e) in the case of a branch of a foreign investment firm, the foreign investment firm lost its authorisation to provide investment services in the country of its incorporation;
(f) an investment firm or a foreign investment firm, within a deadline pursuant to Section 85(7), does not pay its due contribution to the Fund,
(g) an investment firm is declared unable to meet its liabilities towards clients in accordance with Section 86(3).

(2) Národná banka Slovenska may withdraw an authorisation to provide investment services if any serious deficiencies occur in the operation of an investment firm or a branch of a foreign investment firm, or in the case of breaches of requirements relating to the business activities of an investment firm or a branch of a foreign investment firm, if:
(a) an investment firm fails to comply with the conditions specified in Section 55(2), or a foreign investment firm fails to comply with the conditions specified in Section 56(2);
(b) an investment firm or a foreign investment firm fails to meet the obligations specified in Sections 83 to 85,

(c) an investment firm or a foreign investment firm fails to observe the rules of conduct of an investment firm in relation to clients as defined in this Act,
(d) an investment firm has changed its registered office without prior approval of Národná banka Slovenska,
(e) an investment firm records a loss exceeding 50% of its share capital in a single year, or 10% in three consecutive years,
(f) an investment firm or foreign investment firm fails to meet the conditions for beginning its operation within the deadline set in its authorisation to provide investment services;
(g) an investment firm or foreign investment firm repeatedly, or after being subject to a procedural fine, impedes the exercise of supervision;
(h) sanctions imposed according to this law or another act[20] have not led to the correction of deficiencies found.

(3) Národná banka Slovenska may withdraw a data reporting services provider's authorisation to provide data reporting services where the provider:
(a) does not begin to provide the services specified in the authorisation within 12 months of the authorisation taking effect, or has not provided such services within the preceding six months;
(b) has obtained the authorisation by making false statements in the application for the authorisation or by another action contrary to law;
(c) no longer meets the conditions under which the authorisation was granted;
(d) has seriously and repeatedly infringed the provisions of this Act or of another regulation.[121a]

Section 157

(1) From the moment when a decision withdrawing an authorisation to provide investment services is served, or when such authorisation expires, the legal person concerned may no longer provide investment services, except as necessary to settle its receivables and payables.

(2) A legal person whose authorisation to provide investment services was withdrawn or expired shall carry on the activities pursuant to paragraph 1 as an investment firm or a branch of a foreign investment firm in the meaning of this Act until the discharge of its payables and receivables and shall retain the records mentioned in Section 75 for a period of at least five years. The obligation of an investment firm or foreign investment firm to submit accounting statements, and statistical reports, and other reports pursuant to this Act shall no longer apply to such a legal person.

(3) A decision to withdraw an authorisation to provide investment services shall be sent by Národná banka Slovenska for publication to the Commercial Bulletin within 30 days from its effective date.

(4) A valid decision to withdraw an authorisation to provide investment services of a foreign investment firm shall be notified by Národná banka Slovenska to a supervisory authority in the country of incorporation of the foreign investment firm concerned. If a decision to withdraw an authorisation to provide investment services is delivered to an investment firm operating a branch abroad, Národná banka Slovenska shall give notice of the decision to a supervisory authority in the country where the branch of the investment firm, whose authorisation to provide investment services has been withdrawn, is located.

(5) The withdrawal of an authorisation to provide investment services shall be registered in the Commercial Register. Within 15 days after the effective date of the decision to withdraw an authorisation to provide investment services, Národná banka Slovenska shall send the decision and an application for its registration to the court maintaining the Commercial Register; the filing of this application is not subject to the provisions of another act.[122]

(6) After a decision to withdraw an authorisation to provide investment services takes effect, Národná banka Slovenska shall, without undue delay, submit to a competent court a proposal for liquidation of the legal person, whose authorisation to provide investment services has been withdrawn, and for the appointment of a receiver. The court may not apply a procedure pursuant to another act[122] before a decision on liquidation.

(7) The proceedings for withdrawal of an authorisation to provide investment services shall be stayed by a valid decision to declare bankruptcy pursuant to another act.[21]

Section 158
Liquidation of an investment firm

(1) Unless otherwise provided by this Act or by another act,[15] the provisions of the Commercial Code apply to the liquidation of an investment firm.

(2) If an investment firm, other than a bank, is being dissolved by liquidation, a proposal to appoint and dismiss a receiver may only be submitted by Národná banka Slovenska. The provisions of other legislation[121] shall not apply when this proposal is submitted.

(3) A receiver may not be a person who has or has had a special relation to the investment firm, or who is or has been over the past five years an auditor of the investment firm, or has participated in any way in an audit of the investment firm without expressing reservations to activities of the investment firm.

(4) Národná banka Slovenska shall determine the amount and due date of the receiver's remuneration, taking into account the extent of its activities.

(5) Persons involved in the liquidation of an investment firm shall be required to keep confidential all facts associated with the liquidation from all persons, except Národná banka Slovenska in connection with the performance of its tasks pursuant to this Act or pursuant to another act;[20] the foregoing is without prejudice to the provisions of Section 134.

(6) A receiver shall submit to Národná banka Slovenska without undue delay financial statements and documents prepared during liquidation in accordance with other legislation, and other documentation requested by Národná banka Slovenska to assess the work of the receiver and the progress of liquidation.

(7) The provisions of separate laws[123] apply to the liquidation of an investment firm which is a bank; in this case, the provisions of paragraphs 2 to 6 shall not be applied.

DIVISION NINE

COMMON, TRANSITIONAL AND FINAL PROVISIONS

Section 158a

This Act enacts in Slovak law the legally bindings acts the European Union listed in the Annex.

Section 159

(1) Liability for damages caused by a breach of duties under this Act is governed by the provisions on compensation for damages in the Commercial Code, unless otherwise provided by this Act.

(2) The property entrusted by clients to an investment firm or central depository, items, property rights and other assets related to the operation of the central depository shall not be subject to the execution of a decision pursuant to separate legislation.

(3) Without prior approval pursuant to Sections 70 and 118i(4), any legal action which requires prior approval shall be null and void. Also invalid is any action taken with prior approval obtained on the basis of false information. It does not apply if acquiring or increasing the qualified participation in the investment firm according to Section 70(1)(a) indirectly as the result of a foreign stabilisation measure of the state aiming at the alleviation of the impact of the global financial crisis and the sale of the branch of a foreign investment firm or part of it according to Section 70(1)(f), by which the foreign stabilisation measure of the state aims to alleviate the impacts of the global financial crisis.

Section 159a

(1) Proxy advisers shall publicly disclose reference to a code of conduct which they apply and report on the application of that code of conduct. For the purposes of this Act, 'proxy adviser' means a legal person that analyses, on a professional and commercial basis, the corporate disclosure and other information of listed companies with a view to informing investors' voting decisions by providing research, advice or voting recommendations that relate to the exercise of voting rights.

(2) Where proxy advisers do not apply a code of conduct, they shall provide a clear and reasoned explanation why this is the case. Where proxy advisors apply a code of conduct but depart from any of its recommendations, they shall declare from which parts they depart, provide explanations for doing so and indicate any alternative measures adopted.

(3) Information referred to in paragraphs 1 and 2 shall be made publicly available, free of charge, on the websites of proxy advisers and shall be updated on an annual basis.

(4) In order to adequately inform their clients about the accuracy and reliability of their activities, proxy advisers shall disclose on an annual basis at least all of the following information in relation to the preparation of their research, advice and voting recommendations:
a) the essential features of the methodologies and models they apply;

b) the main information sources they use;
c) the procedures put in place to ensure quality of the research, advice and voting recommendations and qualifications of the staff involved;
d) whether and, if so, how they take national market, legal, regulatory and country-specific conditions into account;
e) the essential features of the voting policies they apply for each market;
f) whether they have dialogues with the joint-stock companies which are the object of their research, advice or voting recommendations and with the stakeholders of the company, and, if so, the extent and nature thereof;
g) the policy regarding the prevention and management of potential conflicts of interest.

(5) The information referred to in paragraph 4 shall be made publicly available on the websites of proxy advisers and shall remain available free of charge for at least three years from the date of publication. The information referred to paragraph 4 does not need to be disclosed separately where it is available as part of the disclosure under paragraph 1.

(6) Proxy advisors shall identify and disclose without delay to their clients any actual or potential conflicts of interests or business relationships that may influence the preparation of their research, advice or voting recommendations and the actions they have undertaken to eliminate, mitigate or manage the actual or potential conflicts of interests.

(7) The provisions of paragraphs 1 to 6 apply to proxy advisers that:
a) have their registered office in the Slovak Republic;
b) have their head office in Slovakia and do not have their registered office in another Member State; or
c) conduct business through an establishment in the Slovak Republic and have neither their registered office nor headquarters in another Member.

(8) Proxy advisers are not subject to the provisions of Sections 135 to 158.

Section 160

(1) Proceedings conducted pursuant to this Act are subject to other legislation,[20] unless otherwise provided by this Act.

(2) Where the specification of identification number or personal identification number is required in this Act, such number shall not be stated in the case of persons, which have not been assigned one.

Section 160a

(1) Národná banka Slovenska shall exercise the functions and powers of the competent supervisory authority in the Slovak Republic[123a] in accordance with other legislation[123b] and delegated regulations of the Commission on the issuance of regulatory technical standards or in accordance with implementing regulations of the Commission laying down implementing technical standards to other legislation issued at the proposal of the EBA or ESMA.[123c] Unless otherwise provided by other legislation,[123b] delegated regulation of the Commission on the issuance of regulatory technical standards or implementing regulation of the Commission laying down implementing technical standards, Národná banka Slovenska shall proceed in accordance with the provisions of this Act and other legislation[123d] in exercising these functions and powers.

(2) Národná banka Slovenska shall, as the competent supervisory authority,[123a] exercise national discretion under other legislation,[123b] provide for the application of the respective national discretion in the Slovak Republic and communicate this national discretion to the Commission.

(3) A decree shall be issued by Národná banka Slovenska and promulgated in the Collection of Laws laying down requirements, limits, methods, levels, percentage rates, percentage shares, percentage values, coefficients, indicators or non-application of requirements for the implementation of Sections 4, 6, 8, 9, 10, 11, 15, 18, 19, 24, 27, 31, 49, 78, 79, 83, 84, 89, 95, 97, 99, 116, 124, 125, 126, 129, 151, 152, 164, 178, 179, 225, 243, 244, 282, 283, 284, 311, 315, 317, 327, 329, 352, 358, 366, 380, 382, 395, 396, 400, 412, 413, 415, 416, 420, 422, 425, 450, 458, 465, 467, 468, 471, 473, 478, 479, 480, 481, 493, 495, 496, 499, and 500 of Regulation (EU) No 575/2013 of the European Parliament and of the Council of 26 June 2013 on prudential requirements for credit institutions and investment firms and amending Regulation (EU) No 648/2012 (OJ L 176, 27.6.2013).

Section 161

The provisions of this Act shall also govern legal relationships arising before this Act comes into force; however, the origination of such legal relationships, as well as any claims arising therefrom prior to the commencement date of this Act, shall be treated according to the existing legislation, unless otherwise provided by this Act.

Section 162

Unless otherwise provided by this Act, legal persons and natural persons are required to bring their activities in line with the provisions of this Act by 30 June 2002 at the latest.

Section 163

(1) The centre which as at 1 January 2002 provided its services pursuant to the existing legislation shall be required to submit to the Financial Market Authority (hereinafter the 'Authority') an application for authorisation to establish and operate the central depository pursuant to Section 100 by 31 December 2002 at the latest.

(2) The application pursuant to paragraph 2 shall contain:
(a) business name and registered office of the central depository;
(b) share capital;
(c) proposed range of services to be provided by the central depository;
(d) name, permanent residence, and personal identification number of members of the management board, supervisory board, and an authorised representative;
(e) material, personnel, and organisational provisions for the operation of the central depository;
(f) a representation by the statutory body that the information supplied is complete and true.

(3) The application pursuant to paragraph 3 shall be supplemented by:
(a) articles of association;
(b) draft operating rules;
(c) the curriculum vitae of each member of the management board, the supervisory board, and an authorised representative;

(d) document of completed education and professional experience of members of the management board, the supervisory board, and an authorised representative;
(e) the criminal record check certificates, not older than three months, of the members of the management board, members the supervisory board, and authorised representatives;
(f) a written statement of honour by each member of the management board, supervisory board, and an authorised representative, that he meets the requirements laid down in this Act;
(g) proof that the share capital was paid up.

(4) The application pursuant to paragraph 1 shall be submitted to the Authority by the statutory body of the centre.

(5) Section 100 applies mutatis mutandis to a decision on the application pursuant to paragraph 1.

(6) The centre which as at 1 January 2002 provided its services pursuant to the existing legislation shall carry on its operations pursuant to this legislation until the first central depository established under this Act has granted membership to its first member. The centre's operation under the existing legislation is subject to supervision by the Authority.

(7) Until the effective date of the first decision to grant an authorisation to establish and operate the central depository, the method of clearing and settlement of stock exchange transactions laid down in the existing legislation applies.

(8) Until the effective date of the first decision to grant an authorisation to establish and operate the central depository, the existing legislation applies to the procedure of registration of the inception, change and expiry of the right of pledge relating to securities, and of registration of securities accepted as collateral.

Section 163a

(1) The centre operating pursuant to Section 163(6) shall continue its operation in accordance with the existing legislation until 60 days after the first central depository established under this Act has granted membership to its first member. The centre's operation under the existing legislation is subject to supervision by Národná banka Slovenska. The first depository established under this Act to grant membership to its first member shall notify this fact without undue delay to Národná banka Slovenska, and shall publish the date of the granting of membership to the first member within three days thereafter in a national newspaper covering stock exchange news.

(2) Until 60 days after the first central depository established under this Act has granted membership to its first member, the procedure for the clearing and settlement of stock exchange transaction shall be carried out in accordance with the existing legislation. The clearing and settlement of stock exchange transaction concluded up to the end of the period mentioned in the first sentence shall be carried out in accordance with the existing legislation.

(3) Until 60 days after the first central depository established under this Act has granted membership to its first member, the existing legislation applies to the procedure for registering the establishment or termination of a pledge on a security, or any change thereto, and to register for transfers of securities as collateral.

