ACT ON COLLECTIVE INVESTMENT

The full text of Act No 203/2011 of 1 June 2011 on collective investment, as amended by Act No 547/2011, Act No 206/2013, Act No 352/2013, Act No 213/2014, Act No 323/2015, Act No 359/2015, Act No 361/2015, Act No 91/2016, Act No 125/2016, Act No 292/2016, Act No 237/2017, Act No 279/2017, Act No 177/2018, Act No 373/2018, Act No 156/2019, Act No 210/2021, and Act No 310/2021

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

DIVISION ONE

GENERAL PROVISIONS

Section 1
Scope of the Act

This Act governs:
(a) the rules of collective investment;
(b) funds, their establishment, management and winding up;
(c) the activities and operation of management companies and foreign management companies in the territory of the Slovak Republic;
(d) the activities of depositories;
(e) the cross-border distribution of the unit certificates and securities of foreign collective investment undertakings;
(f) the protection of investors in collective investment;
(g) the activities of other entities involved in collective investment;
(h) supervision.

Section 2
Collective investment

(1) 'Collective investment' means business activities aimed at raising funds from investors, for the purpose of making investments in accordance with the investment policy set on the basis of risk spreading, for the benefit of entities whose funds have been raised. If funds are raised from the public, collective investment may be conducted only on the basis of the principle of risk spreading.

(2) Collective investment may be conducted only through established domestic collective investment undertakings, or by the raising of funds through the offer of securities or shareholdings in foreign collective investment undertakings.

(3) The raising of funds for the purpose of their subsequent investment shall be prohibited where:
(a) the return of thus raised funds or a profit of entities whose funds have been raised in this manner, shall, even if partially, depend on the value of returns on assets acquired for the funds raised; and
(b) it is not carried out on the basis of an authorisation under this Act or under the conditions provided by this Act.

(4) The raising of funds is not deemed to be a breach of the prohibition referred to in paragraph 3 if it is carried out by:

(a) a holding company;
(b) a state authority or by a state authority of another state;
(c) a municipality, a higher territorial unit or a local or regional authority of another state;
(d) a social insurance institution or another similar foreign social insurance institution, a pension funds management company[1] or another similar foreign social and pension funds management company;
(e) a securitisation special purpose entity;
(f) a supplementary pension funds management company,[2] an occupational pension funds management company[3] or another similar foreign institution administering employee-participation schemes for social and pension insurance purposes.

(5) This Act does not apply to the activities performed by Národná banka Slovenska, the European Central Bank, central bank of another state, European Investment Bank, European Investment Fund, European development financing institutions and bilateral development banks, the World Bank, International Monetary Fund and other supranational institutions and similar international organisations, where such institutions or organisations perform activities that meet the factual requirements of collective investment and if by performing such activities they act in the public interest.

(6) Allowing another person or facilitating that person to carry out collective investment in a way that would be inconsistent with this Act by promoting or ensuring such activity shall be prohibited.

Section 3
Definition of basic terms

For the purposes of this Act:

(a) ‘public offering’ means any announcement, offer or recommendation in regard to the raising of funds for the purpose of collective investment, made by a person for his own benefit, or the benefit of another party through any distribution channel;
(b) ‘distribution channels’ means:
    1. the press, radio and television;
    2. circulars, booklets or other writing materials and durable records, if intended for the public or if intended for receivers not specified in advance;
    3. the Internet and other electronic communication or information systems, accessible to the public;
    4. unsolicited personal contact of retail investors;
(c) ‘private offer’ means an announcement, offer or recommendation addressed to the investors specified in advance for raising funds for the purpose of collective investment, which is carried out without any means of publication;
(d) ‘investor’ means a person who has used his funds to acquire securities or shareholdings in a domestic collective investment undertaking or to acquire securities or shareholdings in foreign undertakings or who is interested in so doing, or has been addressed for that purpose, or a person to whom a public offering or private offering is addressed for this purpose;

(e) ‘fund unit-holder’ means an investor who has used his funds to acquire securities or shareholdings in a domestic collective investment undertaking or securities or shareholdings in foreign collective investment undertakings;

(f) ‘transferable securities’ means:
   1. shares, interim certificates and other securities carrying rights similar to those attached to shares issued by a domestic or foreign company either in the Slovak Republic or abroad;
   2. bonds and securities established by the transformation of credits or loans (hereinafter referred to as ‘debt securities’), issued in the Slovak Republic or abroad;
   3. other tradable securities issued in the Slovak Republic or abroad which carry the right to acquire the securities referred to in indent 1 or indent 2 either through subscription or exchange; transferable securities shall not be instruments and techniques referred to in Section 100(2);

(g) ‘Member State’ means a Member State of the European Union or other state being party to the Agreement on the European Economic Area;

(h) ‘home Member State of a foreign management company’ means the Member State in which the foreign management company concerned has its registered office;

(i) ‘host Member State of management company’ means:
   1. a Member State other than the home Member State in whose territory the management company authorised pursuant to Section 28 has established a branch or provides services;
   2. a Member State other than the home Member State in whose territory the management company, authorised pursuant to Section 28a, manages European alternative investment funds;
   3. a Member State other than the home Member State in whose territory securities or shareholdings in an alternative investment fund or European alternative investment fund are distributed by the management company authorised pursuant to Section 28a;
   4. a Member State other than the home Member State in whose territory securities or shareholdings in an alternative investment fund or a non-European alternative investment fund are distributed by the management company authorised pursuant to Section 28a;
   5. a Member State other than the reference Member State (Section 66b) in whose territory European alternative investment funds are managed by a foreign management company which is authorised pursuant to Section 66c and has its registered office in a non-Member State (hereinafter the ‘non-European management company’);
   6. a Member State other than the reference Member State (Section 66b) in whose territory securities or shareholdings in an alternative investment fund or European alternative investment fund are distributed by the non-European management company authorised pursuant to Section 66c;
   7. a Member State other than the reference Member State (Section 66b) in whose territory securities or shareholdings in a non-European alternative investment fund are distributed by the non-European management company authorised pursuant to Section 66c;

(j) ‘home Member State of a European standard fund’ means the Member State in which that European standard fund has been granted the authorisation;

(k) ‘host Member State’ means:
   1. in the case of a standard fund, another Member State in which the unit certificates of that fund are distributed in accordance with Section 139;
   2. in the case of a European standard fund, a Member State other than the European standard fund’s home Member State in which the securities of that fund are distributed;

(l) ‘number of units in circulation’ means the number of issued units reduced by the number of units which have been redeemed;
(m) ‘net asset value of a fund’ means:
   1. the net value of assets of a common fund that is the difference between the value of assets in the common fund and the liabilities of the common fund;
   2. net assets of an investment fund with variable capital;
(n) ‘assets in a fund’ means the funds acquired through the issuing of securities and the assets acquired for them in the fund;
(o) ‘unit value’ means the net asset value of a fund divided by:
   1. the number of units in circulation in the case of a common fund;
   2. the number of shares issued in the case of an investment fund with variable capital;
(p) ‘durable medium’ means any medium that enables an investor or unit-holder to keep information addressed personally to him in such a way that it may be used in the future during the period corresponding to the purpose of the information and that allows for the unaltered reproduction of the stored information;
(q) ‘headquarters’ means the place from which the activities of a management company are controlled, or the place where documents necessary for exercising supervision of the management company are located;
(r) ‘financial institution’ means an investment firm, a branch of a foreign investment firm, a bank, a foreign bank branch, an insurance company, a branch of a foreign insurance company, a reinsurance company, a branch of a foreign reinsurance company, the central securities depository (hereinafter the ‘central depository’), a stock exchange, a pension fund management company, supplementary pension management company or an undertaking with a similar scope of activities which has its registered office outside the territory of the Slovak Republic;
(s) ‘money market instruments’ means instruments typically traded on a money market which are liquid and which have a monetary value that can be accurately determined at any time;
(t) ‘investment management’ means the use of fund’s assets on the basis of investment decisions taken for the purpose of achieving the investment objective specified in the common fund rules or in instruments of incorporation of a collective investment undertaking;
(u) ‘risk profile of a common fund’ means identified relevant risks resulting from investment strategy of a common fund including the identified rate of those risks and their mutual interaction and concentration in the common fund;
(v) ‘client’ means a person to who the management company provides services in accordance with Section 27(3) and (6);
(w) ‘investment policy’ means a description of investment objectives in relation to the assets in a fund and projected methods how to reach them;
(x) ‘investment strategy’ means a strategic placing of assets in a fund and investment techniques needed for proper and effective implementation of the investment policy;
(y) ‘holding company’ means a commercial company which holds a shareholding in one or more commercial companies and the business activity of which is to implement a business strategy or strategies through its subsidiary or subsidiaries, associated companies or shareholdings in order to contribute to their long-term development, and which meets at least one of the following criteria:
   1. it operates on its own account and its equity securities are admitted to trading on a regulated market in the Slovak Republic or in another Member State;
   2. the main purpose of its activities is not generating returns by means of divestment of its subsidiaries or associated companies and this fact must be evidenced in the annual report and in other documents of this company deposited in the collection of documents;[3a]

(z) ‘securitisation special purpose entity’ means an entity whose sole purpose is to carry out a securitisation or securitisations within the meaning of other legislation,[3b] and other activities which are needed to accomplish that purpose;

(aa) ‘home Member State of a European alternative investment fund’ means:

1. the Member State in which the fund was granted an authorisation or in which it was registered in accordance with law of that Member State or, if it has multiple authorisations or registrations, the Member State in which the fund was granted the first authorisation or in which it was registered for the first time; or
2. the Member State in which it has its registered office or headquarters, if no authorisation was granted to this fund or if it is not registered in a Member State;

(ab) ‘distribution’ means a direct or indirect offering of securities or shareholdings in collective investment undertakings or their placement with investors resident or having their registered office in a Member State, at the initiative of an entity managing this collective investment undertaking or on its behalf;

(ac) ‘prime broker’ means a bank, foreign bank, investment firm, foreign investment firm or other entity subject to prudential regulation and ongoing supervision, offering services to professional investors primarily to finance or execute transactions in financial instruments as counterparty and which may also provide other services such as clearing and settlement of trades, custodial services, securities lending and to provide operational and customer support facilities;

(ad) ‘unlisted company’ means a commercial company which has its registered office in a Member State and the shares of which are not admitted to a regulated market meeting the requirements of a legally binding act of the European Union governing regulated markets;

(ae) ‘legal representative of a non-European management company’ means be a natural person resident in the territory of a Member State or a legal entity having its registered office in the territory of a Member State, and which is expressly designated by a non-European company and acts on behalf of such non-European management company in relation to the authorities, clients, undertakings and counterparties of a non-European management company in Member States with regard to the obligations of the non-European management company under this Act or under the relevant legal act of the Member State;

(af) ‘leverage’ means a method by which the management company increases the exposure of a fund either through borrowing money or securities, through derivative positions or by any other means;

(ag) ‘place of establishment of an alternative investment fund or a foreign alternative investment fund’ means the state in which an alternative investment fund or a foreign alternative investment fund has been granted an authorisation or in which it is registered or the state in which it has its registered office, if no authorisation or registration has been granted to this fund;

(ah) ‘instruments of incorporation’ means the Sections of association and the memorandum of association of a domestic collective investment undertaking with legal personality or a similar document of a foreign collective investment undertaking with legal personality;

(ai) ‘alternative feeder investment fund’ means a special feeder fund (Section 119a or other alternative investment fund which, unless Section 119 provides otherwise:

1. invests at least 85% of its assets in securities or shareholdings in another alternative investment fund, a sub-fund of other alternative investment fund, a foreign alternative investment fund or a sub-fund of foreign alternative investment fund (hereinafter the ‘master alternative investment fund’);
2. invests at least 85% of its assets in securities or shareholdings in multiple master alternative investment funds where those master alternative investment funds have identical investment strategies; or

3. has otherwise an exposure of at least 85% of its assets to the master alternative investment fund;

(aj) 'foreign alternative feeder investment fund' means a foreign alternative investment fund which:
1. invests at least 85% of its assets in securities or shareholdings in the master alternative investment fund;
2. invests at least 85% of its assets in securities or shareholdings in multiple master alternative investment funds where those master alternative investment funds have identical investment strategies; or
3. has otherwise an exposure of at least 85% of its assets to the master alternative investment fund;

(ak) 'remuneration for value appreciation' means profit sharing of managed collective investment undertaking attributable to a management company as a remuneration for management of collective investment undertaking which does not involve any profit sharing of a managed collective investment undertaking and which was attributed to the management company as a yield from the management company's investment in the managed collective investment undertaking;

(al) 'accounting year of a domestic collective investment undertaking' means the accounting period corresponding to a calendar year or to a financial year;[3ba]

(am) 'place of establishment of an alternative investment fund's management company' means the country in which that management company has its registered office;

(an) 'place of establishment of a depository' means the country in which that depository has its registered office or branch;

(ao) 'pre-marketing' means provision of information or communication, direct or indirect, on investment strategies or investment ideas by a management company or a foreign management company of a European alternative investment fund, or on its behalf, to potential professional investors domiciled or with a registered office in a Member State in order to test their interest in investing in an alternative investment fund, or a sub-fund thereof, which is not yet established, or in an alternative investment fund which is established, but not yet notified for marketing to Národná banka Slovenska in accordance with Section 150b or Section 150d, in that Member State where the potential investors are domiciled or have their registered office, and which in each case does not amount to an offer or placement to the potential investor to invest in the units or shares of that alternative investment fund, or a sub-fund thereof;[3bb]

(ap) 'qualified investor' means an investor whose investment is equal or greater than EUR 50,000.

Section 4
Funds and their classification

(1) Funds are classified into domestic collective investment undertakings and foreign collective investment undertakings.

(2) A domestic collective investment undertaking may be:

(a) a common fund or an investment fund with variable capital;

(b) a domestic collective investment undertaking with legal personality, being a commercial company or a cooperative having its registered office in the territory of the Slovak Republic, collecting funds from multiple investors in order to make investments in accordance with the defined investment policy in favour of those investors.

(3) A domestic collective investment undertaking as defined in paragraph 2(a) may be established as a standard fund or as a special fund.

(4) The establishment of a domestic collective investment undertaking as defined in paragraph 2(b) is not subject to authorisation under this Act, unless Section 26a provides otherwise. The securities or shareholdings of collective investment undertakings referred to in paragraph 2(b) may be distributed only to professional investors;[3c] management companies authorised under Section 28a or entities managing alternative investment funds who are subject to an exemption pursuant to Section 31a(1) shall include information about that exemption in their offering documents.

(5) A standard fund is deemed to be a fund, into which funds are collected through public offers with the aim of investing the funds so collected into transferable securities and other liquid financial assets under Section 88 on the principle of risk limitation and risk spreading. The principle of risk limitation and risk spreading does not apply to a standard fund or to its sub-fund that is a feeder fund. Where a standard fund meets the conditions stipulated by this Act, it is deemed to be a fund meeting the conditions laid down by a legally binding act of the European Union referred to under point 1 of Annex 1. A standard fund may not be converted into an alternative investment fund.

(6) An alternative investment fund is deemed to be a domestic collective investment undertaking which is not a standard fund and into which funds are collected through public or private offers with the aim of investing the funds so collected in assets specified by this Act or determined by the alternative investment fund's rules. An alternative investment fund is deemed to be a collective investment undertaking which is not subject to the European Union's legally binding act relating to undertakings for collective investment in transferable securities. An alternative investment fund is deemed to be a special fund and a domestic collective investment undertaking as defined in paragraph 2(b).

(7) A special fund may be a public special fund or a special qualified investor fund. A public special fund may be:
(a) a special securities fund;
(b) a special alternative investment fund;
(c) a special real estate fund.

(8) A foreign collective investment undertaking may be:
(a) a foreign common fund;
(b) a foreign investment fund;
(c) a foreign collective investment undertaking other than those mentioned under (a) and (b).

(9) A foreign common fund is deemed to be a foreign collective investment undertaking that is not a legal person and is established and managed by a foreign management company or by a management company under the law of the country in which the foreign common fund is established.

(10) A foreign investment fund is deemed to be a foreign legal person that is a collective investment undertaking under the law of the country in which its registered office is located, and is managed by a foreign management company, a management company under the law of the country in which the fund is established or is self-managed.

(11) An open-ended foreign collective investment undertaking is deemed to be a foreign collective investment undertaking, the owner of whose securities or shareholdings is entitled to the redemption of securities or shareholdings, at the owner's request, from the assets held in that collective investment undertaking. A closed-ended foreign collective investment undertaking is deemed to be a foreign collective investment undertaking, the owner of whose securities or shareholdings is not entitled to such redemption of securities or shareholdings as according to the previous sentence.

(12) Where a foreign collective investment undertaking meets the conditions laid down by a legally binding act of the European Union governing collective investment undertakings in transferable securities, it is deemed to be a European standard fund.

(13) A foreign collective investment undertaking that is not a European standard fund is deemed to be a foreign alternative investment fund. A foreign alternative investment fund is, for the purposes of this Act, deemed to be a European alternative investment fund if it is authorised or registered in a Member State pursuant to the laws of that Member State or if it is not authorised or registered in a Member State but has its registered office or headquarters in a Member State. A foreign alternative investment fund is, for the purposes of this Act, deemed to be a non-European alternative investment fund, if it does not meet the conditions set out in the previous sentence.

DIVISION TWO

DOMESTIC COLLECTIVE INVESTMENT UNDERTAKINGS

TITLE ONE
COMMON FUNDS

Section 5

(1) A common fund is understood to mean the common assets of fund unit-holders raised by a management company through the issuing of fund units, and through the investment of these assets. The unit certificates represent the equity rights of fund unit-holders.

(2) A common fund is a collective investment undertaking and is not a legal entity. A common fund shall be managed by a management company. In managing common funds management companies shall act in their own name on behalf of the common fund.

(3) A common fund is established by a management company by the issuing of unit certificates.

(4) The common fund's assets shall be the common assets of unit-holders. The common fund's assets shall not be included in the assets of the management company. The common fund's assets are not subject to the provisions of Sections 136 and 137 of the Civil Code. Each fund unit-holder may exercise his rights towards the management company independently.

(5) Where other legislation[4] or legal action requires information on the owner of a common fund's assets, the information on all fund unit-holders shall be substituted for the name

of the common fund and information on the management company which manages this common fund.

(6) A common fund may be established only on the basis of an authorisation pursuant to this Act, unless Section 137 provides otherwise. An authorisation to establish a common fund may only be granted after the management company has been established.

(7) The name of a common fund shall not be confusable with the name of another common fund and shall not provide a misleading impression of the orientation and objectives of the common fund's investment policy. Neither this name, nor a designation confusable with it in either the Slovak language or a foreign language, may be used by another entity for own designation or the description of its activities.

Section 6
Sub-funds

(1) A common fund may comprise multiple sub-funds (hereinafter an 'umbrella common fund'). A sub-fund is understood to mean a part of the umbrella common fund's assets and liabilities that is separated from the point of view of accounting.

(2) Each sub-fund must differ from other sub-funds of the same umbrella common fund by one or more features specified by the rules of the umbrella common fund.

(3) A sub-fund related rights of unit-holders that have arisen in relation to the establishment, management, or winding up of the sub-fund only relate to the appropriate sub-fund's assets. The assets in the sub-fund may exclusively be used for the purpose of covering the sub-fund related rights of unit-holders or creditors' rights that have arisen in relation to establishment, management or winding up of the sub-fund.

(4) The provisions of this Act and its common fund related applicable regulations relate to a sub-fund appropriately, unless the provisions of Sections 7 to 10, 13, Section 16(4), Sections 26, 40, 41, 157, 160 and 175 provide otherwise.

(5) The name of the sub-fund must comprise the name of the umbrella common fund without the designation 'common fund' and the designation of the sub-fund which clearly differentiates it from other sub-funds of the same umbrella common fund.

(6) Where all sub-funds of the umbrella common fund are wound up, the umbrella common fund and the authorisation to establish it shall expire.

Section 6a
Conversion of a common fund into an umbrella common fund and conversion of a common fund into a sub-fund of an umbrella common fund

(1) An umbrella common fund may be established, other than under Section 6, also through the conversion of multiple common funds under this Act into an umbrella common fund. A sub-fund of an existing umbrella common fund may also be established through the conversion of an existing common fund into a sub-fund. The conversion under the first or the second sentence is subject to prior approval in accordance with Section 163(1)(m).

(2) Through the conversion of common funds into an umbrella common fund, each common fund that is the subject of the conversion, shall be converted into a sub-fund of an umbrella common fund that arises through the conversion.

(3) The conversion of common funds into an umbrella common fund and the conversion of a common fund into a sub-fund of an existing umbrella common fund shall enter into effect on the date specified in the decision of Národná banka Slovenska. On the date when the conversion of common funds into an umbrella common fund becomes effective, the authorisations for the establishment of the common funds that are the subjects of the conversion shall lapse or the special qualified investor fund shall be removed from the list referred to in Section 137. The unit-holders of these common funds shall become unit-holders of the respective sub-funds of the umbrella common fund that arise through the conversion. On the date when the conversion of common fund into a sub-fund of an existing umbrella common fund becomes effective, the authorisation to establish a common fund that is the subject of the conversion shall lapse or the special qualified investor fund shall be removed from the list referred to in Section 137. The unit-holders of this common fund shall become unit-holders of the newly established sub-fund of the umbrella common fund.

(4) A management company shall, within ten days of the decision under paragraph 3 taking effect, publish this decision, publish the prospectus and key information for investors of the umbrella common fund or sub-fund of the umbrella common fund that arose through the conversion, in accordance with the procedure laid down in the fund rules for informing unit-holders of amendments to the fund rules and the prospectus; this does not apply in the case of the conversion of a special qualified investor fund into an umbrella common fund that is to be a special qualified investor fund, or in the case of a conversion of a special qualified investor fund into a sub-fund of an umbrella fund that is to be a special qualified investor fund.

(5) A management company shall, within three months of the date of conversion under paragraph 1, exchange unit-holders' unit certificates for unit certificates of the respective sub-funds or of the sub-fund that arose through the conversion.

Section 7
Rules of a common fund

(1) Each common fund shall have its own common fund rules.

(2) The common fund rules shall constitute an integral part of the contract between a fund unit-holder and a management company. By acquiring a unit certificate, the fund unit-holder accepts the provisions of the common fund rules.

(3) Common fund rules and any amendments thereto shall take effect upon the entry into force of a valid decision of Národná banka Slovenska on granting the authorisation referred to in Sections 84 or 121 or upon the inclusion of the special qualified investor fund concerned in the list referred to in Section 137, upon granting the previous approval referred to in Section 163 or the decision of Národná banka Slovenska that prescribed these amendments.

(4) Within ten working days after each amendment to common fund rules, the management company shall submit to Národná banka Slovenska the amendment to the common fund rules and updated full text of the common fund rules, and it shall acquaint the fund unit-holders with the changes by the method stipulated in the common fund rules.

(5) Common fund rules shall state in particular:

(a) the name of the common fund, the year of its establishment, and the period for which it has been established;
(b) the business name of the management company which manages the common fund, its registered office and its identification number;
(c) the business name and registered office of the depository and the amount of the remuneration agreed in the depository contract for the performance of depository activities;
(d) the orientation and objectives of the management company's investment policy for the common fund's assets, especially which securities and money market instruments are to be procured with the raised funds, as well as any sectoral or territorial division of the investments, and the principles of risk spreading and limitation if these are more precise than the principles stipulated in Sections 89 to 98 and 130 to 135, and whether unit certificates of other common funds managed by a management companies are to be acquired for the common fund's assets;
(e) the principles under which the common fund's assets are managed, in particular which costs may be met out of the common fund's assets besides the costs referred to in (c) and (h);
(f) the valuation rules for the common fund's assets and liabilities in a common fund, if they are more detailed than the rules stipulated in Sections 104, 107, 129 and 161;
(g) the publishing method for the report on management of the common fund's assets for the accounting year (hereinafter the 'annual report') and for the report on management of the common fund's assets for the first six months of the accounting year (hereinafter the 'semi-annual report') and information where these reports may be obtained;
(h) the upper limit of the amount of the remuneration for managing the common fund and the method of its calculation;
(i) the information where the description of the strategy of exercising of voting rights attached to securities in the common fund's assets and how a unit-holder can obtain detailed information on measures adopted on the basis of this strategy;
(j) the type and form of the unit certificates, the initial value of the unit, and the procedure and conditions for issuing unit certificates and for exercising the right to redemption of the unit certificates; the initial unit value means the value of the first unit specified by the common fund's rules;
(k) the upper limit of the fees for the issue and redemption of a unit certificate charged to a fund unit-holder, and the method of setting them;
(l) the procedure for amending the fund rules and the method of informing the fund unit-holders about such amendments;
(m) the procedure for amending the prospectus and key information for investors and the method of informing the fund unit-holders about such amendments;
(n) the information whether the management company is allowed to acquire the unit certificates of the common funds managed by that management company for the own assets;
(o) a declaration by the board of directors of the management company that the facts stated in the common fund rules are up-to-date, complete and true.

(6) If there is an umbrella common fund, the rules shall be prepared for the umbrella common fund as a whole. At the same time, the umbrella common fund rules must unambiguously distinguish a general part which shall be common for all its sub-funds and the parts related only to the relevant sub-fund. The general part of the master common fund rules

includes at least all requirements pursuant to paragraph 5, not included in the parts related to only relevant sub-funds.

(7) The general part of the umbrella common fund rules must also include:
(a) unambiguous information that it is the umbrella common funds with multiple sub-funds;
(b) the procedure and conditions for redemption of a unit certificate of a sub-fund and simultaneous issue of a unit certificate of another sub-fund without the application of fees connected with the issue and redemption of unit certificates and the fee for a transition between sub-funds.

(8) The common fund rules can stipulate that income shall be paid from the common fund's assets; while in the case that income is paid, it also shall stipulate the deadline, amount and extent of the income paid.

(9) The part of master common fund rules related only to relevant sub-fund includes at least all particulars referred to in paragraph 5 in which the relevant sub-fund differs from other sub-funds.

(10) Národná banka Slovenska may, by way of a decree to be promulgated in the Collection of Laws (hereinafter as 'the Collection of Laws'), stipulate details on the content of the common fund rules and umbrella common fund rules.

Section 8
Unit certificates

(1) A unit certificate is a security under which a unit-holder has the right to corresponding units of a fund and a right to a corresponding proportion of the returns on the fund's assets. A unit certificate may correspond to one or more units of a fund.

(2) In the case of an umbrella common fund, only unit certificates of respective sub-funds shall be issued. A unit certificate of a respective sub-fund is a security under which a unit-holder has the right to corresponding units of the respective sub-fund and the right to a corresponding proportion of the returns on fund's assets. The provisions of this Act or of other legislation of general application relating to a unit certificate of a common fund apply equally to the unit certificate of the sub-fund.

(3) Unit certificates of all sub-funds of an umbrella common fund shall have the same form and be of the same type.

(4) Unit certificates of one issue of a common fund which correspond to the same number of units establish the same rights for the respective unit-holders.

(5) A paper unit certificate may also be issued as a collective unit certificate. A collective unit certificate is a unit certificate which replaces a number of unit certificates in the same common fund that have unit certificates of an identical initial unit value. A collective unit certificate shall state the date of its issue and the designation of the unit certificates which it replaces. A management company shall hand over to a fund unit-holder, at his request, the individual unit certificates that the collective unit certificate replaces and shall do so by the method stipulated in the common fund rules. The collective unit certificate shall cease to exist once all the unit certificates constituting the collective unit certificate have been handed over to

the fund unit-holder. The handover of only a part of the unit certificates constituting the collective unit certificate is deemed to be a change in the collective unit certificate, and this change shall be indicated thereon.

(6) A unit certificate in a common fund may only be issued in the form of registered or bearer unit certificates.

(7) A unit certificate shall contain:

(a) the name of the common fund; in the case of an umbrella common fund, the name of respective sub-fund;
(b) the business name and registered office of the management company which issued the unit certificate;
(c) the number of units and the initial unit value of each;
(d) a designation of the issue of the unit certificate, where unit certificates of several issues are issued in the respective common fund or sub-fund of the umbrella common fund;
(e) information on the type of unit certificate;[5]
(f) the issue date of the unit certificate; in the case of book-entry unit certificates kept in records of central depository, the information on the issue date of the unit certificate shall be replaced by the issue date of the fund unit certificate issue;
(g) in the case of a paper unit certificates, the name or business name of the fund unit-holder, the number of the unit certificate, and the signatures of at least two members of the board of directors of the management company.

(8) In the case of book-entry unit certificates in a common fund, the records[6] of book-entry unit certificates in the common fund may be kept by the central depository or, under separate records of book-entry unit certificates of the common fund (hereinafter the 'separate records'), by the depository of the respective common fund and the management company.

