

CLIENT'S ASSETS HANDLING POLICY

PPF banka a.s.

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Company identification No.: 47116129

Registered at the Commercial Register maintained with
the Municipal Court in Prague, Section B, Insert 1834

This document deals with the statutory obligations of the Securities Dealer concerning handling of client's assets.

1. Deposition of Client's Money

- 1.1 In case the Client does not use the Trading Bank Account for Provision of Transaction, the Securities Dealer shall keep the money provided by the Client for the purpose of the provision of any investment service, on the SCA in compliance with the relevant provisions of the Act on Undertaking on Capital Market. The Securities Dealer undertakes to establish the SCA for these purposes under the respective Client Agreement.
- 1.2 The Securities Dealer pays interest on the Clients' Money represented in CZK, EUR and USD currencies deposited on the SCA. No interest is paid on the Clients' Money deposited on the SCA in any other currencies. The Securities Dealer shall register the interest accrued to the money deposited on the SCA on a quarterly basis no later than by the 10th day of the following month after the calendar quarter ends. The Securities Dealer shall deduct the 15 % withholding tax from the interest accrued under the Act No. 586/1992 Sb., the Income Tax Act, in case of Client being physical person – tax resident or tax non-resident and in case of Client being tax non-resident corporation if the valid certificate of tax domicile has not been provided. In case the tax non-resident Client provides the valid certificate of tax domicile, the withholding tax rate as per the respective double taxation treaty between the Czech Republic and the Client's domicile country shall apply.
- 1.3 The Securities Dealer shall keep records of money received from the Client and adopt measures in order to ensure the efficient and sufficient segregation of the Client's Money from the money of the other clients and from the Securities Dealer's own money.
- 1.4 The Securities Dealer shall be entitled to set off any claim to the Consideration, which includes the Remuneration and Cost and Fees, incurred during the provision of an investment service against the Client's Money deposited on the Trading Bank Account or the SCA after it has informed the Client of the amount of the Consideration.
- 1.5 The Securities Dealer shall be entitled to set off any revenues (interest) accrued to the Client's Money deposited on the Trading Bank Account or the SCA in connection with the fulfillment of the Securities Dealer's obligations against the claim to the Consideration.

2. Deposition of Client's Investment Instruments

- 2.1 In compliance with the requirements of the Act on Undertaking on Capital Market the Securities Dealer shall keep records of the Client's Investment Instruments entrusted to it. However, a case when the Client's securities are kept on the Client's asset account directly in the PSC is not considered representing the entrustment of the Client's securities to the Securities Dealer.
- 2.2 The Securities Dealer shall be entitled to deposit the Client's Investment Instruments on the account with a third person, particularly in case of the documentary Investment Instruments and foreign Investment Instruments. When using the third person's services the Securities Dealer shall ensure the well-judged selection of such third person following the requirements of the Act on Undertaking on Capital Market.
- 2.3 In case the Client's Investment Instruments are kept on the nominee account together with the Investment Instruments of the other clients, the Securities Dealer shall adopt measures in order to avoid the transfer of risks from the transaction concluded on behalf of one client or from the transaction on behalf of the Securities Dealer to the other clients. Nevertheless, in the exceptional situations such transfer of risks can occur and the Client's Investment Instruments kept on the nominee account can be used by the Securities Dealer or the third person as the security for the obligations of another client or of the Securities Dealer, including the sale or any other alienation thereof.¹

3. Deposition of Client's Assets Abroad

- 3.1 Being it necessary for the provision of any investment service required by the Client, the Securities Dealer shall be entitled to deposit the Client's Investment Instruments and Money with a third person abroad, including the countries outside the European Union.
- 3.2 In case the Client's Investment Instruments and Money are deposited with a foreign person, the Securities Dealer shall adopt measures in order to ensure the segregation thereof from the assets of such person. Despite of this, it may happen exceptionally that such segregation is not possible or sufficient. In such case the Client's Investment Instruments and money deposited with this person can be used as the security of the obligations of this person, including the sale or other alienation thereof.