Section 164

(1) An endorser which has an owner account set up according to the existing legislation shall, effective from the date when membership is granted to the first member by the first central depository established pursuant to this Act, give orders for registration of transfers of book-entry securities to such a member.

(2) With effect from 60 days after the first central depository established under this Act has granted membership to its first member, the central depository may not make an entry crediting an owner account opened pursuant to the existing legislation. An owner account established pursuant to the existing shall be closed down at the moment there is no security left in it. At the request of an owner of such an account given to a member within six months after a decision by Národná banka Slovenska pursuant to Section 163(1), comes into force, the central depository and member shall transfer free of charge any securities left in the account to an owner account opened pursuant to Section 105.

(3) An owner account established under the existing legislation shall be deemed a register in the meaning of Section 99(3). An owner account established under the existing legislation shall be maintained by the central depository.

Section 164a

(1) Where the transferor has an owner account opened in accordance with previous regulations, it shall make a registration order for the transfer of a book-entry security to the member or the central depository.

(2) Central depositories shall not make a credit entry in an owner account opened under previous regulations unless the transfer order for the crediting of securities to that account is made in the manner and by the procedure laid down in the operational rules.

(3) An owner account opened under previous regulations shall be deemed a record in the meaning of Section 99(3), and it shall be kept by the central depository for a fee. An owner account opened under previous regulations shall be maintained by the central depository. The central depository may change the number of that account provided that it makes public the manner of the renumbering in a daily newspaper which has nationwide circulation and publishes stock exchange news. The central depository may not perform the activity mentioned in the previous sentence unless the manner and procedure of this activity is laid down in the operational rules.

(4) A central depository, in order to make necessary modification in the technical processing system for its data, may open an owner account under Section 105 for the owner of an account opened under previous regulations and transfer the securities held in the account opened under previous regulations to the owner account opened in accordance with Section 105, and may do so without request. For performing this activity, the central depository shall not charge a fee. The central depository may not perform this activity unless the manner and procedure of the activity is laid down in the operational rules.

(5) The activity mentioned in paragraph 4 shall not be subject to the provisions of Sections 18 to 27. Once the securities held in the account opened under previous regulations

have been transferred to the account opened under Section 105, the owner account opened under previous regulations shall cease to exist.

(6) Where a central depository proceeds in accordance with paragraph 4, it shall make public, in a daily newspaper which has nationwide circulation and publishes stock exchange news, the manner by which it assigned the number of the owner account. In that case, the provision of Section 105(4) shall not apply.

Section 165

(1) Any proceedings on the application of fines and other sanctions opened but still pending valid completion prior to the commencement date of this Act shall be completed pursuant to the existing legislation. With effect from the commencement date of this Act, any deficiencies detected in the operation of investment firms and other persons which occurred pursuant to the existing legislation, but were not subject to a proceeding pursuant to the existing legislation, shall be examined and processed pursuant to this Act, provided that they are deficiencies which are also deemed deficiencies under this Act. With effect from the commencement date of this Act, however, only the measures designed to eliminate an unlawful situation, corrective actions, fines and other sanctions available under this Act may be applied. The legal effects of actions taken prior to the commencement date of this Act shall remain unaffected.

(2) Any time limits which have not expired by the commencement of this Act are governed by the provisions of the existing legislation. Where the existing legislation specified no time limits for the delivery of a decision or the taking of any action in proceedings opened, but still pending valid completion, prior to the commencement date of this Act, the time limits specified in this Act apply and start as from that commencement date.

Section 166

(1) An investment firm which as at the commencement date of this Act operated under the existing legislation shall be required to apply to the Authority for an authorisation pursuant to Section 55 within nine months from this effective date. If the application is not submitted within that period, the authorisation of an investment firm shall expire at the end of the period. Until a decision on an authorisation application comes into force, the investment firm may carry on its activities in accordance with its existing authorisation and with the existing legislation. The operation of an investment firm under the existing legislation is subject to supervision by the Authority.

(2) In an application pursuant to paragraph 1, an investment firm shall specify:

(a) business name and registered office;
(b) identification number;
(c) share capital;
(d) list of shareholders with qualifying holdings in the investment firm; the list shall contain the name, permanent residence and personal identification number for natural persons, or business name, registered office, and identification number for legal persons, and the size of their qualifying holdings;
(e) proposed range of investment services to be provided by the investment firm and in relation to which financial instruments; the applicant shall specify at least one of the core investment services;

(f) material, personnel, and organisational provisions for the operation of an investment firm;
(g) name, permanent residence and personal identification number of members of the management board, members of the supervisory board, authorised representatives, and managers[51] of the investment firm reporting directly to the management board, and information about their professional competence and good repute;
(h) a representation by the statutory body that the supplied information is complete and true.

(3) The following shall be attached to an application pursuant to paragraph 1:
(a) a copy of the investment firm's entry in the Commercial Register;
(b) the investment firm's articles of association;
(c) the investment firm's organisational structure, draft operating rules, and business strategy;
(d) the brief curriculum vitae, documentation of educational attainment and professional experience, and the criminal record check certificate, not older than three months, of each member of the investment firm's management board, and each member's declaration of honour that they meet the requirements laid down in this Act;
(e) the investment firm's written affirmation that it is not subject to bankruptcy order or compulsory settlement;
(f) evidence that the investment firm's share capital is paid up.

(4) An application pursuant to paragraph 1 shall be submitted to Národná banka Slovenska by the statutory body of the investment firm.

(5) Section 55 applies mutatis mutandis to decisions on an application pursuant to paragraph 1.

Section 167

(1) A foreign investment firm which as at the commencement date of this Act operated under the existing legislation shall be required to apply to the Authority for an authorisation pursuant to Section 58 within six months from the commencement date of this Act. If the application is not submitted within this period, the authorisation of the foreign investment firm shall expire at the end of the period. Until a decision on the application for authorisation to provide investment services comes into force, the foreign investment firm may carry on its activities in accordance with its present authorisation and with the existing legislation. The operation of a foreign investment firm under the existing legislation is subject to supervision by the Authority.

(2) In an application pursuant to paragraph 1, a foreign investment firm shall give the information specified in Section 56(3) and (4).

(3) Section 56 applies mutatis mutandis to decisions on an application pursuant to paragraph 1.

Section 168

A proficiency examination carried out according to the legislation applicable until 1 January 2002 shall be deemed a proficiency examination carried out in accordance with this Act.

Section 169

(1) The Authority shall convene the founding meeting of the Council within 30 days from the commencement date of this Act.

(2) Investment firms required to participate in the investor protection scheme under this Act shall pay their initial contributions to the account of the Fund within 30 days from the commencement date of this Act.

(3) Investment firms shall pay the first instalment of their annual contribution to the account of the Fund within 20 days of receiving a decision of the Council on the amount of annual contribution pursuant Section 84(6).

(4) For legally protected client assets which became inaccessible pursuant to Section 82(1) prior to the day falling three years after the day on which the Slovak Republic became a member of the European Communities and the European Union, a single client shall be entitled to compensation from the Fund as laid down in Section 87(2), though in an amount not exceeding:

(a) EUR 10,000 where the client made the claim for compensation between 1 January 2004 and 31 December 2004;
(b) EUR 13,000 where the client made the claim for compensation between 1 January 2005 and 31 December 2005;
(c) EUR 16,000 where the client made the claim for compensation between 1 January 2006 and the completion of three years from the date when the Slovak Republic became a member of the European Union.

(5) Paragraphs 2 and 3 apply equally to foreign investment firms which become required to participate in the client protection scheme under this Act.

Section 170

(1) Any securities which as at 1 January 2002 were publicly negotiable pursuant to the existing legislation, and which as at the commencement date of this Act were not admitted to trading on a listed stock exchange shall be deemed securities issued on the basis of a public offer.

(2) Until 60 days after the first central depository established under this Act has granted membership to its first member, the owner of a security admitted to trading on a listed stock exchange market may not be changed other than through a transaction concluded on the stock exchange, except for securities transactions executed by Národná banka Slovenska in order to regulate the financial market pursuant to other legislation[49] and except for free transfer and acceptance of a security.

(3) The issuer of securities pursuant to paragraph 1 and an issuer whose shares have been admitted to trading on a regulated market may decide to suspending trading in the securities on the stock exchange, or decide to convert a book-entry security into paper security, or to adopt a decision the result of which is to suspend trading in the security on the stock exchange, only under the conditions and by the methods laid down Section 119; such a decision shall also include any failure to fulfil disclosure obligations established by another act[103] or such other facts that result or will result in any exclusion of issuer’s shares from the regulated market.

Section 171

A court may, on or without a proposal of the Authority, dissolve a joint stock company which failed to meet the requirement to transform its securities by 31 December 1999 in accordance with the existing legislation. Before adopting a decision to dissolve such a company, the court may give the issuer a reasonable grace period to eliminate the reason for dissolution.

Section 172

(1) If the rights attached to:

(a) securities compulsorily deposited pursuant to Decree of the President of the Republic No 95/1945 on reporting of deposits and other financial assets in financial institutions, as well as life insurance policies and securities;

(b) domestic securities issued after 1945, expired as at 1 June 1953 pursuant to provisions of Act No 41/1953 on monetary reform, the Ministry shall be authorised in accordance with a separate legislation[124] to decide how to dispose of certificates which remained in a compulsory deposit in the territory of the Slovak Republic and which contain records which these expired rights were attached to.

(2) The provisions of paragraph 1 apply mutatis mutandis to securities and the rights attached to them if they are subject to international agreements concluded by the Slovak Republic prior to the commencement date of this Act.

Section 173

Any securities issued in accordance with existing legislation, or with this Act, with other legislation, and which is denominated in a currency of a European Union Member State which is due to be abolished and replaced by euro in 2002 shall, effective from 1 January 2002, be deemed securities denominated in euro. The nominal value of any such security shall be translated using the euro exchange rate set by the European Union for the replacement in euro of the outgoing currency in which the security is denominated.

Section 173a

(1) Until the entry into force of the first decision to approve a change in the operating rules of the central depository, the method and procedure for registering a pledge on a security and the method and procedure for registering transfers of securities as collateral, in accordance with Sections 53a to 53d, the existing legislation applies to the procedure for registering the establishment or termination of pledge on a security, or any change thereto, and the registration of transfers of securities as collateral. By 1 January 2006, the central depository shall submit to the Authority for approval a proposal for an amendment to the operating rules pursuant to paragraph 1. The existing legislation applies to pledges and collateral transfers established under the existing legislation.

(2) Supplementary supervision shall begin to be exercised while taking into account financial situation and profitability during the course of 2005.

Section 173b
Transitional provisions for regulations in effect from 1 January 2006

(1) The authorisations, approvals and prior consents issued by the Authority prior to 1 January 2006 and applicable as at 1 January 2006 shall be deemed authorisation s, approvals and prior consents issued under this Act. The provisions of this Act apply to the suspension of activities carried out under such authorisation s, and to the alteration, withdrawal, or expiry of this authorisation; that same applies to the termination or expiry of approvals and consents issued by the Financial Market Authority up to 1 January 2006.

(2) Proceedings commenced and not validly concluded prior to 1 January 2006 shall proceed to their conclusion in accordance with this Act and another act.[20] The legal effects of acts which took place within the proceedings prior to 1 January 2006 shall remain upheld.

(3) The issuance of legislation of general application which prior to 1 January 2006 were issued for the implementation of enabling provisions in this Act, shall from 1 January 2006 become a competence of Národná banka Slovenska to the extent laid down by this Act.

Section 173c

Receivership proceedings commenced and not validly concluded prior to 1 July 2005 and the conduct of receivership commenced and not validly concluded prior to 1 July 2005 shall come to their conclusion in accordance with the provisions applicable as at 30 June 2005.

Section 173d

Issuers which have a registered office in country other than a Member State, and whose securities have already been admitted to trading on a regulated market, may have until 31 December 2005 to inform the Authority of having chosen the Slovak Republic as their home Member State in accordance with Section 125d(5)(c).

Section 173e

Existing regulations apply to prospectuses approved, and to prospectuses submitted for approval, before this Act came into effect; this is not the case if the public offer of securities is being realised in the territory of a Member State.

Section 173f
Transitional provisions for regulations in effect from 1 January 2007

(1) Until 31 December 2014, the provisions of Section 74(1) to (10) shall not apply to an investment firm providing investment services and investment activities exclusively in relation to options, futures, swaps, other derivative instruments relating to commodities, and financial contracts for differences.

(2) Until 31 December 2011, an investment firm to which Section 74(12) does not apply, whose total trading book positions do not exceed EUR 50,000,000, and whose average number of employees during the financial year does not exceed 100, may replace the capital requirement under Section 74(5)(d) with the lower of the following amounts:
(a) the requirement under Section 74(5)(d);

(b) 12/88 of the higher of the following:
    1. the sum of capital requirements under Section 74(5)(a) to (c), and
    2. the capital requirement under Section 74(6), irrespective of whether the exemption under Section 74(12) is applied.

(3) Where point 2 of paragraph 2(b) applies, an incremental increase under Section 74(6) shall be applied on at least an annual basis. Applying the derogation under paragraph 2 shall not result in a reduction in capital requirements for an investment firm to below the level calculated in accordance with legal regulations applicable as at 31 December 2006; this shall not apply if such a reduction is justified by a reduction in the scope of the investment firm's activities.

(4) The application of the derogation under paragraph 2 is subject to the prior approval of Národná banka Slovenska.

(5) Until 31 December 2014, an investment firm which has discretion to exceed the exposure limits set out in Section 74a need not include any excesses of these limits in its calculation of capital requirements under Section 74(5)(b), provided that the following conditions are met:

(a) the investment firm provides investment services or investment activities related to options, futures, swaps, other derivative instruments relating to commodities, and financial contracts for differences;
(b) the investment firm does not provide such investment services or activities for, or on behalf of, retail clients;
(c) breaches of the limits under Section 74a arise in connection with exposures resulting from contracts that are financial instruments as listed in subparagraph (a) and relate to commodities or underlyings, such as climatic variables, freight rates, emission allowances, inflation rates, or other official economic statistics calculated in accordance with other legislation[15] or in connection with exposures resulting from contracts concerning the delivery of commodities or emission allowances;
(d) the investment firm has a documented strategy for managing and, in particular, for controlling and limiting risks arising from the concentration of exposures, and it informs Národná banka Slovenska of this strategy and all material changes thereto without undue delay; the investment firm takes appropriate measures to ensure a continuous monitoring of the creditworthiness of borrowers, according to their impact on concentration risk, and the investment firm shall, on the basis of these measures, be able to react adequately and sufficiently promptly to any deterioration in that creditworthiness.