(9) A depository's activities and management company's activities in keeping the records referred to in paragraph 8 shall be subject, as appropriate, to the provision of other legislation[7] on the keeping of records of book-entry securities by the central depository.

(10) A management company shall keep a list of fund unit-holders in registered unit certificates. For registered paper unit certificates, a management company may delegate the keeping of the list of fund unit-holders to its depository. For registered book entry unit certificates, a management company may delegate the keeping of the list of fund unit-holders to the legal entity which keeps the records of the respective registered book-entry unit certificates, provided that the legal entity has agreed beforehand to do this. For registered book-entry unit certificates, a separate record shall replace the list of fund unit-holders.

(11) The list of fund unit-holders shall include:

(a) in the case of a paper unit certificate, the numeric designation of the unit certificate;
(b) the number of unit certificates in the assets of a fund unit-holder along with the number of units per unit certificate;
(c) the business name and identification number, if the fund unit-holder is a legal entity, or the name, permanent residence and birth registration number, if the fund unit-holder is a natural person; the date of birth shall be stated if a birth registration number has not been assigned.

(12) The list of fund unit-holders shall be kept for the umbrella common fund as a whole. In addition to the requirements pursuant to paragraph 11, the list of master common fund unit-holders shall state the information about the unit certificates and their assignment to the sub-funds in the assets of the unit-holder.

(13) A management company, or legal entity delegated by a management company to keep a list of fund unit-holders, shall ensure that a change in the entry of a fund unit-holder on the list of fund unit-holders is made promptly after the change is proven.

(14) The list of fund unit-holders shall not be made public. A fund unit-holder may, at his own expense, request an extract from that part of the list of fund unit-holders which concerns him.

(15) A management company may not restrict or preclude the transferability of unit certificates, nor make the transfer of unit certificates subject to its approval, unless Section 136(2) stipulates otherwise.

(16) A registered paper unit certificate may be exchanged for two or more registered paper unit certificates held by the same fund unit-holder in the same open-ended common fund. The replaced unit certificate is deemed to be returned as of its issue date, and the replacement unit certificates is deemed to be issued as of the issue date of the replaced unit certificate. The sum of the number of units of the unit certificates converted in this way must equal the number of units of the replaced unit certificate. Such replacement unit certificates are not subject to Section 13(5).

(17) Národná banka Slovenska may, by approving fund rules or by a decision on the amendment of the fund rules, allow the management company to issue more issues of the unit certificates of the same common fund or sub-fund of the master common fund, which may differ from each other as follows:

(a) by type of investors for whom the issue is intended;
(b) by the amount of a fee for the issue of unit certificate or the amount for a redemption of the unit certificate;
(c) by the amount of a minimum invested amount;
(d) by the amount of a remuneration for the management of a common fund for the respective issue;
(e) by the currency in which the value of the unit is specified; the management company is entitled to secure the assets against currency risk related to an issuance of unit certificates in a different currency, and, for this purpose, to invest also into financial derivatives, provided that the claims and liabilities related to these derivatives may only be covered by assets of the given issuance of unit certificates;
(f) by the method of payment of returns on the common fund’s assets; or
(g) by a combination of two or more circumstances referred to in (a) to (f).

(18) Where the unit certificates of several issues are issued in accordance with paragraph 17, the respective particulars of the common fund rules shall be specifically distinguished for each issue. The rules of such common fund shall also include the information that it is possible to issue the unit certificates of several issues, and the description of particular issued issues of unit of certificates.

TITLE TWO

OPEN-ENDED FUNDS

Section 9
Basic provisions

(1) An open-ended fund is a fund in which a fund unit-holder is entitled, at their request, to the redemption of securities from the fund's assets.

(2) An open-ended fund may be established for a definite period or for an indefinite period.

(3) The number of issued securities held in an open-ended fund may only be restricted if so provided in the fund's rules.

(4) The name of an open-ended fund shall include the business name of the management company that manages the open-ended fund and the name of the open-ended fund, as well as the words 'otvorený podielový fond' (open-ended common fund) or the abbreviation 'o.p.f.'; in the case of a master fund, the word 'strešný' (umbrella) is to be inserted before the words 'otvorený podielový fond' (open-ended common fund) or before the abbreviation 'o.p.f.'.

Section 10
Separate records

(1) Separate records shall include the following:
(a) a fund unit certificate issuer's register, kept by the depository;
(b) book-entry unit certificate owner's accounts, kept by the management company which manages the respective fund or by the depository;
(c) a register of liens on unit certificates, kept under separate records by the depository or the management company;
(d) a register of pledged unit certificates, kept under separate records by the depository or the management company.

(2) Authorisation by Národná banka Slovenska is required for keeping separate records. Authorisation pursuant to the first sentence shall be granted to a management company or a foreign management company and to a depository and shall be valid for each common fund whose unit certificates are issued by the management company or foreign management company in book-entry form in accordance with the fund rules and for which the depository performs the activity of a depository. Where a common fund is managed by a foreign management company, the depository shall keep separate records in the full extent.

(3) A depository shall, at the request of a management company, establish a fund unit certificate issuer's register. A depository shall, for the management company, keep no more than one fund unit certificate issuer's register for each fund; it does not apply if it is an umbrella common fund in which the separate records are kept separately for each its sub-fund. The legal relationship between the management company and the depository in regard to the keeping of this register is governed by this Act and the Commercial Code.

(4) A fund unit certificate issuer's register shall state the following information:

(a) the numeric designation of the fund unit certificate issuer's register and the date when it was established;
(b) the business name, identification number and registered office of the management company;
(c) the following information on each fund for which the depository keeps a fund unit certificate issuer's register:
   1. the name of the fund or the name of respective sub-fund of an umbrella common fund;
   2. information on the type of unit certificates;
   3. the initial value of a single unit;
   4. the date of commencing the issue of the unit certificates;
   5. the total number of unit certificates in circulation and the total number of units in circulation.

(5) Where the unit certificates of several issues are issued in the respective common fund or sub-fund of the umbrella common fund, the register of issuer shall contain information in accordance with paragraph 4(c) for each issue separately; information according to paragraph 4(c), first point, shall be supplemented by the designation of the issue.

(6) Information on fund unit certificate owners under separate records shall be kept by the management company or depository in book-entry unit certificate owner's accounts. The account of a book-entry unit certificate's owner shall contain the following information:
(a) the numeric designation of the book-entry unit certificate owner's account and the date of its establishment;
(b) the following information on the holder of the book-entry unit certificate owner's account:
   1. the business name or name, identification number and registered office if the holder is a legal entity;
   2. name, birth registration number and permanent residence, if the holder is a natural person;
(c) the following information on the unit certificates held in the book-entry unit certificate owner's account:
   1. information from the fund unit certificate issuer's register in accordance with paragraph 4(c), indents one to three;
   2. the number of unit certificates and the total number of units to which these unit certificates correspond, separately for each common fund or sub-fund of an umbrella common fund and for each issue of the unit certificates, where multiple unit certificates of several issues are issued in the respective common fund or sub-fund of the umbrella common fund;
   3. the business name or the name, identification number of unit certificate's co-owner, if the co-owner is a legal entity, and the size of his co-ownership unit; or names, permanent residence and birth registration number, if the co-owner is a natural person and the size of his co-ownership unit;
   4. information on the registration of a suspension of the right of use in a unit certificate and any restriction on the exercise of this right;[8]
   5. the business name and registered office of the management company or foreign management company which manages the unit certificate or uses it to perform activities referred to in Section 27(3) or (6), or the business name and registered office of the investment firm or foreign investment firm which manages the unit certificate or uses it to perform activities in accordance with other legislation;[9]
   6. information on whether a lien has been established on the unit certificate and, if so, identification information on the lienor to the extent laid down in (b);

(d) information on the entity authorised to use the unit certificates recorded in the book-entry unit certificate owner's account, to the extent laid down in (b), and the scope of the authorisation;
(e) information on the entity authorised to request information on these securities, to the extent laid down in (b) and the scope of the authorisation;
(f) the date and time when the respective accounting entry was made in the book-entry unit certificate owner's account.

(7) A management company or depository shall establish a book-entry unit certificate owner's account for a person:
(a) who is a fund unit-holder;
(b) who has requested the establishment of a book-entry unit certificate owner's account; or
(c) on the basis of an application made by an investment firm, foreign investment firm or issuer of unit certificates.

(8) The numeric designation of a book-entry unit certificate owner's account shall be communicated by the management company or depository to no one except the holder of the book-entry unit certificate owner's account, or an entity which proves its authorisation to act on his behalf. The management company and depository shall provide each other with information kept in the book-entry unit certificate owner's account so as to fulfil their obligations in accordance with this Act.

(9) The legal relationship between a management company or depository, and the holder of a book-entry unit certificate owner's account, shall be governed by this Act and the Commercial Code.

(10) A statement on the book-entry unit certificate owner's account shall be provided by the management company or depository to the fund unit-holder promptly after an accounting entry has been made to the credit or debit of this account, unless otherwise agreed, or it shall be provided at the fund unit-holder's request. Where a statement on a book-entry unit certificate owner's account is issued after an accounting entry to the credit or debit of the account, it shall state, separately for each open-ended common fund, the sub-funds of the umbrella common funds and with a specification of the designation of issues of unit certificates, where unit certificates of several issues are issued in the respective common funds or sub-funds, information on the unit certificates to which such change relates, and the number of unit certificates and units to which these unit certificates correspond. A statement on a book-entry owner's account issued at the request of the account holder shall state, separately for each open-ended common fund, sub-fund of the umbrella common fund and separately for each issue, information on the number of unit certificates and the number of units to which these unit certificates correspond.

(11) The information on unit-holders under separate records shall be backed up by the management company during the period laid down in Section 41(7), at least at the end of each trading day. The depository shall also back up this information to the same extent and at least once per week. If the depository maintains book-entry unit certificate owner's accounts, it shall back up the information on unit-holders on a daily basis.

(12) If a unit certificate has more than one owner, the management company or depository shall record the unit certificate in a book-entry unit certificate owner's account on the basis of:

(a) a contract, while the method and procedure of recording shall be governed by common operating rules of the depository and management company (hereinafter the 'common operating rules');
(b) a valid decision on inheritance;
(c) a valid decision of a state authority; or
(d) other legal facts.

(13) If a unit certificate has more than one owner, the co-ownership unit of any one of the co-owners stated on the unit certificate may not be less than one unit, unless provided otherwise by the rules.

(14) Where an investment firm or foreign investment firm is the unit-holder which keeps the unit certificates for its clients, the account of the owner of book-entry unit certificates shall contain information referred to in paragraph 6 on this investment firm or foreign investment firm. This is without prejudice to the provisions of another act on the administration of securities and holder's administration[7] and the provisions of Section 55.

Section 10a
Authorisation for keeping separate records

(1) An application for granting an authorisation under Section 10(2) shall be submitted jointly by a management company or a foreign management company that is to issue the unit certificates of common funds it manages in book-entry form in accordance with the common fund rules, and by the common fund depository or new depository that is to perform the activity of a depository upon prior approval granted in accordance with Section 163(1)(j).

(2) Where a management company or a foreign management company and a depository have decided to apply for an authorisation granted under Section 10(2), they shall submit to Národná banka Slovenska, together with the application for authorisation granted under Section 10(2), a draft of the common operating rules for approval.

(3) Národná banka Slovenska shall grant an authorisation under Section 10(2), only if it is established that the following conditions are met:
(a) fulfilment of material, personnel and organisational prerequisites of the depository and of the management company or foreign management company for keeping separate records;
(b) technical and organisational readiness of the depository and of the management company or foreign management company for keeping separate records;
(c) the draft common operating rules are in accordance with this Act and other legislation of general application.

(4) An application under paragraph 1 shall contain:
(a) the business name, registered office and identification number of the management company or foreign management company that is to issue the unit certificates of common funds it manages in book-entry form in accordance with the common fund rules;
(b) the business name, registered office and identification number of the depository submitting the application under paragraph 1 jointly with the management company or foreign management company under (a);
(c) information on the keeping of separate records in the breakdown pursuant to Section 10(1) and broken down by each entity that is to keep the individual parts of the separate records.

(5) Annexes to an application under paragraph 1 are:

(a) the minutes from meetings of the competent bodies of the management company or foreign management company and of the depository, at which it was decided to keep separate records;
(b) a brief description of the information system and technical means of the depository and of the management company or foreign management company for keeping separate records;
(c) documents evidencing fulfilment of the material, personnel and organisational prerequisites of the depository and of the management company or foreign management company for keeping separate records;
(d) information on security of data transfer, internal working regulations governing organisational support for keeping separate records, with a list of persons authorised to access the separate records of the depository and of the management company or foreign management company;
(e) documents evidencing that unit certificates that are to be kept in separate records are not admitted for trading on a regulated market;
(f) the draft common operating rules, in three originals, signed by the relevant statutory bodies of the management company or foreign management company and of the depository.

(6) The application for granting an authorisation under Section 10(2) shall be decided upon by Národná banka Slovenska within three months of the receipt of a full application.

(7) An application for granting an authorisation under Section 10(2) shall be refused by Národná banka Slovenska if the applicant fails to fulfil any of the conditions specified in paragraph 3 or fails to prove their fulfilment.

(8) The decision of Národná banka Slovenska granting the authorisation under Section 10(2) shall contain in particular:

(a) the business name, registered office and identification number of the management company that is to keep separate records for unit certificates of common funds it manages or of a foreign management company that is to be granted an authorisation under Section 10(2);
(b) the business name, registered office and identification number of the depository which, jointly with the management company or foreign management company, is to keep the separate records;
(c) the adoption of common operating rules.

(9) The management company or foreign management company shall be obliged to notify Národná banka Slovenska in writing of the day from which it began to keep separate records for unit certificates of the common funds it manages.

Section 11
Common operating rules

(1) The common operating rules shall govern the procedures and method to be used for keeping separate records for all common funds managed by a management company or foreign management company whose unit certificates are to be issued in book-entry form in accordance with the common fund rules.

(2) The common operating rules shall include mainly:

(a) rules for establishing and terminating a fund unit certificate issuer’s register; the method and procedures for issuing redeeming, amending the particulars of, and terminating unit

certificates; the method and procedures for changing the form of unit certificates; the method and procedures for registering a lien on a unit certificate; and the method and procedures for providing information from the register of liens on unit certificates and from the register of pledged unit certificates;

(b) rules for establishing and terminating book-entry unit certificate owner's accounts maintained by the management company or the depository;

(c) the method and procedures for making orders for the transfer or conversion of book-entry unit certificates;

(d) the method and procedures for submitting an order for the registration of the suspension of the right of use in a unit certificate;

(e) rules for handling complaints made by entities to whom the depository and management company provide services related to the keeping of separate records;

(f) the method and procedures for correcting erroneous information in the separate records;

(g) the method and procedures for other activities performed by the depository and management company in regard to keeping the separate records.

(3) The common operating rules and any amendments thereto shall enter into force no earlier than the effective date of the decision of Národná banka Slovenska on their approval, but no later than the date stipulated in the decision of Národná banka Slovenska on their approval. Národná banka Slovenska shall not approve the common operating rules if they conflict with the provisions of this Act or other legislation of general application. The provisions of Section 10a shall appropriately apply to the approval procedure of the draft common operating rules and their amendments submitted by the management company or foreign management company and the depository. Any change in the common operating rules resulting from a granting of authorisation under Section 10(2), Sections 84 or 121, the inclusion of the special qualified investor fund concerned in the list referred to in Section 137, the granting of prior approval under Section 163, a change of the management company's business name or registered office or from a change of the depository's business name or registered office, shall not require a decision of Národná banka Slovenska approving such changes. However, the management company and the depository shall be obliged to notify Národná banka Slovenska in writing of such a change to the common operating rules within ten days from its effect and to make it accessible in accordance with paragraph 5.

(4) If Národná banka Slovenska does not issue the decision by which the amendments of the common operating rules are approved within 30 days from the date when it received the draft of amendments to the common operating rules, or from the date when supplements to the draft were submitted, the amendment of the common operating rules is deemed to be approved; this does not apply to the proceedings referred to in Section 10a.

(5) Management companies and depositories shall make the common operating rules and amendments thereto available to the public on their website. Management companies and the persons referred to in Section 58 shall, at the investor's request, make the common operating rules and amendments thereto available to them in writing at each sale location.

(6) The common operating rules are binding upon the management company, depository, fund unit-holder, any legal entity delegated to keep a list of fund unit-holders in accordance with Section 8(13), upon entities to whom the depository and management company provide services related to the keeping of separate records, upon legal or natural person that makes and orders the registration of the establishment, amendment or termination of a lien on a unit certificate or pledge of a unit certificate, and upon a legal or natural person that requests

an extract from the register of liens of unit certificates or from the register of pledged unit certificates.

Section 12
Conversion of a paper unit-certificate form

(1) If a management company decides to convert a paper unit certificate into a book-entry unit certificate to be kept under separate records, it shall promptly give writing notice that such decision has been taken to Národná banka Slovenska, the central depository, and all fund unit-holders in the common fund. This decision shall state the date of registration.

(2) A depository and management company shall promptly carry out the registration consisting of the entry of the book-entry unit certificate under separate records as at the date stipulated in the decision referred to in paragraph 1. The unit certificates entered in the separate records shall not include those for which an application for redemption has been submitted in accordance with Section 13(11). The period between the announcement of the decision referred to in paragraph 1 and the registration referred to in the first sentence may not be shorter than 60 days.

(3) Where a management company exchanges a fund unit-holder's paper unit certificate for one or more book-entry unit certificates held by the same fund unit-holder, it shall do so in such a way that the total number of units in the paper unit certificate is the same as the number of units in the book-entry unit certificates.

(4) As of the registration date referred to in paragraph 2, the paper unit certificate shall cease to exist, except where it is paper unit certificate for which a redemption application has been submitted in accordance with Section 13(11) and which has not yet been redeemed.

(5) The consequences of establishing a lien on paper unit certificates or pledging paper unit certificates that are converted into book-entry unit certificates shall not be affected by the registration referred to in paragraph 2. The central depository shall, as of the registration date referred to in paragraph 2, hand over to the depository of the respective common fund or management company, the record from that part of the register of liens on unit certificates, or the register of pledged unit certificates which concerns the converted paper unit certificates. The central depository shall be entitled to a reimbursement of costs related to the handover of this record. As of the date when this information is handed over, persons authorised under the lien or pledge shall cease to have the right to require the central depository to provide services related to the information handed over. The depository or management company shall inform the lienee and lienor about the change in the management of the register of liens on unit certificates, or the register of pledged unit certificates.

(6) The provisions of other legislation[10] on changing the form of securities do not apply to the conversion of a paper unit certificate into a book-entry unit certificate.

Section 12a

The provisions of Sections 10 to 12 apply mutatis mutandis to the keeping of separate records and to the conversion of paper shares of an investment fund with variable capital.

Issuance and redemption of funds' securities

Section 13

(1) A unit certificate shall be issued by a management company for a price equivalent to the product of the number of units indicated on the unit certificate and the value of the unit (hereinafter as the 'current price of the unit certificate'). Management companies shall set the relevant day for designating a unit's value in the common fund's rules, and:

(a) in the case of a standard fund, the relevant day for designating a unit's value must fall on the day that is before the day that follows the third working day from when the application for issuing the unit certificate was delivered and payment of the current price of the unit certificate was settled;
(b) in the case of a public special fund, the relevant day must fall on the day that is before the day that follows the one month period from when the application for issuing the unit certificate was delivered and payment of the current price of the unit certificate was settled;
(c) in the case of a public special real estate fund, the relevant day must fall on the day that is before the day that follows the three-month period from when the application for issuing the unit certificate was delivered and payment of the current price of the unit certificate was settled;
(d) in the case of a special qualified investor fund, the relevant day must fall on the day is before the day that follows the twelfth-month period from when the application for issuing the unit certificate was delivered and payment of the current price of the unit certificate was settled.

(2) In one open-ended common fund, only unit certificates of an equal initial value may be issued; this does not apply in the case of common funds in which unit certificates are issued within several emissions.

(3) The application for issuing of the unit certificates must be in writing, unless the rules specify otherwise. From the date when the issue of the unit certificates was begun, the management company shall have up to three months to set the current price as the product of the number of units indicated on the unit certificate and the initial value of the unit.

(4) A unit certificate may not be issued before the current price of the unit certificate has been paid in full; this is without prejudice to the option of issuing unit certificates as a method of paying income to fund unit-holders, provided that it complies with the rules. A management company may stipulate to the investor who submitted an application for the issuing of a mutual unit certificate the deadline by which he is required to pay the current price of the unit certificate and the deadline by which he is required to pay the fee referred to in paragraph 5. These periods may not be shorter than three working days following the relevant day for designating a unit's value set in the common fund's rules.

(5) A management company may charge an investor a fee, but not more than 5% of either the current price of the unit certificate referred to in paragraph 1 or the investment amount, unless paragraph 13 or Section 23(3) stipulates otherwise. This fee constitutes income of the management company. The sum of the current price and the fee represents the sale price of the common fund.

(6) The sale price of a unit certificate may not be paid other than by monetary payment to the current account maintained for the open-ended common fund, unless Section 136 provides otherwise. Management companies shall stipulate in their internal governance regulations procedures for cases when they are unable to identify a payment representing the

settlement of the current price of the unit certificate. In the period between the settlement of the current price of the unit certificate and the issuance of the unit certificate management companies are entitled to retain the payments in the account referred to in the first sentence or in a special account for unassociated payments (hereinafter a 'feeder account').

(7) The asset value of an open-ended common funds, the net asset value of an open-ended common fund, and the current unit price based on it shall be updated by the management company by the method and at the times stipulated in the fund rules, but at least at the frequency stipulated in Section 161.

(8) The initial unit value, value of assets and net value of assets in a common open-ended common fund, the current price of a unit certificate, the selling price of a unit certificate, and the purchase price of a unit certificate of the common open-ended common fund may also be expressed in, besides the euro, any other currency.

(9) A management company may refuse to issue a unit certificate, especially where it involves an unusually high amount of funds, or where there is a suspicion that the funds originate from criminal activity and terrorism financing.

(10) If a unit certificate in an open-ended common fund is in the form of a book-entry security, the unit certificate may, upon its issue, be entered in a book-entry securities owner's account (hereinafter 'owner's account') or in a book-entry unit certificate owner's account only with the consent of the depository.

(11) If a fund unit-holder has requested the redemption of a unit certificate, the management company shall redeem the fund unit-holder's unit certificate using the funds of the open-ended common fund's assets at the current price of the unit certificate valid as of the date of delivery of the application for redemption; this does not affect the right of the management company to determine, by way of a definition in the prospectus or in the common fund's rules, the time until which an application for redemption of a unit certificate is deemed received on the given day, if such time is determined by the management company. Management companies shall ensure that applications for redemption of a unit certificate in an open-ended common fund can be delivered on any working day. In the open-ended common fund's rules management companies shall set the relevant day for designating a unit's current value in accordance with the deadlines referred to in paragraph 1.

(12) A management company may charge the fund unit-holder a fee, but not more than 5% of the current price of the common fund unit certificate referred to in paragraph 11, and this fee may be deducted from the current price of the common fund unit certificate, unless paragraph 13 or Section 23(3) stipulates otherwise. A fund unit-holder may not be required to pay the fee, if the sum of this amount and the fee charged to the fund unit-holder under Section 13(5) would exceed 5% of the current price of the unit certificate at the time of its redemption. This fee shall constitute income of the management company; the rules may stipulate a distribution of this fee among the management company and the fund's assets. The difference between the current price of the unit certificate and the fee shall represent the purchase price of the unit certificate.

(13) In the case of an umbrella common fund, the management company does not apply the fees referred to in paragraphs 5 and 12 in redemption of the unit certificate of one sub-fund and simultaneous issue of a unit certificate of another sub-fund. Instead of this, the management

company may request a fee for transmission between sub-funds from unit-holder, which does not exceed 5% of the current price of the unit certificate referred to in paragraph 12, also in the form of a deduction from the current price of the unit certificate, unless Section 23(3) stipulates otherwise. The fee charged for the transfer between sub-funds may not be requested from the unit-holder if the sum of this amount and the fee charged to the fund unit-holder under paragraph 5 would exceed 5% of the current price of the unit certificate at the time of its redemption. This fee for transfer between the sub-funds shall constitute income of the management company; the rules may stipulate a distribution of this fee among the management company and assets in the sub-fund of the umbrella common fund from which it is transferred.

(14) The unit certificate shall terminate with the redemption of the unit certificate referred to in paragraph 11.

(15) In the case of an exchange-traded standard fund, action taken by the management company to ensure that the market price of the fund's unit does not differ significantly from the unit's value is deemed to constitute fulfilment of the obligation for redemption of the unit certificate by the management company under paragraph 11, unless Section 92(5) provides otherwise.

Section 14

(1) Where the management company performs the request of a unit-holder for the issue of a unit certificate or the request of a unit-holder for redemption of a unit certificate, it shall, promptly and no later than on the first transaction day after it has been performed, send a confirmation notification to the unit-holder on a durable medium on performance the request. In the case of book-entry unit certificates kept in separate records, at which the accounts of owners of book-entry unit certificates are kept by a depository, the management company shall send the notification referred to in the first sentence to the unit-holder no later than on the first transaction day upon receipt of the confirmation on making the entry in the account of the owner of book-entry unit certificates from the depository.

(2) Paragraph 1 shall not be applied where the unit-holder receives the notification containing the same information as the notification referred to in paragraph 1 from another entity in accordance with other legislation.[11]

(3) In the case of a periodical issue of the unit certificates or periodical redemption of the unit certificates, the management company may, instead the notification referred to in paragraph 1, provide the unit-holder with information referred to in paragraph 4, in connection with the periodical issue of unit certificates or redemption of unit certificates, at least once in six months.

(4) The notification referred to in paragraph 1 shall state:

(a) the business name, registered office and identification number of the management company;
(b) the name, if the unit-holder is a natural person, or the business name if the unit-holder is a legal entity;
(c) the date and time of receiving the application and the method of payment;
(d) the date of carrying out the application;
(e) the name of the common fund;

(f) a designation, whether it is the application for issuing a unit certificate or the application for redemption of a unit certificate;
(g) the number of issued unit certificates or redeemed unit certificates; the information may be replaced by the number of units if there is more than one unit per unit certificate;
(h) the value for which the units have been issued or redeemed;
(i) the relevant date for designating a unit's value;
(j) the selling price of a unit certificate, if there is the application for issuing of the unit certificate and the purchase price of a unit certificate, in the case of the application for redemption of a unit certificate;
(k) the total amount of charged commissions and expenditures and, upon investor's request, a breakdown stating the individual items.

(5) A management company shall provide a unit-holder, upon his request, with information on the status of processing of his application.

Section 15
Suspension of the issue, redemption and repurchase of funds' securities

(1) A management company may, in exceptional cases and for a temporary period not exceeding three months, suspend the redemption of unit certificates of the respective open-ended common fund or sub-fund, only where this is in the interests of the fund unit-holders. In the case of an open-ended public specialised real estate fund, the management company may, in exceptional cases, suspend the redemption of unit certificates of the respective public specialised real estate fund for a period of 12 months, only where this is in the interests of the fund unit-holders. The decision to suspend the redemption of unit certificates shall be taken by the board of directors of the management company, a record of the decision shall be drawn up and shall state the date and time of the decision, its grounds, and the exact period of the suspension.

(2) Having decided to suspend the redemption of unit certificates, a management company shall promptly inform Národná banka Slovenska about the decision and deliver to Národná banka Slovenska the record referred to in paragraph 1 and the minutes from the meeting of the management company's board of directors. Where it is a standard fund, the unit certificates of which the management company distributes in the territory of another Member State pursuant to Section 139, the management company shall promptly inform the competent supervisory authority of the standard fund's host Member State of the decision to suspend the redemption of unit certificates.

(3) Where the suspension of the redemption of unit certificates is contrary to the interests of the fund unit-holders, Národná banka Slovenska shall annul the decision of the management company referred to in paragraph 1. An appeal against the decision of Národná banka Slovenska shall not have a suspensive effect.

(4) Národná banka Slovenska may request a management company to suspend the redemption of unit certificates in accordance with paragraph 1, where this is in the interests of fund unit-holders or in the public interest. A management company shall promptly meet such a request from Národná banka Slovenska.

(5) From the date when the suspension of redemption of unit certificates began in accordance with a decision under paragraph 1, a management company may not redeem or

issue any unit certificates in the open-ended common fund or sub-fund to which this decision applies. This prohibition also applies to the redemption and issue of unit certificates where, prior to the suspension period for the redemption of unit certificates, their redemption or issue was requested and they had still not been redeemed, and no instruction to credit them to the owner's account or account of the owner of book-entry unit certificates had been given.