4. Information on Order execution status

- 4.1 The Securities Dealer shall inform the Client about execution or non-execution of Client's Order, without undue delay in the manner pursuant to the Investment Services Terms and Conditions.

¹ This is warning about certain risks associated with the nominee accounts pursuant to section 37(3) lett. c) of the Regulation.

4.2 Upon Client's request the Securities Dealer shall provide the information about the status of the Client's Order which has not been executed yet in the manner pursuant to the Investment Services Terms and Conditions without undue delay upon receipt of the Client's request.

5. Information about Client's Asset

5.1 The Securities Dealer shall be obliged to inform the Client on the Client's Money and Investment Instruments entrusted to the Securities Dealer once a year unless the Client requires to be informed more frequently.

6. Information about Securities Brokers' Guarantee Fund and Deposit Insurance Fund

6.1 In compliance with the provisions of the Act on Undertaking on Capital Market the Securities Brokers' Guarantee Fund ("Guarantee Fund") provides the compensation system from which the compensations are paid to the clients of the securities dealer which is not able to fulfill its obligations towards its clients.

6.2 Under the conditions stipulated in the Act on Undertaking on Capital Market the following persons cannot assert the right to the compensation from the Guarantee Fund:

- (a) Czech Consolidation Agency,
- (b) territorial self-governing unit,
- (c) person who in the course of 3 years preceding the notice made by the Czech National Bank to the Guarantee Fund of the disability of the securities dealer to fulfill its obligations towards clients
 - (i) had been carrying out the audit or participated in carrying out the audit of the securities dealer to the clients of which the compensation from the Guarantee Fund is paid,
 - (ii) had been managing person of the securities dealer to the clients of which the compensation from the Guarantee Fund is paid,
 - (iii) had been a person having qualified holding in the securities dealer to the clients of which the compensation from the Guarantee Fund is paid,
 - (iv) had had a family or similar relationship pursuant to the Civil Code to the person according to points (i) to (iii),
 - (v) had belonged to the same entrepreneurial group as the securities dealer to the clients of which the compensation from the Guarantee Fund is paid,
 - (vi) had been carrying out the audit or participated in carrying out the audit of the person belonging to the same entrepreneurial group as the securities dealer to the clients of which the compensation from the Guarantee Fund is paid,

- (vii) was a managing person of the person belonging to the same entrepreneurial group as the securities dealer to the clients of which the compensation from the Guarantee Fund is paid,
 - (d) a person in which the securities dealer to the clients of which the compensation from the Guarantee Fund is paid, or a person with qualified holding on this securities dealer, has more than 50% share in the registered capital or voting rights,
 - (e) a person who deposited with the securities dealer to the clients of which the compensation from the Guarantee Fund is paid assets in connection with the legalization of proceeds of crime,
 - (f) a person who had caused, by a crime, the inability of the securities dealer to the clients of which the compensation from the Guarantee Fund is paid to meet its obligations towards clients.
- 6.3 Under the conditions stipulated in the Act on Undertaking on Capital Market the compensation from the Guarantee Fund shall be provided to the client up to the 90% of the amount of client's assets determined as the sum of the money and the real value of the Investment Instruments which could not have been released to the Client; however, the maximum amount to be paid shall be equivalent of EUR 20 000 for one Client in case of a single securities dealer.
- 6.4 In compliance with the provisions of the Act on Banks the Deposit Insurance Fund ensures the provision of the compensations for the claims from deposits to the entitled persons.
- 6.5 Under the conditions stipulated in the Act on Banks in particular the following persons cannot assert the right to the compensation from the Deposit Insurance Fund:
- (a) banks and foreign banks,
 - (b) financial institutions,
 - (c) health insurance companies, and
 - (d) state funds.
- 6.6 Under the conditions stipulated in the Act on Banks the compensation from the Deposit Insurance Fund shall be provided to the entitled person up to 90% of the amount determined as all insured claims from the deposits of the entitled person in the bank in question; however, the maximum amount to be paid shall be equivalent of EUR 25 000 for one entitled person with one bank.