(6) Where an investment firm exceeds the internal limits set according to the strategy referred to in paragraph 5(d), it shall without undue delay notify Národná banka Slovenska and the counterparty of the size and nature of the excess.

(7) An investment firm which calculates a risk-weighted exposure amount using the internal ratings based approach shall during the first, second and third calendar year after 1 January 2007 have own funds equal to or more than the amount mentioned in paragraph 8. An investment firm which uses the advanced measurement approach to calculate capital requirements for operational risk shall have own funds equal to or greater than the amount mentioned in paragraph 8 during the second and third calendar year after 1 January 2007.

(8) Of the total minimum capital requirements laid down by regulations in effect before 1 January 2007, the amount of own funds under paragraph 7 shall represent 95% during the first calendar year, 90% during the second and 80% during the third.

(9) Until 31 December 2007, investment firms may use instead of the standardised approach for credit risk, the calculation of risk-adjusted assets and off-balance sheet items in accordance with regulations in effect before 1 January 2007.

(10) Where an investment firm proceeds in accordance with paragraph 9,

(a) credit derivatives shall be included in the list of full-risk items and shall thereby attract a credit weight of 100% under regulations in effect as at 31 December 2006;
(b) the value of credit equivalents for derivative instruments shall be calculated in accordance with regulations in effect as at 31 December 2006, irrespective of whether the on-balance and off-balance items arising therefrom and the values of credit equivalents are deemed to be risk-weighted exposure amounts.

(11) Where an investment firm proceeds in accordance with paragraph 9, then in respect of exposures for which the standardised approach is used the provisions on credit risk mitigation under this Act shall not be applied, but procedures shall be used under regulations in effect before 1 January 2007.

(12) Where an investment firm proceeds in accordance with paragraph 9, the capital requirements for operational risk under Section 74(5)(d) shall be lowered by the percentage representing the ratio of the value of the investment firm's exposures for which risk-weighted exposure amounts are calculated in accordance with the discretion referred to in paragraph 9 to the total value of its exposures.

(13) Where an investment firm proceeds in accordance with paragraph 9, its exposures are subject to regulations in effect before 1 January 2007.

(14) Where an investment firm proceeds in accordance with paragraph 9, all references to the standardised approach for credit risk shall be construed as references to provisions on the calculation of risk-weighted assets under regulations in effect before 1 January 2007.

(15) Where an investment firm proceeds in accordance with paragraph 9, provisions concerning the system for assessing internal capital adequacy and Section 74c(3) do not apply before 1 January 2008, and the disclosure obligation of the investment firm is subject to regulations in effect before 1 January 2007.

(16) Where an investment firm proceeds in accordance with paragraph 9, the calculation of trading book risk, foreign exchange risk and commodity risk is subject to regulations in effect before 1 January 2007.

(17) Národná banka Slovenska may:

(a) for investment firms applying to use the internal ratings based approach before 31 December 2009, approve a reduction in the three-year period prescribed for the use of eligible rating systems to a period no shorter than one year until 31 December 2009;

(b) for investment firms applying to use own estimates of loss given defaults or own calculations of conversion factors, approve a reduction in the approved three-year period to a period of two years until 31 December 2008;
(c) until 31 December 2012, permit investment firms to continue to apply to participations under other legislation acquired prior to the entry into force of this Act the treatment stipulated by other legislation;
(d) until 31 December 2017, exempt from the application of the internal ratings based approach certain equity claims held by an investment firm or its subsidiary as at 31 December 2007, under conditions laid down in other legislation.

(18) Until 31 December 2010, the exposure-weighted average loss given defaults for all retail exposures secured by residential properties and not benefiting from state guarantees may not be lower than 10%.

(19) Investment firms not permitted to use own estimates of loss given defaults or own calculations of conversion factors may use relevant data from two years when implementing the internal ratings based approach, but no later than 31 December 2007 in regard to the observation period. Until 31 December 2010, the observation period shall be extended each year by one year.

(20) Where, as at 1 January 2007, the shares of an offeree company which are the subject of a takeover bid are admitted to trading on a regulated market in the Slovak Republic and other Member States, Národná banka Slovenska shall within four weeks after this date agree with the respective Member States' supervisory authorities on which authority will be competent to exercise supervision of the takeover bid. Otherwise, the offeree company shall decide, no later than the first trading day following this period, on which from these supervisory authorities will be competent to exercise supervision over the takeover bid. The offeree company shall notify its decision in writing to the respective supervisory authority and disclose it.

(21) Národná banka Slovenska shall also exercise supervision over a takeover bid for an offeree company with its registered office in another Member State, where the shares that are the subject of the bid are as at 1 January 2007 admitted to trading on a regulated market in the Slovak Republic and in another Member State, and Národná banka Slovenska has within four weeks after that date agreed with the respective Member States' supervisory authorities that it is authorised to exercise supervision over the bid. This applies equally if, after the supervisory authorities have failed to conclude an agreement on competences, the offeree company has decided that Národná banka Slovenska will have competence in this matter.

(22) A takeover bid launched before 1 January 2007 shall be proceed in accordance with existing regulations.

(23) The rights laid down in Sections 118i and 118j shall be applicable only to takeover bids launched after 1 January 2007.

Section 173g
Transitional provision for regulations in effect from 1 May 2007

Until 1 November 2007, a central depository shall regulate the way it maintains owners' accounts in accordance with the text of Section 164 that comes into effect as of 1 May 2007.

Section 173h
Transitional provision for regulations in effect from 1 November 2007

(1) Legal and natural persons shall bring their activities into line with this Act by no later than 1 May 2008 unless otherwise provided in paragraphs 2 to 7.

(2) It is not required to amend those authorisations to provide investment services which have already been issued. An authorisation to provide investment services issued to a bank or the branch of a foreign bank shall be treated as a banking authorisation for the purposes of Section 79a. This is without prejudice to the obligation of an investment firm, a foreign investment firm, a bank or a foreign bank to apply for an amendment to its authorisation as a precondition to providing new investment services, investment activities or ancillary services, including custodianship.

(3) Where proceedings on the issuance of an authorisation to provide investment services were commenced before 1 November 2007, they shall be concluded in accordance with regulations in effect as of 1 November 2007.

(4) As of 1 November 2007, an investment firm may operate in the territory of another Member State in accordance with Section 64 or Section 66 only if it meets the conditions laid down in this Act in regard to scope of the investment services provided and to financial instruments.

(5) In the case of a foreign investment firm issued with its authorisation before 1 November 2007, where the laws of the Member State in which its registered office is situated do not allow investment services to be provided in the territory of another Member State unless additional conditions are met, that investment firm shall either suspend the performance of activities under Section 65 or 67 until these conditions are met, or shall apply for an authorisation under Section 56, or it shall cease its activities in the territory of the Slovak Republic.

(6) Notifications in regard to the freedom to provide services in the European Economic Area given in accordance with previous regulations shall be treated as given in accordance with regulations in effect as of 1 November 2007. This is without prejudice to the obligation to give notification of any change in the facts notified under Sections 64 to 66.

(7) Where the activities of an investment intermediary as stated in its authorisation to operate as an investment intermediary are not registered in the Commercial Register as at 1 November 2007, that investment intermediary, by no later than 1 December 2007, shall file an application for registration of these activities in the Commercial Register, and, within ten days after the effective date of a court’s decision on the registration of these activities in the Commercial Register, shall submit its extract from the Commercial Register to Národná banka Slovenska. If an investment intermediary fails to meet the obligation to file the application for registration referred to in the first sentence, its authorisation to operate as an investment intermediary shall expire.

Section 173i
Transitional provisions in effect from 1 January 2008

(1) In preparation for the introduction of the euro in the Slovak Republic and the changeover from the Slovak currency to the euro, issuers of securities denominated in the Slovak currency shall ensure and perform the redenomination, conversion and rounding of the nominal value of the securities which they have issued, including CIU shares or units, from the Slovak currency to the euro in accordance with this Act and separate legal provisions on introduction of the euro in the Slovak Republic.[125]

(2) As of the euro introduction date, securities denominated in the Slovak currency shall be treated as securities denominated in the euro, their nominal value converted and rounded in accordance with the conversion rate and other rules governing the changeover from the Slovak currency to the euro;[125] this applies equally to securities denominated in foreign currency which will cease to exist and will be replaced with the euro, as of the date of replacement of such foreign currency with the euro and simultaneously in accordance with the fixed conversion rate designed for the conversion of such foreign currency to the euro and with other rules applicable to the changeover from such foreign currency to the euro. This presumption is without prejudice to the obligation of issuers of securities denominated in the Slovak currency to carry out the redenomination of the nominal value of securities to the euro in accordance with this Act and separate legal provisions.

(3) Central depositories shall within three months after the euro introduction date provide also for registration of the respective changes in their register of pledges and in the respective accounts where data on the respective receivables secured by pledges on securities are recorded. Central depositories shall be liable for correct conversion and rounding of amount of the individual secured receivables from the Slovak currency to the euro according to the conversion rate and other rules applicable to the changeover from the Slovak currency to the euro. The same rules which apply to conversions, rounding and registrations of changes of data on amount of receivables which are secured by pledge on securities entered in the register of pledges kept with the central depository apply equally to conversions, rounding and registrations of changes of data on amount of receivables which are secured by pledge on securities entered in the central register of short-term securities kept with Národná banka Slovenska; in making conversions, rounding and registrations of changes of data on amount of secured receivables from the Slovak currency to the euro, Národná banka Slovenska shall have the same status, rights and obligation as the central depository in its performing conversions, rounding and registrations of changes of data on amount of secured receivables from the Slovak currency to the euro.

Section 173j
Transitional provisions for regulations in effect from 1 January 2009

(1) Regulations in effect before 31 December 2008 apply to Treasury bills issued before 31 December 2008.

(2) Proceedings on prior approvals pursuant to Section 70(1)(a), which have been commenced and have not finished validly before 1 January 2009, shall finish according to the present regulations.

(3) Compensation according to regulations in effect before the effect of this Act shall be provided for client assets protected under this Act, which became inaccessible before the effect of this Act; this shall not affect provision of Section 169(4).

Section 173k
Transitional provision for regulations in effect from 1 February 2009

The central register of short-term securities which was kept by Národná banka Slovenska according to the valid regulations shall be repealed as of 1 February 2009.

Section 173l
Transitional provision for Section 52a and Section 103(2)(t)

Central depositories shall establish records according to Section 52a and Section 103(2)(t) and assimilate their operating rules to the provisions of this Act as in effect until 31 December 2009.

Section 173m
Transitional provisions for regulations in effect from 1 April 2011

(1) The amount of own funds of investment firms which calculate the value of risk weighted exposures on the basis of internal ratings approach shall, until 31 December 2011, equal or exceed amounts stipulated in paragraphs 2 and 3 thereof. The amount of own funds of investment firms which use an advanced measurement approach to operational risk for the calculation of own funds requirements shall, until 31 December 2011, equal or exceed amounts stipulated in paragraphs 2 and 3 thereof.

(2) The amount of own funds under paragraph 1 shall equal 80% of the total minimum own funds requirements provided for in regulations in effect until 31 December 2006.

(3) The amount of own funds under paragraph 1 shall equal 80% of the total minimum own funds requirements provided for in regulations in effect as at 31 March 2011, based on a prior consent of Národná banka Slovenska, only if an investment firm has started to use the internal models approach or the advanced measurement approach for its own funds requirements calculation since 1 January 2010 or later.

(4) Until 31 December 2010 the exposure weighted average loss-given-default for all retail exposures secured by residential properties and not benefiting from guarantees from central government shall not be lower than 10%.

Section 173n
Transitional provisions for regulations in effect from 30 June 2011

Transfer registration orders accepted prior to 30 June 2011 and not settled prior to 30 June 2011 are subject to provisions on settlement systems in effect from 30 June 2011.

Section 173o
Transitional provisions for regulations in effect from 1 December 2011

(1) The provisions of this Act shall also govern legal relationships arising before 1 December 2011; however, the origination of such legal relationships, as well as any claims arising thereof before 1 December 2011, shall be treated according to the legislation in effect before 30 November 2011, unless otherwise provided in other paragraphs of this Act.

(2) By 31 July 2012 at the latest, each investment firm shall be required to establish and apply remuneration principles in accordance with this Act.

(3) By 31 July 2012 at the latest, each investment firm and other persons under Section 71da(1) shall be required to align provisions of their contracts of employment, contracts of mandate or other mutual contracts specifying conditions of remuneration or other benefits of the persons under Section 71da(1) with this Act; where an investment firm and other persons under Section 71da(1) shall not align provisions of their mutual contracts with this Act by 31 July 2012, the respective provisions shall expire on 1 August 2012.

Section 173p
Transitional provisions for regulations in effect from 31 December 2011

(1) The provisions of this Act shall also govern legal relationships arising before 31 December 2011; however, the origination of such legal relationships, as well as any claims arising thereof before 31 December 2011, shall be treated according to the legislation effective before 30 December 2011.

(2) Proceedings commenced and not validly concluded prior to 31 December 2011 shall proceed to their conclusion in accordance with this Act. The legal effects of acts which took place within the proceedings prior to 31 December 2011 shall remain upheld.

Section 173r
Transitional provisions for regulations in effect from 10 June 2013

(1) Legal relations governed by this Act and established before 10 June 2013 are governed by the provisions of this Act as in effect from 10 June 2013; the establishment of such legal relations, as well as any claims arising therefrom before 10 June 2013, are governed by regulations in effect until 9 June 2013.

(2) Proceedings that commenced, but were not finally concluded, before 10 June 2013 shall be brought to their conclusion in accordance with this Act and with other legislation;[20] time limits that have not expired by the commencement date of this Act are governed by this Act and another act.[20] Legal effects that arose from proceedings before 10 June 2013 shall be preserved.

(3) Ongoing on-site inspections that commenced before 10 June 2013 are governed by this Act and another act[20] until their conclusion. Legal effects that arose from on-site inspections before 10 June 2013 shall be preserved.