(6) During the suspension of the redemption of unit certificates referred to in paragraph 1, the management company shall at least once every seven calendar days inform Národná banka Slovenska of measures taken to restore the redemption of unit certificates; this does not apply in the case of a suspension of the redemption of unit certificates in public special real estate funds, where management companies managing such funds shall inform Národná banka Slovenska of measures taken to restore the redemption of unit certificates at least once every 14 calendar days, unless Národná banka Slovenska stipulates otherwise.

(7) During the suspension of the redemption of unit certificates referred to in paragraph 1, the management company is not required to publish information pursuant to Section 161.

(8) A management company shall, by the method stipulated in the fund rules, inform fund unit-holders about the grounds for the suspension of the redemption of unit certificates, the period thereof, and about the restoration of the redemption of unit certificates.

(9) After restoring the issue and redemption of unit certificates, the management company shall issue or redeem those unit certificates whose issue or redemption was suspended at the current price of the unit certificate as of the date when the redemption of unit certificates was restored.

(10) A fund unit-holder is not entitled to arrears interest for the period when the redemption of unit certificates was suspended; this is not the case if the management company was in arrears when the suspension of the redemption of unit certificates took effect, or if Národná banka Slovenska annulled the decision of the management company in accordance of paragraph 3. In that case, the management company shall pay arrears interest out of its own assets.

(11) In the event of a temporary shortage of liquidity in an open-ended common fund, the management company may use its own funds for the redemption of returned unit certificates. For such use of its own funds, the management company may not charge any interest or fees to the open-ended common fund's own assets.

(12) If there is a suspension of the redemption or issuing of unit certificates or securities of the master fund referred to in Section 108(3), the management company managing its feeder fund shall be entitled to suspend the redemption or issuing of the unit certificate of respective feeder fund for the same period of time, while the fulfilment of conditions referred to in paragraph 1 is not required.

Section 15a

(1) The issue, repurchase and suspension of repurchase of shares of investment funds with variable capital are mutatis mutandis subject to Sections 13 to 15.

(2) Shares of an investment fund with variable capital may be passed for non-monetary deposits only if the investment fund with variable capital is an entity as defined in Section 4(2)(b).

(3) Where the repurchase of shares of an investment fund with variable capital would cause a decrease in its capital to below the minimum value defined in Section 220b(2) of the Commercial Code, or in the case of a self-managed investment fund with variable capital to below the minimum value defined in Section 26c(5), the investment fund with variable capital shall decide to suspend the redemption of shares using the procedure referred to in Section 15 and to take necessary measures to ensure that the minimum value of capital is maintained, or it shall call a general meeting.

(4) The founder of an investment fund with variable capital is authorised to apply a redemption right in relation to shares of the investment fund with variable capital no sooner than six months after the investor started to issue shares of the investment fund with variable capital. A longer period may be determined in the Sections of association.

TITLE THREE

CLOSED-ENDED FUNDS

BASIC PROVISIONS

Section 16

(1) A closed-ended fund is a fund in which the fund unit-holder is not entitled, at his request, to redemption of the fund's assets.

(2) A closed-ended fund shall be established for a definite period, which may not be longer than ten years.

(3) If not later than six months before the completion of the period for which a closed-ended fund was established, the management company has not applied for the conversion of the closed-ended fund into an open-ended fund in accordance with Section 18, the authorisation referred to in Section 121 shall expire and the listing pursuant to Section 137 shall be removed and the management company shall wind up the closed-ended fund in accordance with the procedure laid down in Section 26.

(4) The name of a closed-ended fund shall include the business name of the management company which manages the closed-ended fund and the name of the closed-ended, as well as the words 'uzavretý podielový fond' (closed-ended fund) or the abbreviation 'u.p.f.'; in the case of a master fund, the word 'strešný' (umbrella) shall be given before the words 'uzavretý podielový fond' (closed-ended fund) or the abbreviation 'u.p.f.'.

Section 17

(1) The issuing of unit certificates of a closed-ended fund is subject to the provisions of Sections 13 and 14.

(2) Not later than six months before the commencement of the issuing of unit certificates in a closed-ended fund, the management company shall submit the application for the admission of the unit certificates to a regulated market or submit the application to include the unit certificates into the list of multilateral trading system. If the management company applies for the admission of the unit certificates to a stock exchange market, the unit certificates must be in the form of book-entry securities and must be fungible.

(3) If within 12 months of the submission of the application referred to in paragraph 2, the unit certificates in the closed-ended fund have not been admitted to a regulated market or included into the list of multilateral trading system, the authorisation referred to in Section 121 shall expire and the listing pursuant to Section 137 shall be removed. If the unit certificates in the closed-ended fund have been excluded from a regulated market or multilateral trading system and are no longer tradable on another regulated market or in another multilateral trading system, the authorisation referred to in Section 121 shall expire and the listing pursuant to Section 137 shall be removed as of the date when the unit certificates were last excluded from a regulated market or multilateral trading system.

Section 18
Conversion of a closed-ended common fund into an open-ended common fund

(1) The prior approval referred to in Section 163(1)(n) is required for the conversion of a closed-ended common fund into an open-ended common fund.

(2) The conversion of a closed-ended common fund into an open-ended common fund shall take effect as of the date stipulated in a decision of Národná banka Slovenska.

(3) The conversion of a closed-ended common fund into an open-ended common fund shall be carried out not later than three months before the expiration of the period for which the closed-ended common fund has been established.

(4) Where a closed-ended common fund has been a special fund, a management company shall, within ten days after the entry into force of the decision, publish this decision, a prospectus and key information for investors of the open-ended common fund which resulted from the conversion, and inform unit-holders in accordance with the procedure laid down in the fund rules for acquainting unit-holders with amendments to the fund rules and to the prospectus. At the same time, it shall publish an announcement about the establishment of the right to submit a unit certificate for redemption, including information on the current price of the unit certificate.

TITLE FOUR

MERGER OF FUNDS AND CROSS-BORDER MERGERS

Section 19
General provisions

(1) For the purposes of this Act, ‘merger’ means the process of merging the assets of one or several merging funds with the assets in the receiving fund in which:

(a) assets and liabilities in one or more merging funds shall be transferred into the assets and liabilities of another existing receiving fund, while the unit-holders of the merging funds shall obtain in exchange the unit certificates or securities of the receiving fund and, if applicable, cash payments that do not exceed 10% of the current price of these units of certificates or securities on the merger effective date;
(b) assets and liabilities in two or more merging funds shall be transferred into the assets and liabilities of the receiving fund which shall be constituted by the merger, while the unit-holder of the merging funds shall obtain the unit certificates of securities of the receiving fund and, if applicable, cash payments which do not exceed 10% of the current price of these unit certificates or securities on the merger effective date; or
(c) assets, or in the case of a fund with legal personality its own funds, of one or more merging funds which continue to exist until the liabilities have been discharged shall be transferred into the assets of another existing receiving fund or into the assets of receiving fund created through the merger.

(2) 'merging fund' means the common fund, sub-fund of an umbrella common fund, European standard fund, or sub-fund of European standard fund which shall cease to exist as a result of the merger.

(3) 'receiving fund' means the common fund, sub-fund of an umbrella common fund, European standard fund or sub-fund of European standard fund into which the assets and liabilities of a merging fund are transferred, including newly constituted common fund, newly constituted sub-fund of an umbrella fund, newly constituted European standard fund, or newly constituted sub-fund of European standard fund, which shall, under the procedure referred to in paragraph 1(b), be constituted by the merger.

(4) 'cross-border merger' means a merger at which the standard funds or their sub-funds are the merging funds, and a European standard fund or a sub-fund of the European standard fund shall be the receiving fund.

(5) 'domestic merger' means a merger at which common funds or sub-funds of an umbrella common fund constituted under this Act shall be the merging and receiving funds.

(6) In the case of umbrella common funds, it is possible to merge its sub-funds separately with another common fund or sub-fund of another umbrella common fund.

(7) In the case of a merger in which the merging fund is a common fund or a sub-fund constituted under this Act, it is possible to apply only the procedure referred to in paragraph 1(a) and (b). In the case of a merger of merging European standard funds into a receiving standard fund, the procedure of a merger, which is applicable to the merger, shall be stipulated by the respective law of the home Member States of the merging European standard funds.

(8) The merger at which the common fund or sub-fund constituted under this Act is a merging fund is subject to the prior approval referred to in Section 163(1)(q). A merger of European standard funds into a standard fund referred to in Section 24, shall not subject to the prior approval referred to in Section 163(1)(q).

(9) In the case of a cross-border merger, the process of merging shall follow the provisions of this Act, while the obligations of the receiving fund, its managing company,

depository, auditor or audit company and rights of unit-holders of the receiving fund shall subject to respective legal regulation of the receiving fund's home Member State.

(10) Where the European standard fund that is a foreign common fund is a receiving fund in the cross-border merger, a foreign management company or management company referred to in Section 60(1) that manages it shall act on behalf of that European standard fund.

Section 20
Common draft terms, draft of a merger, and third-party control of a cross-border merger

(1) A common terms draft of the merger shall be prepared and approved before filing the application for prior approval to Národná banka Slovenska for merger of the common funds.

(2) In the case of a cross-border merger, the common draft of terms of the merger shall be prepared and approved by the management company that manages the merging funds and receiving fund, or the management company that manages it. In the case of a domestic merger, the common draft terms of the merger shall be prepared and approved by the management company that manages the merging funds, and the management company that manages the receiving funds.

(3) If in the case of a merger of common funds, the same management company or foreign management company manages merging funds and receiving fund, the common draft of terms of the merger shall only be prepared and approved by that management company or foreign management company.

(4) Common draft terms of the merger shall state:

(a) identification of the type of merger according to Section 19(1) and names of common funds engaged in the merger;
(b) the background to and rationale for the proposed merger;
(c) the expected impact of the proposed merger on the unit-holders of both the merging and the receiving funds;
(d) the calculation method of the number of units in the merging fund per one unit in the receiving fund, or the number of units in the merging fund per one unit in the respective issue of unit certificates, where the unit certificates of various issues are issued in the respective receiving fund (hereinafter the 'exchange ratio');
(e) the criteria adopted for valuation of the assets in the common fund and liabilities in the common fund on the date for calculating the exchange ratio;
(f) the planned effective date of the merger;
(g) the rules applicable to the transfer of assets and the exchange of unit certificates;
(h) draft fund rules or instruments of incorporation of newly constituted receiving fund, in the case of a merger that follows the procedure in Section 19(1)(b);
(i) the information demonstrating that the asset composition of the merging special qualified investor fund complies with Section 88 and provisions of the rules or Sections of association of the receiving standard fund, and that the assets of the merging special qualified investor fund are not subject to any agreements, arrangements or acts that would be in conflict with the requirements of this Act relating to standard funds and the rules or Sections of association of the receiving standard fund, where the merging fund is at least one special qualified investor fund and the receiving fund is a standard fund;

(j) the information demonstrating that the asset composition of the merging special qualified investor fund complies with Sections 124 or 125, depending on the category of the receiving public special fund, and with the provisions of the rules or Sections of association of the receiving public special fund, and that the assets of the merging special qualified investor fund are not subject to any agreements, arrangements or acts that would be in conflict with the requirements of this Act relating to public special funds and the rules or Sections of association of the receiving public special fund, where the merging fund is at least one special qualified investor fund and the receiving fund is a public special fund;
(k) additional particulars that persons preparing common draft terms of the merger have decided to include into that common draft.

(5) Depositories of the merging funds shall verify the conformity of the particulars in accordance with paragraph 4(a), (f), (g), (i) and (j) with the requirements of this Act, and with the rules or the instruments of incorporation of the merging funds. A depository of the receiving fund shall verify the conformity of the particulars referred to in paragraph 4(a), (f) and (g) with the requirements of this Act and with the rules or the instruments of incorporation of the receiving fund. In the case of a cross-border merger, the obligations of the depository at verification of respective particulars of the merger are subject to the respective law of the receiving fund's home Member State.

(6) A depository referred to in paragraph 5 or auditor registered in the list in accordance with other legislation or audit company[12] shall verify the criteria adopted for valuation of the assets in the common fund and liabilities in the common fund on the date of calculation of exchange ratio, as well as the current exchange ratio determined on the date of its calculation, while he shall prepare a report about these facts.

(7) An auditor or audit company that audits the financial statements of the merging fund, and an auditor or audit company that audits the financial statements of the receiving fund, shall be authorised to perform the verification referred to in paragraph 6.

(8) A management company or an entity authorised by the management company shall, upon request, send a copy of the depository's or auditor's or audit company's report referred to in paragraph 6 to Národná banka Slovenska and, upon request, shall make that report accessible, free of charge, to any unit-holders of the merging fund or of the receiving fund, and, in the case of a cross-border merger, also to the competent supervisory authority of the receiving fund's home Member State.

Section 21
Information for unit-holders in a merger

(1) With the aim to enable unit-holders to make an informed judgment of the impact of the proposed merger on their investment, a management company that manages the merging funds and a management company that manages the receiving fund shall provide appropriate and accurate information on the proposed merger to unit-holders of the merging funds and unit-holders of the receiving fund. For cross-border merger, the provisions of respective legal regulation of the receiving fund's home Member State shall appropriately apply to making information available to the receiving fund's unit-holders.

(2) The information referred to in paragraph 1 includes appropriate and accurate information on the proposed merger, so as to enable both the unit-holders of the merging funds

and unit-holders of the receiving fund to make the informed judgments of the possible impact of the proposed merger on their investment and to exercise their rights. The information referred to in paragraph 1 includes:

(a) the background information to and rationale for the proposed merger;
(b) the information on the possible impact of the proposed merger on unit-holders including any material differences in respect of investment policy and strategy, costs, expected outcome, periodic reporting, possible dilution in performance of the fund, and where relevant, a prominent warning to investors that their method of taxation may be changed following the merger;
(c) the information on any specific rights unit-holders have in relation to the proposed merger, including but not limited to the right to obtain additional information, the right to obtain a copy of the report of the independent auditor or audit company or the depository on request as specified in Section 20(6), and the right to the redemption of the unit certificate pursuant to Section 23(1)(a) or to the exchange of the unit certificates pursuant to Section 23(1)(b) and on the last date for exercising those rights;
(d) the information on the basic process aspects and planned effective date of the merger; and
(e) the current key information for investors for receiving fund's investors, if the merging fund's unit-holders are provided with the information referred to in paragraph 1; the unit-holders of the receiving fund shall be provided with the current key information for investors for the receiving fund's investors if the key information has been amended for the purpose of the proposed merger.

(3) The information referred to in paragraph 1 has to be presented in a short format and in such manner as to enable the unit-holders to make an informed judgment on the impact of the proposed merger on their investment. The information under paragraph 1 shall be provided to the unit-holders of the merging funds and to the unit-holders of the receiving fund separately.

(4) In the case of a cross-border merger, the management company which manages the merging funds shall state in the information referred to in paragraph 1 all the conditions and procedures regarding the receiving fund which differ from the conditions and procedures in the merging funds, in a language comprehensible for the unit-holder. In the case of the merger of the European standard funds into a standard fund, the management company which manages the receiving fund shall state, in the information referred to in paragraph 1, all the conditions and procedures regarding the merging European standard funds, which differ from the conditions and procedures in the receiving fund, in a language comprehensible for the unit-holder.

(5) The information which is to be provided to the unit-holders of the merging fund must satisfy investors who have no previous information about the nature of the receiving fund or the manner of its operation and must direct their attention to the receiving fund's key information for investors and emphasise the importance of familiarising themselves with the information.

(6) The information which is to be provided to a unit-holder of the receiving fund must be oriented to the process of merger, and its possible impact on the receiving fund.

(7) Národná banka Slovenska shall, by way of a decree to be promulgated in the Collection of Laws, determine the details on the content of information referred to in paragraphs 1 to 6, which is to be provided to the unit-holders of the merging fund and details on the content

of information referred to in paragraphs 1 to 6, which is to be provided to the unit-holders of the receiving fund.

Section 22
Providing information in a merger

(1) The unit-holders of the merging fund and unit-holders of the receiving fund may obtain the information referred to in Section 21(1) only upon a prior approval granted pursuant to Section 163(1)(q). At the same time, the unit-holders of the merging fund and unit-holders of the receiving fund shall obtain the information referred to in Section 21(1) at least 30 days before the last date for requesting redemption of the unit certificates pursuant to Section 23(1)(a), or possible exchange of the unit certificates pursuant to Section 23(1)(b).

(2) In the case that one of the merging funds or the receiving fund has been notified of the distribution of its unit certificates in another Member State pursuant to Section 139, the unit-holders within the territory of another Member State shall obtain the information referred to in Section 21(1) in the official language or one of the official languages of the host Member State, or in the language approved by the respective authority of the host Member State exercising the supervision. The translation of the information referred to in the first sentence must correspond to the original. The management company that manages the fund which has been notified shall be responsible for producing the translation and its correctness.

(3) Between the date of the provision of information referred to in Section 21(1) to existing unit-holders and the effective date of the merger, each person who intends to acquire the unit certificates of the merging fund or the unit certificates of the receiving fund or who requests the current fund rules, prospectus or key information for investors of the merging fund or the receiving fund, shall obtain the information referred to in Section 21(1) and current key information for investors of the merging fund or of the receiving fund.

(4) The information referred to in Section 21(1) must be personally addressed to the unit-holder, and the unit-holders must obtain them in writing or in another durable medium.

(5) In the case that at least some unit-holders obtain the information referred to in Section 21(1) by the durable medium other than in writing, the following conditions must be met:

(a) the provision of information referred to in Section 21(1) in such durable medium must be suitable considering the contexts under which the business relation between the unit-holder and the management company that manages the merging fund or the management company that manages the receiving fund is carried out or is to be carried out;
(b) the unit-holder, which is to obtain the information referred to in Section 21(1), has explicitly chosen this form of providing information at the option to select the information in writing or in another durable medium.

(6) For the purposes of paragraphs 4 and 5, the provision of information by electronic communication is considered appropriate considering the contexts under which the business relation between the unit-holder and the management company that manages the merging fund or the management company that manages the receiving fund is carried out or is to be carried out, if there is evidence that the unit-holder has regular access to the Internet. Provision of the address of electronic mail by the unit-holder shall be considered as such evidence.

Section 23
Rights of unit-holders in a merger

(1) The unit-holders of the merging funds and the unit-holders of the receiving fund have the right to request:

(a) the redemption of their unit certificates; or

(b) the conversion of their unit certificates into the unit certificates of another standard fund that has a similar investment policy and is managed by a management company, or into the securities of the European standard fund with similar investment policy managed by the management company or by any other management company or foreign management company, which is the entity from the group with close links,[13] incorporating also the management company, if the management company submits such exchange option.

(2) Where the special fund becomes a merging fund or receiving fund, it is possible to offer the conversion of the special fund's unit certificates referred to in paragraph 1(b) into the unit certificates of another special fund that has a similar investment policy and is managed by the management company.

(3) Where a unit-holder exercises the rights referred to in paragraph 1, the management company may not apply an exit fee referred to in Section 13(12) at the redemption of the unit certificates. Also, in the case of the conversion of unit certificates referred to in paragraph 1(b), an admission fee referred to in Section 13(5) may not be applied. In the case of a merger of common funds, the management company shall ensure sufficient liquidity in the assets of a merging fund and in the assets of a receiving fund so as to ensure the rights of a unit-holder referred to in paragraph 1. Where the exercising of the rights of unit-holders exceeds the liquidity level referred to in the previous sentence, the management company may, at the exercising of rights referred to in paragraph 1, request a fee in the amount that does not exceed the costs for liquidation of positions in the common fund's assets, so as to ensure supplemental liquidity enabling the redemption of the unit certificates. This fee shall become a part of common fund assets.

(4) A unit-holder acquires the rights referred to in paragraph 1 from the moment that the unit-holders of the merging funds and those of the receiving fund have been informed of the proposed merger in accordance with Section 22(1), and it shall cease to exist five working days before the date for calculating the exchange ratio.

(5) A management company may not, to the credit of the merging funds or to the credit of the receiving fund or to the unit-holders of the merging funds or those of the receiving fund, charge any legal, advisory or administrative costs associated with the preparation and completion of the merger.

(6) In the case of a cross-border merger, the rights of the unit-holders of the receiving European standard fund shall be stipulated by the respective law of the receiving fund's home Member State.

(7) Where the common fund rules require approval by the unit-holders of the proposed merger:

(a) the common fund rules also stipulate a quorum, the number of votes needed to adopt the decision, the method of voting of the unit-holders, the consequences of failure to cast the vote and the number of votes per one unit;

(b) a quorum for the cross-border merger may not be stipulated higher than the quorum for a domestic merger;
(c) such approval does not require more than 75% of the votes actually cast by unit-holders;
(d) the common fund rules shall guarantee that any change of the common fund rules in respect of a change in the scope of approval by the unit-holders, the quorum, the number of votes required to adopt a decision, the method of voting of the unit-holders, the consequences of failure to cast the vote and the number of votes per one unit, are subject to approval by the unit-holders.

(8) Where the common fund rules stipulate that the proposed merger shall be approved by the unit-holders, the information referred to in Section 21(1) may include a recommendation of the management company that manages the merging fund, in respect of the method of voting.

Section 24
The merger of European standard funds into a standard fund

(1) The merger of European common funds into a standard fund means a merger at which European standard funds or their sub-funds become the merging funds, and the standard fund or its sub-fund becomes the receiving fund. In the case of merger of the merging European standard funds into the receiving standard fund, the process of merging follows and the obligations of the merging funds, the obligation of the manager, depositories and their auditors or audit companies are set out by the respective law of the home Member State of the merging funds.

(2) The merger of European standard funds into a standard fund is subject to the prior approval or permission of the competent supervisory bodies of the Member State of the merging European standard funds.

(3) Upon receipt of the information from the competent supervisory authority of the Member State of the merging European standard funds, Národná banka Slovenska shall assess the possible impact of the proposed merger on the unit-holders of the receiving standard fund, in order to ascertain whether the information on the proposed merger, which the management company that manages the receiving standard fund intends to provide to its unit-holders, is satisfactory.

(4) If Národná banka Slovenska considers it necessary, it may require, in writing, and no later than 15 working days after receipt of the copies of the complete information referred to in paragraph 3, that the management company that manages the receiving standard fund to supplement or explain the information on the proposed merger to be provided to the unit-holders of the receiving standard fund, while in such a case Národná banka Slovenska shall send an indication of its dissatisfaction in respect of the information on the proposed merger to be provided to the unit-holders of the receiving standard fund, to the competent authorities of the merging European standard funds home Member State. Národná banka Slovenska shall, within 20 working days of its receipt, notify the competent supervisory authorities of the merging European standard funds' home Member State of information, whether it is satisfied with the amended or supplemented information, which is to be provided to the unit-holders of the receiving standard fund.

(5) In the case of the merger of the European standard funds into the receiving standard fund, the preparation of the draft terms of the merger shall follow the respective law of the

merging funds home Member State. A depository of the receiving standard fund shall verify the conformity of the determination of the process of the merger and rules related to the transfer of assets, and to the conversion of the unit of certificates with the requirements under this Act and with the standard fund rules.

(6) In the case of the merger of the European standard funds into the receiving standard fund, the provision of information to the unit-holders of the merging European standard fund is subject to the respective law of the merging European standard funds home Member State. Sections 21 and 22 equally apply to the provision of the information to the unit-holders of the receiving standard fund.

(7) The information on the proposed merger shall be provided to unit-holders of the receiving standard fund, only upon a prior approval or upon a permission referred to in paragraph 2. At the same time, the information on the proposed merger for unit-holders of the receiving standard fund shall be provided at least 30 days before the last date for requesting redemption of the unit certificates referred to in Section 23(1)(a) or, where applicable, conversion of the unit certificates referred to in Section 23(1)(b).

(8) Where one of the merging funds or the receiving fund has been notified of the distribution of its unit certificates in another Member State in accordance with Section 139, the information referred to in Section 21(1) for the unit-holders in the territory of another Member State shall be provided in the official language, or in one of the official languages of the host Member State, or in the language approved by the competent supervisory authority of the host Member State. The translation of information referred to in the first sentence shall faithfully reflect the content of the original. The translations shall be produced by the management company that manages the fund which has been notified, and that management company shall also be responsible for the accuracy of that translation.

(9) In the case of the merger of the European standard funds into the receiving standard fund, the rights of unit-holders of the merging European standard funds are subject to the respective law of the merging European standard funds home Member State. Section 23 equally applies to the rights of unit-holders of the receiving standard fund. The management company of the receiving standard fund may not charge the receiving standard fund or its unit-holders for any legal, advisory, or administrative costs or fees associated with the preparation and completion of the merger.

Section 25
Effective date of a merger

(1) For a domestic merger, the management company that manages the receiving fund, upon agreement with the management company that manages the merging fund, shall determine the date for calculating the exchange ratio of unit certificates of the merging funds into the unit certificates of the receiving fund, as well as the date on which the merger takes effect and, where applicable, for determining the relevant net asset value for cash payments. The management company that manages the receiving fund shall inform Národná banka Slovenska of these dates at least ten days in beforehand.

(2) The respective law of the receiving European standard fund home Member State shall determine the date on which the cross-border merger takes effect, and the date for calculating the exchange ratio of unit certificates of the merging fund into the securities of the

receiving European standard fund and, where applicable, for determining the relevant net asset value for cash payments. The management company that manages the merging fund shall promptly inform Národná banka Slovenska of the cross-border merger.

(3) In the case of the merger of the merging European standard funds into the receiving standard fund, the management company that manages the receiving standard fund shall, upon the agreement with the merging fund, determine the date for calculating the exchange ratio of the securities of the European standard fund into the unit certificates of the receiving standard fund and the date on which the merger takes effect and, where applicable, for determining the relevant net asset value for cash payments. The management company that manages the receiving standard fund shall inform Národná banka Slovenska and the competent authority of the merging fund home Member State of these dates at least ten days in advance.

(4) The date on which the merger takes effect shall be determined no later than on the third working day following the date for calculating the exchange ratio. Where the rules or the instruments of incorporation of the merging fund or receiving fund stipulate that the proposed merger is subject to the approval of the unit-holders, the calculation of the exchange ratio, the date on which the merger takes effect and, where appropriate, the determination of the relevant net asset value for cash payment must be performed only upon the approval of the merger by unit-holders.

(5) The merger which has taken effect as provided for in this Act may not be declared null and void.

(6) For a merger effected in accordance with the procedure stipulated by Section 19(1)(a), the following shall be carried out by the date on which the merger takes effect:
(a) the assets and liabilities in the merging fund shall be transferred to the assets of the receiving fund;
(b) the unit-holders of the merging fund shall become unit-holders of the receiving fund and, where applicable, they are entitled to a cash payment not exceeding 10% of the net asset value of their unit certificates in the merging fund on the effective date of the merger, provided that such payment is set out in the terms of the merger; and
(c) the merging fund ceases to exist on the coming into effect of the merger.

(7) For a merger effected in accordance with the procedure stipulated by Section 19(1)(b), the following shall be carried out by the date on which the merger takes effect:
(a) the assets and liabilities in the merging fund shall be transferred to the assets of the newly constituted receiving fund;
(b) the unit-holders of the merging fund become unit-holders of the newly constituted receiving fund and, where applicable, they are entitled to a cash payment not exceeding 10% of the net asset value of their unit certificates in the merging fund on the effective date of the merger, provided that such payment is set out in the terms of the merger; and
(c) the merging funds cease to exist and the authorisations for their establishment expire.

(8) For the merger of the European standard funds into a receiving standard fund effected in accordance with the procedure stipulated by Section 19(1)(c), the following shall be carried out by the date on which the merger takes effect:
(a) the assets of the merging European standard funds shall be transferred to the receiving standard fund;

(b) the unit-holders of the merging European standard funds become unit-holders of the receiving standard fund; and
(c) the merging European standard fund continues to exist until its liabilities have been discharged.

(9) For a cross-border merger, the assets and liabilities of the merging standard funds may, in accordance with Section 19(1)(c), be transferred to a depository of the receiving European standard fund, provided that it is set out by the relevant law of the receiving European standard fund home Member State.

(10) Where the common fund under this Act becomes the receiving fund, the management company that manages the receiving common fund shall notify the depository of the receiving common fund, in the manner set out in the depository contract, of the completion of the transfer of the assets and liabilities.

(11) For a domestic merger, the management company that manages the receiving fund shall, in the manner set out in its rules, disclose the information about the merger effected and current rules, and notify Národná banka Slovenska of the merger effected. For a cross-border merger, the relevant law of the receiving fund home Member State shall regulate the disclosure of the merger effected and the notification of the competent supervisory authority of the receiving fund home Member State and Národná banka Slovenska of such merger effected.

(12) For a merger of the European standard funds into the receiving standard fund, the management company that manages the receiving standard fund shall, in the manner set out in its rules, disclose the information on the merger effected and current rules, and notify Národná banka Slovenska and competent supervisory authorities of the merging European standard funds home Member States of the merger effected.