Section 173s
Transitional provisions for regulations in effect from 22 July 2013

(1) The person making a public offer of assets, which operated under legal rules effective before 21 July 2013, shall before 22 July 2014,

(a) apply for a relevant authorisation or registration with the register of managers under another act,[126] or

(b) discontinue the activity as a person making a public offer of assets and redeem the collected money to investors including an aliquot part of the offered assets within the period stated in the investment prospectus.

(2) If Národná banka Slovenska rejects the application for authorisation or registration under paragraph 1(a), the person making a public offer of assets shall discontinue activity as a person making a public offer of assets within six months and redeem the collected money to investors including an aliquot part of the offered assets within the period stated in the investment prospectus.

(3) As from 22 July 2013, a person making a public offer of assets cannot publicly offer the assets. As from 22 July 2013, a person making a public offer of assets cannot change the terms of the announced public offer of assets.

(4) The person making a public offer of assets is subject to the provisions of regulations in effect until 21 July 2013 relating to compliance with the approved investment prospectus and information obligations.

Section 173t
Transitional provisions for regulations in effect from 1 August 2014

(1) The provisions of this Act shall also govern legal relationships arising before 1 August 2014; however, the origination of such legal relationships, as well as any claims arising from them before 1 August 2014, shall be treated according to the legislation effective before 31 July 2014, unless paragraphs 2 and 3 provide otherwise.

(2) An investment firm shall maintain a buffer to preserve capital under other legislation[127] on the level of 1.5% of its total risk exposure calculated in accordance with other legislation[128] from 1 August 2014 to 30 September 2014.

(3) Every investment firm and other persons under Section 71da(1) shall no later than 30 November 2014 ensure the harmonisation with this Act of provisions of employment contracts, agency agreements or other mutual agreements in which terms of remuneration or other benefits are agreed in favour of persons under Section 71da(1); if an investment firm and other persons under Section 71da(1) do not harmonise certain provisions of their mutual agreements with this Act by 30 November 2014, such provisions shall become invalid on 1 December 2014.

Section 173u
Transitional provisions for regulations in effect from 1 January 2016

(1) An investment firm shall maintain a buffer for G-SII on a consolidated basis pursuant to another act[129] at the level of:

(a) 25% of this buffer from 1 January 2016 to 31 December 2016,
(b) 50% of this buffer from 1 January 2017 to 31 December 2017,
(c) 75% of this buffer from 1 January 2018 to 31 December 2018,
(d) 100% of this buffer from 1 January 2019 to 31 December 2019.

Section 173v
Transitional provisions for regulations in effect from 1 October 2015

(1) An owner account opened at a central depository on or before 30 September 2015 for a natural person or a legal person for which the central depository is not obliged under Section 105(2) as of 1 October 2015 to open an owner account at their request, shall be deemed to be a non-classified owner account. A non-classified owner account shall not be subject to the provisions applicable to an owner account, unless paragraphs 2 to 5 stipulate otherwise.

(2) As of 1 January 2016, the owner of the non-classified owner account shall submit an order to the central depository for the registration of a transfer of book-entry security and orders for other entries to the non-classified owner account through a member. Only one member may be appointed to submit orders under the first sentence for each non-classified owner account.

(3) A non-classified owner account shall cease to exist at the moment when there is no book-entry security registered on it.

(4) At the request of the owner of a non-classified owner account submitted to a member, central depositories and members shall transfer book-entry securities free of charge from this account to an owner account opened with the member.

Section 173w

Until a technical data processing system for the registration of non-classified accounts under Section 173v(1) is created and put into operation, the provisions of Section 173v(1), second sentence, and (2) to (4) do not apply and non-classified owner accounts are subject to the provisions concerning owner accounts.

Section 173x
Transitional provision for amendments in effect from 1 July 2016

Proceedings under this Act that commenced but were not completed before 1 July 2016 shall proceed in accordance with the regulations in effect until 30 June 2016.

Section 173y
Transitional provisions for amendments in effect from 1 December 2016

(1) Where a central depository performed activities on the basis of legal relations established before 30 November 2016 in accordance with this Act as in effect before 30 November 2016, any remuneration payable for such activities belong to the central depository.

(2) Until its depository authorisation under other legislation[90] enters into force, the conduct of a central depository's business is subject to this Act as in effect before 30 November 2016.

Section 173z
Transitional provisions for regulations in effect from 1 November 2017

(1) Legal relations governed by this Act and established before 1 November 2017 are governed by the provisions of this Act as in effect from 1 November 2017; the establishment of such legal relations, as well as any claims arising therefrom before 1 November 2017, shall, however, be assessed in accordance with this Act as in effect until 31 October 2017, and time limits that have not expired before 1 November 2017 are subject to the provisions of this Act as in effect from 1 November 2017 and to the provisions of other legislation.[20]

(2) Proceedings that commenced, but were not finally concluded, before 1 November 2017 shall be brought to their conclusion in accordance with this Act and with other legislation;[20] the legal effects of actions that took place in proceedings before 1 November 2017 shall be preserved.

(3) In the case of an issuer for whom a central depository began maintaining an issuer's register before 1 November, the obligation to register a LEI code in the issuer's register pursuant to Section 107(4) as in effect from 1 November 2017 applies for the first time when registering a securities issue issued after 31 October 2017; this is without prejudice to an issuer's right to request the registration of a LEI code in an issuer's register even when not issuing a securities issue.

Transitional provisions for regulations in effect from 3 January 2018

Section 173za

(1) Legal relations governed by this Act and established before 3 January 2018 are governed by the provisions of this Act as in effect from 3 January 2018; the establishment of such legal relations, as well as any claims arising therefrom before 3 January 2018, shall, however, be assessed in accordance with this Act as in effect until 2 January 2018, and time limits that have not expired before 3 January 2018 are subject to the provisions of this Act as in effect from 3 January 2017 and to the provisions of other legislation.[20]

(2) Proceedings that commenced, but were not finally concluded, before 3 January 2018 shall be brought to their conclusion in accordance with this Act and with other legislation;[20] the legal effects of actions that took place in proceedings before 3 January shall be preserved.

(3) On-site inspections that commenced but were not completed before 3 January 2018 shall be completed in accordance with this Act and with other legislation;[20] the legal effects of actions that took place in regard to an on-site inspection before 3 January 2013 shall be preserved.

Section 173zb

(1) From 3 January 2018 until 3 July 2021, the clearing obligation set out in other

legislation[130] and the risk mitigation techniques set out in other legislation[131] shall not apply to energy derivative contracts concluded by non-financial counterparties that meet the conditions under other legislation,[132] or by non-financial counterparties that are authorised for the first time as investment firms from 3 January 2018; such energy derivative contracts are not considered to be OTC derivative contracts for the purposes of the clearing threshold set out in other legislation.[133]

(2) Energy derivative contracts benefiting from the transitional regime set out in paragraph 1 are subject to all other requirements laid down in other legislation. [107cb]

(3) The exemption referred to in paragraph 1 is granted by Národná banka Slovenska; Národná banka Slovenska shall notify ESMA of the energy derivative contracts which have been granted an exemption in accordance with paragraph 1.

Section 173zc
Transitional provision for regulations in effect from 1 January 2019

Legal relations concerning a right of squeeze-out established before 1 January 2019 are subject to the provision of Section 118i in effect until 31 December 2018.

Section 173zd

The issuance of a decision of Národná banka Slovenska under Section 101(4) to a central depository that has maintained non-classified owner accounts pursuant to Section 173v is subject to the condition that the assets in these accounts and the depository's records and registers concerning the maintenance of non-classified accounts, including information on accounts that have already been cancelled and on accounts in the name of deceased persons and information necessary for meeting disclosure obligations under Section 111 vis-à-vis these accounts, are transferred to another central depository or a member of another central depository.

Section 173ze

(1) Central depositories that have acquired records concerning the maintenance of non-classified accounts pursuant to Section 173zd may transfer these records, or part thereof, to a central depository participant in accordance with their operating rules.

(2) Where a central depository that maintains non-classified accounts referred to in paragraph 1 plans to transfer records concerning the maintenance of these accounts to a central depository participant, it shall, before effecting the transfer, disclose on its website and in a national daily newspaper both its intention to effect the transfer and information on how records of the securities held in the non-classified owner accounts will be kept in future.

(3) Owners of book-entry securities held in a non-classified owner account may, following the disclosure referred to paragraph 2, transfer their book-entry securities, free of charge, from this account to an owner account held with a member or to an account held with an investment firm in accordance with Section 71h(2).

Section 174
Repeal

This Act repeals the following:

1. Sections 1 to 99f and Section 102 of Act 600/1992 on securities, as amended by Act No 88/1994, Act No 246/1994, Act No 249/1994, Act No 171/1995, Act No 304/1995, Act No 58/1996, Act No 373/1996, Act No 204/1997, Act No 144/1998, Act No 128/1999, Act No 247/2000, and Act No 331/2000, and Act No 483/2001;

2. Decree of the Ministry of Finance of the Slovak Republic No 64/1993 on technical specifications of publicly negotiable paper securities;

3. Decree of the Ministry of Finance of the Slovak Republic No 108/2001 on the content and method for the performance of a test and examination of proficiency of a stockbroker, and on determination of fee for the performance of a test and examination of proficiency of a stockbroker.

Section 174a
Repealing provisions for regulations in effect from 1 January 2007

This Act repeals the following:

1. Decree of the Ministry of Finance of the Slovak Republic No 558/2002, stipulating the extent, manner and deadlines for the submission of statements, reports or overviews from accounting and statistical records and determining the content, form and structure, and the deadlines, method and place of submission of the reports, statements and other disclosures of investment firms and foreign investment firms, as amended by Decree No 34/2003, Decree No 166/2005 and Decree of Národná banka Slovenska No 626/2006;

2. Decree of the Ministry of Finance of the Slovak Republic No 559/2002 on the capital adequacy of investment firms, as amended by Decree No 753/2002, Decree No 166/2005 and Decree of Národná banka Slovenska No 626/2006;

3. Decree of the Ministry of Finance of the Slovak Republic No 631/2002, laying down details for the submission of statements, reports and disclosures of legal persons included in the consolidated group of an investment firm and of the central depository, as amended by Decree No 166/2005 and Decree of Národná banka Slovenska No 626/2006.

Section 174b
Repealing provisions for regulations in effect from 1 December 2016

This Act repeals the following:

1. Decree No 92/2002 of the Ministry of Finance of the Slovak Republic stipulating details and means of demonstrating compliance with conditions for the issuance of an authorisation to establish and operate a central securities depository;

2. Decree No 1/2013 of Národná banka Slovenska of 19 March 2013 on the elements of an application for prior approval from Národná banka Slovenska made in accordance with

Section 102(1) of Act No 566/2001 on securities and investment services (including amendments to certain laws) (the Securities Act).

Section 174c
Repealing provisions for regulations in effect from 3 January 2018

This Act repeals the following:

1. Decree No 378/2007 of Národná banka Slovenska on the provision of information to clients or potential clients before providing an investment service;

2. Decree No 12/2008 of Národná banka Slovenska of 20 May 2008 on how to demonstrate compliance with conditions for an authorisation to provide investment services (Notification No 198/2008).

Section 174d
Repealing provision in effect from 21 July 2019

This Act repeals Decree No 2/2014 of Národná banka Slovenska on the elements of an application for approval of a securities prospectus (Notification No 39/2014).

ARTICLE II

This Act took effect on 1 January 2002, with the exception of the following: Article I, Sections 58, 63 to 69, 70(6), 121(2)(l) and (3), 125, 130(12) and (13) and 131, which took effect on the date of the entry into force of the 2003 Treaty of Accession to the European Union; and Article I, Section 73(1)(h), which took effect on 30 June 2003.

Act No 291/2002 took effect on 1 July 2002.

Act No 510/2002 took effect on 1 January 2003, with the exception of the following: Article III, points 1 to 10, 12, 14, and 17 to 22, and Article VI, all of which took effect on 1 September 2002; and Article I, Sections 12(2), 13(3), 15(2), 16(1), first sentence, (2), second sentence, and (3), second sentence, 17(2), second sentence, 19, 20, second sentence, 25(2) and (3), 36(6) and 65(1)(b), (3) and (6), Article III, points 13 (in respect of Section 99(16), second sentence) and 16 (Section 107a(8)), and Article IV, point 4 (Section 14(7)), all of which took effect on the date of the entry into force of the 2003 Treaty of Accession to the European Union.

Act No 162/2003 took effect on 1 June 2003.

Act No 594/2003 took effect on 1 January 2004.

Act No 635/2004 took effect on 1 January 2005, with the exception of the following: Article I, points 73, and 94 to 96, which took effect on 1 December 2004; and Article I, point 13, and Article IV, point 5, all of which took effect on 1 July 2005.

Act No 43/2004 took effect on 1 January 2005.

Act No 266/2005 took effect on 30 June 2005.

Act No 7/2005 took effect on 1 July 2005.

Act No 336/2005 took effect on 1 August 2005.

Act No 747/2004 took effect on 1 January 2006.

Act No 213/2006 took effect on 1 May 2006.

Act No 644/2006 took effect on 1 January 2007, with the exception of the following: Article VI, which took effect on the date of the act's publication; Article III, point 2, which took effect on 30 December 2006; and Article II, point 1, which took effect on 1 January 2008.

Act No 209/2007 took effect on 1 November 2007, with the exception of the following: Article I, points 2, 6, 7, 11 to 14, 16, 18, 23 to 25, 27, 57, 58, 60, 73 to 81, 91, 93 to 96, 100 to 102, 106, 116, 117, 124 to 136, 139, 144 to 151, and 154 to 165, Article II, Article IV, points 5 to 8, Article V, points 2, 27, 41, 42, 44, 49, 50, 56, 57, 65 and 66, and Article VI, points 1, 3, 5 to 8, 10 to 32, and 34 to 39, all of which took effect on 1 May 2007.

Act No 659/2007 took effect on 1 January 2008, with the exception of Article VI, points 4 (in respect of Section 3(2)(c), point 1), 35 (Section 76(2)), 39 (Section 85(4)), 41 to 43 (Sections 87(2) and (3) and 88(8)) and 63, which took effect on the date of the introduction of the euro in the Slovak Republic.

Act No 70/2008 took effect on 1 April 2008.

Act No 297/2008 took effect on 1 September 2008.

Act No 552/2008 took effect on 1 January 2009, with the exception of Article I, points 5 (in respect of Sections 7(9) and 53a(3)), 12 (Section 10(4)), 15 (Section 29) and 110 (Section 173k), which took effect on 1 February 2009.

Act No 160/2009 took effect on 5 May 2009.

Act No 276/2009 took effect on 10 July 2009.

Act Nos 487/2009 and 492/2009 took effect on 1 December 2009.

Act No 186/2009 took effect on 1 January 2010.

Act No 129/2010 took effect on 1 June 2010.

Act No 505/2010 took effect on 30 December 2010.

Act No 46/2011 took effect on 1 April 2011.

Act No 130/2011 took effect on 30 June 2011.

Act No 394/2011 took effect on 1 December 2011.

Act No 520/2011 took effect on 31 December 2011, with the exception of Article I, points 8, 9, 15 to 17, 19 to 40, 44, to 48, 51, 53, 55 to 58, 66 and 76 (in respect of point 23 of the Annex), which took effect on 1 July 2012.

Act No 440/2012 took effect on 1 January 2013.

Act No 132/2013 took effect on 10 June 2013.

Act No 206/2013 took effect on 22 July 2013.

Act No 352/2013 took effect on 1 January 2014.

Act No 213/2014 took effect on 1 August 2014, with the exception of Article IV, point 44, which took effect on 1 January 2015.

Act No 371/2014 took effect on 1 January 2015.

Act No 39/2015 took effect on 1 April 2015.

Act No 117/2015 took effect on 1 July 2015, with the exception of the following: Article I, points 5, 11 to 18, 20 to 22, and 29, which took effect on 1 October 2015; and Article I, point 19, which took effect on 1 July 2017.

Act No 323/2015 took effect on 1 December 2015.

Act Nos 253/2015, 359/2015, 375/2015, 388/2015 and 437/2015 took effect on 1 January 2016.

Act Nos 361/2015, 91/2016 and 125/2016 took effect on 1 July 2016.

Act No 289/2016 took effect on 15 November 2016.

Act No 292/2016 took effect on 1 December 2016, with the exception of Article I, points 10, 11, 13, 21 and 22, which took effect on 6 February 2017.

Act No 389/2015 took effect on 1 January 2017.

Act No 237/2017 took effect on 1 November 2017, with the exception of the following: Article I, points 2, 3, 5 to 14, 15 (in respect of Section 7(12) to (29)), 16, 17, 19 to 34, 36, 38 to 70, 72 to 75, 77 to 112, 114, 115, 117, 129 to 137, 139 to 141, 144 to 155, and 157, which took effect on 3 January 2018; and Article I, point 113 (Section 79i(4) to (6)), which took effect on 3 September 2019.

Act No 177/2018 took effect on 1 September 2018, with the exception of Article XLI, points 1 to 4, which took effect on 1 January 2019.

Act No 373/2018 took effect on 1 January 2019, with the exception of Article VI, points, 2, 11, 18, 37 to 39, 41, 42, 44 and 49, which took effect on 21 July 2019.

Act No 156/2019 took effect on 1 July 2019, with the exception of Article III, point 7, which takes effect on 3 September 2020.

Act No 211/2019 took effect on 1 August 2019.

Rudolf Schuster [signed]
Jozef Migaš [signed]
Mikuláš Dzurinda [signed]

Annex to Act No 566/2001

SCHEDULE OF LEGALLY BINDING ACTS OF THE EUROPEAN UNION ENACTED IN SLOVAK LAW BY THIS ACT

1. Directive 97/9/EC of the European Parliament and of the Council of 3 March 1997 on investor-compensation schemes (OJ L 84, 26.3.1997; Special Edition in Slovak: Chapter 06 Volume 002).
2. Directive 98/26/EC of the European Parliament and of the Council of 19 May 1998 on settlement finality in payment and securities settlement systems (Special Edition in Slovak: Chapter 06 Volume 003)
3. Directive 2001/34/EC of the European Parliament and of the Council of 28 May 2001 on the admission of securities to official stock exchange listing and on information to be published on those securities (OJ L 184, 6.7.2001; Special Edition in Slovak: Chapter 06 Volume 004), as amended by Directive 2003/6/EC of the European Parliament and of the Council (OJ L 96, 12.4.2003; Special Edition in Slovak: Chapter 06 Volume 004) and Directive 2003/71/EC of the European Parliament and Council of 4 November 2003 (OJ L 345, 31.12.2003; Special Edition in Slovak: Chapter 06 Volume 006).
4. Directive 2002/47/EC of the European Parliament and of the Council of 6 June 2002 on financial collateral arrangements (OJ L 168, 27.6.2002; Special Edition in Slovak: Chapter 10 Volume 003).
5. Directive 2002/87/EC of the European Parliament and of the Council of 16 December 2002 on the supplementary supervision of credit institutions, insurance undertakings and investment firms in a financial conglomerate and amending Council Directives 73/239/EEC, 79/267/EEC, 92/49/EEC, 92/96/EEC, 93/6/EEC and 93/22/EEC, and Directives 98/78/EC and 2000/12/EC of the European Parliament and of the Council (OJ L 35, 11.2.2003; Special Edition in Slovak: Chapter 06 Volume 004).
6. Directive 2003/6/EC of the European Parliament and of the Council of 28 January 2003 on insider dealing and market manipulation (market abuse) (OJ L 96, 12.4.2003; Special Edition in Slovak: Chapter 06 Volume 004).
7. Directive 2003/71/EC of the European Parliament and of the Council of 4 November 2003 on the prospectus to be published when securities are offered to the public or admitted to trading and amending Directive 2001/34/EC (OJ L 345, 31.12.2003; Special Edition in Slovak: Chapter 06 Volume 006).
8. Commission Directive 2003/124/EC of 22 December 2003 implementing Directive 2003/6/EC of the European Parliament and of the Council as regards the definition and public disclosure of inside information and the definition of market manipulation (OJ L 339, 24.12.2003; Special Edition in Slovak: Chapter 06 Volume 006).
9. Commission Directive 2003/125/EC of 22 December 2003 implementing Directive 2003/6/EC of the European Parliament and of the Council as regards the fair presentation of investment recommendations and the disclosure of conflicts of interest (OJ L 339, 24.12.2003; Special Edition in Slovak: Chapter 06 Volume 006).
10. Directive 2004/25/EC of the European Parliament and of the Council of 21 April 2004 on takeover bids (OJ L 142, 30.4.2004; Special Edition in Slovak: Chapter 17 Volume 002).

11. Directive 2004/39/EC of the European Parliament and of the Council of 21 April 2004 on markets in financial instruments amending Council Directives 85/611/EEC and 93/6/EEC and Directive 2000/12/EC of the European Parliament and of the Council and repealing Council Directive 93/22/EEC (OJ L 145, 30.4.2004; Special Edition in Slovak: Chapter 06 Volume 007).

12. Commission Directive 2004/72/EC of 29 April 2004 implementing Directive 2003/6/EC of the European Parliament and of the Council as regards accepted market practices, the definition of inside information in relation to derivatives on commodities, the drawing up of lists of insiders, the notification of managers' transactions and the notification of suspicious transactions (OJ L 162, 30.4.2004; Special Edition in Slovak: Chapter 06 Volume 007).

13. Directive 2004/109/EC of the European Parliament and of the Council of 15 December 2004 on the harmonisation of transparency requirements in relation to information about issuers whose securities are admitted to trading on a regulated market and amending Directive 2001/34/EC (OJ L 390, 31.12.2004).

14. Directive 2005/1/EC of the European Parliament and of the Council of 9 March 2005 amending Council Directives 73/239/EEC, 85/611/EEC, 91/675/EEC, 92/49/EEC and 93/6/EEC and Directives 94/19/EC, 98/78/EC, 2000/12/EC, 2001/34/EC, 2002/83/EC and 2002/87/EC in order to establish a new organisational structure for financial services committees (OJ L 79, 24.3.2005).

15. Directive 2006/31/EC of the European Parliament and of the Council of 5 April 2006 amending Directive 2004/39/EC on markets in financial instruments as regards certain deadlines (OJ L 114, 27.4.2006).

16. Directive 2006/49/EC of the European Parliament and of the Council of 14 June 2006 on the capital adequacy of investment firms and credit institutions (OJ L 177, 30.6.2006).

17. Commission Directive 2006/73/EC of 10 August 2006 implementing Directive 2004/39/EC of the European Parliament and of the Council as regards organisational requirements and operating conditions for investment firms and defined terms for the purposes of that Directive (OJ L 241, 2.9.2006).

18. Directive 2007/44/EC of the European Parliament and of the Council of 5 September 2007, as amended and supplemented by Council Directive 92/49/EEC and Directive 2002/83/EC, 2004/39/EC, 2005/68/EC and 2006/48/EC as regards procedural rules and evaluation criteria for the prudential assessment of acquisitions and increase of shareholdings in the financial sector (OJ L 247, 21.9.2007).

19. Directive 2007/36/EC of the European Parliament and of the Council of 11 July 2007 on the exercise of certain rights of shareholders in listed companies (OJ L 184, 14.7.2007).

20. Directive 2009/111/EC of the European Parliament and of the Council of 16 September 2009 amending Directives 2006/48/EC, 2006/49/EC and 2007/64/EC as regards banks affiliated to central institutions, certain own funds items, large exposures, supervisory arrangements, and crisis management (OJ L 302, 17.11.2009).

21. Directive 2009/44/EC of the European Parliament and of the Council of 6 May 2009 amending Directive 98/26/EC on settlement finality in payment and securities settlement systems and Directive 2002/47/EC on financial collateral arrangements as regards linked systems and credit claims (OJ L 146, 10.6.2009).

22. Directive 2010/76/EU of the European Parliament and of the Council of 24 November 2010 amending Directives 2006/48/EC and 2006/49/EC as regards capital requirements for the trading book and for re-securitisations, and the supervisory review of remuneration policies (OJ L 329, 14.12.2010).

23. Directive 2010/73/EU of the European Parliament and of the Council of 24 November 2010 amending Directives 2003/71/EC on the prospectus to be published when securities are offered to the public or admitted to trading and 2004/109/EC on the harmonisation of transparency requirements in relation to information about issuers whose securities are admitted to trading on a regulated market (OJ L 327, 11.12.2010).

24. Directive 2010/78/EU of the European Parliament and of the Council of 24 November 2010 amending Directives 98/26/EC, 2002/87/EC, 2003/6/EC, 2003/41/EC, 2003/71/EC, 2004/39/EC, 2004/109/EC, 2005/60/EC, 2006/48/EC, 2006/49/EC and 2009/65/EC in respect of the powers of the European Supervisory Authority (European Banking Authority), the European Supervisory Authority (European Insurance and Occupational Pensions Authority) and the European Supervisory Authority (European Securities and Markets Authority) (OJ L 331, 15.12.2010).

25. Directive 2011/89/EU of the European Parliament and of the Council of 16 November 2011 amending Directives 98/78/EC, 2002/87/EC, 2006/48/EC and 2009/138/EC as regards the supplementary supervision of financial entities in a financial conglomerate (OJ L 326, 15.12.2010).

26. Directive 2013/36/EU of the European Parliament and of the Council of 26 June 2013 on access to the activity of credit institutions and the prudential supervision of credit institutions and investment firms, amending Directive 2002/87/EC and repealing Directives 2006/48/EC and 2006/49/EC (OJ L 176, 27.6.2013).

27. Directive 2014/59/EU of the European Parliament and of the Council of 15 May 2014 establishing a framework for the recovery and resolution of credit institutions and investment firms and amending Council Directive 82/891/EEC, and Directives 2001/24/EC, 2002/47/EC, 2004/25/EC, 2005/56/EC, 2007/36/EC, 2011/35/EU, 2012/30/EU and 2013/36/EU, and Regulations (EU) No 1093/2010 and (EU) No 648/2012, of the European Parliament and of the Council (OJ L 173, 12.6.2014).

28. Directive 2014/51/EU of the European Parliament and of the Council of 16 April 2014 amending Directives 2003/71/EC and 2009/138/EC and Regulations (EC) No 1060/2009, (EU) No 1094/2010 and (EU) No 1095/2010 in respect of the powers of the European Supervisory Authority (European Insurance and Occupational Pensions Authority) and the European Supervisory Authority (European Securities and Markets Authority) (OJ L 153, 22.5.2014).

29. Directive 2013/50/EU of the European Parliament and of the Council of 22 October 2013 amending Directive 2004/109/EC of the European Parliament and of the Council on the harmonisation of transparency requirements in relation to information about issuers whose securities are admitted to trading on a regulated market, Directive 2003/71/EC of the European Parliament and of the Council on the prospectus to be published when securities are offered to the public or admitted to trading and Commission Directive 2007/14/EC laying down detailed rules for the implementation of certain provisions of Directive 2004/109/EC (OJ L 294, 6.11.2013).

30. Commission Implementing Directive (EU) 2015/2392 of 17 December 2015 on Regulation (EU) No 596/2014 of the European Parliament and of the Council as regards reporting to competent authorities of actual or potential infringements of that Regulation (OJ L 332, 18.12.2015).

31. Directive 2014/65/EU of the European Union and of the Council of 15 May 2014 on markets in financial instruments and amending Directive 2002/92/EC and Directive 2011/61/EU (recast) (OJ L 173, 12.6.2014), as amended by Regulation (EU) No 909/2014 (OJ L 257, 28.8.2014) and Directive (EU) 2016/1034 (OJ L 175, 30.6.2016).

32. Commission Delegated Directive (EU) 2017/593 of 7 April 2016 supplementing Directive 2014/65/EU of the European Parliament and of the Council with regard to safeguarding of financial instruments and funds belonging to clients, product governance obligations and the rules applicable to the provision or reception of fees, commissions or any monetary or non-monetary benefits (OJ L 87, 31.3.2017).

33. Directive (EU) 2017/828 of the European Parliament and of the Council of 17 May 2017 amending Directive 2007/36/EC as regards the encouragement of long-term shareholder engagement (OJ L 132, 20.5.2017).