(13) A management company that manages the receiving fund shall, within three months after the date of the merger of the common funds, convert the unit certificates or securities of the unit-holders of the merging funds into the unit certificates of the receiving fund and, where appropriate, pay them cash payment which does not exceed 10% of the current price of the unit certificates of the merging funds on the effective date of the merger. The unit-holders of the merging funds shall be entitled to the unit certificates of the receiving fund in the exchange ratio determined on the date determined for its calculation and verified in accordance with Section 20(6).

(14) Where the limits and restrictions in respect of the assets in the receiving fund in accordance with Sections 89 to 93 or Section 123 to 135, or the limits and restrictions set out by the rules of the receiving common fund are exceeded as a result of the merger, the management company shall align the assets with these limits within the period of sixth months of the merger.

(15) In a domestic merger, the effects of the establishment of a lien or transfer of unit certificates of a merging fund shall be preserved also in relation to the unit certificates of a receiving fund for which the relevant unit certificates of a merging fund were exchanged.

Section 25a

(1) The provisions of Sections 19 to 25 equally apply to the procedure of a merger of an investment fund with variable capital with another fund, and to the exchange of shares of merged investment funds with variable capital.

(2) In the case of the merger of an investment fund with variable capital with another fund without legal personality the proposed merger shall be approved by the shareholders of the investment fund with variable capital. The approval of the merger under the first sentence is subject to the provision of Section 23(7) mutatis mutandis.

TITLE FIVE

WINDING UP OF A COMMON FUND

Section 26

(1) A fund may only be wound up upon a decision of Národná banka Slovenska to revoke the authorisation to establish and manage the fund or to remove a special qualified investor fund from the list referred to in Section 137, or upon the prior approval of Národná banka Slovenska granted under Section 163(1)(l), or where the authorisation to establish and manage the fund has expired or the listing pursuant to Section 137 has been removed, including where the authorisation has expired or the listing pursuant to Section 137 has been removed upon the completion of the period for which the fund was established.

(2) A sub-fund of an umbrella common fund shall only be wound up:

(a) upon a decision of Národná banka Slovenska ordering such amendment of the rules of the umbrella common fund and resulting in winding up of the sub-fund;
(b) upon the prior approval referred to in Section 163(1)(l);
(c) if a sub-fund of an umbrella common fund is wound up as a result of the expiration of the period for which the sub-fund has been established; or
(d) where the authorisation to establish and manage the umbrella common fund has expired or the listing pursuant to Section 137 has been removed, including where the authorisation has expired or the listing pursuant to Section 137 has been removed upon the completion of the period for which the umbrella common fund was established.

(3) The winding up of a sub-fund of common fund shall be subject, as appropriate, to paragraphs 4 to 9.

(4) A fund unit-holder is not entitled to request the winding up of a common fund.

(5) After the entry into force of a decision to revoke an authorisation to establish and manage a fund or to remove the special qualified investor fund from the list referred to in Section 137, the decision on prior approval under Section 163(1)(l), or where an authorisation to establish and manage a fund has expired or the listing pursuant to Section 137 has been removed, including where the authorisation has expired or the listing pursuant to Section 137 has been removed upon the completion of the period for which the common fund was established, the management company shall immediately cease the issuing of unit certificates and the redemption of unit certificates, and shall end the management of the fund’s assets in accordance with the procedure laid down in paragraph 6. In the interest of protecting the fund

unit-holder's rights, Národná banka Slovenska may assign the performance of this activity to the depository or another management company.

(6) A management company or entity designated under paragraph 5 shall, within six months after the occurrence of a situation referred to in paragraph 5:
(a) draw up extraordinary financial statements for the fund;
(b) sell the fund's assets;
(c) secure the payment of receivables to the credit of the fund's assets;
(d) settle all liabilities arising under the management of the fund's assets;
(e) redeem the units of the fund held by the unit-holders.

(7) Národná banka Slovenska may, upon the request of the management company or a person designated under paragraph 5, extend the time limit referred to in paragraph 6 by up to 12 months, provided that this is justified in order to protect the fund unit-holders from suffering a loss as a result of the fund's assets being sold under time pressure.

(8) The sale of a fund's assets under paragraph 6 is not subject to the obligation to comply with the limits on risk spreading and limitation laid down in this Act.

(9) A management company or an entity designated under paragraph 5 shall, at least once every calendar month, inform Národná banka Slovenska of the procedure laid down in paragraph 6.

(10) The winding up of a fund with variable capital and its sub-funds shall be subject mutatis mutandis to the provisions of paragraphs 1 to 9. The liquidator of an investment fund with variable capital and of its sub-funds shall be the management company which manages that fund.

TITLE SIX

DOMESTIC COLLECTIVE INVESTMENT UNDERTAKINGS WITH LEGAL PERSONALITY

Section 26a

(1) Management of a collective investment undertaking with legal personality shall be performed:
(a) on the basis of a collective investment undertaking management contract under Section 26b; or
(b) independently on the basis of an authorisation under Section 28 or that under Section 28a in the scope of activities necessary for managing a collective investment undertaking with legal personality.

(2) Collective investment undertaking with legal personality that performs its management independently under paragraph 1(b) is, for the purposes of this Act, deemed to be a self-managed investment fund.

Section 26b

(1) Management of collective investment undertaking with legal personality based on a collective investment undertaking management contract may be performed only by a management company authorised pursuant to Section 28 or Section 28a or a foreign management company under Section 60(2) or under Section 66a (hereinafter the 'contract manager'). The contract manager shall be liable for damage caused in the conduct of its activity also toward the unit-holders of the collective investment undertaking with legal personality.

(2) Under a collective investment undertaking management contract, the contract manager shall undertake to manage the collective investment undertaking with legal personality, i.e. without instructions from it, and the collective investment undertaking with legal personality shall undertake to remunerate the contract manager for this activity.

(3) The subject-matter of a collective investment undertaking management contract may also include activities under Section 27(2)(b) and (c) or 27(5), provided they are not performed by the collective investment undertaking with legal personality at its own liability.

(4) The collective investment undertaking management contract shall include in particular the following elements:
(a) the subject-matter of the collective investment undertaking management contract under paragraphs 2 and 3;
(b) the method of determining the remuneration and method of payment for services provided;
(c) provisions on whether and under what conditions the contract manager may delegate the management or performance of other activities under paragraph 3 to another entity.

(5) The collective investment undertaking management contract must be in writing and must be concluded for an unlimited period with at least six months' prior notice of termination. This prior notice shall start from the delivery date of such notice. Where proceedings on the imposition of a sanction have begun, the notice shall not expire before the effective date of Národná banka Slovenska's decision in those proceedings.

Section 26c

(1) The provisions of this Act apply mutatis mutandis to a self-managed investment fund as to a management company , except for the provisions of Section 27(1), (11) and (12) or unless otherwise provided in Section 31(4) and (5), Sections 69a and 69b.

(2) A self-managed investment fund may not perform any activity other than activities under Section 27(2), (4) and (5). A self-managed investment fund's activity consists in the collection of funds from investors in order to invest them in accordance with the investment policy in favour of persons whose funds have been collected.

(3) A self-managed investment fund is entitled to delegate management of its assets to another entity subject to conditions under Section 57a. Such delegation shall not constitute management of the self-managed investment fund; the entity to which management is delegated is not deemed to be the contract manager.

(4) Administration under Section 27(2)(b) or 27(5)(a) shall be performed by the self-managed investment fund independently or on the basis of delegation of these activities to another entity.

(5) The share capital of the self-managed investment fund shall be at least EUR 300,000. The adequacy of own funds of the self-managed investment fund is subject to the provisions of Section 47(2)(d) and 47(7).

Investment funds with variable capital

Section 26d

(1) An investment fund with variable capital is a joint-stock company with variable capital in accordance with the Commercial Code.

(2) The Sections of association of an investment fund with variable capital include besides the particulars referred to in the Commercial Code also the particulars within the scope of the common fund rules. The common fund rules particulars referred to in Section 7(5)(g), (i), (m) and (n) need not be stated in the Sections of association if they are stated in the prospectus of the investment fund with variable capital.

(3) Where the Sections of association of an investment fund with variable capital allow for the establishment of sub-funds, they shall also determine the rules for their establishment and the types of and methods for payment of costs incurred in connection with their management or administration.

(4) The provisions of this Act on the approval of a draft common fund rules and their amendments apply mutatis mutandis to the Sections of association of an investment fund with variable capital.

(5) The Sections of association of an investment fund with variable capital which establishes sub-funds are also subject to the provisions of this Act on the umbrella common fund rules.

Section 26e
Sub-funds of an investment fund with variable capital

(1) An investment fund with variable capital may establish sub-funds where its Sections of association allow for this. The sub-fund of an investment fund with variable capital is a part of its assets and liabilities with separate accounting.

(2) Each sub-fund shall differ from other sub-funds of the respective investment fund with variable capital by one or more features specified in the Sections of association.

(3) A sub-fund related rights of unit-holders that have arisen in relation to the establishment, management, or winding up of the sub-fund only relate to the respective sub-fund's assets. The assets in the sub-fund may exclusively be used for the purpose of covering the sub-fund related rights of its unit-holders.

(4) Creditors' claims that have arisen in relation to the establishment, management, activities or winding up of the sub-fund shall be paid off only from this sub-fund's assets. The board of directors of the investment fund with variable capital and its depository shall ensure that the obligation under the first sentence is met.

(5) Where other legislation[4] or a legal action requires information on the owner, the information on the investment fund with variable capital shall be substituted with the information necessary for the identification of the investment fund's sub-fund.

(6) The provisions on sub-funds of a common fund apply mutatis mutandis to sub-funds of an investment fund with variable capital.

Section 26f
Issuance of shares

(1) An investment fund with variable capital shall issue shares for each sub-fund that represent equal proportions of the net asset value of the sub-fund. The issued shares of the sub-fund carry a right to a profit share only from economic activities of this sub-fund and to a liquidation share only in the event of this sub-fund being wound up with liquidation. That does not preclude the possibility that the investment fund with variable capital issues various shares related to the same sub-fund.

(2) Where the establishment of a sub-fund is subject to the authorisation or prior approval by Národná banka Slovenska, the sub-fund's shares may not be issued before the authorisation of Národná banka Slovenska takes effect and before any acts for which the prior approval has been granted are performed.

(3) Shares referred to in paragraph 1 shall contain information necessary for the identification of the sub-fund to which the rights under paragraph 1 relate, and other rights where they are attached to the shares.

(4) The Sections of association may stipulate that on matters which concern one particular sub-fund and do not have a significant impact on other sub-funds only holders of shares in that sub-fund may vote.

(5) The provisions of this Act on the issuance of unit certificates of various issues and on various issues of unit certificates apply mutatis mutandis to the issuance of shares of various issues of investment funds with variable capital and to shares of various issues.

Section 26g

(1) The name of a sub-fund of an investment fund with variable capital must contain the business name of the investment fund with variable capital and a designation of the sub-fund, which clearly differentiates it from other sub-funds of this investment fund with variable capital.

(2) Section 5(7) applies mutatis mutandis to a designation of a sub-fund.

Section 26h

(1) No investment fund with variable capital may change the scope of its business activities; a change of an authorisation referred to in Section 28 and Section 28a approved by Národná banka Slovenska is not deemed such change.

(2) A change of the legal form of an investment fund with variable capital is possible only in the case of consolidation or merger with another fund.

Section 26i -
Repealed as from 1 January 2019.

DIVISION THREE

MANAGEMENT COMPANY

TITLE ONE

BASIC PROVISIONS

Section 27
Management company and foreign management company

(1) A management company is a joint-stock company established for the purpose of conducting business, which has its registered office in the territory of the Slovak Republic and whose scope of business is the establishment and management of standard funds and European standard funds or alternative investment funds and foreign alternative investment funds under an authorisation granted by Národná banka Slovenska; it is incorporated in the Commercial Register.

(2) The management of standard funds and European standard funds means:

(a) the management of investments;
(b) administration, meaning mainly:
    1. maintaining the accounts of a standard fund and European standard fund;
    2. ensuring legal services for a standard fund and European standard fund;
    3. determining the value of assets in a standard fund and European standard fund and determining the value of the unit;
    4. ensuring that tax liabilities relating to a fund's assets are met;
    5. maintaining a list of fund unit-holders and a list of the book-entry unit certificate owners' accounts kept under separate records;
    6. distributing and paying out returns generated on mutual-fund assets of a standard fund and European standard fund;
    7. issuing, redeeming and repurchasing unit certificates or shares of standard funds and securities of European standard funds;
    8. concluding contracts on the issuing, redeeming and repurchasing of funds' securities of and the settlement thereof;
    9. keeping business documentation;
    10. informing investors and handling any complaints they make;
    11. performance of compliance function;
(c) distribution of unit certificates or shares of standard funds and securities of European standard funds and their promotion.

(3) Apart from establishing common funds and performing the activities referred to in paragraph 2, a management company granted authorisation under Section 28 may also perform the following activities provided that they are stated in the authorisation under Section 28:

(a) the management of a portfolio[14] of financial instruments or the management of investments for funds established under other legislation;[15]
(b) investment consultancy;
(c) the safekeeping and management of funds' securities and securities issued by foreign collective investment undertakings, including holder's administration and related activities, in particular the administration of funds and financial collaterals.

(4) Management of alternative investment funds and foreign alternative investment funds means the managing of the investment assets of an alternative investment fund and a foreign alternative investment fund, and the management of risks associated with these investments. This is without prejudice to the possibility to delegate these activities.

(5) Other activities which may be performed by the management company in the framework of an alternative investment fund and foreign alternative investment fund management are:
(a) administration which means the activities referred to under paragraph 2(b) in relation to alternative investment funds and foreign alternative investment funds;
(b) distribution of securities and participating interests in alternative investment funds and foreign alternative investment funds;
(c) activities related to the assets of the alternative investment fund and foreign alternative investment fund, i.e. services necessary for fulfilling obligations in relation to the alternative investment fund or foreign alternative investment fund assets management, facilities management, property management activities, advice to undertakings on capital structure, industrial strategy and related issues, advice and services in relation to mergers and acquisition of undertakings and other services related to the alternative investment fund or foreign alternative investment fund management and management of companies and other assets in which the fund invested.

(6) A management company to which authorisation under Section 28a has been granted may, besides creating common funds and performing activities under paragraphs 4 and 5, subject to their mention in the authorisation under Section 28a, provide the following additional services:
(a) financial instruments portfolio management[14] and investment management for funds created under other legislation;[15]
(b) investment advice;
(c) the safekeeping and management of unit certificates issued by management companies and securities issued by foreign collective investment undertakings including the holder's administration and related services, in particular the management of funds and financial collaterals;
(d) the receipt and transfer of instructions relating to one or more financial instruments.

(7) A management company may perform activities under paragraphs 2, 4 or 5 for another management company, a foreign management company, for a collective investment undertaking with legal personality or a foreign investment fund, provided that these activities are delegated on the basis of a contract and that the conditions under Section 57 and 57a are fulfilled. The performance of activities under paragraph 4 or (5) for a self-managed investment fund on the basis of activities delegation is not deemed as management of such collective investment undertaking.

(8) In order to perform the activities of a management company referred to in paragraphs 2 to 6, it is not required to have an authorisation to provide investment services in accordance with other legislation.[16]

(9) A management company may not perform any activity other than an activity in accordance with this Act. A management company may perform the activities referred to in paragraph 3(b) and (c) only if these activities are stated in the authorisation under Section 28, along with the activity referred to in paragraph 3(a). A management company may perform the activities under paragraph 6(b) to (d) only if these activities are stated in the authorisation under Section 28a, along with the activity under paragraph 6(a).

(10) An entity other than a management company, foreign management company or collective investment undertaking may not perform an activity referred to in paragraph 1. Investment firm and banks authorised to conduct investment services are entitled to perform an investment service consisting in the direct or indirect offering or placing of securities or shareholdings in an alternative investment fund or foreign alternative investment fund only within the scope in which these securities or shareholdings may be distributed under this Act or under the law of the respective Member State.

(11) A management company may issue shares only in the form of book-entry common shares.

(12) The business name of a management company shall include the designation ‘správcovská spoločnosť, akciová spoločnosť’ or the abbreviation ‘správ. spol., a.s.’. No other entities operating in the financial market may have a business name uses designation and abbreviation referred to in the first sentence, or the designation ‘správcovská spoločnosť’ (management company), or a designation in the Slovak language or a foreign language which is confusable with them.

(13) A management company may not:
(a) change the scope of its activities or legal form; an amendment to the authorisation under Section 28 and the authorisation under Section 28a, approved by Národná banka Slovenska, is not deemed to constitute a change to the scope of activities;
(b) change the form and type of its shares;
(c) be split;
(d) be consolidated with another legal entity.

(14) A foreign management company is a legal entity which has its registered office outside the territory of the Slovak Republic and is authorised in the country in which it has its registered office to establish and manage collective investment undertakings.

(15) A branch of a foreign management company is an organisational unit of a foreign management company which is situated in the territory of the Slovak Republic, all the branches of a foreign management company established in the territory of the Slovak Republic by a foreign management company shall, in regard to the authorisation to conduct activities in the Slovak Republic, be considered a single branch.

TITLE TWO

AUTHORISATIONS AND REGISTRATIONS

Authorisation to establish and manage standard funds and European standard funds

Section 28

(1) The decision on whether to grant an authorisation to establish and manage standard funds and European standard funds shall be taken by Národná banka Slovenska, and an application for an authorisation to manage standard funds and European standard funds shall be submitted by a joint-stock company or by a founder.

(2) Where the applicant is a joint-stock company, Národná banka Slovenska shall grant an authorisation as referred to in paragraph 1 only upon the proven fulfilment of the following conditions:

(a) paid-up share capital as referred to in Section 47(1);
(b) the share capital and other financial resources of the prospective management company have a transparent and trustworthy provenance;
(c) each entity with a qualified participation[17] in the prospective management company is eligible and its relationship with other entities is transparent, especially as regard interests in the share capital and voting rights;
(d) each natural person who is a member of the board of directors, an authorised representative, a member of the supervisory board or is nominated as a senior employee[18] reporting directly to the board of directors and who is responsible for professional activities under this Act, investment management, exercise of a compliance function, exercise of an internal audit function and exercise of a risk management function under this Act is professionally qualified and trustworthy;
(e) a group with close links that includes a shareholder with qualified participation in the management company is transparent;
(f) the close links within the group referred to in (e) do not impede the exercise of supervision;
(g) the exercise of supervision is not impeded by the legal system, application of law, or enforceability of laws in a country which is not a Member State and in which the group referred to in (e) has close links;
(h) the registered office and headquarters of the management company is situated in the territory of the Slovak Republic;
(i) the Sections of association of the future management company comply with this Act and with other legislation of general application;
(j) a shareholder in a management company is not an entity which is in liquidation, which is subject to a bankruptcy order, or it is not less than five years since any such bankruptcy proceedings were concluded, and not sooner than one year after the settlement of liabilities under the bankruptcy proceedings in accordance with a court-approved timetable;
(k) the material provisions for the operation of the management company, meaning the material-technical provisions for the activities of the management company and the organisational provisions for the operation of the management company, have been met in a way that ensures compliance with the prudential rules and compliance with the rules for activities;
(l) the professional qualification and trustworthiness of natural persons who are members of the statutory body of a financial holding company or mixed financial holding company and the suitability of shareholders controlling the financial holding company or the mixed financial holding company, where the granting of an authorisation under paragraph 1

would mean the prospective management company becoming part of the consolidated financial group of which the financial holding company is part or becoming part of the financial conglomerate of which the mixed financial holding company is a part;

(m) the same conditions as those for the granting of an authorisation to provide investment services[19] have been met accordingly with regard to the requested scope of activities referred to in Section 27(3);

(n) the applicant has not been finally disposed of any crime.

(3) Where the applicant is a joint-stock company, the application for an authorisation as referred to in paragraph 1 shall include:

(a) the business name and registered office of the prospective management company;

(b) the identification number of the prospective management company, if assigned;

(c) the information about the amount of the share capital;

(d) a list of shareholders with qualified participations in the prospective management company, name, surname, permanent residence and date of birth, if a natural person, or the business name, registered office and identification number, if a legal entity, and the amount of the qualified interest;

(e) the names, permanent residences and date of birth of the persons referred to in Section 2(d) and information on their professional qualification and trustworthiness;

(f) a proposal on the extent to which the management company will perform the activities referred to in Section 27(3), where it intends to perform these activities;

(g) information on the material, personnel and organisational provisions for the operation of the prospective management company.

(4) Where the applicant is a joint-stock company, the following shall be attached to the authorisation application referred to in paragraph 1:

(a) the deed of incorporation or the memorandum of association;

(b) the prospective management company's draft Sections of association;

(c) a business plan of a management company for a period of at least three years following the year when an application is filed for the issue of an authorisation under paragraph 1, which also includes an organisational structure;

(d) the prospective management company's draft internal regulations and operational procedures for ensuring the fulfilment of prudential rules;

(e) the prospective management company's draft internal regulations and operational procedures for ensuring the fulfilment of rules for activities, including the draft rules for customer-related activities under other legislation,[20] where the company also intends to perform activities referred to in Section 27(3);

(f) the brief curricula vitae of the applicant and of the persons referred to in paragraph 2(d), documents certifying their completed education and professional experience, their declarations of honour stating that they comply with the requirements laid down by this Act, the information necessary for requesting criminal record check certificates for these persons for verifying whether they are of good repute; the good repute of non-residents shall be evidenced with a similar document as specified in paragraph 11;

(g) a declaration by the shareholder that its property is not the subject of bankruptcy proceedings;

(h) a document showing that the share capital has been paid up in full.

(5) Národná banka Slovenska shall decide on an authorisation application made in accordance with paragraph 1 no later than six months after the complete application was delivered.

(6) Národná banka Slovenska shall refuse the authorisation application referred to in paragraph 1 where the applicant does not fulfil, or does not evidence fulfilment of, a condition referred to in paragraph 2. Národná banka Slovenska may not grant an authorisation for the activities referred to in Section 27(3)(b) and(c) where the management company has simultaneously or previously not been granted an authorisation for the activities referred to in Section 27(3)(a).

(7) The conditions referred to in paragraph 2 shall be fulfilled without interruption for so long as the authorisation under paragraph 1 is valid.

(8) For the purposes of this Act, the professional qualification of a member of the board of directors of a management company, an authorised representative of a management company, a senior employee reporting directly to the board of directors who is responsible for professional activities under this Act (hereinafter 'senior management') means the completion of university education with at least three years' experience in the financial market sector or another financial sector, and three years' management experience in the financial market sector; Národná banka Slovenska may also recognise to be professionally qualified a person who has completed a full secondary education, full secondary vocational education, or a similar education abroad, and who has at least seven years' experience in the financial market sector or another financial sector while holding a management position for at least three of these years. The professional qualification of a person responsible for investment management, the exercise of the compliance function, the exercise of the internal audit function, and the exercise of the risk management function means at least three years' experience in the financial market sector appropriate to the professional activity that the respective employee is to perform. A member of the statutory body of a financial holding company or mixed financial holding company is deemed to be professionally qualified if he is a natural person with appropriate knowledge and experience in the financial sector.

(9) The professional qualification of a supervisory board member of a management company means appropriate knowledge and experience in the financial market sector or in another financial field.

(10) For the purposes of this Act, a natural person is deemed trustworthy if he has no criminal record, and who within previous ten years:

(a) has not held a position referred to in paragraph 2(d) in a management company, nor has been a senior employee or a member of the statutory body or supervisory board of a financial institution, at any time within one year before the authorisation to establish and operate such an institution was revoked;
(b) has not held a position referred to in paragraph 2(d) in a management company, nor has been a senior employee or a member of the statutory body or supervisory board of a financial institution which has been placed in receivership, or in a management company managing funds whose assets have been place in receivership, where any such position was held within one year before the placement in receivership;
(c) has not held a position referred to in paragraph 2(d) in a management company, nor has been a senior employee or member of the statutory body or supervisory board of a financial institution, at any time within one year before such institution went into liquidation or was declared bankrupt or permitted restructuring, the proposal for bankruptcy of which has been refused owing to lack of assets or for which the bankruptcy has been cancelled owing to lack of assets;

(d) has not been validly fined an amount in excess of 50% of a fine that could be imposed under this Act or under other legislation;[21]
(e) has over the past ten years performed his duties or conducted his business in a reliable and conscientious manner and without breaching any legislation of general application, and, having regard to this fact, guarantees that he will likewise exercise the office for which he has been nominated, including the fulfilment of obligations arising under legislation of general application, under the Sections of association of the management company, and under any internal regulations;
(f) has not been deemed an untrustworthy person under other legislation in the financial sector.[21a]

(11) A natural person is deemed to be of good repute if they have not yet been sentenced for an intentional criminal offence or for a criminal offence committed in connection with the performance of their duties; good repute shall be evidenced with a clean criminal record check certificate or, if the person concerned is a foreign national, with a similar document of a clean criminal record not older than three months, issued by the competent authority of the country in which that person is a national or by the competent authority of the country in which they have permanent residence or in which they usually resides. The applicant and the person concerned shall, for verification purposes, provide in writing Národná banka Slovenska with the information[20a] necessary for requesting a criminal record check certificate, copies of their identity documents and birth certificates; the provision and verification of these data, identity verification, and the issue and delivery of a criminal record certificate are subject to other legislation;[21b] Národná banka Slovenska shall, without delay, submit these data electronically to the General Prosecutors Office of the Slovak Republic and request it to issue the criminal record check certificate

(12) In licensing proceedings, Národná banka Slovenska may recognise the trustworthiness of a natural person referred to in paragraph 10(a) to (c), where the nature of the matter implies that the natural person, in exercising the office referred to in paragraph 10(a) to (c), could not have influenced the activities of the management company or financial institution, nor have caused the consequences referred to in paragraph 10(a) to (c).

(13) During the assessment of the conditions referred to in paragraph 2(c), a legal entity or trustworthy person who provides credible evidence of having met the conditions laid down in paragraph 2(b) is deemed to be eligible provided that it is clear from all the circumstances that they will carry out collective investment in a proper manner in the interests of financial market stability.

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

(15) The professional qualification of any natural person nominated to be the manager of a branch of a management company, a foreign management company, or foreign investment fund and its representative means the completion of university education with at least three years' experience in the financial market sector or in another financial sector, and three years' experience in the financial market sector or complete secondary education or complete secondary vocational education with at least seven years' experience in the financial market

sector or in another financial sector, including at least three years' experience in a managerial position.

(16) In the case that a founder is an applicant for an authorisation granting referred to in paragraph 1, the provisions of paragraphs 2, 3, 4, 8, 9 and Section (30)(2) shall be applied appropriately in the proceedings on granting an authorisation referred to in paragraph 1.

(17) Národná banka Slovenska may by way of a decree to be promulgated in the Collection of Laws, stipulate the method of documenting the fulfilment of conditions referred to in paragraph 2 and in Section 28a(2).

Section 28a
Authorisation to establish and manage alternative investment funds and foreign alternative investment funds

(1) The decision on whether to grant an authorisation to establish and manage alternative investment funds and foreign alternative investment funds shall be taken by Národná banka Slovenska; an application for such authorisation may be submitted by a joint-stock company or a founder thereof.

(2) In the case that the applicant is a joint-stock company, Národná banka Slovenska shall grant an authorisation as referred to in paragraph 1 only upon proven fulfilment of the following conditions:

(a) paid-up share capital as referred to in Section 47(1);
(b) the provenance of the share capital and other financial resources of the prospective management company is transparent and trustworthy;
(c) each entity with a qualified participation[17] in the prospective management company is appropriate and its relationship with other entities is transparent, especially as regards holdings in the share capital and voting rights;
(d) each natural person who is a member of the board of directors, an authorised representative, a member of the supervisory board or is nominated as a senior employee[18] reporting directly to the board of directors and responsible for professional activities under this Act as a person responsible for investment management, exercise of the compliance function, exercise of the internal audit function, exercise of the risk management function under this Act is professionally qualified and trustworthy;
(e) any group with close links that includes a shareholder with qualified participation in the management company is transparent;
(f) close links within the group referred to in (e) do not impede the exercise of supervision;
(g) the exercise of supervision is not impeded by the legal system, application of law or enforceability of laws in a country which is not a Member State and in which the group referred to in (e) has close links;
(h) the registered office and headquarters of the management company is situated in the territory of the Slovak Republic;
(i) a shareholder in the management company is not an entity which is in liquidation, which is subject to a bankruptcy order, or not less than five years have passed since any such bankruptcy proceedings were concluded, or not less than one year has passed since the settlement of liabilities under bankruptcy proceedings in accordance with a court-approved timetable;
(j) material provisions for the operation of the management company, meaning the material-technical provisions for the activities of the management company and the organisational

provisions for the operation of the management company, have been met in a way that ensures compliance with prudential rules and compliance with the rules for activities;

(k) the professional qualification and trustworthiness of natural persons who are members of the statutory body of the financial holding company or mixed financial holding company and the suitability of shareholders controlling the financial holding company or the mixed financial holding company, where the granting of an authorisation under paragraph 1 would mean the prospective management company becoming part of the consolidated financial group of which the financial holding company is part or becoming part of the financial conglomerate of which the mixed financial holding company is part;

(l) the same conditions as those for the granting of an authorisation to provide investment services[19] have been met accordingly with regard to the requested scope of activities referred to in Section 27(6);

(m) the applicant has not been finally convicted of any crime;

(n) the future management company's articles of association shall be in accordance with this Act and with other legislation of general application.