Endnotes

[1] For example: Act No 530/1990 on bonds, as amended; Sections 155 to 159 of the Commercial Code, as amended; Act No 191/1950 on bills of exchange and cheques.
[2] Sections 155 to 159, 220h and 220i of the Commercial Code.
[3] Section 176 of the Commercial Code.
[4] Section 40 of Act No 594/2003 on collective investment, as amended.
[5] Act No 530/1990, as amended.
[6] Section 786(2) of the Civil Code, as amended by Act No 509/1991.
[7] Sections 781 to 785 of the Civil Code.
[8] Act No 191/1950.
[9] Section 720 of the Commercial Code.
[10] For example: Section 612 of the Commercial Code.
[11] Section 528 of the Commercial Code.
[12] Act No 144/1998 on warehouse warrants and goods warrants, as amended.
[13] Act No 42/1992 on adjustments to property relations and the settlement of property claims in cooperatives, as amended.
[13a] Article 2(1), point 27, of Regulation (EU) No 600/2014 of the European Parliament and of the Council of 15 May 2014 on markets in financial instruments and amending Regulation (EU) No 648/2012 (OJ L 173, 12.6.2014), as amended.
[14] Sections 2(2) and 3(1)(c) and (2) of Act No 386/2002 on state debt and state guarantees (and amending Act No 291/2002 on the State Treasury (and amending certain laws)), as amended by Act. 468/2005.
[15] Act No 483/2001 on banks, as amended.
[16] Section 535 to 539 of the Civil Code, as amended by Act No 509/1991.
[16a] Section 51 of Act No 429/2002, as amended.
[16aa] Sections 3, 8, 12, 18 and 19 of Act No 530/1990, as amended.
[16ab] Annex XII, point 4.2.2. of Commission Regulation (EC) No 809/2004 of 29 April 2004 implementing Directive 2003/71/EC of the European Parliament and of the Council as regards information contained in prospectuses as well as the format, incorporation by reference and publication of such prospectuses and dissemination of advertisements (OJ L 149, 30.4.2004; Special Edition in Slovak, Chapter 06 Volume 007), as amended.
[16aba] Regulation (EU) 2017/1129 of the European Parliament and of the Council of 14 June 2017 on the prospectus to be published when securities are offered to the public or admitted to trading on a regulated market, and repealing Directive 2003/71/EC (OJ L 168, 30.6.2017).
[16ac] Sections 18 to 24 of Act No 566/1992 on Národná banka Slovenska, as amended.
[16ad] Chapters 4 and 6 of Annex I to the Guideline ECB/2011/14 (2011/817/EU) of the European Central Bank of 20 September 2011 on monetary policy instruments and procedures of the Eurosystem (OJ L 331, 14.12.2011), as amended.
[16ae] Regulation (EU) No 575/2013, as amended.
Commission Delegated Regulation (EU) No 241/2014 of 7 January 2014 supplementing Regulation (EU) No 575/2013 of the European Parliament and of the Council with regard to regulatory technical standards for Own Funds requirements for institutions (OJ L 74, 14.3.2017), as amended.
[16af] Article 2(4) of Regulation (EU) No 1227/2011 of the European Union and of the Council of 25 October 2011 on wholesale energy market integrity and transparency (OJ L 326, 8.12.2011)
[16b] Article 38 of Commission Regulation (EC) No 1287/2006/EC of 10 August 2006, implementing Directive 2004/39/EC of the European Parliament and of the Council as regards record-keeping obligations for investment firms, transaction reporting, market transparency, admission of financial instruments to trading, and defined terms for the purposes of that Directive (OJ L 241, 2.9.2006).
[17] Articles 38 and 39 of Commission Regulation (EC) No 1287/2006/EC.
[17a] Act No 414/2012 on emission allowance trading (and amending certain laws), as amended.
[17b] Article 9 of Commission Delegated Regulation (EU) 2017/565 of 25 April 2016 supplementing Directive 2014/65/EU of the European Parliament and of the Council as regards organisational requirements and operating conditions for investment firms and defined terms for the purposes of that Directive (OJ L 87, 31.3.2017).
[18] Section 15(1)(b) of Act No 330/2000 on stock exchanges.
[18a] Section 27(3) and (6) of Act No 203/2011, as amended by Act No 206/2013.
[18b] Section 3 of Act No 118/1996, as amended.
[18c] Articles 20 and 21 of Regulation (EU) No 600/2014.
[18d] Sections 6, 7, 10, 12, 13, 20 and 21 of Regulation (EU) No 600/2014.
[18e] Article 2(1), point 28, of Regulation (EU) No 600/2014.
[18f] Article 2(1), point 29, of Regulation (EU) No 600/2014.
[18g] Article 2(1), point 30, of Regulation (EU) No 600/2014.
[18h] Article 1 and Annex I, Parts I to XX and Part XXIV, Section 1, of Regulation (EU) No 1308/2013 of the European Parliament and of the Council of 17 December 2013 establishing a common organisation of the markets in agricultural products and repealing Council Regulations (EEC) No 922/72, (EEC) No 234/79, (EC) No 1037/2001 and (EC) No 1234/2007 (OJ L 347, 20.12.2013), as amended.
127(3) and (6) of Act No 203/2011, as amended.
[19] Sections 13(1) to (6) and 14(3)(f) of Act No 330/2007 on the criminal record (and amending certain laws).
[20] Act No 747/2004 on financial market supervision, as amended.
[21] Act No 7/2005 on bankruptcy and restructuring (and amending certain laws), as amended.

[21a] Section 85 of Act No 650/2004 on the supplementary pension scheme, as amended.

[21b] For example: Section 7(15) of Act No 483/2011, as amended; Section 4(11) of Act No 429/2002, as amended by Act 747/2004; Section 48(11) of Act No 43/2004 on the old-age pension scheme (and amending certain laws), as amended by Act No 747/2004; Section 23(11) of Act No 650/2004; Section 3(a) of Act No 8/2008 as amended; Section 23(1) of Act No 186/2009 on financial intermediation and financial advisory services (and amending certain laws); Section 2(31) of Act No 492/2009 on payment services (and amending certain laws), as amended by Act No 394/2011; Section 28(10) of Act No 203/2011 on collective investment.

[22] Section 3 of Act No 594/2003.

[23] Act No 8/2008 on insurance (and amending certain laws), as amended.

[24] Act No 650/2004, as amended.

[24a] Act No 43/2004 on the old-age pension scheme (and amending certain laws).

[24aa] Sections 41 and 42 of Act No 429/2002 on stock exchanges, as amended.

[24b] Section 31(2) of Act No 566/1992, as amended by Act No 149/2001.

[24c] Section 535 of the Civil Code.

[24d] Article 4(1), point 73, of Regulation (EU) No 575/2013 of the European Parliament and of the Council of 26 June 2013 on prudential requirements for credit institutions and investment firms and amending Regulation (EU) No 648/2012 (OJ L 176, 27.6.2013), as amended.

[25] For example: Section 2(6) of Act No 483/2001.

[26a] Section 40(5) of Act No 594/2003 on collective investment (and amending certain laws).

[27] For example: Section 22(1) of Act No 92/1991 on conditions for the transfer of state property to other persons, as amended; Section 2(3) of Act No 144/1998.

[28] For example: Section 155(2) of the Commercial Code, as amended.

[29] Section 6(2) of Act No 530/1990, as amended.
Sections 25(4) and 36 of Act No 594/2003.

[30] For example: Section 168(3) of the Commercial Code.

[31] For example: Section 12(5) of Act No 530/1990, as amended by Act No 361/1999.

[32] For example: Section 69 of the Commercial Code, as amended by Act No 500/2001.

[33] Sections 476 to 488 of the Commercial Code, as amended.

[34] For example: Section 4(4) of Act No 530/1990, as amended by Act No 600/1992; Section 13 of Act No 202/1995, as amended by Act No 45/1998.

[35] For example: Section 16 of Act No 191/1950; Section 13 of Act No 202/1995, as amended by Act No 45/1998.

[36] Section 13(3) of Act No 530/1990.

[37] For example: Sections 12, 18 and 19 of Act No 191/1950.

[38] Section 21(2) of the Commercial Code.

[39] For example: Section 28(1)(a) of Act No 483/2001.

[39a] Act No 289/2016 on the implementation of international sanctions (and amending certain laws).

[40] For example: Act No 289/2016 on the implementation of international sanctions.

[41] For example: Act No 594/2003 as amended; Act No 43/2004, as amended; Act No 650/2004 as amended; Act No 747/2004, as amended; Act No 8/2008, as amended.

[42] Section 131 of Act No 233/1995 on court executors and execution activities (the Execution Code) (and amending certain laws), as amended by Act No 280/1999.

[43] Sections 261 to 408 of the Commercial Code.

[44] For example: Section 19 of Act No 191/1950.

[45] For example: Sections 18, 19 and 24 of Act No 566/1992, as amended.

[45a] For example: Section 56(1), first and third sentences, of the Commercial Code; Section 2(1)(c) of Act No 530/2003 on the Commercial Register (and amending certain laws); Guideline (EU) 2015/510 of the European Central Bank of 19 December 2014 on the implementation of the Eurosystem monetary policy framework (ECB/2014/60) (OJ L 91, 2.4.2015), as amended.

[46] For example: Act No 511/1992 on the administration of taxes and fees and on changes in the system of local financial authorities, as amended.

[47] The Civil Dispute Procedure Code, as amended.

[47a] Section 2(l) of Decree No 4/2004 of Národná banka Slovenska of 16 January 2004 on banks' capital adequacy (Notification No 36/2004).

[47aa] Section 408a of the Commercial Code.
Sections 46 and 95(2) of Act No 7/2005 on bankruptcy and restructuring (and amending certain laws), as amended by Act No 276/2009.

[47b] Section 2(1)(b) or (2) of Act No 483/2001.

[47c] For example: Act No 594/2003.

[47d] Act No 510/2002 on payment systems (and amending certain laws).

[47e] Section 39 of Act No 510/2002.

[47f] Section 32(4) of Act No 510/2002.

[47g] Sections 151m(1), (2), (3), last sentence, (7) and (9) and 151ma(1) and (2) of the Civil Code.

[47g*] Section 180 of Act No 7/2005, as amended by Act No 117/2015.

[47h] Section 18, 19 and 23 of Act No 566/1992, as amended. Article 18 of the Protocol on the Statute of the European System of Central Banks and the European Central Bank (OJ C 321 E, 29.12.2006).

[47i] Act No 371/2014 on resolution in the financial market (and amending certain laws).,

[48] For example: Act No 8/2008 on insurance (and amending certain laws), as amended by Act No 270/2008; Act No 429/2002, as amended; Act No 594/2003, as amended; Act No 43/2004, as amended; Act No 650/2004, as amended; and Act 186/2009 on financial intermediation and financial advisory services (and amending certain laws)

[49] Act No 566/1992, as amended.

[49a] Act No 386/2002 on state debt and state guarantees (and amending Act No 291/2002 on the State Treasury (and amending certain laws)).

[49b] For example: Act No 251/2012 on the energy sector (and amending certain laws), as amended; Regulation (EC) No 714/2009 of the European Parliament and of the Council of 13 July 2009 on conditions for access to the network for cross-border exchanges in electricity and repealing Regulation (EC) No 1228/2003 (OJ L 211, 14.8.2009), as amended; Regulation (EC) No 715/2009 of the European Parliament and of the Council of 13 July 2009 on conditions for access to the natural gas transmission networks and repealing Regulation (EC) No 1775/2005 (OJ L 211, 14.8.2009), as amended

[50] Sections 21 and 28(3) of the Commercial Code, as amended by Act No 500/2001.

[50a] Act No 340/2005 on insurance mediation and reinsurance mediation (and amending certain laws).

[50aa] For example: Act No 186/2009 on financial intermediation and financial advisory services (and amending certain laws).

[50aaa] Act No 492/2009, as amended.

[50ab] Articles 92 to 95 and Title IV of Regulation (EU) No 575/2013, as amended.

[50b] Section 10(5) of Act No 340/2005.

[50c] Section 56 of Act No 429/2002, as amended.

[50d] For example: Commission Delegated Regulation (EU) 2017/565; Commission Delegated Regulation (EU) 2017/571 of 2 June 2016 supplementing Directive 2014/65/EU of the European Parliament and of the Council with regard to regulatory technical standards on the authorisation, organisational requirements and the publication of transactions for data reporting services providers (OJ L 87, 31.3.2017); Commission Delegated Regulation (EU) 2017/589 of 19 July 2016 supplementing Directive 2014/65/EU of the European Parliament and of the Council with regard to regulatory technical standards specifying the organisational requirements of investment firms engaged in algorithmic trading (OJ L 87, 31.3.2017).

[51] Section 9(3) of the Labour Code, as amended by Act No 257/211.

[52] Section 30 of Act No 328/1991, as amended.

[53] Section 29 of Act No 747/2004.

[53a] Sections 52(5) to (8) and 55 of Act No 429/2002, as amended.
Articles 3 to 26 of Regulation (EU) No 600/2014.

[53b] Section 10(4) and (5) of Act No 330/2012 on the criminal record (and amending certain laws), as amended by Act No 91/2016

[53c] Sections 34a(1) and (2) and 34b of Act No 566/1992, as amended.
Section 10(1), (5), (6), (7), (10) and (11) and Section 12 of Act No 330/2007, as amended.
Act No 747/2004, as amended.

[54] Section 27 of Act No 747/2004, as amended.

[54a] Section 8 of Act No 483/2001.

[54b] Sections 7 and 8 of Act No 186/2009 on financial intermediation and financial advisory services (and amending certain laws).

[54c] Section 13 of Act No 186/2009.

[54d] Section 11(1) and (2) of Act No 483/2001.

[54e] Section 12 of Act No 186/2009.

[54f] Articles 14 to 26 of Regulation (EU) No 600/2014.

[54g] For example: Act No 335/2014 on consumer arbitration (and amending certain laws), as amended; Act No 420/2004 on mediation (and amending certain laws), as amended.

[55] Section 28 of Act No 483/2001, as amended.

[55a] Act No 297/2008 on the prevention of money laundering and terrorist financing (and amending certain laws).

[56] Act No 136/2001 on the protection of competition (and amending Act No 347/1990 on the organisation of ministries and other central state administration authorities of the Slovak Republic), as amended.

[56a] Articles 21 to 43 of Delegated Regulation (EU) 2017/565.

[56aa] Article 113(7) of Regulation (EU) No 575/2013.

[56ab] Article 435(2)(c) of Regulation (EU) No 575/2013.

[56aba] Sections 14 and 38a of Act No 429/2002, as amended.

[56abb] For example: Sections 18 and 52 of Act No 429/2002, as amended.

[56ac] Section 34 of Act No 423/2015 on statutory audit (and amending Act No 431/2002 on accounting, as amended).

[56aca] Commission Delegated Regulation (EU) No 604/2014 of 4 March 2014 supplementing Directive 2013/36/EU of the European Parliament and of the Council with regard to regulatory technical standards with respect to qualitative and appropriate quantitative criteria to identify categories of staff whose professional activities have a material impact on an institution's risk profile (OJ L 167, 6.6.2014).

[56ad] Articles 28, 52 and 63 of Regulation (EU) No 575/2013, as amended.

[56b] Articles 8(1)(l) and 76(4) of Regulation (EU) No 1093/2010 of the European Parliament and of the Council of 24 November 2010 establishing a European Supervisory Authority (European Banking Authority), amending Decision No 716/2009/EC and repealing Commission Decision 2009/78/EC (OJ L 331, 15.12.2010), as amended.

[56baa] Section 2(f) of Act No 371/2014, as amended by Act No 39/2015.

[56bb] Section 2 of Act No 371/2014.

[56bc] Article 31(c) of Regulation (EU) No 1093/2010, as amended.
[56bd] Article 113(7) of Regulation (EU) No 575/2013, as amended.
[56be] Sections 33t to 33y of Act No 483/2001, as amended by Act No 371/2014.
[56bf] Sections 33t to 33v of Act No 483/2001, as amended by Act No 371/2014.
[56bg] Section 62 of Act No 483/2001, as amended by Act No. 371/2014.
[57] Article 2(10) of Commission Regulation (EC) No 1287/2006/EC.
[57a] Section 21(3)(b) of Act 186/2009, as amended.
[57aa] Articles 33 and 34 of Delegated Regulation (EU) 2017/565.
[57b] Section 22 of Act 186/2009.
[57c] Article 2(1) of Delegated Regulation (EU) 2017/565, as amended.
[58] Section 65 of the Commercial Code.
[58a] Section 3 of Act No 428/2002 on protection of personal data.
[58b] For example: Act No 530/2003 on the Commercial Register (and amending certain laws); Sections 3a and 27 to 33 of the Commercial Code; Sections 2(2), 10 and 11 of Act No 34/2002 on foundations (and amending the Civil Code), as amended; Sections 9(1) and (2) and 10 of Act No 147/1997 on non-investment funds (and amending Act No 207/1996); Sections 9(1) and (2) and 11 of Act No 213/1997 on non-profit organisations providing services beneficial to the public interest, as amended by Act No 35/2002; Sections 6, 7, 9, and 9a of Act No 83/1990 on the association of citizens, as amended; Sections 6(1) and 7 of Act No 182/1993 on the ownership of flats and non-residential premises, as amended; and Section 5(1) and (2) of Act No 222/1996 on the organisation of local state administration (and amending certain laws).
[58c] For example: Act No 367/2000 on protection against money laundering (and amending certain laws); Act No 431/2002 on accounting; Act No 395/2002 on archives and registries (and amending certain laws).
[58d] Sections 4(5) and 7(3) of Act No 428/2002.
[58e] Sections 4(1)(a), (b) and (c), 7(3), (5), second sentence, and (6), second sentence, 8(2) and 10(6) of Act No 428/2002.
[58f] Section 7(6) of Act No 428/2002.
[58g] For example: Section 12(1) of Act No 118/1996.
[58h] Sections 23 and 55 of Act No 428/2002.
[58haa] Article 50 of Delegated Regulation (EU) 2017/565.
[58hb] Section 90 of Act No 594/2003, as amended.
[58hc] Section 4 of Act No 429/2002, as amended.
[58hca] Article 36 of Commission Regulation (EU) No 583/2010 of 1 July 2010 implementing Directive 2009/65/EC of the European Parliament and of the Council as regards key investor information and conditions to be met when providing key investor information or the prospectus in a durable medium other than paper or by means of a website (OJ L 176, 10.7.2010).
[58hcb] Article 57 of Delegated Regulation (EU) 2017/565.
[58hcc] Act No 90/2016 on housing loans (and amending certain laws), as amended by Act No 299/2016.
[58he] Act No 483/2001, as amended.
Act No 258/2001 on consumer loans (and amending Act No 71/1986 on the Slovak Trade Inspectorate), as amended by Act No 264/2006.
[58hea] Commission Delegated Regulation (EU) 2017/575 of 8 June 2016 supplementing Directive 2014/65/EU of the European Parliament and of the Council on markets in financial instruments with regard to regulatory technical standards concerning the data to be published by execution venues on the quality of execution of transactions (OJ L 87, 31.3.2017).
[58hf] Articles 23 and 28 of Regulation (EU) No 600/2014.
[58hfa] Article 4 of Regulation (EU) No 600/2014, as amended.
[58hfb] Delegated Regulation (EU) 2017/565.
[58hfc] Commission Delegated Regulation (EU) 2017/576 of 8 June 2016 supplementing Directive 2014/65/EU of the European Parliament and of the Council with regard to regulatory technical standards for the annual publication by investment firms of information on the identity of execution venues and on the quality of execution (OJ L 87, 31.3.2017).
[58hg] Articles 61 and 71 of Delegated Regulation (EU) 2017/565.
[58hh] Article 4(1), point 118, of Regulation (EU) No 575/2013.
[58hi] Articles 92 to 386 of Regulation (EU) No 575/2013.
[58j] Decree No 8/2002 of Národná banka Slovenska of 12 December 2002 on banks' exposures (Notification No 697/2002).
[58j] Sections 31 to 33d of Act No 483/2001, as amended.
[58ja] Article 432 of Regulation (EU) No 575/2013.
[58jb] Articles 326 to 350 of Regulation (EU) No 575/2013.
[58jc] Article 345 of Regulation (EU) No 575/2013.
[58jca] Article 15 of Regulation (EU) No 575/2013, as amended.
[58jd] Sections 33a to 33n of Act No 483/2001, as amended.
[58je] Sections 33a and 33c of Act No 483/2001, as amended.
[58jea] Article 2(f) of Regulation (EU) 2017/1129.
[58jf] For example: Articles 72 to 76 of Delegated Regulation (EU) 2017/565.
[58k] Section 39 of Act No 483/2001, as amended.
[58l] Section 8(14) of Act No 595/2003 on income tax, as amended by Act No 253/2015.
[58la] Articles 59 and 60 of Delegated Regulation (EU) 2017/565.
[59] Sections 17 to 20 of Act No 431/2002 on accounting, as amended by Act No 562/2003.

[60] Article 12.1 of the Protocol on the Statute of the European System of Central Banks and the European Central Bank (OJ C 321 E, 29.12.2006).
Section 28(2) of Act No 566/1992, as amended.

[60a] Section 19(1) of Act No 540/2007 on auditors, audit and audit oversight (and amending Act No 431/2002 on accounting, as amended).

[60aa] Section 23 of Act No 431/2002.

[60ab] Section 32c(2)(b) of Act No 650/2004, as amended by Act No 156/2019.
Section 64a(4) of Act No 39/2015 on insurance (and amending certain laws), as amended by Act No 156/2019.

[60b] Article 15 of Commission Regulation (EC) No 1287/2006/EC.

[60d] Article 14 of Commission Regulation (EC) No 1287/2006/EC.

[60e] Article 13 of Commission Regulation (EC) No 1287/2006/EC.

[60f] Article 12 of Commission Regulation (EC) No 1287/2006/EC.

[60g] Article 30 of Commission Regulation (EC) No 1287/2006/EC.

[60h] Article 22 of Commission Regulation (EC) No 1287/2006/EC.

[60i] Article 23 of Commission Regulation (EC) No 1287/2006/EC.

[60j] Article 24 of Commission Regulation (EC) No 1287/2006/EC.

[60k] Article 33 of Commission Regulation (EC) No 1287/2006/EC.

[60l] Articles 29 and 32 of Commission Regulation (EC) No 1287/2006/EC.

[60m] Article 26 of Commission Regulation (EC) No 1287/2006/EC.

[60n] Article 25 of Commission Regulation (EC) No 1287/2006/EC.

[60o] Articles 30 and 32 of Commission Regulation (EC) No 1287/2006/EC.

[60r] Sections 13, 18a, 20, 21(1), 22a, 23 and 39a of Act No 429/2002, as amended.

[60s] Section 11 of Act No 483/2001, as amended by Act No 214/2006.

[60t] Delegated Regulation (EU) 2017/571.

[60u] For example: Section 4 of Act No 429/2002, as amended.

[60ua] Articles 6 and 20 Regulation (EU) No 600/2014.

[60v] Article 4(1)(a) and (b) of Regulation (EU) No 600/2014.

[60w] Article 3(1) of Regulation (EU) No 600/2014.

[60x] Article 26 of Regulation (EU) No 600/2014.

[61] Act No 303/1995, as amended.

[61a] Section 2 of the Commercial Code.

[62] Act No 207/1996 on foundations, as amended by Act No 147/1997.

[63] Act No 147/1997 on non-investment funds.

[64] Act No 213/1997 on non-profit organisations providing services beneficial to the general public.

[65] Act No 83/1990 on the association of citizens, as amended.

[66] Act No 182/1993 on the ownership of flats and non-residential premises, as amended.

[66a] Act No 43/2004 on the old-age pension scheme (and amending certain laws), as amended by Act No 186/2004.

[67] Act No 229/1992 on commodity exchanges, as amended by Act No 249/1994.

[68] Act No 222/1946 on the postal service (the Postal Act).

[69] Act No 194/1990 on lotteries and other similar games, as amended.

[70] Act No 80/1997 on the Export-Import Bank of the Slovak Republic, as amended.

[71] For example: Section 21 of Act No 431/2002.

[72] Act No 118/1996 on the protection of deposits (and amending certain laws), as amended.

[73] Act No 147/2001 on advertising (and amending certain laws).

[73a] Sections 11 and 75 of Act No 594/2003.

[74] Sections 492 and 517(2) of the Civil Code, as amended by Act No 509/1991 and Article 3 of Regulation No 87/1995 of the Government of the Slovak Republic implementing certain provisions of the Civil Code.

[75] Section 8 of Act No 118/1996, as amended by Act No 154/1999.

[76] Act No 71/1967 on administrative proceedings (the Administrative Procedure Code), as amended.
Act No 747/2004 on financial market supervision (including amendments to certain laws), as amended.

[76a] Section 7(h) of the Administrative Court Procedure Code.

[77] For example: Section 23 of Act No 530/1990.

[78] Section 5(a) of Act No 483/2001.
Section 397 of the Commercial Code.
Sections 101 and 785 of the Civil Code, as amended by Act No 509/1991.

[79] For example: Act No 431/2002, as amended by Act No 562/2003; Decree No 611/2003 of the Ministry of Finance of the Slovak Republic on the valuation method for securities, money market instruments and derivatives in investment funds' assets.

[80] Section 20(1) of Act No 330/2000.

[81] Section 781(2) of the Civil Code, as amended by Act No 509/1991.

[82] For example: Section 325(2)(c) of the Civil Dispute Procedure Code; Sections 179 and 180 of the Civil Non-Dispute Procedure Code.

[83] Section 116 of the Civil Code.

[84] Act No 162/1993 on identity cards, as amended.

[85] Act No 381/1997 on passports.

[86] Act No 73/1995 on the residence of foreigners in the Slovak Republic, as amended.
[87] For example: Section 784 of the Civil Code, as amended by Act No 509/1991.
[87a] Sections 7(3) and 10(1)(d) of Act No 428/2002 on the protection of personal data.
[87b] For example: Act No 431/2002.
[88] For example: Act No 563/1991, as amended.
[88a] Sections 8(1)(i) and (2) and 13(1)(e) of Act No 523/2004 on the budgetary rules for public administration (including amendments to certain laws), as amended.
Sections 8 to 13 of Act No 386/2002 on state debt and state guarantees (and amending Act No 291/2002 on the State Treasury (and amending certain laws)).
[88b] Sections 18, 19, 23 and 27(2) of Act No 566/1992, as amended.
[89] Article 16 of Regulation (EU) No 909/2014 of 23 July 2014 on improving securities settlement in the European Union and on central securities depositories and amending Directives 98/25/EC and 2014/65/EU and Regulation (EU) No 236/2012 (OJ L 257, 28.8.2014), as amended.
[89a] Articles 16 to 21, 54 to 57 and 69(2), (4) and (5) of Regulation (EU) No 909/2014.
[89b] For example: Act No 203/2011, as amended.
[89c] Articles 23 to 25 of Regulation (EU) No 909/2014.
[89d] Section 10 of Act No 203/2011, as amended by Act No 206/2013.
[89e] Article 31 and the Annex, Section A, points 1 and 2, of Regulation (EU) No 909/2014.
[89f] Sections A and B of the Annex to Regulation (EU) No 909/2014, as amended.
[89g] For example: Act No 224/2006 on identity cards (and amending certain laws), as amended; Act No 647/2007 on travel documents (and amending certain laws), as amended; Act No 404/2011 on the temporary residence of foreigners (and amending certain laws), as amended.
[89h] Section 21(1)(a) of Act No 305/2013 on the electronic performance of tasks by public authorities (and amending certain laws) (the e-Government Act), as amended.
[89i] Article 3(12) of Regulation (EU) No 910/2014 of the European Parliament and of the Council of 23 July 2014 on electronic identification and trust services for electronic transactions in the internal market and repealing Directive 1999/93/EC (OJ L 257, 28.8.2014), as amended.
Act No 272/2016 on trust services for electronic transactions in the internal market (and amending certain laws) (the Trust Services Act).
[89j] For example: Commission Delegated Regulation (EU) 2018/389 of 27 November 2017 supplementing Directive (EU) 2015/2366 of the European Parliament and of the Council with regard to regulatory technical standards for strong customer authentication and common and secure open standards of communication (OJ L 69, 13.3.2018); Act No 297/2008, as amended.
[89k] Section 19 of Act No 305/2013, as amended.
[89l] Section 10(5) of Act No 305/2013, as amended.
[89m] Section 23a of Act No 253/1998 on reporting the residency of citizens of the Slovak Republic and on the population register of the Slovak Republic, as amended.
[89n] Section 15 of Act No 224/2006, as amended.
[90] Regulation (EU) No 909/2014.
[90a] For example: Act No 233/1995, as amended; Act No 65/2001 on the enforcement of judicial claims, as amended; Act No 71/1967, as amended; Regulation (EU) No 655/2014 of the European Parliament and of the Council of 15 May 2014 establishing a European Account Preservation Order procedure to facilitate cross-border debt recovery in civil and commercial matters (OJ L 189, 27.6.2014).
[90aa] Section 45 of Act 492/2009.
[90ab] Article 20(1)(a) of Regulation (EU) No 909/2014.
[90ac] Article 20(5) of Regulation (EU) No 909/2014.
[90b] Section 3(1)(a) of Act No 323/1992 on notaries and notarial activities (the Notarial Code), as amended.
[92] The Criminal Procedure Code, as amended.
[93] Act No 566/1992, as amended.
Act No 747/2004.
Act No 483/2001, as amended.
Act No 510/2002 on payment systems (and amending certain laws), as amended.
Act No 202/1995, as amended.
Articles 17, 18, 21, 23, 24 and 25 of the Protocol on the Statute of the European System of Central Banks and the European Central Bank (OJ C 321 E, 29.12.2006).
[94] Sections 2(1)(d) and 4 of Act No 171/1993 on the Police Force, as amended.
[95] Act No 511/1992, as amended.
[96] For example: Act No 123/1996, as amended by Act No 409/2000; Act No 310/1992 on home savings, as amended.
[96a] For example: Act No on financial control and internal audit (and amending certain laws), as amended; Act No 543/2007 on the remit of government authorities in supporting agriculture and rural development, as amended; Act No 528/2008 on aid and support provided from European Community funds, as amended; Act No 292/2014 on the contribution received from European Structural and Investment Funds (and amending certain laws).
[97] Sections 71 to 80 of Act No 71/1967.
[97a] Act No 215/2004 on the protection of classified information (and amending certain laws), as amended.
[97b] Section 2 of Act No 46/1993 on the Slovak Intelligence Service, as amended by Act No 256/1999.
Section 2 of Act No 198/1994 on Military Intelligence.