(3) In the case that the applicant is a joint-stock company, the application for the authorisation referred to in paragraph 1 shall include:

(a) the business name and registered office of the prospective management company;

(b) the identification number of the prospective management company, if assigned;

(c) the information about the amount of the share capital;

(d) a list of persons with qualifying participations in the prospective management company, name, surname, permanent residence and date of birth, if a natural person, or the business name, registered office and identification number, if a legal entity, and the amount of the qualified interest;

(e) the name, permanent residence and date of birth of persons referred to in paragraph 2(d) and information on their professional qualification and trustworthiness;

(f) a proposal on the extent to which the management company will perform the activities referred to in Section 27(5) and (6), if it intends to perform these activities and the activities under paragraph 6 are not stated in its authorisation under Section 28;

(g) the information on the material, personnel and organisational provisions for the operation of the prospective management company.

(4) In the case that a joint-stock company is an applicant, the following shall be attached to the authorisation application referred to in paragraph 1:

(a) the founder's rules or founder's contract;

(b) the draft of the Sections of association of the prospective management company;

(c) the business plan of the prospective management company for a period of at minimum three years following the year when the application is filed for an authorisation under paragraph 1, and which must also include an organisational structure;

(d) draft internal regulations and operational procedures of the prospective management company for ensuring the fulfilment of prudential rules for ensuring the fulfilment of rules for activities, including the draft rules for customer-related activities in accordance with other legislation,[20] if the company also intends to perform activities referred to in Section 27(6), and for ensuring the fulfilment of obligations under this Act;

(e) draft internal regulations governing the remuneration principles under Section 33(8) and (9);

(f) information and any other documents relating to an existing or planned delegation of activities of the management company or to additional delegation of activities of the management company under Section 57a;

(g) short curricula vitae of the requestor and persons referred to in paragraph 2(d), documents certifying their completed education and professional experience, their declarations of honour stating that they comply with the requirements laid down by this Act, the information necessary for requesting criminal record check certificates for these persons for verifying whether they are of good repute; the good repute of non-residents shall be evidenced with a similar certificate as referred to in Section 28(11);
(h) a declaration by the shareholder that its property is not the subject of bankruptcy proceedings;
(i) a document showing that the share capital has been paid up;
(j) information on alternative investment funds or foreign alternative investment funds managed by the company or which the company intends to manage at the time of application for an authorisation under paragraph 1, in the extent of:
    1. information on investment strategies including the types of underlying funds if the alternative investment fund or foreign alternative investment fund is a fund of funds, on the management company's policy in relation to the use of leverage in the management of the alternative investment fund or foreign alternative investment fund, as well as on the risk profiles and other features of the alternative investment funds or foreign alternative investment funds, including information on the Member States or non-Member States in which such alternative investment funds or foreign alternative investment funds are established or are to be established;
    2. information on where is the master alternative investment fund established if the alternative investment fund is an alternative investment feeder fund;
    3. the rules or the instruments of incorporation of each alternative investment fund or foreign alternative investment fund;
    4. the specification of a depository in accordance with Section 70 for each alternative investment fund or foreign alternative investment fund;
    5. information under Section 159a for each alternative investment fund or foreign alternative investment fund.

(5) The application for granting an authorisation under paragraph 1 shall be decided upon by Národná banka Slovenska within three months of the date of receipt of a complete application; an application shall be deemed complete if it contains information at least in the scope specified in paragraph 3(d) and (e) and paragraph 4(c), (d), (e), and (j), under points (1) and (2). The period stated in the first sentence may be extended by Národná banka Slovenska by no more than three months, if necessary for the proper assessment of the application, after the applicant is duly informed.

(6) Národná banka Slovenska shall refuse an application for an authorisation under paragraph 1 if the applicant fails to fulfil any of the conditions or fails to document the fulfilment of any of the conditions laid down in paragraph 2. Národná banka Slovenska may not grant an authorisation for the activities referred to in Section 27(6)(b) to (d) unless the management company concurrently has or has previously been granted an authorisation for activities referred to in Section 27(6)(a).

(7) The conditions referred to in paragraph 2 must be fulfilled without interruption throughout the duration of the authorisation under paragraph 1.

(8) In the case that the applicant for an authorisation under paragraph 1 is a founder, the provisions of paragraphs 2 to 4 and Section 30(3) apply mutatis mutandis to proceedings on

granting an authorisation under paragraph 1. The provisions of Section 28(8) to (15) apply mutatis mutandis to proceedings on granting an authorisation under paragraph 1.

Section 29

(1) Prior to granting an authorisation under Section 28 or an authorisation under Section 28a, Národná banka Slovenska shall consult the granting of an authorisation under Section 28 or authorisation under Section 28a to a legal entity with the competent supervisory authority of the Member State that granted the authorisation to the foreign management company, foreign investment firm, foreign bank or foreign insurance company that has its registered office in the territory of that Member State, where such a legal entity is:

(a) a subsidiary of the foreign management company, foreign investment firm, foreign bank or foreign insurance company;
(b) a subsidiary of the parent company of the foreign management company, foreign investment firm, foreign bank or foreign insurance company;
(c) controlled by the same entities that control a foreign management company, foreign investment firm, foreign bank or foreign insurance company;
(d) a subsidiary of the bank or insurance company which has its registered office in the territory of a Member State;
(e) a subsidiary of the parent company of a bank or insurance company which has its registered office in the territory of a Member State;
(f) controlled by the same entities that control a bank or insurance company which has its registered office in the territory of a Member State.

(2) The consultation under paragraph 1 shall mainly concern an assessment of the suitability of the founders or shareholders in the management company, the trustworthiness and professional qualification of the persons referred to in Section (28)(2)(d) or Section 28a(2)(d) working in an entity under paragraph 1, and an assessment of compliance with the conditions under which such persons perform these activities. Národná banka Slovenska shall, upon request, furnish the competent supervisory authority, banking supervisory authority, or insurance supervisory authority of a Member State with the information needed to assess the suitability of shareholders in the foreign financial institution, the suitability and professional qualification of persons who are to work in the foreign financial institution, and information needed to assess whether the entities subject to supervision by Národná banka Slovenska under this Act comply with the conditions under which they perform their activities.

Section 30

(1) An authorisation under Section 28 and an authorisation under Section 28a shall be granted for an unlimited period and they may not be transferred to another entity nor passed on to the legal successor of the management company.

(2) The statement of a decision granting an authorisation under Section 28 shall in addition to the general particulars of the decision in accordance with other legislation[22] contain:

(a) the business name and registered office of the management company to which the authorisation is granted;
(b) the scope of the management company's activities, the activities authorised under Section 27(2) and (3) and information on the scope of the authorisation to perform these activities;
(c) information that it is a decision required in a legally binding act of the European Union governing undertakings for collective investment in transferable securities;

(d) the name, permanent residence and date of birth of any natural person who may exercise the office of a member of the board of directors, a member of the supervisory board or an authorised representative;
(e) the approval of the Sections of association in the case of authorisation being granted to an investment fund with variable capital.

(3) Besides the general particulars of a decision under other legislation,[22] the statement of a decision granting an authorisation under Section 28a shall contain:
(a) the business name and registered office of the management company to which the authorisation is granted;
(b) the scope of the management company's activities, the activities authorised under Section 27(4) to (6) and information on the scope in which the management company is authorised to perform these activities;
(c) information that it is a decision in accordance with a legally binding act of the European Union governing alternative investment fund managers;
(d) the name, permanent residence and date of birth of any natural person who may exercise the office of a member of the board of directors, member of the supervisory board or authorised representative.

(4) An authorisation under Section 28 and an authorisation under Section 28a may also contain conditions that the management company must meet before commencing the authorised activities, or the conditions with which the management company is required to comply with when performing any of the authorised activities. An authorisation under Section 28 and an authorisation under Section 28a may include restrictions on performing certain activities. In the case of a change of business name it is not necessary to ask for a change of the authorisation under Section 28 and authorisation under Section 28a, a management company shall, however, give Národná banka Slovenska written notification of any such change not later than ten days from the day of making that change.

(5) Národná banka Slovenska may amend an authorisation under Section 28 and an authorisation under Section 28a upon the request of the management company. The assessment of an application to amend an authorisation under Section 28 and an authorisation under Section 28a shall be subject, as appropriate, to Section 28 or Section 28a. In the case of a change in the authorisation under Section 28 and an authorisation under Section 28a pertaining to the deletion of certain authorised activities pursuant to Section 27(3) or (6), in an application for a change in the authorisation under Section 28 and an authorisation under Section 28a it is required to give the reason, as well as documents evidencing the settlement of all liabilities to clients for which such activities have been performed. Where an authorisation under Section 28 and an authorisation under Section 28a or information stated in an authorisation under Section 28 and an authorisation under Section 28a is amended on the basis of granting an authorisation under Section 121 or inclusion in the list referred to in Section 137 or a prior approval in accordance with Section 163, such amendment is deemed to be approved upon the granting of the relevant authorisation or prior approval. An amendment to an authorisation involving only a change in the name or permanent residence of natural persons already approved under the procedure referred to in Section 28 or Section 28a or under the procedure under Section 163, shall not require the approval of Národná banka Slovenska. A management company shall, however, give Národná banka Slovenska written notification of any such change not later than ten days from the day when it was informed or otherwise became aware of this fact.

(6) Národná banka Slovenska shall decide on application for change to an authorisation under Section 28 or an authorisation under Section 28a within one month of receipt of a complete application. Národná banka Slovenska may, in its decision, restrict or refuse the making of changes notified to it under paragraph 11 within one month of receipt of such notification. The periods under the first and second sentence may be extended by Národná banka Slovenska by one month, if it is deemed necessary with regard to circumstances of the application or the notification that require special consideration. Where no decision in the period under the first or second sentence is issued by Národná banka Slovenska, the change to the authorisation or the making of changes notified under paragraph 11 is deemed to have been approved.

(7) A management company shall, on the basis of an authorisation under Section 28 and an authorisation under Section 28a or an amendment thereto, file with the competent registration court a petition for the registration of its authorised activities in the Commercial Register, and shall do so within one month from when the authorisation or the amendment thereto came into effect.

(8) A management company may commence the activities stated in the authorisation only after its registration in the Commercial Register, and after the conditions under paragraph 4 have been met; the provisions of paragraph 9 are unprejudiced hereby.

(9) A management company authorised pursuant to Section 28a may begin managing alternative investment funds and foreign alternative investment funds in accordance with investment strategies stated in the authorisation under Section 28a(4)(j) first point after being granted an authorisation under Section 28a, though at earliest one month after submitting the complete information under Sections 28a(3)(f) and 28a(4)(j) third to fifth point, if such information has not been submitted in the proceedings on granting an authorisation under Section 28a; this is without prejudice to the duty to obtain an authorisation under Section 121 or inclusion in the list referred to in Section 137 or the duties under Sections 63a and 63b.

(10) Národná banka Slovenska shall inform the European Supervisory Authority (European Securities and Markets Authority) of each authorisation under Section 28a which has been granted. Národná banka Slovenska shall inform, at least quarterly, the European Supervisory Authority (European Securities and Markets Authority) of granted, returned or withdrawn authorisations under Section 28a.

(11) A management company shall notify Národná banka Slovenska of any significant changes in the conditions under which it was granted an authorisation under Section 28 or an authorisation under Section 28a, mainly significant changes in information or documents under Section 28(3) and (4) or Section 28a(3) and (4), prior to making them. This does not apply to changes of information or documents that the management company could not influence. Submission of the application for change of an authorisation under Section 28, an authorisation under Section 28a, an application for granting an authorisation under Section 84 or Section 121, an application for inclusion in the list referred to in Section 137, and an application for granting a prior approval is deemed to be a notification in accordance with the first sentence.

Section 31

(1) An authorisation under Section 28 or an authorisation under 28a shall expire:

(a) as of the date when the management company is wound up for a reason other than the revocation of its authorisation under Section 28 or an authorisation under 28a;
(b) as of the effective date of a bankruptcy order against the management company;
(c) as of the date when the authorisation under Section 28 or an authorisation under 28a is returned; such authorisation may only be returned in writing and with prior approval under Section 163(1)(h);
(d) as of the date of the deadline for filing an application for the registration of the authorised activities in the Commercial Register in accordance with Section 30(7), where a petition for the registration of the authorised activity in the Commercial Register has not been filed or as of the effective date of a decision of the register court on refusal of objections against the refusal to enter the permitted activity by the respective register court; where the objections have not been filed against the refusal to make entry, on the date of notification on refusal to make entry on permitted activity in the Company Register;
(e) as of the effective date of a decision to revoke the authorisation under Section 28 or an authorisation under 28a, where this decision does not stipulate another date for the termination of the authorisation;
(f) as of the date when an undertaking of the management company, or a part thereof, is sold.

(2) A management company shall promptly give Národná banka Slovenska written notification of any facts referred to in paragraph 1(a), (b) and (d).

(3) Národná banka Slovenska shall promptly notify any fact referred to in paragraph 1(c) or (e) to the competent registration court.

(4) The provisions of paragraph 1(a) and (f) do not apply to the termination of an authorisation pursuant to Section 28 or an authorisation pursuant to Section 28a granted to a self-managed investment fund. A self-managed investment fund may not sell an undertaking nor any part of it.

(5) A self-managed investment fund shall promptly give Národná banka Slovenska written notification of any facts referred to in paragraph 1(b) and (d).

Section 31a
Registration of alternative investment fund managers

(1) Unless provided otherwise in paragraph 4, the management of alternative investment funds shall not require an authorisation under Section 28a if the legal entity directly or indirectly through a company to which it is linked by personnel or control, by a substantive direct or indirect shareholding performs the management of portfolios of alternative investment funds whose total value of managed assets:
(a) including any assets acquired through the use of leverage, does not exceed EUR 100,000,000; or
(b) does not exceed EUR 500,000,000 in the case of unleveraged alternative investment funds that do not have redemption rights applicable for five years from the date of initial investment in such an alternative investment fund.

(2) The calculation of the thresholds referred to in paragraph 1 is subject to other legislation.[22a]

(3) The management of alternative investment funds shall not require any authorisation under Section 28a nor any registration under Section 31b if the legal entity performs management of one or more alternative investment funds whose sole investors are legal entities managing alternative investment funds or parent companies or subsidiaries of legal entities managing alternative investment funds or other subsidiaries of these parent companies and where none of the mentioned investors is an alternative investment fund itself.

(4) Paragraph 1 does not apply to the management of public special funds and special qualified investor funds.

(5) A legal entity to which the exception under paragraph 1 applies is subject to a registration under Section 31b; such legal entity may choose not to be subject to the registration regime under Section 31b, but to the authorisation regime under Section 28a. Such a management company shall also be entitled to use the rights for cross-border performance of activities and for cross-border distribution under this Act, irrespective of the thresholders set out in paragraph 1.

(6) Legal entities managing alternative investment funds as per Section 4(2)(b) and complying with the conditions set out in paragraph 1, and self-managed alternative investment funds as per Section 4(2)(b) complying with the conditions set out in paragraph 1 are only subject to the provisions of Section 31b and 189a; this is without prejudice to the provisions of Sections 4, 26a, and 151.

Section 31b
Register of managers

(1) Legal entities performing the management of alternative investment funds and to which the exception under Section 31a(1) applies shall be registered in the register of alternative investment fund managers (hereinafter the "register of managers"). Self-managed investment funds to which the exception under Section 31a(1) applies shall also be entered into the register of managers.

(2) The register of managers shall be kept by Národná banka Slovenska.

(3) The register of managers shall contain:
(c) the business name, registered office and identification number of the manager;
(d) the information as to whether it is a manager or a self-managed investment fund;
(e) the information under other legislation.[22b]

(4) The application for registration, a change of registration and a cancellation of registration in the register of managers shall be submitted electronically. The responsibility for the correctness and completeness of the application for registration, a change of registration and a cancellation of registration shall fall on the applicant. The applicant shall pay the fee related to the application for registration or to the application for a change of registration within the time limit under other legislation.[22ba]

(5) The application for a registration in the register of managers shall contain the information under paragraph 3.

(6) If the application for a registration in the register of managers is complete and the fee is duly and timely paid, within ten working days from the receipt of a complete application for a registration into the register of managers, Národná banka Slovenska shall:

(a) register the manager in the register of managers and assign the manager a registration number;
(b) electronically inform the manager of its registration in the register of managers and of the registration number assigned.

(7) A manager is required to update the information in the register in accordance with other legislation.[22c]

(8) If the application for change of a registration in the register of managers is complete and the application fee for the change to a registration is paid duly and timely, Národná banka Slovenska shall, within ten working days from receipt of a complete application, record the change in the registration and electronically inform the manager of the change to the registration.

(9) If an application for registration, application for a change of registration, or application for cancellation of a registration in the register of managers is incomplete or the application fee for registration or change of registration is not paid duly and timely, such an application is deemed not submitted and Národná banka Slovenska shall electronically inform the applicant of this fact within ten working days of its receipt. The fee for an incomplete application shall not be returned.

(10) The manager shall promptly notify Národná banka Slovenska in the case that it no longer fulfils the conditions for an exception under Section 31a, and shall ask for cancellation of its registration in the register of managers, and, within one month from the day on which it ceased to fulfil the conditions for an exception under Section 31a, the manager shall ask either for an authorisation under Section 28a or terminate its activities within one month.

(11) Národná banka Slovenska shall cancel the application in the register of managers even without an application for cancellation of a registration, if it finds that the manager has ceased to fulfil the conditions for registration in the register of managers.

(12) The register of managers is publicly accessible on the website of Národná banka Slovenska in the scope of information under paragraph 3.

(13) The register of managers also comprises the register of European risk capital funds and European social entrepreneurship funds under other legislation.[22d] The registration, change and cancellation of registration of a European risk capital fund or of a European social entrepreneurship fund shall be subject mutatis mutandis to the provisions of paragraphs 1 to 12.

Section 31c

(1) Where a legal entity which manages alternative investment funds and is subject to the exemption referred to in Section 31a(1) exceeds the thresholds set out in Section 31a(1), it shall apply for authorisation pursuant to Section 28a within 30 days after it ascertains or may have ascertained that it exceeds the thresholds; this does not apply to legal entities which, within that period, ensures that the thresholds set out in Section 31a(1) are not exceeded.

(2) Where a legal entity has applied for authorisation in accordance with paragraph 1, it shall be entitled to exceed the thresholds set out in Section 31a(1) until the entry into force of a decision of Národná banka Slovenska on granting of the authorisation under Section 28a. Where Národná banka Slovenska refuses to grant the authorisation under paragraph 1, the legal entity referred to in paragraph 1 shall, within 30 days after the entry into force of the decision of Národná banka Slovenska on refusal to grant the authorisation under paragraph 1, ensure that the thresholds set out in Section 31a(1) are not exceeded.

TITLE THREE

CONDITIONS FOR THE PERFORMANCE OF ACTIVITIES OF A MANAGEMENT COMPANY

Prudential rules

Section 32
Organisation and management of a management company

(1) Appropriately to its nature, extent and complexity of its scope of activities and the extent of activities performed and services provided, a management company shall:

(a) establish, implement and observe decision-making procedures and an organisational structure, which clearly and in a documented manner specifies the reporting lines, allocated tasks and responsibilities;
(b) ensure that its relevant persons are aware of the procedures which must be followed for the proper discharge of their responsibilities;
(c) establish, implement and maintain adequate internal control mechanisms designed to secure compliance with decisions and procedures at all levels of the management company;
(d) establish, implement and maintain effective internal reporting and communication of information at all organisational levels of the management company, as well as effective information flows with any persons involved;
(e) maintain ordered records of its business and internal organisation;
(f) ensure that the discharge of several tasks by its respective persons does not even potentially impair any specific task's fulfilment in compliance with the principles of honest business relationship, professional care and in the interest of fund unit-holders.

(2) A management company shall establish, implement and maintain systems and procedures that are adequate to safeguard the security, integrity and confidentiality of information, taking into account the nature of the information in question.

(3) A management company shall establish, implement and maintain a business continuity policy aimed at ensuring, in the case of a breakdown of its systems, the preservation of essential data and functions and uninterrupted provision of its services and performance of activities, or, where that is not possible, the timely recovery of such data and functions and timely resumption of its services and activities.

(4) A management company shall, before commencing performance of the authorised activities, establish, implement and observe accounting policies and procedures that enable it, at the request of Národná banka Slovenska, to deliver promptly to Národná banka Slovenska

financial reports which reflect a true and fair view of their financial position and which comply with all applicable accounting standards and rules.

(5) A management company shall monitor and, on a regular basis, evaluate the adequacy and effectiveness of its systems, internal control mechanisms, and arrangements established in accordance with paragraphs 1 to 4, and take appropriate measures to address detected deficiencies.

(6) Relevant person in relation to a management company, means:

(a) a member of the board of directors, shareholder or senior employee of the management company;
(b) an employee of the management company, as well as any other natural person whose services are placed at the disposal and under control of the management company and who is involved in the management of collective investment undertakings performed by the management company;
(c) a natural person, who is directly involved in the provision of services to the management company under an agreement on commission of activities included in the management of collective investment undertakings performed by the management company.

Section 33
Special provisions on the management of a management company

(1) The board of directors of a management company shall have at least three members.

(2) The persons signing on behalf of the management company shall be members of the board of directors, at least two in number, and they shall always sign jointly.

(3) The board of directors of a management company may appoint at least two natural persons to be authorised representatives.

(4) The persons signing on behalf of the management company shall be authorised representatives, if appointed, at least two in number, and they shall always sign jointly.

(5) A management company shall regulate legal relations with members of the board of directors on the basis of a writing contract.[23]

(6) Members of the board of directors or authorised representatives who, in exercising the office of a member of the board of directors or authorised representative, has breached their obligations and caused damage to the fund unit-holders in a fund, shall be liable for damage in the extent referred to in the Commercial Code.

(7) A management company which has been granted an authorisation to perform the activities referred to in Section 27(3) or (6) by Národná banka Slovenska is subject to the provisions of other legislation on the protection of customers,[24] to whom it provides investment services, and in this regard it is required to contribute to the Investment Guarantee Fund and it shall at the same time be subject to the provisions on the organisation and management of an investment firm laid down in other legislation[25] insofar as the scope of these provisions exceed the provisions on the organisation and management of a management company in accordance with this Act.

(8) A management company is required to include in the Sections of association remuneration principles for persons under paragraph 9 that promote reliable and effective risk management and restrict risk-taking that is incompatible with the risk profile, rules or instruments of incorporation of the managed funds. If a management company belongs to a group of entities with close links within which remuneration principles apply under other legislation on a group basis, the remuneration principles under this Act are deemed to be remuneration principles complying with the remuneration principles on a group basis.

(9) A management company shall apply the remuneration principles to:

(a) all members of the board of directors and the supervisory board of a management company;
(b) all members of senior management of a management company, other than under (a);
(c) employees who in the capacity of their function or duties may, individually or as members of an organisational unit, exercise substantial influence over risks of the management company or over risks in the assets of managed collective investment undertakings, including persons who can conclude contracts or manage the fund's assets and make decisions that substantially influence the risks of the management company or risks in the assets of managed collective investment undertakings;
(d) employees responsible for the compliance function, risk management function, internal audit function or other control function or employees who perform these functions;
(e) managing employees responsible for investment management, administration activities under Section 27(5), marketing or distribution or human resources management;
(f) other employees, other than under (a) to (e), whose overall remuneration ranks them in the same remuneration class as the persons under (a) and (b) whose function or duties have a substantial influence on the risk profiles of the management company or managed collective investment undertakings.

(10) A management company shall, at the request of Národná banka Slovenska, prove the selection of persons under paragraph 9 to which the remuneration principles apply as well as its reasoning.

(11) The remuneration principles apply to:

(a) any form of monetary benefits or non-monetary benefits provided by a management company to persons under paragraph 9 for activities performed by them;
(b) any amount paid from assets of the managed collective investment undertaking, including remuneration for value appreciation, in favour of persons under paragraph 9 for activities performed by them and to any payments provided from assets of a managed collective investment undertaking to a management company for the purpose of remuneration of persons under paragraph 9 for activities performed by them and, as a consequence of which, the obligations under this Act could be evaded, except for payments for reimbursement of costs and expenses;
(c) any issue or transfer of securities or shareholdings in a managed collective investment undertaking in favour of persons under paragraph 9 for activities performed by them.

(12) In the case of payments that are provided from assets in a managed collective investment undertaking for the purpose of remuneration of persons under paragraph 9 for activities performed by them through special undertakings established to gain remuneration for value appreciation, the remuneration principles apply to these payments if they:

(a) fulfil the conditions under Section 3(ak);
(b) are not paid out to a special undertaking as an investment redemption or an investment yield of a special undertaking into managed collective investment undertaking.

(13) For the purposes of paragraph 12, a special undertaking established to gain remuneration for value appreciation means an undertaking:

(a) normally having the form of a limited liability company or a similar form of a foreign company;
(b) whose owners are persons under paragraph 9;
(c) which invests its assets in a collective investment undertaking managed by a management company together with other investors of this collective investment undertaking;
(d) established for the purpose of allocating remuneration for value appreciation among persons under paragraph 9 or for the purpose of co-investing the assets of persons under paragraph 9 in transactions in assets in a managed collective investment undertaking.

(14) The remuneration principles do not apply to:

(a) any additional monetary benefits or non-monetary benefits which are part of the management company's general remuneration principles, the granting of which cannot be influenced and which do not represent any motivation in relation to the risks of the management company or risks of assets of the managed collective investment undertakings;
(b) any payment that is provided from assets of the managed collective investment undertaking to a person under paragraph 9 that represents a proportional yield from any investment of this person in the managed collective investment undertaking; this applies only when funds for the investment were paid directly by the person under paragraph 9.

(15) If a management company provides a loan to the person under paragraph 9 for the purpose of obtaining funds for an investment in a managed collective investment undertaking, such investment is deemed to be an investment under paragraph 14(b) only if the loan has been paid before the person under paragraph 9 has obtained the yield from the investment in the managed collective investment undertaking.

(16) A management company is required to adjust the remuneration principles in a manner and extent appropriate to its size, internal organisation, as well as to the nature, scope and complexity of its activities, in accordance with these principles:

(a) the remuneration principles shall be in accordance with and promote sound and effective risk management, not encouraging risk-taking inconsistent with the risk profile, rules or instruments of incorporation of the managed collective investment undertakings;
(b) the remuneration principles shall be in accordance with the business strategy, values and interests of the management company and collective investment undertakings managed by this company as well as their investors and shall include measures to prevent any conflict of interest;
(c) the supervisory board of a management company shall adopt and periodically review the general remuneration principles and shall be responsible for implementing them; the members of the management company's supervisory board shall have experience in the areas of risk management and remuneration;
(d) the remuneration principles in a management company shall be, at least once a year, subject to an independent review by the management company's supervisory board;
(e) employees responsible for the compliance function, risk management function, internal audit function or other control function or employees who perform these functions shall be remunerated on the basis of the achievement of objectives related to their functions, regardless of the management company's performance;

(f) the remuneration of managing employees responsible for the risk management and compliance functions shall be directly overseen by the remuneration committee, if established;
(g) where remuneration is performance-related, the total amount of remuneration shall be based on a combination of assessment of the individual employee's performance, of the performance of the organisational unit or managed collective investment undertaking, and of the management company's overall results; the assessment of individual performance shall take account of financial as well as non-financial criteria;
(h) performance assessment shall be conducted in a multi-year framework appropriate to the life-cycle of the managed collective investment undertaking, in order to ensure that:
    1. the assessment process is based on their long-term performance and investment risk and that, in the case of alternative investment funds, the actual payment of performance-based components of remuneration is spread over a period that takes account of the redemption of securities or shareholdings in the managed collective investment undertakings and their investment risks;
    2. in the case of standard funds, the actual payment is spread over a period identical to the period determined for the performance assessment;
(i) a guaranteed variable remuneration component shall be exceptional, shall be used only in the context of recruitment and shall be limited to the first year;
(j) fixed and variable components of total remuneration shall be appropriately balanced, and the fixed component shall represent a sufficiently high proportion of the total remuneration to allow the implementation of a fully flexible policy on variable remuneration components, including the possibility to pay no variable remuneration component;
(k) payments related to the early termination of a contract shall reflect performance achieved over time and shall be designed in a way that does not reward failure;
(l) performance measurement used to calculate variable remuneration components or sets of variable remuneration components shall include a comprehensive adjustment mechanism integrating all relevant types of current and future risks;
(m) subject to the legal structure of the collective investment undertaking and its fund rules or instruments of incorporation, a substantial part, representing at least 50% of any variable remuneration, shall consist of unit certificates, units or shareholdings in the collective investment undertaking concerned, or instruments which are linked to unit certificates, units or shareholdings or equivalent non-cash instruments; whilst
    1. if the management of collective investment undertakings accounts for less than 50% of total assets managed by the management company, the limit of 50% does not apply;
    2. the instruments referred to in this point are subject to an appropriate retention policy designed to align incentives with the interests of the management company and the collective investment undertakings it manages and their investors;
    3. Národná banka Slovenska shall be entitled to impose, by way of a decision, restrictions on the types and designs of instruments under this point or prohibit certain instruments;
    4. the remuneration principles shall be applied to both the part of the variable remuneration component deferred in line with subparagraph (n) and the part of the variable remuneration component not deferred;
(n) a substantial part, representing at least 40% of the variable remuneration component, shall be deferred over a period appropriate to the life-cycle and redemption policy of the alternative investment fund concerned and to the holding period recommended by the investor of that standard fund, and shall be properly aligned with the nature of the risks of the collective investment undertaking in question, whilst:

1. the period in the first sentence shall be at least three years, and in the case of an alternative investment fund at least three to five years, provided the life-cycle of the collective investment undertaking concerned is not shorter;
2. the remuneration payable under deferral arrangements shall not be awarded earlier than as if it was paid on a pro-rata basis;
3. in the case of a variable remuneration component of a particularly high amount, at least 60% of its amount shall be deferred;

(o) the variable remuneration component, including the deferred portion, shall be paid or awarded only if it is sustainable according to the financial situation of the management company as a whole, and justified according to the performance of the business unit, the collective investment undertaking and the individual employee concerned; the total variable remuneration component shall be reduced considerably if the financial results of the management company or of the managed collective investment undertakings worsen or reach negative values, taking into account both current compensation and reductions in pay-outs of amounts previously earned, in particular through reductions of remuneration or deduction agreements;

(p) the pension policy shall be in line with the business strategy, objectives, values and long-term interests of the management company and the managed collective investment undertakings, whilst:
1. if the employee terminates his employment at the management company before retirement, discretionary pension benefits shall be held by the management company for a period of five years in the form of instruments referred to in (m);
2. upon an employee reaching retirement age, discretionary pension benefits shall be paid to the employee in the form of instruments referred to in (m), subject to a five year retention period;

(q) the staff shall undertake to not use personal hedging strategies or remuneration- and liability-related insurance to undermine the risk alignment effects resulting from their remuneration arrangements;

(r) the variable remuneration component shall not be paid through instruments or methods that facilitate avoidance of the requirements of this Act.

(17) If a management company is significant in terms of its size or the size of the collective investment undertakings managed by it or in terms of its internal organisation and nature, scope and complexity of its activities, it shall establish a remuneration committee. The remuneration committee shall be constituted in a way that enables it to exercise competent and independent judgment on remuneration principles and practices and the incentives created for risk management. The remuneration committee shall be responsible for preparing decisions regarding remuneration, including those which have implications for the risks and risk management of the management company or the collective investment undertakings concerned and which are to be taken by the supervisory board of the management company, while having regard to the long-term interests of investors and unit-holders and to the public interest. The remuneration committee shall be chaired by a member of the management company's supervisory board. The remuneration committee shall consist solely of members of the management company's supervisory board, including the supervisory board members elected by the employees of the management company.

(18) Details on remuneration principles under paragraphs 8 to 17 may be provided for by Národná banka Slovenska by way of a decree to be promulgated in the Collection of Laws.

(19) The organisation and management of a management company holding an authorisation granted under Section 28a and managing alternative investment funds and foreign alternative investment funds are not subject to the provisions of Sections 32, 34 to 37 and 38 to 42; this is without prejudice to the provisions of the last sentence of Section 34(4).

(20) When managing alternative investment funds and foreign alternative investment funds, a management company holding an authorisation granted under Section 28a shall, with regard to the nature of these funds and the provisions of other legislation,[25a] perform the following tasks:

(a) systematically use sufficient and adequate human and technical resources needed for the proper management of alternative investment funds and foreign alternative investment funds;
(b) have sound administrative and accounting procedures;
(c) have control and safeguard arrangements for electronic data processing;
(d) have adequate internal control mechanisms including, in particular, rules for personal transactions of its employees or for investment holding or management aimed at investing it on its own account, which ensure at least that each transaction involving an alternative investment fund or foreign alternative investment fund may be reconstructed according to its origin, parties, nature, and the time and place at which it was executed, and that the assets of managed alternative investment funds are invested in accordance with the instruments of incorporation of the alternative investment funds or foreign alternative investment funds and with the applicable legislation.

Section 34
Duties of the senior management

(1) A management company shall allocate and regulate powers, obligations and responsibilities of persons included in the senior management for the fulfilment of their obligations.

(2) A management company shall ensure that its senior management:

(a) is responsible for a breach of rules of the general investment policy for each managed collective investment undertaking as defined in the prospectus, fund rules or in the instruments of incorporation of a managed collective investment fund;
(b) oversees the approval of investment strategies for each managed collective investment undertaking;
(c) is responsible for a breach of rules while ensuring that the management company has a permanent and effective compliance function, as referred to in Section 35, even if this function is performed by another person;
(d) ensures and verifies on a periodic basis that the investment strategies and the risk limits and spreading of each managed collective investment undertaking are properly and effectively implemented and complied with, even if the risk management function is performed by another person;
(e) approves and reviews on a periodic basis the adequacy of the internal procedures for undertaking investment decisions for each managed collective investment undertaking, so as to ensure that such decisions are consistent with the approved investment strategies;
(f) approves and reviews on a periodic basis the risk management policy and arrangements and processes for implementing that policy, as referred to in Section 101, including the internal limit system as referred to in Section 102(3)(d) for each managed collective investment undertaking.

(3) The senior management and, where laid down by its instruments, the supervisory board, shall assess and periodically review the effectiveness of the policies, arrangements, and procedures put in place in accordance with Section 35(1) to comply with the obligations of the management company established by legislation of general application and take appropriate measures to address any deficiencies.

(4) The persons responsible for the performance of functions referred to in Sections 35 to 37 in the management company shall submit, at least annually, written reports on the performance of activities referred to in Section 35 to 37 to the senior management and the supervisory board of the management company; the internal management act may prescribe to submit the reports more frequently. The written reports shall indicate in particular whether any deficiencies have been detected in the activities of the management company, and whether appropriate remedial measures have been taken for the detected deficiencies. The person responsible for performing functions referred to in Sections 35 to 37 and the person responsible for investment management means an employee,[25b] a member of the board of directors or an authorised representative of the management company.

(5) A management company shall ensure that their senior management receives, on a regular basis, reports on the implementation of the investment strategies and internal procedures for taking investment decisions referred to in paragraph 2(b) to (e).

Section 35
Function of compliance with measures, strategies and procedures for risk detection

(1) Appropriately to its nature, extent and complexity of its scope of activities and the extent of activities performed and services provided, a management company shall establish, implement and maintain strategies and procedures designed to detect any risk of failure by the management company to comply with obligations under this Act or other legislation, and put in place adequate measures and procedures designed to minimise such risk and to enable Národná banka Slovenska to exercise due performance of supervision of the management company.

(2) A management company shall establish a permanent and effective function of compliance with measures, strategies and procedures for risk detection (hereinafter the ‘compliance function’), which, for the purpose of this Act, is understood to mean:

(a) monitoring and, on a regular basis, assessment of the adequacy and effectiveness of the measures, policies and procedures put in place in accordance with paragraph 1 and the actions taken to address any deficiencies in the management company’s compliance with its obligations;
(b) provision of advice and assistance to the relevant persons responsible for carrying out services and activities to comply with the management company’s obligations.

(3) The compliance function shall operate independently of other organisational units of the management company and its bodies.

(4) A management company shall ensure that the following conditions are satisfied:

(a) the persons performing the compliance function must have the necessary authority, resources, expertise and access to all relevant information;

(b) the management company must appoint the persons responsible for the performance of the compliance function and the fulfilment of reporting obligation referred to in Section 34(4);
(c) the persons involved in the compliance function must not be involved in the performance of the services or activities they monitor;
(d) the method of determining the remuneration of the relevant persons involved in the compliance function must not compromise their objectivity and must not be likely to do so.

(5) A management company is not required to comply with the requirements referred to in paragraph 4(c) and (d) where it is able to demonstrate that in view of the nature, scale and complexity of its business and the nature and range of its services and activities, that requirement is not proportionate, and that the effective performance of its compliance function is not compromised.

Section 36
Internal audit function

(1) A management company shall establish a permanent and effective internal audit function which is separate and independent from the other activities of the management company.

(2) The internal audit function shall, for the purposes of this Act, be understood to mean:
(a) a development, establishment and maintaining of an audit plan to examine and evaluate the adequacy and effectiveness of the management company's systems, internal control mechanisms, and internal acts of management of the management company;
(b) an issue of recommendations based on the result of work carried out in accordance with (a);
(c) a verification of compliance with the recommendations referred to in (b);
(d) a reporting in relation to internal audit matters in accordance with Section 34(4).

(3) A management company is not required to establish the internal audit function referred to in paragraph 1, where it is not adequate in view of the nature, scale and complexity of its business and the nature and range of investment management activities.

Section 37
Risk management function

(1) A management company shall establish a permanent and effective risk management function.

(2) A management company shall perform the risk management function independently of other activities of the management company.

(3) A management company shall adopt appropriate safeguards against conflicts of interest so as to allow an independent performance of risk management activities, and so its risk management process satisfies the requirements of Sections 99 to 107.

(4) The risk management function shall particularly ensure these tasks:
(a) implement the risk management policy and procedures;

(b) ensure compliance with risk restriction and spreading rules of the fund in question, including statutory limits concerning global exposure and counterparty risk in accordance with Sections 103 to 106;
(c) provide recommendations to the board of directors as regards the identification of the risk profile of each managed fund;
(d) provide regular reports to the board of directors and the supervisory board of the management company on:
    1. the consistency between the current levels of risk incurred by assets in each managed fund and the risk profile agreed for that fund;
    2. the compliance with risk restrictions and spreading limits of each managed fund;
    3. the adequacy and effectiveness of the risk management process, indicating in particular whether appropriate remedial measures have been taken in the event of any deficiencies;
(e) provide regular reports to senior management outlining the current level of risk incurred by each managed fund, and any current or foreseeable breaches to the risk restriction and spreading limits, so as to ensure that prompt and appropriate action can be taken;
(f) review and support the arrangements and procedures for the valuation of over-the-counter derivatives in accordance with Section 107.

(5) A management company shall ensure the appropriate powers and access to all relevant information to fulfil the tasks set out in paragraph 4 for a person or persons performing the risk management function.

(6) A management company is not required to perform the risk management function as referred to in paragraph 2 where it is not appropriate in view of the nature, scale and complexity of its business, and the nature and range of its investment management activities.

(7) The provisions of paragraphs 1 to 6 do not apply to risk management within the management of alternative investment funds and foreign alternative investment funds.

Section 37a
Risk management in the management of alternative investment funds and foreign alternative investment funds

(1) A management company authorised pursuant to Section 28a which manages an alternative investment fund or foreign alternative investment fund shall establish adequate risk management systems[25c] in order to identify, measure, manage and monitor all the risks associated with the investment strategy of each managed alternative investment fund or foreign alternative investment fund which this fund faces or may face. A management company shall, in accordance with other legislation,[25d] regularly review and adjust these systems.

(2) A management company under paragraph 1 shall establish a permanent and effective risk management function performed to the extent under other legislation[25e] that is segregated in terms of staff function and hierarchy[25f] from other operational units of the management company.

(3) A management company under paragraph 1 shall, at the request of Národná banka Slovenska, prove the independence of the performance of the risk management function, in particular the safeguards against any conflict of interest[25g] in its performance and that the risk management processes comply with the provisions of this Act and are effective. In exercising

supervision of risk management related to the management of alternative investment funds or foreign alternative investment funds, Národná banka Slovenska shall take into account the principle of proportionality depending on the nature and complexity of the funds managed.

(4) When managing alternative investment funds and foreign alternative investment funds, a management company under paragraph 1 shall:

(a) implement an appropriate, documented and regularly updated procedure of professional care when investing of assets in such an undertaking and fund, that shall correspond to the investment strategy, objectives and risk profile of the alternative investment fund or foreign alternative investment fund concerned;
(b) ensure, in accordance with other legislation,[25h] that the risks associated with each investment position of the alternative investment fund or foreign alternative investment fund and their overall effect on the assets of the alternative investment fund or foreign alternative investment fund are properly identified, measured, managed and monitored on an ongoing basis and at all times, including through the use of appropriate stress testing procedures;
(c) ensure that the risk profile of the alternative investment fund or foreign alternative investment fund corresponds to the size, assets structure and investment strategies and objectives of the alternative investment fund or foreign alternative investment fund as laid down in the instruments of incorporation, prospectus and offering documents of the alternative investment fund or foreign alternative investment fund;
(d) refrain from relying solely or automatically on credit ratings issued by credit rating agencies[25ha] when assessing the assets' creditworthiness of alternative investment funds or foreign alternative investment funds.

(5) The management company under paragraph 1 shall set a maximum level of leverage that may be employed in the management of each alternative investment fund or foreign alternative investment fund it manages, as well as the extent of the right to use collateral or guarantees that could be granted under the leveraging arrangement, taking into account, in particular:

(a) the type of the alternative investment fund or foreign alternative investment fund;
(b) the investment strategy of the alternative investment fund or foreign alternative investment fund;
(c) the sources of leverage of the alternative investment fund or foreign alternative investment fund;
(d) any other interlinkage or relevant relationships with other financial services institutions, that could pose systemic risk;
(e) the need to limit exposure to any single counterparty;
(f) the degree to which leverage is secured by collateral;
(g) the asset-liability ratio;
(h) the scale, nature and extent of the management company's activity in the markets concerned.

Section 37b
Liquidity management in the management of alternative investment funds and foreign alternative investment funds

(1) A management company authorised pursuant to Section 28a which manages an alternative investment fund or a foreign alternative investment fund shall, for each managed alternative investment fund or foreign alternative investment fund, employ an appropriate

liquidity management system[25i] and adopt procedures enabling it to monitor the liquidity risk of this alternative investment fund or foreign alternative investment fund and ensure that the liquidity profile of the investment complies with the obligations of the alternative investment fund or foreign alternative investment fund.

(2) The management company under paragraph 1 shall regularly conduct stress tests,[25j] under normal and exceptional liquidity conditions, to enable it to monitor and assess the liquidity risk of an alternative investment fund or of a foreign alternative investment fund.

(3) The management company under paragraph 1 shall ensure alignment between the investment strategy, liquidity profile and rules for the redemption of securities or shareholdings of each managed alternative investment fund or foreign alternative investment fund. Assessment of the alignment under the first sentence shall be governed by other legislation.[25k]

(4) The provisions of paragraphs 1 to 3 do not apply in the case of an unleveraged closed-ended collective investment undertaking. For the purposes of the first sentence, a closed-ended collective investment undertaking means a collective investment undertaking whose investor does not have the right to request the redemption of securities or shareholdings from assets in the collective investment undertaking.

Section 37c
Valuation procedures

(1) A management company authorised pursuant to Section 28a which manages an alternative investment fund or foreign alternative investment fund shall establish and apply valuation procedures in order to develop, maintain, implement and update measures and procedures[25l] determining the value of assets of alternative investment funds or foreign alternative investment funds.

(2) The valuation procedures under paragraph 1 may be performed by:

(a) an external valuer independent of the management company, alternative investment fund or foreign alternative investment fund and independent of any other persons with close links to the management company, alternative investment fund or foreign alternative investment fund; or
(b) the management company itself, managing an alternative investment fund or foreign alternative investment fund, provided that the tasks connected with valuation are performed by staff in functions independent of investment management and remuneration policy and that other measures are implemented to ensure that any conflicts of interest are limited and that undue influence upon the employees concerned is prevented.

(3) The depository of an alternative investment fund or of a foreign alternative investment fund may be an external valuer of this undertaking or fund, only if the depository functions are performed by staff segregated in terms of function and hierarchy from those performing the tasks of an external valuer and if conflicts of interest are duly identified, managed, monitored and communicated to investors in the alternative investment fund or foreign alternative investment fund.

(4) The performance of the activities of an external valuer is conditional upon the following:

(a) inclusion in the list of experts maintained by the Ministry of Justice of the Slovak Republic[25m] or any other similar foreign list of experts or valuers or recognition by Národná banka Slovenska or supervisory authority of a Member State;
(b) ability of the external valuer to provide sufficient professional guarantees confirming that he/she is able to effectively perform the valuation function in accordance with law;
(c) the designation of an external valuer shall be in accordance with Section 57a(1) to (3) and other legislation.[25n]

(5) An external valuer may not delegate performance of the valuation function to another person.

(6) Valuation of assets in alternative investment funds and foreign alternative investment funds shall be done impartially, with due care and prudence.

(7) A management company shall promptly notify Národná banka Slovenska of the designation of an external valuer. If Národná banka Slovenska finds that the external valuer fails to fulfil the conditions under paragraph 4, it shall order to the management company to replace that person.

(8) In the case where the valuation function is not performed by an independent external valuer, Národná banka Slovenska may order the management company to have its valuation procedures or the valuation itself verified by an external valuer, auditor or audit company.

(9) A management company shall be responsible for correctly valuing the assets of an alternative investment fund and of a foreign alternative investment fund, for calculating the net asset value and its publication or disclosure to investors. This responsibility shall not be affected if the management company has delegated the performance of the valuation function to an external valuer. The external valuer shall be liable toward the management company for any damage caused by a breach or negligence of his responsibilities in carrying out his activities; this liability may not be excluded on the basis of any contractual arrangements.

Section 38
Handling of complaints received from investors

(1) A management company shall establish and implement effective and transparent procedures for the reasonable and prompt handling of complaints received from investors, and record each complaint and the measures taken for its resolution.

(2) A management company shall make available information regarding procedures referred to in paragraph 1 free of charge.

(3) Where a management company manages a European standard fund, procedures referred to in paragraph 1 shall enable investors to file complaints in the official language of the European standard fund’s home Member State.

Section 39
Personal transactions

(1) A management company shall implement adequate arrangements aimed at preventing the following activities in the case of any relevant person who is involved in

activities that may give rise to a conflict of interest, or who has access to inside information referred to in other legislation[26] or to other confidential information relating to funds by virtue of an activity carried out by him on behalf of the management company:

(a) entering into a personal transaction,[27] where:
    1. that person is prohibited from entering into that personal transaction within the meaning of other legislation;[26]
    2. it involves the misuse or improper disclosure of confidential information; or
    3. it conflicts or is likely to conflict with an obligation of the management company under this Act or under other legislation;[7]
(b) advising or procuring, other than in the proper course of his employment or contract for services, any other person to enter into a transaction in financial instruments which, if a personal transaction of the relevant person, would be covered by subparagraph (a) of the provision of another act[28] or would otherwise constitute a misuse of information relating to pending orders relating to handling assets in managed funds;
(c) disclosing, other than in the normal course of his employment or contract for services, any information or opinion to any other person if the relevant person knows, or reasonably ought to know, that as a result of that disclosure that other person will or would be likely to take either of the following steps:
    1. to enter into a transaction in financial instruments which, where a personal transaction of the relevant person would be covered by subparagraph (a), the provision of another act[28] or would otherwise constitute a misuse of information relating to pending orders; or
    2. to advise or procure another person to enter into such a transaction.

(2) The provisions of paragraph 1(c) are without prejudice to the provision of another act.[29]

(3) The arrangements required under paragraph 1 ensure that:

(a) each relevant person covered by (1) is aware of the restrictions on personal transactions, and of the measures established by the management company in connection with personal transactions and disclosure, in accordance with paragraph 1;
(b) the management company is informed promptly of any personal transaction entered into by a relevant person, either by notification of that transaction or by other procedures enabling the management company to identify such transactions, where the activities or functions are delegated under Section 57 the management company shall ensure that the entity performing the activity or function maintains a record of personal transactions entered into by any relevant person, and provides that information to the management company promptly on request;
(c) a record is kept of the personal transaction notified to the management company or identified by it, including an authorisation or prohibition in connection with such a transaction.

(4) The provisions of paragraphs 1 to 3 do not apply to the following personal transactions:

(a) personal transactions effected under provision of service under Section 27(3)(a) or (6)(a) where there is no prior communication in connection with the transaction between the person responsible for the provision of that service and the relevant person or other person for whose account the transaction is executed;

(b) personal transactions in securities of funds where the person for whose account the transactions are effected does not take responsibility in connection with management of that fund.

(5) A management company which performs the activities referred to in Section 27(3) or (6) may not invest any part of the client's portfolio into the securities or shareholdings in collective investment undertakings that it manages, unless the client has given prior approval in writing for this manner of investing.

(6) The provisions of paragraphs 1 to 5 are without prejudice to the provisions of other legislation.[29]

Section 40
Accounting

(1) A management company shall maintain separate and independent accounts and prepare financial statements for itself and each fund.[30] Where it is an umbrella fund, the management company that manages the umbrella fund shall maintain separate and independent accounts and prepare separate financial statements for each sub-fund of the umbrella fund. The accounts for the umbrella fund shall not be maintained and the financial statements shall not be prepared for that umbrella common fund. The financial statements of a management company and fund must be audited by an auditor or an audit company. In the interests of investor's protection, Národná banka Slovenska may order a management company to replace an auditor or audit company.

(2) Apart from ordinary financial statements, a management company shall prepare interim balance sheet and interim profit and loss statement as at the last day of each accounting quarter.

(3) An auditor or an audit company who, during the course of auditing the financial statements of a management company and common fund, finds any facts which:
(a) indicate a breach of the management company's obligations under laws and other legislation of general application;
(b) may affect the proper performance of the management company's activities; or
(c) may lead to a refusal to sign off the financial statements or the expression of reservations, shall promptly notify Národná banka Slovenska thereof.

(4) Paragraph 3 applies to an auditor or an audit company that audits the financial statements of the entities who together with the management company constitute a group with close links.

(5) A management company is required to notify Národná banka Slovenska in writing of which auditor or audit company has been approved to examine the financial statements of a management company and fund, 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 right to reject the auditor or the audit company by 30 September of such calendar year or within nine months after the start of the accounting period following delivery of the notification. Where the management company was granted an authorisation pursuant to Section 28 or 28a during the course of the calendar year, the notification shall be given within three months from when the decision to issue an authorisation under Section 28 or an authorisation

under 28a took effect. In that case, Národná banka Slovenska has the right to refuse the auditor or the audit company within 30 days following delivery of the notification. Within 15 days after the decision on refusal took effect, the management company is required to notify Národná banka Slovenska in writing of a new auditor or audit company approved by the management company's supervisory board, and Národná banka Slovenska has the right to refuse the auditor within 30 days following the delivery of the notification. If Národná banka Slovenska even refuses the choice of another auditor or audit company, Národná banka Slovenska shall appoint and auditor or an audit company to examine the financial statements.

(6) If during the calendar year there is a change of the auditor or audit company that management company notified to Národná banka Slovenska in writing, the provisions of paragraph 5 equally apply to the procedure of the management company and of Národná banka Slovenska.

(7) A person who does not comply with impartiality and independence requirements referred to in another act,[31] and an auditor who does not fulfil the obligation referred to in paragraph 3, cannot be chosen to be an auditor. This also applies to a natural person who performs the auditing activities on the behalf of the audit company.

(8) An auditor or audit company shall, upon a written request of Národná banka Slovenska, provide documents on the matters set out in paragraph 3 and other information and source documents discovered during the performance of their activity in the management company.

(9) Where securities of several issues are issued in a fund, the fund's accounting records shall be maintained in such a manner that each operation relating to an issue or several issues of securities is identifiable and that its result is assignable to the respective issue of securities.

(10) In the case of an umbrella fund, the provisions of paragraphs 1 to 9 shall respectively apply to the maintaining of accounts of sub-funds.

(11) The accounting of the foreign collective investment undertakings managed by a management company shall be governed by the respective legal regulations of the states where these foreign collective investment undertakings are located.

(12) Where the management company of an investment fund with variable capital is a contract manager which is responsible for the fund's accounting based on a management contract (Section 26b), the provisions of paragraphs 1 to 10 are applied mutatis mutandis.

Business documentation

Section 41

(1) Assets in a collective investment undertaking or assets in a sub-fund of a collective investment undertaking shall be recorded separately from the assets of the management company and from the assets in other collective investment undertakings or the assets in sub-funds of other collective investment undertakings and from the assets of clients managed by the management company in performing other activities referred to in Section 27(3) or (6).

(2) A management company shall keep records of all transactions with common fund's assets and of all transactions with a European standard fund's assets which it manages, in such

a manner that makes it possible to document the way in which a transaction was conducted and to identify retrospectively any transaction in a common fund's assets or in a European fund's assets since the establishment of the common fund or the European standard fund, including the time and place of the transaction and the identification of the trading partners.

(3) The records referred to in paragraph 2 shall include:
(a) the name or other designation of the common fund or the European standard fund and the name or other designation of the person acting on account of the common fund or the European standard fund;
(b) the details necessary to identify a financial instrument;
(c) the transaction amount;
(d) the type of the order or transaction;
(e) the price;
(f) for orders, the date and exact time of the transmission of the order and name or other designation of the person to whom the order was transmitted, or for transactions, the date and exact time of the decision to deal and execution of the transaction;
(g) the name or other designation of the person transmitting the order or executing the transaction;
(h) where applicable, the reasons for the revocation of an order;
(i) for executed transactions, the counterparty and execution venue identification.[32]

(4) A management company shall ensure that applications for the issue, redemption or repurchase of securities of the domestic collective investment undertakings and European standard funds managed by that management company are centrally recorded immediately after receipt.

(5) The record referred to in paragraph 4 shall include information on the following:
(a) the name of the fund or the European standard fund;
(b) the person submitting the application;
(c) the person receiving the application;
(d) the date and time of the receipt of the application;
(e) the terms and means of payment;
(f) the designation of whether it is the application for the issue, redemption or repurchase of a unit certificate or security;
(g) the date of execution of the application;
(h) the number of securities issued, redeemed or repurchased;
(i) the price for each security issue and the price for each security redemption or repurchase;
(j) total value of issued, redeemed or repurchased securities;
(k) the selling price in the case of an application for securities issue, or the purchase price in the case of an application for securities redemption or repurchase.

(6) A management company shall record the information referred to in paragraph 5(a) to (f) immediately after receipt of the applications referred to in paragraph 4 and the information referred to in paragraph 5(g) to (k) immediately after it becomes aware of this.

(7) A management company shall retain the records referred to in paragraphs 3 and 5 for a period of at least five years. Národná banka Slovenska may, in exceptional circumstances, require management company to retain any or all those records for a longer period, determined by the nature of the financial instrument or transaction, where it is necessary to enable the

exercise of due supervision. Upon the request of Národná banka Slovenska, the management company shall immediately provide that documentation to Národná banka Slovenska.

(8) Where the management company transfers the management of a collective investment undertaking to another management company or a foreign management company, Národná banka Slovenska shall require, as a condition for granting the prior approval to management transfer, that arrangements are made that such records for the past five years are accessible to that other management company.

(9) A management company shall retain the records referred to in paragraphs 3 and 5 in a medium that allows the storage of information in a way accessible for future reference by Národná banka Slovenska, and in such a form and manner that the following conditions are met:

(a) Národná banka Slovenska must be able to access them readily and to reconstitute each key stage of the processing of each transaction made with assets in a common fund or a European standard fund, which is managed by that management company;
(b) it must be possible for any corrections or other amendments, and the contents of the records prior to such corrections or amendments, to be easily ascertained;
(c) it must not be possible for the records to be otherwise manipulated or altered.

(10) Where a management company also performs the activities referred to in Section 27(3) or (6), it shall also keep the records in the scale and under the conditions referred to in another act.[33]

(11) The provisions of paragraphs 2 to 9 apply to management companies when managing funds with variable capital.

Section 42

(1) A management company shall make appropriate arrangements for suitable electronic systems so as to permit the timely and proper recording of each assets transaction in a fund or application for issuing, redemption or repurchase of securities in order to be able to comply with provisions of Section 41.

(2) A management company shall ensure a high level of security during electronic data processing, as well as the integrity and confidentiality of the recorded information, as appropriate.