97ba Section 35a of Act No 502/2001, as amended; Articles 125 and 127 of Regulation (EU) of the European Parliament and of the Council of 17 December 2013 laying down common provisions on the European Regional Development Fund, the European Social Fund, the Cohesion Fund, the European Agricultural Fund for Rural Development and the European Maritime and Fisheries Fund and laying down general provisions on the European Regional Development Fund, the European Social Fund, the Cohesion Fund and the European Maritime and Fisheries Fund and repealing Council Regulation (EC) No 1083/2006 (OJ L 347, 20.12.2013), as amended.

97bb Act No 359/2015 on automatic exchange of financial account information for tax administration purposes (and amending certain laws).

97c Section 6 of Act No 375/2015.

99 Sections 276 to 279 of the Commercial Code.

100 Section 187(2) of the Commercial Code.

100aa For example: Act No 233/1995, as amended.

100ab For example: Act No 323/1992, as amended; Act No 233/1995, as amended; Act No 7/2005, as amended.

100ac Act No 2(5) of the Civil Code.

101 Decree No 492/2004 of the Ministry of Justice of the Slovak Republic on determining the general value of assets.

102 Act No 382/2004 on experts, interpreters and translators (and amending certain laws).

102a Section 4(6) of Act No 594/2003 on collective investment.

102aa Section 229 of the Civil Dispute Procedure Code.

102ab Article 3 of Regulation (EU) 2017/1129.

102ac Article 11 of Regulation (EU) 2017/1129.

102ad Articles 7 and 15 of Regulation (EU) 2017/1129.

102ae Sections 34 and 35 of Act No 429/2002, as amended.

103 Section 5(b) of Act No 594/2003.

103 Act No 429/2002 on stock exchanges, as amended.

103a Commission Regulation (EC) No 809/2004 of 29 April 2004 implementing Directive 2003/71/EC of the European Parliament and of the Council as regards information contained in prospectuses, as well as the format, incorporation by reference and publication of such prospectuses and dissemination of advertisements (OJ L 149, 30.4.2004).

105 Decree No 69/2001 of the Ministry of Finance of the Slovak Republic laying down detailed provisions for the content of securities prospectuses.

107ca Regulation (EC) No 1060/2009 of the European Parliament and of the Council of 16 September 2009 on credit rating agencies (OJ L 302, 17.11.2009).

107cb Regulation (EU) No 648/2012 of the European Parliament and of the Council of 4 July 2012 on OTC derivatives, central counterparties and trade repositories (OJ L 201, 27.7.2012).

107cc Regulation (EU) No 236/2012 of the European Parliament and of the Council of 14 March 2012 on short selling and certain aspects of credit default swaps (OJ L 86, 24.3.2012).

107cd Regulation (EU) 2016/1011 of the European Parliament and of the Council of 8 June 2016 on indices used as benchmarks in financial instruments and financial contracts or to measure the performance of investment funds and amending Directives 2008/48/EC and 2014/17/EU and Regulation (EU) No 596/2014 (OJ L 171, 29.6.2016).

107d Section 33 of Act No 428/2002.

107e Section 2 of Act No 46/1993 on the Slovak Intelligence Service, as amended by Act No 256/1999.
Section 75 of Act No 215/2004.

107f Section 2 of Act No 198/1994, as amended.
Section 75 of Act No 215/2004, as amended by Act No 195/2014.

107g For example: Regulation (EU) 2015/2365 of the European Parliament and of the Council of 25 November 2015 on transparency of securities financing transactions and of reuse and amending Regulation (EU) No 648/2012 (OJ L 337, 23.12.2015).

108 Sections 23, 26, 27 and 29(a) and (d) of Act No 566/1992, as amended by Act No 149/2001.

108a Act No 428/2002.

108b Article 21 of Regulation (EU) No 1095/2010 of the European Parliament and the Council of 24 November 2010 establishing a European Supervisory Authority (European Securities and Markets Authority), amending Decision No 716/2009/EC and repealing Commission Decision 2009/77/EC (OJ L 331, 15.12.2010), as amended.

109 The Civil Dispute Procedure Code.

109ba Sections 6(14)(b) and (c) and 6(15) to (17) of Act No 483/2001, as amended.

109c Section 29 of Act No 483/2001, as amended.

110 Section 13 of Act No 329/2000.

110a Section 6(21) of Act No 483/2001, as amended by Act No 46/2011.

110b Section 2 of Act No 8/2008, as amended.

110ba Article 54 of Regulation (EU) No 1095/2010. Article 54 of Regulation (EU) No 1093/2010 of the European Parliament and of the Council of 24 November 2010 establishing a European Supervisory Authority (European Banking Authority), amending Decision No 716/2009/EC and repealing Commission Decision 2009/78/EC (OJ L 331, 15.12.2010).
Article 54 of Regulation (EU) No 1094/2010 of the European Parliament and of the Council of 24 November 2010 establishing a European Supervisory Authority (European Insurance and Occupational Pensions Authority), amending Decision No 716/2009/EC and repealing Commission Decision 2009/78/EC (OJ L 331, 15.12.2010).

110c For example: Act No 483/2001, as amended; Act No 95/2002, as amended.

110ca Article 19 of Regulation (EU) No 1093/2010.
Article 19 of Regulation (EU) No 1094/2010.
Article 19 of Regulation (EU) No 1095/2010.

[110d] Section 35 of Act No 483/2001, as amended by Act No 603/2003.

[110da] Article 15 of Regulation (EU) No 1092/2010 of the European Parliament and of the Council of 24 November 2010 on European Union macro-prudential oversight of the financial system and establishing a European Systemic Risk Board (OJ L 331, 15.12.2010).

[110e] For example: Act No 367/2000 as amended; Sections 13 to 15 of Act No 659/2007 on the introduction of the euro in the Slovak Republic (and amending certain laws).

[110f] Sections 47(9) and 48(9) of Act No 483/2001, as amended.

[110g] Sections 30 to 32 of Act No 483/2001, as amended.

[110h] Article 366 of Regulation (EU) No 575/2013.

[110i] Section 31(1) of Act No 483/2001, as amended.

[110j] Articles 92 to 386 of Regulation (EU) No 575/2013.

[110ja] For example: Regulation (EU) No 596/2014 of the European Parliament and of the Council of 16 April 2014 on market abuse (market abuse regulation) and repealing Directive 2003/6/EC of the European Parliament and of the Council and Commission Directives 2003/124/EC, 2003/125/EC and 2004/72/EC (OJ L 173, 12.6.2010), as amended; Regulation (EU) No 2015/2365; Regulation (EU) No 2016/1011; Regulation (EU) 2017/2402 of the European Parliament and of the Council of 12 December 2017 laying down a general framework for securitisation and creating a specific framework for simple, transparent and standardised securitisation, and amending Directives 2009/65/EC, 2009/138/EC and 2011/61/EU and Regulations (EC) No 1060/2009 and (EU) No 648/2012 (OJ L 347, 28.12.2017).

[110jb] Article 25(2) of Regulation (EU) No 596/2014.

[110jc] Section 17 of Act No 414/2012, as amended by Act No 399/2014

[110jd] Regulation (EU) No 1308/2013.

[110je] Article 20(8) of Regulation (EU) 2017/1129.

[110k] For example: Act No 483/2001, as amended; Act No 747/2004 as amended; Act No 8/2008 as amended; Act No 492/2009, as amended; Act No 203/2011, as amended.

[110l] Article 19 of Regulation (EU) No 1093/2010.

[110la] Article 63(2) of Regulation (EU) No 9093/2014.

[110m] For example: Article 30(1) of Regulation (EU) No 596/2014, as amended; Article 22 of Regulation (EU) 2015/2365; Article 42 of Regulation (EU) 2016/2011; Article 32 of Regulation (EU) 2017/2402.

[110n] For example: Articles 30(2) and 31 of Regulation (EU) No 596/2014, as amended; Articles 22 and 23 of Regulation (EU) 2015/2365; Articles 42 and 43 of Regulation (EU) 2016/2011; Articles 32(2) and (3) and 33 of Regulation (EU) 2017/2402.

[111] For example: the Commercial Code, as amended; the Civil Code, as amended; Act No 659/2007

[111a] Articles 24 and 25 of Regulation (EC) No 1060/2009, as amended.
Article 32 of Regulation (EU) 2017/1129.

[111b] Article 38 of Regulation (EU) 2017/1129.

[112] Sections 178(1) and (2) and 187(e) of the Commercial Code.

[113] Sections 178(3) and 187(e) of the Commercial Code.

[114] For example: the Criminal Code, as amended; the Labour Code, as amended; Act No 91/2016 on criminal liability of legal persons (and amending certain laws).

[114a] Sections 53 to 62 of Act No 483/2001 as amended.

[114aa] Section 10(5) of Act No 747/2004.

[114ab] Section 19(4) of Act No 747/2004, as amended.

[114b] Sections 1 to 24, 39a, 39b, and 59 to 64 of Act No 429/2002, as amended.

[114c] Regulation (EU) No 648/2012, Regulation (EU) No 236/2012.

[114d] Article 377 of Regulation (EU) No 575/2013.

[114e] Section 37(3) of Act No 747/2004, as amended by Act No 276/2009.

[114f] Section 27(7) of Act No 747/2004.
Act No 122/2013 on the protection of personal data (and amending certain laws).

[114g] For example: the Code of Criminal Procedure, as amended.

[114ga] Section 10(2) of Act No 371/2014, as amended by Act No 437/2015.

[114gb] Section 34(6) of Act No 371/2014, as amended by Act No 373/2018.

[114gc] Sections 8 and 54(2) of Act No 371/2014, as amended by Act No 437/2015.

[114h] Article 62 of Regulation (EU) No 909/2014.
Article 42 of Regulation (EU) 2017/1129.

[114ha] Article 37 of Regulation (EU) 2017/2402.

[114i] Section 156a of the Commercial Code, as amended.

[115] Section 25 of Act No 747/2004.

[115a] Sections 14, 15 and 27 of Act No 586/2003 on the legal profession (and amending Act No 455/1991 on small business activity (the Trading Act), as amended by Act No 8/2005).
Sections 2(3), 10 and 25 of Act No 540/2007.

[116] Act No 323/1992 on notaries and notarial activities (the Notarial Code), as amended.
Act No 15/1993 on the certification of documents and signatures on documents by local administration authorities.

[117] Sections 46 to 66 of Act No 328/1991, as amended.

[118] Sections 4 to 33 of Act No 328/1991, as amended.

[119] For example: Act No 530/1990.

[120] Sections 42a and 42b of the Civil Code.

[120a] For example: Section 151me of the Civil Code, as amended.
Section 180 of Act No 7/2005.
[121] Section 31(4) of the Commercial Code, as amended by Act No 500/2001.
[121a] Regulation (EU) No 600/2014.
[122] Section 68(7) of the Commercial Code, as amended by Act No 500/2001.
[123] Sections 70 to 75 of the Commercial Code, as amended by Act No 500/2001.
Section 65(7) of Act No 483/2001.
[123a] For example: Article 4(1), point 40, of Regulation (EU) No 575/2013.
[123b] For example: Regulation (EU) No 575/2013.
[123c] For example: Articles 10 to 14 of Regulation (EU) No 1093/2010.
[123d] For example: Act No 566/1992 as amended; Act No 747/2004, as amended.
[124] Section 6(3) of Act No 149/1975 on archiving, as amended.
[125] Act No 659/2007.
[126] Sections 28a and 31b of Act No 203/2011 on collective investment, as amended by Act No 206/2013.
[127] Section 33b(1) of Act No 483/2001, as amended.
[128] Article 92(3) of Regulation (EU) No 575/2013.
[129] Section 33d(4) of Act No 483/2001, as amended.
[130] Article 4 of Regulation (EU) No 648/2012.
[131] Article 11(3) of Regulation (EU) No 648/2012.
[132] Article 10(1) of Regulation (EU) No 648/2012.
[133] Article 10 of Regulation (EU) No 648/2012.