Conflict of interest
Section 43

(1) The provisions of paragraphs 2 to 4 and Sections 44 and 45 do not apply to a management company authorised pursuant to Section 28a which manages an alternative investment fund or a foreign alternative investment fund; instead, the provisions of Section 45a and of other legislation apply.[33a]

(2) An internal organisation of a management company shall ensure a minimisation of risks of damage to the interest of unit-holders of a fund or a European standard fund, or of the clients of that management company, by a conflict of interest between the management company and its clients, mutually, between two clients of that management company, between

one of the clients of the management company, between one of the clients of the management company and unit-holders of the fund or unit-holders of the European standard fund or mutually, or between unit-holders of funds and European standard funds.

(3) For the purposes of identifying the conflicts of interest referred to in paragraph 2, it is in particular to be taken into account whether a management company, or a relevant person or a person directly or indirectly linked by way of direct or indirect control to the management company, is in such a situation that the management company, a relevant person or that another person:

(a) is likely to make a financial gain or avoid a financial loss at the expense of the fund or the European standard fund;
(b) has an interest in the outcome of a service or an activity provided to the fund or the European standard fund or another client or of a transaction outcome carried out on behalf of the common fund, the European standard fund or another client, which is distinct from the fund or the European standard fund interest in that outcome;
(c) has a financial or other incentive to favour the interest of another client or group of clients over the interests of the fund or the European standard fund;
(d) carries on the same activities for the fund or the European standard fund and for another client or clients which are not the fund or the European standard fund;
(e) receives or will receive from a person other than the common fund or the European standard fund an inducement in relation to the activities of management provided to the funds or the European standard funds by a management company, in the form of monies, goods or services, other than the standard commission or fee for that service.

(4) A management company shall, when identifying the types of conflict of interest, take into account:

(a) the interests of the management company, including those deriving from its belonging to a group or from the performance of services and activities, the interests of the clients and the duty of the management company towards the funds or European standard funds;
(b) the interests of two or more managed funds or European standard funds.

Section 44

(1) A management company shall establish, implement and maintain the effective measures in the case of a conflict of interest. These measures shall be set out in writing and shall be appropriate to the size and organisation of the management company and the nature, scale and complexity of its business. Where the management company is a member of a group, the measures shall also take into account any circumstances of which the company is or should be aware which may give rise to a conflict of interest resulting from the structure and business activities of other members of the group.

(2) The conflicts of interest measures referred in paragraph 1 shall meet the following conditions:

(a) the identification of, with reference to the funds or European standard funds management activities carried out by or on behalf of the management company, the circumstances which constitute or may give rise to a conflict of interest entailing a material risk of damage to the interests of the fund or European standard fund or one or more other clients;
(b) procedures to be followed and measures to be adopted in order to manage such conflicts.

(3) The procedures and measures provided for in paragraph 2(b) shall ensure that the relevant persons engaged in various activities involving a conflict of interest perform those activities at a level of independence appropriate to the size and activities of the management company and of the group to which it belongs, and to the related materiality level of the risk of damage to the interests of clients, while such measures mean:

(a) effective procedures to prevent or control the exchange of information between the relevant persons engaged in activities related to the management of funds or European standard funds, involving a risk of a conflict of interest, where the exchange of that information may harm the interests of one or more clients;
(b) the separate supervision of the relevant persons whose principal functions involve the management of funds or European standard funds via a management company or the provision of services to clients or investors whose interests may conflict, or who otherwise represent different interests that may conflict, including those of the management company;
(c) the removal of any direct link between the remuneration of relevant persons principally engaged in one activity and the remuneration of, or revenues generated by, different relevant persons principally engaged in other activity, where a conflict of interest may arise in relation to those activities;
(d) measures to prevent or limit any person from exercising inappropriate influence over the way in which a relevant person performs activities related to the management of funds or European standard funds by a management company;
(e) measures to prevent or control the simultaneous or sequential involvement of a relevant person in various activities related to the management of funds or European standard funds performed by a management company where such involvement may impair the proper management of conflicts of interest.

(4) Where the measures and procedures referred to in paragraph 3 do not ensure the requisite degree of independence, a management company shall adopt such alternative or additional measures and procedures as are necessary and appropriate for those purposes.

(5) Národná banka Slovenska may order a management company to adopt alternative measures or additional measures or procedures for the purposes referred to in paragraph 4.

Section 45

(1) A management company shall keep and regularly update its records of activities related to the management of funds or European standard funds undertaken by or on behalf of the management company in which a conflict of interest entailing a material risk of damage to the interests of unit-holders of one or more funds or European standard funds or other clients has arisen or, in the case of ongoing management activities in respect of funds or European standard funds, may arise.

(2) Where the organisational or administrative arrangements made by the management company for the management of conflicts of interest are not sufficient to ensure, with reasonable confidence, that risks of damage to the interests of a fund or a European standard fund or of its unit-holders will be prevented, the senior management or the board of directors of the management company is promptly informed in order for them to take any necessary decision to ensure that in any case, the management company acts in the best interests of the fund or European standard fund and of its unit-holders.

(3) A management company shall report situations referred to in paragraph 2 to investors by any appropriate durable medium and give reasons for its decision.

Section 45a
Heading cancelled as from 18 March 2016

(1) A management company authorised under Section 28a, managing an alternative investment fund or a foreign alternative investment fund, shall adopt measures for the purpose of identifying[33b] conflicts of interest arising in connection with the management of alternative investment funds or foreign alternative investment funds between:

(a) the management company, including its senior employees, employees or other persons directly or indirectly connected with the management company through control, and the managed alternative investment fund or foreign alternative investment fund or its investors;
(b) the alternative investment fund or foreign alternative investment fund or its investors and another alternative investment fund or foreign alternative investment fund or its investors;
(c) the alternative investment fund or foreign alternative investment fund or its investors and another client of the management company;
(d) the alternative investment fund or foreign alternative investment fund or its investors and a standard fund or a European standard fund managed by this management company, or its investors;
(e) two clients of the same management company.

(2) The management company under paragraph 1 shall, in accordance with other legislation,[33c] draw up and apply effective organisational and administrative mechanisms to adopt necessary measures for identifying, managing and monitoring conflicts of interest and to prevent them in order to avoid any negative influence on the interests of an alternative investment fund or of a foreign alternative investment fund and its investors.

(3) The management company under paragraph 1 shall, within its internal organisation, segregate those tasks and duties that may be deemed mutually incompatible or that can potentially generate systematic conflicts of interest. The management company under paragraph 1 shall also assess whether the conditions for performing its activities may contain any other serious conflicts of interest and shall provide information about these conflicts of interest to investors of managed alternative investment funds or foreign alternative investment funds.

(4) Where the organisational mechanisms under paragraph 2 are not sufficient to ensure that the risks of harming investors' interests are prevented with an adequate certainty, the management company under paragraph 1 shall provide investors with clear information on the general nature or sources of conflicts of interest before performing a transaction on their behalf and adopt measures in accordance with other legislation.[33d]

(5) The provision of information to investors under paragraphs 3 and 4 is subject to the provisions of other legislation.[33e]

(6) Where the management company under paragraph 1 makes use of prime broker services in managing an alternative investment fund, the conditions of this activity must be set out in a written contract. Such contract shall govern, in particular, a possibility to transfer and reuse assets of the alternative investment fund or foreign alternative investment fund by the prime broker, which shall be in accordance with the rules or instruments of incorporation of the

alternative investment fund or foreign alternative investment fund. The contract shall also provide for the depository to be informed about such contract.

(7) A management company under paragraph 1 shall in the selection and appointment of prime brokers and conclusion of a contract under paragraph 6 proceed with due care and diligence.

Section 45b
Repealed as from 1 January 2019.

Section 46
Strategy for the exercise of voting rights

(1) A management company shall develop adequate and effective strategies for determining when and how voting rights attached to financial instruments held in the managed funds' or European standard funds' assets are to be exercised, to the exclusive benefit of the fund or European standard fund concerned.

(2) The strategy referred to in paragraph 1 shall determine the measures and procedures for:

(a) monitoring important events related to the financial instruments' issuer referred to in paragraph 1;
(b) ensuring that the exercise of voting rights is in accordance with the investment objectives and policy of the managed fund or European standard fund;
(c) preventing or managing any conflicts of interest arising from the exercise of voting rights.

(3) A management company shall make available summary description of the strategies referred to in paragraph 1 to investors. Details of the actions taken on the basis of those strategies shall be made available to the unit-holder free of charge and at his request.

(4) Provisions on principles for the involvement of asset managers in the exercise of shareholder rights as specified in another act[33ea] apply mutatis mutandis to the strategy for the exercise of voting rights to the extent of obligations which go beyond the obligations under paragraphs 1 and 3. This is without prejudice to the provisions on conflict of interest pursuant to Sections 43 to 45a.

Section 47
Share capital and capital adequacy of a management company

(1) The share capital of a management company shall be at least EUR 125,000.

(2) A management company shall maintain capital adequacy. Under this Act, own funds are adequate if they are not less than:

(a) the sum of EUR 125,000 and 0.02% of the value of the managed assets in excess of EUR 250,000,000; the maximum level of this amount shall be EUR 10,000,000, provided that the management company is authorised pursuant to Section 28;
(b) the sum of EUR 125,000 and 0.02% of the value of the alternative investment funds' or foreign alternative investment funds' assets managed by the management company in excess of EUR 250,000,000; the maximum level of this amount shall be EUR 10,000,000, provided that the management company is authorised pursuant to Section 28;

(c) the amount specified in other legislation;[33eb]
(d) the amount required to cover potential professional liability risks for damages resulting from the professional negligence in the management of alternative investment funds or foreign alternative investment funds calculated on the basis of other legislation.[33f]

(3) The calculation of the amount referred to in paragraph 2(a) shall include the assets of funds, including funds which have had some of their related activities under Section 27(2) delegated to another entity in accordance with Section 57. The calculation of the amount referred to in paragraph 2(a) shall not include the assets of funds which involve the management company only to the extent of performing activities or functions delegated thereto in accordance with Section 57.

(4) The calculation of the amount under paragraph 2(b) shall include the assets in alternative investment funds or foreign investment funds managed by the management company, including those funds in the case of which some activities or functions under Section 27(4) were delegated to another entity under Section 57a. The calculation of the amount under paragraph 2(b) shall not include assets in alternative investment funds or foreign alternative investment funds for which the management company performs only those activities or functions that were delegated to it.

(5) A management company may replace up to 50% of the capital adequacy requirement referred to in Section 2(a) and (b) in excess of EUR 125,000 by a guarantee issued by a bank, a foreign bank whose registered office is in a Member State, an insurance company, or a foreign insurance company whose registered office is in a Member State. The bank, foreign bank, insurance company or foreign insurance company shall undertake that these funds are not subject to additional conditions and they are freely at the disposal of the management company for the purpose of covering risks arising from its activities.

(6) A management company performing activities under Section 27(3)(a) or (6)(a) shall also comply with capital adequacy requirements according to other legislation.[34]

(7) The capital adequacy requirement under paragraph 2(d) may be replaced by insurance against liability for damage caused by professional negligence in the management of alternative investment funds or foreign alternative investment funds with insurance coverage in accordance with other legislation.[34a]

(8) The provision of paragraph 2(b) does not apply to the management company which manages concurrently standard funds and alternative investment funds.

(9) Národná banka Slovenska shall stipulate, by way of a decree promulgated in the Collection of Laws, what constitutes the own funds of a management company, the method of calculation of own funds of a management company and additional details on own funds of a management company.

Rules applied in the management of collective investment undertakings

Section 48

(1) When managing collective investment undertakings, a management company shall act independently, in its own name, and in the interest of fund unit-holders; this is without

prejudice to the management company's entitlement to delegate the performance of certain activities or functions to another entity in accordance with Section 57 or Section 57a.

(2) A management company shall in particular:

(a) act honestly and fairly in performance of its activities in the best interests of the unit-holders of a collective investment undertaking and in the interests of market stability;
(b) act with due care and diligence in the best interests of the unit-holders of a collective investment undertaking and in the interests of market stability;
(c) have and utilise effectively resources and procedures necessary for the proper performance of its activities;
(d) perform activities in the best interests of its investors and clients and in the interests of market stability, while complying with legislation of general application, rules or instruments of incorporation of managed collective investment undertakings and decisions of Národná banka Slovenska;
(e) treat all investors fairly.

(3) Acting in the best interests of unit-holders referred to in paragraph 2(a) and (b) when managing a fund means, in particular:

(a) to refrain from placing the interests of any group of unit-holders above the interests of any other group of unit-holders;
(b) to apply appropriate measures and procedures for preventing malpractices that might reasonably be expected to affect the stability of the market;
(c) to ensure that appropriate, correct and transparent pricing models and valuation systems are used for the fund's assets and liabilities; the management company must be able, upon request of Národná banka Slovenska, to demonstrate that the fund's assets and liabilities have been accurately valued; without prejudice to provision of Section 161;
(d) to act in such a way as to prevent undue costs being charged to the fund's assets and its unit-holders.

(4) Acting with due care pursuant to paragraph 2(b) when managing funds means, in particular:

(a) to ensure a sufficient level of care in the selection and ongoing monitoring of assets in a fund, in the unit-holders' best interests and in the interest of market stability;
(b) to ensure that the persons responsible for the management of investment have adequate knowledge and understanding of assets into which the fund's assets may be invested, according to the investment policy laid down in the respective fund rules;
(c) when implementing the risk management policy referred to in Section 101, and where it is appropriate after taking into account the nature of a foreseen investment, to formulate forecasts and perform analyses concerning the investment's contribution to the fund's assets composition, liquidity and risk and reward profile referred to in Section 153(4)(e), before carrying out the investment; the analyses must only be carried out on the basis of reliable and up-to-date information, both in quantitative and qualitative terms.

(5) In the case of special funds management, a duty to act with due care referred to in paragraph 2(b) shall also mean:

(a) to acquire for the assets of a special real estate fund only that real estate found in the territory of a country in which the acquisition of real estate is not restricted, and where a register of real estate exists wherein the ownership and other material rights to real estate are entered;

(b) to conclude an insurance contract for the purpose of property insurance so that it provides damage compensation to the full extent in the case of damage or destruction of the real estate included in the assets of a special fund;
(c) to provide supervision of the business of persons controlled in relation with investing the assets in public special fund of alternative investments or public special real estate fund in the best interests of the unit-holders.

(6) A management company shall adopt and maintain an internal management act on measures and procedures relating to professional care and implement effective measures for ensuring that the adopted investment measures in handling the fund's assets are performed in accordance with the investment policy and its objectives, investment strategy, and risk limits of the fund in question.

(7) A management company shall evidence the exercise of due care at the request of Národná banka Slovenska. If a management company fails to comply with this request, it is deemed not to have acted with professional care.

(8) A management company may not use the assets of a managed collective investment undertaking to cover or pay liabilities not directly related to the management of these assets.

(9) Where a management company also carries out the activities referred to in Section 27(3) or (6), it shall also observe the rules of activity in relation to clients under other legislation.[25]

(10) No investor in an alternative investment fund or in a foreign alternative investment fund may enjoy preferential treatment; this does not apply to investors in special qualified investor funds or entities referred to in Section 4(2)(b) if this is referred to in the instruments of incorporation of the respective special qualified investor fund or entity referred to in Section 4(2)(b).

(11) Národná banka Slovenska may stipulate, by way of a decree to be promulgated in the Collection of Laws, details on what is to be understood as acting in the best interests of unit-holders referred to in paragraph 2(a) and (b), and what is to be understood as acting with due care referred to in paragraph 2(b) and the way in which a management company documents such acting.

(12) A management company and self-managed investment fund to which the exception under Section 31a does not apply, shall comply with the provision of another act on informing institutional investors.[34aa]

Section 49
Policy for the execution of orders

(1) Management companies shall take all reasonable steps to obtain the best possible result for fund unit-holders, taking into account the price, costs, speed, likelihood of execution and settlement, size and nature of orders, or any other consideration relevant to the execution of an order in executing decisions to deal and manage the fund's assets.

(2) The following facts shall be taken into account in determination of the importance of the criteria under paragraph 1:

(a) investment objectives, investment policy and risks in reference to a risk profile;
(b) the characteristics of the order;
(c) the characteristics of the financial instruments that are the subject of that order;
(d) the characteristics of the execution venues to which that order can be directed.

(3) A management company shall establish and implement effective arrangements for complying with the obligation referred to in paragraph 1; in particular, to establish and implement a policy for the execution of orders to allow it to obtain, for handling the fund's assets, the best possible result in accordance with paragraph 1.

(4) A management company shall make available appropriate information to unit-holders about the policy for the execution of orders and any material changes to their policy. Where a management company intends to manage a European standard fund that is a foreign investment fund, it shall obtain prior approval of that European standard fund for its policy for the execution of orders.

(5) A management company shall monitor the effectiveness of its arrangement and policy for the execution of orders to identify and correct any deficiencies. The policy for the execution of orders shall be reviewed on at least an annual basis, and whenever a material change occurs that affects the management company's ability to continue to obtain the best possible result for the unit-holders of the fund managed by that management company.

(6) A management company shall demonstrate that it has executed orders in relation to the management of the fund in accordance with the management company's policy for the execution of orders.

Section 50
Policy for placing orders

(1) A management company shall act in the best interests of the unit-holders of the fund it manages, as well as placing orders to handle the fund's assets with another entity for execution in the context of the management of the fund.

(2) A management company shall, in accordance with paragraph 1, take all reasonable steps to obtain the best possible result for unit-holders of a fund taking into account the criteria referred to in Section 49(1). The importance of such factors shall be determined with reference to the criteria referred to in Section 49(2).

(3) A management company shall establish and implement a policy for placing orders to enable itself to comply with the obligations referred to in paragraph 2. The policy for placing orders shall identify, in respect of each class of financial instruments, other entities with which the orders may be placed. Those entities shall have the procedures of the execution of orders implemented to enable the management company to comply with the obligations under this Act when allocating or placing orders with those other entities for execution. The management company shall only enter into arrangements for the execution of orders by another entity where those entities have the procedures for the execution of orders implemented at least at the level of requirements referred to in Section 49.

(4) A management company shall make available to unit-holders appropriate information about the policy for placing the orders and any material changes to this policy.

(5) A management company shall monitor the effectiveness of the policy for placing the order, in particular, the execution quality of the entities identified in that policy for the purpose of identification and correction of deficiencies. The policy of placing orders shall be updated on at least an annual basis, and it shall also be carried out whenever a material change occurs that affects the management company's liability to continue to obtain the best possible result for unit-holders of the fund managed by that management company.

(6) A management company shall demonstrate that it has placed orders for execution by another entity in relation to the fund's management in accordance with the policy of placing orders established in accordance with paragraph 3.

Section 51
Policy of allocation of orders

(1) A management company shall adopt appropriate procedures and arrangements for the prompt, fair and expeditious execution of orders of transactions in the assets of funds managed by that management company in relation to orders relating to other managed funds, orders relating to the execution of portfolio management activities in accordance with Section 27(3)(a) or (6)(a) (hereinafter referred as "orders of another client") or orders on the own account of the management company. The procedures and arrangements adopted shall ensure compliance with the following conditions:

(a) orders relating to the management of funds must be recorded and allocated promptly and accurately;
(b) otherwise comparable orders must be executed sequentially and promptly unless the characteristics of an order or the prevailing market conditions make this impracticable, or the interests of a fund's unit-holders require otherwise.

(2) A management company shall ensure that financial instruments or sums of money, received in settlement of the executed orders, shall be promptly and correctly delivered to the account of the appropriate fund.

(3) A management company shall not misuse information relating to pending orders in relation to the management of funds and shall take all reasonable steps to prevent the misuse of such information by any of its relevant persons.

(4) A management company may aggregate orders relating to the management of a fund with orders relating to the management of other funds managed by it, or with another client's orders, or with orders for trades on its own account, only if the following conditions are met:

(a) it is unlikely that the aggregation of orders will overall work to the disadvantage of any fund or of clients whose orders are to be aggregated;
(b) an order allocation policy must be established and implemented, providing in sufficiently precise terms for the fair allocation of aggregated orders and trades, including in particular how the volume and price of orders determines allocations and the treatment of partial executions.

(5) Where a management company aggregates a fund management order with one or more orders relating to the management of other funds or with another client's order and the aggregated order is partially executed, it shall allocate the related trades in accordance with its order allocation policy.

(6) A management company which have aggregated transactions for own account with one or more funds management orders or another clients' orders shall not be allowed to allocate the related trades in a way that is detrimental to the fund or other client concerned.

(7) Where a management company aggregates an order relating to the management of funds or another client's order with a transaction for own account, and the aggregated order is partially executed, it shall allocate the related trades to the fund or other client concerned as priority over those for own account. If the management company is able to demonstrate that it would not have been able to execute the order on such advantageous terms without the aggregation or at all, it may allocate the transaction for own account proportionally, in accordance with its allocation policy.

Section 52
Inducements

(1) A management company shall be regarded as acting inconsistently with its obligation to act in accordance with Section 48(2) if, in relation to the activities of investment management and administration of a fund, it pays or is paid any fee or commission, or provides or is provided with any non-monetary benefit, other than the following:

(a) a fee, commission or non-monetary benefit paid or provided to or by a fund's assets or a person on behalf of that fund;
(b) a fee, commission or non-monetary benefit paid or provided to or by a third party or a person acting on behalf of a third party, where the following conditions are satisfied:
    1. a management company shall unambiguously, comprehensively, accurately and understandably state the information on the existence, nature and amount of the fee, commission or benefit, or where the amount cannot be ascertained, the method of calculating that amount in the prospectus of the fund in question, prior to the provision of the relevant service;
    2. the payment of the fee or commission, or the provision of the non-monetary benefit must enhance the quality of the relevant service in relation to which the fee is paid or in relation to which the non-monetary benefit is provided and does not impair compliance with the management company's duty to act in the interests of the unit-holders;
(c) proper fee, which enables or is necessary, for the provision of the relevant service, including custody costs, settlement fee, regulatory levies to organisers of regulated market, a fee to a supervisory authority or administrative fee or court fee, and which, by its nature, cannot give rise to conflicts with the management company's duties to act in accordance with Section 48(2).

(2) A management company shall be entitled, for the purposes of paragraph 1(b), to provide the essential terms of the arrangement relating to the fees, commission or non-monetary benefit in summary form, provided that the management company discloses further details, at the request of the unit-holder; this duty shall be considered as also fulfilled by including in the prospectus of the fund in question. Národná banka Slovenska may suspend or cancel this authorisation if it finds that the management company has not met the unit-holder's request to obtain details.

Section 53
Heading cancelled as from 22 July 2013

(1) A management company is entitled to remuneration for managing a collective investment undertaking. The calculation of the remuneration for managing a collective investment undertaking shall be based on the net value of the collective investment undertaking's assets for the respective period; without prejudice to the provisions of Section 52.

(2) Part of the remuneration under paragraph 1 may also be a remuneration for value appreciation determined according to the performance of a managed collective investment undertaking.

Section 54
Heading cancelled as from 18 March 2016

(1) The provisions of Sections 48 to 52 apply mutatis mutandis to a management company's activities related to the management of European standard funds.

(2) The provisions of Section 48(3) to (6) and Sections 49 to 52 do not apply to those activities of a management company authorised pursuant to Section 28a which relate to the management of alternative investment funds and foreign alternative investment funds. The rules of activities related to the management of alternative investment funds and foreign alternative investment funds are subject to the provisions of other legislation.[34b]

Section 55
Authorisation to obtain personal information

(1) A management company shall, in each transaction, require the investor or customer to prove his identity, and the investor or customer shall meet the request of the management company. A management company is obliged to refuse to make a transaction where the investor or customer retains anonymity.

(2) For the purposes of paragraph 1, the identity of an investor or customer may be proven by an identity document or by a signature, provided that the investor or customer is personally known and that his signature undoubtedly corresponds to the specimen signature deposited with the management company, upon the signing of which, the investor or customer proved his identity with an identity document. For transactions made through technical devices, identity shall be proven with a personal identification number or a similar code assigned to the customer or investor by the management company, and with authentication information agreed between the management company and the investor or customer, or an electronic signature.

(3) For each transaction with a consideration of at least EUR 15,000, a management company shall establish the ownership of the funds used by the investor or customer to make the transaction. For this purpose, ownership of the funds shall be established with a binding written declaration by the investor or customer in which the investor or customer shall state whether he owns the funds and whether the transaction is being made for his own account. If the funds are owned by another entity, or if the transaction is to be made for the account of another entity, the investor or customer shall state in the declaration the name, birth registration number or date of birth, and permanent residence of the natural person, or the name, registered office and identification number, if assigned, of the legal entity, who owns the funds and for whose account the transaction is made; in this case, the investor or customer shall also present the management company with a written consent from the entity concerned to use its funds for

the transaction, to make the transaction for its account, and to state information about it in the declaration. If the investor or customer fails to meet a condition laid down in this paragraph, the management company shall refuse to make the requested transaction.

(4) The obligation to establish the ownership of funds in accordance with paragraph 3 does not apply where the management company is dealing with an investor or customer which is another management company or a financial institution making a transaction of behalf of its customer, whose ownership of the funds has already been established by this other management company or financial institution; in the case of foreign management companies or financial institutions, this obligation applies only if their registered office is in a country in which requirements for protection against the legalisation of income from unlawful activities and against financing terrorism are applied at least to the same extent as in Member States of the Organisation for Economic Cooperation and Development. The management company or financial institution shall prove these facts to the management company that is to make the respective transaction; in the event of any doubt, the management company may, without giving a reason, insist on proof of ownership of the funds.

(5) A management company shall, for at least ten years after concluding a transaction, store identification information and copies of documents proving the identity of investors and customers, and documents confirming the ownership of funds used by investors and customers to make the transaction.

(6) For the purposes of concluding and making transactions with investors and customers, and the follow-up control thereof, for the purposes of investor and customer identification, and for the additional purposes stated in paragraph 8, investors and customers, and their representatives, shall for each transaction meet any request of the management company:

(a) to provide the following:
   1. if a natural person, including a natural person representing a legal entity, personal identification information[35] that includes his name, address of permanent residence, address of temporary residence, birth registration number, if assigned, date of birth, citizenship, and the type and number of the identity document; in addition, if a natural person-entrepreneur, 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 of record;
   2. if a legal entity, identification information that includes the name, identification number, if assigned, address of the registered office, address of the place of business or organisational units, or the address of another place where his activities are carried out, and a list of members of the statutory body of this legal entity and information thereon to the extent laid down in indent 1., the designation of the official register or other official record in which the legal entity is registered, 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 representational authority, in the case of a representative, and meeting the other requirements and conditions for concluding or making a transaction as laid down in this Act or by other legislation or which have been agreed with the management company;

(b) to enable the following to be obtained by photocopying, scanning or other means of recording:

1. personal identification information[35] that includes a visual portrait, title, name, surname, maiden name, birth registration number, date of birth, place and district of birth, address of permanent residence, address of temporary residence, citizenship, record of any restrictions of legal capacity, the 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 subparagraph (a) indents 2 to 4.

(7) For the purposes of concluding and making transactions with investors and customers, and the follow-up control thereof, for the purposes of investor and customer identification, and for the additional purposes referred to in paragraph 8, a management company may in each transaction require the investor, the customer, or the representative thereof to provide the information referred to in paragraph 6(a), and may obtain it by a method pursuant to paragraph 6(b).

(8) A management company may establish, obtain, record, store, use and otherwise process personal information and other information to the extent laid down in paragraph 6 in order to conclude and make transactions with investors or customers and to perform follow-up control thereof, to identify investors, customers and their representatives, to protect and enforce the rights of the management company towards investors or customers, to document the activities of the management company, to exercise supervision, and to meet the tasks and obligations of the management company under this Act or other legislation[36] without the consent of and without informing the persons concerned;[37] a management company may at the same time, by automated or non-automated means, make copies of identity documents, and process the birth registration numbers and other information and documents referred to in paragraph 6.

(9) A management company shall, with or without the consent of, or informing, the entities concerned, make available and provide[38] information subject to paragraphs 6 to 8 for processing to other entities according to other legislation[39] and to Národná banka Slovenska, for the purpose of exercising supervision, in accordance with this Act and other legislation.

(10) A management company may, with or without the consent of, or informing, the entities concerned, make available and provide information subject to paragraphs 6 to 8, from its information systems, only to entities and authorities to which it is obliged to provide information protected under Section 195.

(11) A management company may make available or provide information subject to paragraphs 6 to 8 in another country only under the conditions laid down in other legislation,[40] or where provided by an international agreement binding upon the Slovak Republic.

(12) The provisions of paragraphs 1 to 11 also apply to the branch of a foreign management company or the branch of a foreign investment fund insofar as it carries on activities in the territory of the Slovak Republic.

Section 56
Liability of a management company for damage

(1) A management company is liable toward unit-holders, whose assets in the collective investment fund are under its management, for any damage resulting from a failure to fulfil or

adequately fulfil obligations arising under law or under the rules or under the instruments of incorporation of the collective investment undertaking.

(2) In the event of proceedings for damage compensation, a management company shall, at the unit-holder's request, demonstrate that it has acted with due care. If the management company fails to meet this request or fails to evidence due care, it is deemed not to have acted with due care.

(3) If connected with a breach of any obligation under this Act, a material gain is acquired by the entity which breached the obligations under this Act, by an entity close to this entity, or by an entity, with close links to it, this entity shall return the material gain to the entity at whose expense the material gain was acquired.

Delegation of activities and functions related to the management of funds

Section 57
Heading cancelled as from 18 March 2016

(1) A management company may, for the purposes of more efficient performance of its scope of business and on the basis of a contract, delegate the performance of one or more activities or functions referred to in Section 27(2), (4) and (5), and Sections 35 to 37, or the functions referred to in other legislation[40aa] to another entity which is authorised to perform the delegated activities. A management company may not delegate the performance of such activities or functions to any entity whose interests may conflict with the interests of the management company or fund unit-holders. Management of investments may be delegated only to a legal entity that is an investment firm, management company, foreign investment firm, foreign management company, or another foreign entity authorised to manage portfolios subject to supervision in the country in which its registered office is situated; a management company may not delegate the performance of such activity to a depository of funds or European standard funds.

(2) Activities or functions referred to in paragraph 1 may be delegated provided that:

(a) Národná banka Slovenska is informed in writing in advance of the management company's intention to delegate one or more activities or functions to another entity and a draft contract on delegation of activities has been presented to it; where the delegation of activities relates to a European standard fund managed by the management company, Národná banka Slovenska shall, upon delivery of the notification on delegation of activities, promptly inform the European standard fund's home Member State;
(b) in both the fund rules or instruments of incorporation of a European standard fund and the prospectus of a fund or a European standard fund, there is a list of the activities which may be delegated to the entities referred to in paragraph 1;
(c) this does not prevent the exercise of effective supervision of the management company;
(d) this does not prevent the management company from acting in the best interests of unit-holders;
(e) this does not prevent the fund or the European standard fund from being managed in the best interests of unit-holders;
(f) where management of investments is delegated to a legal entity which has its registered office in a non-Member State, cooperation is ensured between Národná banka Slovenska and the supervisory authority in the non-Member State;

(g) the management company adopts measures enabling the depository and the natural persons managing the business of the management company to monitor on a continuous and effective basis the activity of the legal entity referred to in paragraph 1;
(h) this does not prevent the natural persons managing the management company from giving binding instructions at any time to the legal entity to whom part of the activities or functions have been delegated;
(i) this does not prevent the management company from withdrawing from the contract referred to in paragraph 1 with immediate effect;
(j) the entity referred to in paragraph 1 has given a written undertaking to comply with the fund rules or instruments of incorporation of the European standard fund;
(k) the legal entity referred to in paragraph 1 has in place the material, personnel and organisational provisions for the performance of the delegated activities or functions.

(3) A management company shall promptly deliver to Národná banka Slovenska the contract referred to in paragraph 1 and any amendments thereto, and it shall promptly notify its withdrawal from this agreement.

(4) The delegation of activities or functions referred to in paragraph 1 is without prejudice to the liability of the management company and the depository for any damage caused to fund unit-holders within the management of a fund's or European standard fund's assets.

(5) A management company may not delegate performance of its activities or functions to entities under paragraph 1 to such an extent that the management company ceases to fulfil the purpose for which the authorisation under Section 28 or Section 28a for its activities was granted and nor to such an extent that it becomes a letter-box entity.[40a] The delegation of activities referred to in paragraph 1 may not be used to circumvent the obligation to perform management company activities exclusively on the basis of the authorisation under Section 28 or Section 28a for the activities of the management company.

(6) Concluding, maintaining or terminating the contracts referred to in paragraph 1, a management company shall:
(a) verify that the other entity referred to in paragraph 1 has material, personnel and organisational provision for the reliable, professional and effective performance of the delegated activity or function, before the conclusion of the contract referred to in paragraph 1, on the basis of available information;
(b) implement the procedures for continuous evaluation of the performance of the delegated activity by another entity, after the conclusion of the contract referred to in paragraph 1, in particular where there are risks connected with the contract referred to in paragraph 1; for this purpose, the management company shall set up sufficient material and technical and personnel sources.

(7) If a management company in the management of a fund makes use of total return swaps or other financial derivatives with the same characteristics in which the counterparty may decide at its own discretion in relation to the composition or management of the investment portfolio or in relation to the basis of financial derivatives, the contract concluded between a management company and a counterparty is deemed to be a contract on delegation of investment management, which must be in accordance with the conditions under paragraphs 1 to 6.

Section 57a

Heading cancelled as from 18 March 2016

(1) A management company authorised pursuant to Section 28a which manages an entity referred to in Section 4(2)(b) or a foreign alternative investment fund and intends to delegate the performance of one or more activities or functions to another entity shall promptly notify Národná banka Slovenska before the contract on delegation of activities or functions enters into effect. A management company may delegate the performance of activities or functions to another entity only in accordance with other legislation[40b] and only provided that the following conditions are met:

(a) the delegation of activities or functions must be duly and objectively justified;[40c]
(b) the entity to which performance of activities or functions are delegated shall have sufficient resources for performing the respective tasks and the persons who actually conduct the delegated activity or functions shall be trustworthy and have sufficient experience to performing the respective activity or functions in accordance with other legislation;[40d]
(c) the delegation of activities or functions relating to management of investments or risk management is possible only for an entity that holds an authorisation or registration necessary for the purpose of asset management[40e] and is subject to the supervision of Národná banka Slovenska or competent supervisory authority of another state or another entity recognised by Národná banka Slovenska as satisfying the conditions for the management of the respective investments or risk;
(d) in addition to the conditions referred to in (c), for the delegation of activities or functions relating to investment management or risk management to an entity from a non-Member State, there must also exist cooperation between Národná banka Slovenska and the competent supervisory authority;
(e) the delegation of activities or functions may not impede effective supervision[40f] over a management company, and in particular may not prevent a management company from acting in the best interests of a managed entity as referred to in Section 4(2)(b) or a foreign alternative investment fund and their investors;
(f) a management company must be able to demonstrate that the entity to which the performance of activities or functions is delegated has the required professional competence and is able to perform the respective activities or functions; that it was selected with due professional care and that the management company has the capacity to effectively monitor the delegated activity or function at any time and to give, as often as needed, any additional instructions to the entity and to withdraw the delegation with immediate effect if this is in the interest of investors.

(2) A management company as referred to in paragraph 1 shall continuously assess the performance of the delegated activities or functions by an entity to which they are delegated.

(3) Investment management and risk management may not be delegated to:

(a) a depository of the respective entity referred to in Section 4(2)(b) or foreign alternative investment fund or to an entity to which a depository has delegated its depository activities;
(b) an entity whose interests might conflict with those of a management company or investors of an entity as referred to in Section 4(2)(b) or a foreign alternative investment fund;[40g] this does not apply if this entity separates, in terms of staff function and hierarchy,[40h] the performance of investment management and risk management from its other potentially conflicting activities and if potential conflicts of interest are properly identified, managed, monitored and disclosed to investors of an entity as referred to in Section 4(2)(b) or foreign alternative investment fund in accordance with the provisions of other legislation.[40i]

(4) The management company's responsibility towards an entity as referred to in Section 4(2)(b) or a foreign alternative investment fund and their investors shall not be affected if the management company has delegated the performance of activities and functions to another entity nor by any other delegation of these activities or functions by this entity to a third party (hereinafter 'sub-delegation'). A management company may not delegate the performance of its activities or functions to such an extent that it ceases to fulfil the purpose for which the authorisation for its activities was granted and nor to such an extent that it becomes a letter-box entity.[40a]

(5) An entity to which the performance of certain activities or functions was delegated by a management company may sub-delegate the performance of those activities or functions, provided that the following conditions are met:

(a) the management company has consented[40j] to the sub-delegation;
(b) the management company notified Národná banka Slovenska in sufficient time before the contract on the sub-delegation was signed in the scope under other legislation;[40k]
(c) the entity to which the activities are sub-delegated fulfils the conditions under paragraph 1 to the same extent as the entity to which the performance of the activities or functions was originally delegated by the management company.

(6) An entity to which a management company has delegated investment management or risk management may not sub-delegate these activities to an entity under paragraph 3.

(7) An entity to which a management company has delegated the performance of certain activities or functions and which sub-delegated them to another entity, shall continuously assess the performance of the delegated activities or functions by the entity to which these activities or functions have been sub-delegated.

(8) Where the performance of activities or functions is sub-delegated by an entity to which they have been delegated, the provisions of paragraphs 5 to 7 apply mutatis mutandis to that further delegee entity.

Organisation of funds' securities distribution

Section 58

(1) A management company may use, for the distribution of securities or shareholdings in collective investment undertakings of independent financial agents and bound financial agents under other legislation.[41] A management company shall be entitled to use the services referred to in the first sentence provided that the referred to persons are entered in the register of financial agents, financial adviser, financial intermediary from another Member State within the insurance, or reinsurance sector and bound financial agents.

(2) A management company may use for the distribution of securities or shareholdings in collective investment undertakings of only persons authorised to perform this activity referred to in paragraph 1 in accordance with relevant legal regulation of a Member State in which the distribution takes place, or the financial institutions authorised to distribute the securities on the basis of their authorisation.

Section 59

(1) A management company shall:
(a) employ personnel with the skills, knowledge and expertise necessary for the discharge of the responsibilities allocated to them;
(b) ensure the professional qualifications of employees who come into contact with a retail investor or unit-holder or retail client;[42]
(c) ensure the verification of professional qualifications of employees under paragraph 2 in accordance with the procedure stipulated in other legislation;[43]
(d) keep a list of the employees under subparagraph (b).

(2) Professional qualifications of the employees under paragraph 1 means the basic level of professional qualifications in accordance with other legislation.[44]

TITLE FOUR

CROSS-BORDER PERFORMANCE OF ACTIVITIES BY A MANAGEMENT COMPANY OR A FOREIGN MANAGEMENT COMPANY

Section 60
General provisions on the cross-border performance of activities

(1) A management company may, in the territory of another Member State, perform activities for which it has the authorisation under Section 28 or authorisation under Section 28a granted, either by the establishment of a branch or on the basis of the freedom to provide services. A management company may establish or manage the European standard funds or European alternative investment funds, if it authorised to manage the respective type of the European alternative investment fund established in accordance with the legal regulations of the management company's host Member State on the basis of:
(a) the notification referred to in Section 61, the notification referred to in Section 62 or the notification referred to in Section 63a; and
(b) fulfilment of conditions stipulated by this Act and by legal regulations of the management company's host Member State.

(2) A foreign management company, which has its registered office in the territory of a Member State may perform the activity for which it has been granted an authorisation by the competent supervisory authority of its home Member State, either by the establishment of a branch or on the basis of the freedom to provide services. A foreign management company may establish and manage standard funds under this Act on the basis of:
(a) the notification referred to in Section 64 or the notification referred to in Section 65; and
(b) fulfilment of the conditions stipulated by the legal regulations of the foreign management company's home Member State and by this Act.

(3) Where a management company intends to exclusively distribute the unit certificates and securities of the standard funds which it manages in the territory of another Member State without establishing a branch, the provisions of paragraph 1 and Sections 61 to 63 shall not be applied, while the provisions of Sections 139 to 141 apply.

(4) Where the foreign management company which has its registered office in the territory of a Member State intends to exclusively distribute the securities of the European standard funds which it manages in the territory of the Slovak Republic without establishing

a branch, the provisions of paragraph 2 and Section 66 and Section 192 shall not be applied, and the provisions of Sections 142 to 144 apply.

(5) The provisions of Section 61 to 63 apply only to a management company authorised pursuant to Section 28. The provisions of Sections 64 to 66 apply solely to a foreign management company which has been granted authorisation under a legally binding act of the European Union governing collective investment undertakings in transferable securities.

Performance of activities by a management company in another Member State

Section 61
Performance of activities by a management company authorised under Section 28 in another Member State through the establishment a branch

(1) A management company, which, for the purpose of performing the activities for which it has been granted the authorisation under Section 28, intends to establish a branch in the territory of another Member State, shall give Národná banka Slovenska written notification of this intention and shall, at the same time, state the following information:
(a) a Member State in which the management company intends to establish the branch;
(b) a programme of activities of the branch, including a scope of projected activities and services in accordance with Section 27(2) and (3) and an organisational structure of the branch including a description of the management company's risk management procedures and a description of procedures and arrangements adopted in accordance with Section 38;
(c) the address of the branch of the management company in a host Member State, at which information and documents may be obtained; and
(d) the names of persons responsible for the branch managing.

(2) Národná banka Slovenska shall assess the organisational, material and personnel provisions and the financial position of the management company, and provided that it finds no grounds to doubt their adequacy in regard to the proposed activities, it shall, within two months of the delivery of the complete notification referred to in paragraph 1, deliver this notification, including all documents and information referred to in paragraph 1, to the competent supervision authority of the management company's host Member State. Národná banka Slovenska shall promptly inform the management company of the delivery of the notification and information. If the management company also intends to provide services referred to in Section 27(3), Národná banka Slovenska shall also inform the competent supervisory authority of the management company's host Member State about the conditions of a system of compensation for investor protection.

(3) Where Národná banka Slovenska does not consider that the organisational, material and personnel provisions or the financial position of the management company is adequate in regard to the proposed activities, it shall not deliver the notification referred to in paragraph 1 to the competent supervisory authority of the management company's host Member State, and shall issue the decision on its refusal which shall be delivered to the management company. Národná banka Slovenska shall issue the decision referred to in the first sentence within two months after receiving the complete notification referred to in paragraph 1.

(4) Where the management company intends to perform the activities referred to in Section 27(2), Národná banka Slovenska shall attach a certificate that the management company has been granted the authorisation under Section 28, the description of the scope of

that authorisation, and details about any conditions included in that authorisation, to the notification and information provided to a competent supervisory authority of the management company's host Member State.

(5) A management company which performs the activities by a branch in the territory of a host Member State, must comply with the rules of activities stipulated by the respective legal regulation of the management company's Member State.

(6) A management company may establish a branch in the territory of the management company's host Member State and begin to perform activities there only after receiving notification from the competent supervisory authority of the management company's host Member State, or after a period of two months without response have elapsed since the notification of Národná banka Slovenska was received in accordance with paragraph 2.

(7) A management company shall give Národná banka Slovenska and the competent supervisory authority of the management company's host Member State any changes in the information referred to in paragraph 1(b) to (d) within a period of a month prior to their application. Where organisational, material or personnel provisions or financial position of the management company is to be changed, Národná banka Slovenska shall proceed in accordance with paragraphs 2 and 3.

(8) Where, as a result of a planned change as referred to in paragraph 7, a management company would no longer comply with this Act, Národná banka Slovenska shall inform the management company within 15 working days of receipt of all the information referred to in paragraph 7 that it may not implement that change; Národná banka Slovenska shall inform the competent supervisory authority of the management company's host Member State accordingly.

(9) Where a change referred to in paragraph 7 is implemented after the information pursuant to paragraph 10 has been transmitted and as a result of that change the management company no longer complies with this Act, Národná banka Slovenska shall take all appropriate measures in accordance with Sections 195, 202 and 207 and shall notify the competent supervisory authority of the management company's host Member State without undue delay of the measures taken.

(10) In the case of any change, Národná banka Slovenska shall update the certificate referred to in paragraph 4 and where the scope of the authorisation under Section 28 or the conditions of that authorisation change, Národná banka Slovenska shall notify the competent supervisory authority of the management company's host Member State.

(11) A management company shall submit the information referred to in paragraph 1 to Národná banka Slovenska in the Slovak language, as well as in a language customary in the sphere of international finance.

Section 62
Performance of activities by a management company authorised under Section 28 in another Member State on the basis of the freedom to provide services

(1) A management company which intends to perform activities for which it has been granted the authorisation under Section 28 in the territory of another Member State on the basis

of the freedom to provide services, shall give Národná banka Slovenska written notification of this intention and shall, at the same time, state the following information:

(a) a Member State in which the management company intends to perform the activities; and
(b) a programme of activities, including scope of projected activities and services in accordance with Section 27(2) and (3) a description of the management company's risk management procedures and a description of procedures and arrangements adopted in accordance with Section 38.

(2) Within one month after delivery of the complete notification referred to in paragraph 1, Národná banka Slovenska shall provide this notification, including all documents and information referred to in paragraph 1, to a competent supervisory authority of the management company's host Member State. If the management company also intends to provide services in accordance with Section 27(3), Národná banka Slovenska shall additionally inform the competent supervisory authority of the management company's host Member State on details of the system of compensation for investor protection.

(3) Where the management company intends to perform the activities referred to in Section 27(2), Národná banka Slovenska shall attach a certificate that the management company has been granted an authorisation under Section 28 company, the description of the scope of that authorisation and details on any conditions included in that authorisation, to the notification and information provided to a competent supervisory authority of the management company's host Member State.

(4) A management company may begin to perform the activities in the management company's host Member State only after Národná banka Slovenska has submitted the notification referred to in paragraph 1 to the competent supervisory authority of the management company's host Member State. This is without prejudice to the provisions of the respective legal regulations of the management company's host Member State concerning the process of permitting the European standard funds which the management company intends to manage, and to the provisions of this Act on distribution of the unit certificates of standard funds in the territory of the host Member State.

(5) A management company performing the activities on the basis of the freedom to provide services must comply with the rules of activities stipulated by this Act.

(6) A management company shall give a written notification on any change in information referred to in paragraph 1(b) to Národná banka Slovenska and to the competent supervisory authority of the management company's host Member State, prior to the application of such change.

(7) In the case of any change, Národná banka Slovenska shall update the certificate referred to in paragraph 3, and where the scope of the authorisation under Section 28 or the conditions of that authorisation change, Národná banka Slovenska shall inform the competent supervisory authority of the management company's host Member State.

Section 63
Establishment and management of European standard funds by a management company

(1) A management company which establishes or manages European standard funds in the territory of another Member State, either by a branch or on the basis of the freedom to provide services, shall comply with the rules stipulated by this Act relating to an organisation of the management company, including the organisation of internal control system and organisation of risk management system, prudential rules, rules for delegation of activities, other administrative and accounting procedures stipulated by this Act, and information duties stipulated by this Act.

(2) Národná banka Slovenska shall exercise supervision of the management company in the spheres referred to in paragraphs 1 to 6.

(3) A management company which establishes or manages European standard funds in the territory of another Member State, either by a branch or on the basis of the freedom to provide services, shall comply with the rules stipulated by legal regulations of the European standard fund's home Member State concerning the establishing, managing, and operating of the European standard fund.

(4) A management company referred to in paragraph 3 shall fulfil obligations laid down by the European standard fund rules or in its instruments of incorporation and obligations laid down by the prospectus of the European standard fund which, at the same time, are in accordance with the respective provisions of this Act in the spheres referred to in paragraph 1 and with the respective legal regulations of the European standard fund's home Member State according to paragraph 3.

(5) The competent supervisory authority of the European standard fund's home Member State shall exercise supervision of compliance with the rules referred to in paragraphs 3 and 4.

(6) A management company shall adopt and exercise any arrangements and organisational decisions necessary for meeting the rules related to the establishment, management and operation of the European standard fund and obligations laid down in the rules or in the instruments of incorporation of the European standard fund and in its prospectus.

(7) A management company shall meet any request by the competent supervisory authority of a competent supervisory authority of the management company's host Member State for the submission of regular reports, for statistical purposes, on its activities in the territory of that Member State, or information, statements or reports necessary for monitoring the compliance of its activities with the provisions of the host Member State's legal regulations that apply to the management company in accordance with paragraphs 3 and 4.

(8) A management company shall adopt the necessary procedures and arrangements for making information available upon the request of the public or competent supervisory authority of the European standard fund's home Member State.

Section 63a
Establishment and management of European alternative investment funds by a management company authorised under Section 28a or by a foreign management company having its registered office in a non-Member State and authorised under Section 66c

(1) A management company authorised pursuant to Section 28a which intends to manage European alternative investment funds in the territory of another Member State for the first time shall communicate the following information to Národná banka Slovenska:

(a) the Member State in which it intends to manage the European alternative investment funds on the basis of the freedom to provide services or via a branch;
(b) a programme of activities stating in particular the services that it intends to perform and identifying the European alternative investment funds it intends to manage.

(2) If the management company under paragraph 1 intends to establish a branch, it shall also provide the following information in addition to that referred to in paragraph 1:

(a) the organisational structure of the branch;
(b) the address in the European alternative investment fund's home Member State from which documents may be obtained;
(c) the names and contact details of the persons responsible for managing the branch.

(3) Národná banka Slovenska shall, within one month of receiving the complete documentation under paragraph 1, or within two months of receiving the complete documentation under paragraph 2, transmit this complete documentation to the competent supervisory authorities of the management company's host Member State. Národná banka Slovenska shall transmit the documentation only if the management company's management of the European alternative investment fund complies with this Act and if the management company complies with other provisions of this Act. Národná banka Slovenska shall, together with the transmitted documents, enclose a statement to the effect that the management company concerned has been granted an authorisation under Section 28a.

(4) Národná banka Slovenska shall, immediately after the transmission of the documents under paragraph 3, notify the management company of this transmission. The management company may start to provide its services in its host Member State from the day on which it receives this information from Národná banka Slovenska.

(5) In the event of a change to any of the information communicated under paragraph 1 or (2), the management company must give written notice of that change to Národná banka Slovenska at least one month before implementing the planned changes, or immediately after an unplanned change has occurred.

(6) If, in consequence of a planned change referred to in paragraph 5, the management company's management of a European alternative investment fund would no longer comply with this Act, or the management company would otherwise no longer comply with the provisions of this Act, Národná banka Slovenska shall, within 15 working days after all the information referred to in paragraph 5 are delivered, promptly inform the management company that it may not implement that change.

(7) If a planned change is implemented in a way that is inconsistent with paragraphs 5 and 6, or if an unplanned change has taken place pursuant to which the management of the European alternative investment fund by the management company no longer complies with this Act or the management company ceases to comply with the provisions of this Act, Národná banka Slovenska shall take all the necessary measures in accordance with Section 202 and, without undue delay, notify of this fact the competent supervisory authority of the host Member State of the management company managing the European alternative investment fund.

(8) If the changes are acceptable because they do not affect the compliance of the management of the European alternative investment fund by the management company with the provisions of this Act, or the management company's compliance with other provisions of this Act, Národná banka Slovenska shall promptly inform the competent authorities of the management company's host Member States of those changes.

(9) The provisions of paragraphs 1 to 8 apply equally to a non-European management company authorised pursuant to Section 66c that intends to manage any European alternative investment fund in the territory of another Member State. In the case where the fact under paragraph 4 relates to a non-European management company, the Národná banka Slovenska shall also notify the European Supervisory Authority (European Securities and Markets Authority).

Section 63b
Establishment and management of non-European alternative investment funds by a management company authorised pursuant to Section 28a

A management company authorised pursuant to Section 28a may manage non-European alternative investment funds where the securities or shareholdings in which are not distributed in the territory of the Slovak Republic or another Member State, provided that:

(a) the management company in relation to the management of the non-European alternative investment funds complies with the provisions of this Act, other than the provisions of Sections 70 to 82 and Section 160a; and
(b) a cooperation arrangement[44a] has been concluded between Národná banka Slovenska and the competent supervisory authority of the non-Member State, in which the non-European alternative investment fund is established, that ensures at least an effective exchange of information enabling Národná banka Slovenska to exercise supervision in accordance with this Act; cooperation arrangements under this point shall be in accordance with Section 66c(2)(e) and Section 150e subject to other legislation.[44b]

Performance of activities by a foreign management company in the territory of the Slovak Republic

Section 64
Performance of activities by a foreign management company in the territory of the Slovak Republic through the establishment of a branch

(1) A foreign management company which has its registered office in the territory of another Member State may establish a branch in the territory of the Slovak Republic for the purposes of performance of activities for which it has been granted an authorisation for such activities by the competent authority of its home Member state, on the basis of a notification of the competent supervisory authority of its home Member State delivered to Národná banka Slovenska, along with information on the projected operation of this foreign management company in the territory of the Slovak Republic.

(2) Within two months after delivery of the notification from the competent authority of the foreign management company's home Member State, Národná banka Slovenska shall make preparations for supervision of the branch of the foreign management company in the spheres of its competence.

(3) A foreign management company referred to in paragraph 1 may establish a branch in the territory of the Slovak Republic and commence activities in the territory of the Slovak Republic after delivery of notification of Národná banka Slovenska, or after a period of two months without a response have elapsed in accordance with paragraph 2.

(4) A foreign management company which performs the activities via a branch located in the territory of the Slovak Republic shall follow the rules of the activities stipulated by this Act. Supervision of the observance of the rules of activities of the branch of the foreign management company shall be exercised by Národná banka Slovenska.

(5) A foreign management company referred to in paragraph 1 shall notify Národná banka Slovenska of any changes, not later than 30 days before they are made, as follows:
(a) the changes in the scope of projected activities and services provided in the territory of the Slovak Republic by the branch;
(b) the changes of organisational structure of the branch, including changes in risk management procedures or changes in procedures and arrangements for handling claims and making information available;
(c) the address of the branch in the territory of the Slovak Republic;
(d) the name and surname of the head of the branch and of his representative.

Section 65
Performance of activities by a foreign management company in the territory of the Slovak Republic on the basis of the freedom to provide services

(1) The foreign management company which has its registered office in the territory of another Member State may perform the activity for which it has been granted an authorisation to establish and operate such company by the respective authority of its home Member State on the basis of the freedom to provide services, upon a notification delivered by a competent supervisory activity of its home Member State to Národná banka Slovenska, along with information on projected operation of this foreign management company in the territory of the Slovak Republic.

(2) A foreign management company referred to in paragraph 1 may begin to perform the activities in the territory of the Slovak Republic only after delivery of the notification referred to in paragraph 1 to Národná banka Slovenska. This is without prejudice to the provisions of this Act concerning the granting of the authorisation to establish standard funds, which the foreign management company referred to in paragraph 1 intends to establish and manage, and to the provisions on distribution of securities of European standard funds in the territory of the Slovak Republic.

(3) A foreign management company which performs the activities on the basis of the freedom to provide service is governed by the rules of activities stipulated by the respective legal regulation of its home Member State.

(4) A foreign management company shall notify Národná banka Slovenska of changes in information notified in accordance with paragraph 1 prior to their performance.

Section 66
Establishment and management of standard funds by a foreign management company

(1) A foreign management company which has its registered office in the territory of the Slovak Republic, establishes or manages the standard funds in accordance with this Act, either by a branch or on the basis of the freedom to provide services, shall comply with the rules stipulated by respective legal regulation of its home Member State regulating the organisation of the foreign management company, delegation of its activities, risk management procedures, prudential rules, administrative and accounting procedures of the foreign management company, and information obligations concerning the foreign management company.

(2) The competent supervisory authority of the foreign management company's home Member State shall exercise supervision of the foreign management company in the spheres referred to in paragraph 1.

(3) A foreign management company which establishes or manages the standard funds according to this Act in the territory of the Slovak Republic, either by a branch or on the basis of the freedom to provide services, shall comply with the provisions of this Act and other legislation of general application concerning the establishment, management and operation of standard funds and management companies, namely the following provisions:

(a) on establishing a standard fund in accordance with this Act and other legislation[7] and on granting the authorisation to establish a standard fund and granting the prior approvals of Národná banka Slovenska concerning the management, merger, and winding up of a standard fund;
(b) on issue and redemption of unit certificates and securities;
(c) on investment policy and investment limits of a standard fund, including the calculation of global exposure and leverage, including the provisions on restrictions relating to borrowing, lending and uncovered sales of assets in a standard fund;
(d) on the valuation of assets and liabilities in a standard fund and on accounting kept for a standard fund and provisions of other legislation;[31]
(e) on the calculation of the selling or purchase price of a standard fund's unit certificates and on mistakes in calculation of net asset value of a standard fund's assets and related compensation for damage of investors;
(f) on the payment of income on assets in a standard fund or on re-inclusion of this income into the current price of unit certificates already issued;
(g) on requirements in the sphere of publication and provision of information, including prospectuses, key information for investors and reports on a regular basis, and on information obligations concerning the standard fund;
(h) on arrangements and procedures in relation to the distribution of unit certificates of a standard fund, and provisions of other legislation;[45]
(i) on relations with unit-holders of a standard fund;
(j) on merging a standard fund;
(k) on transfer of the management of a standard fund, and on winding up of a standard fund;
(l) on the content of the register on unit-holders and on keeping separate records;
(m) on fees for granting the authorisation to establish a standard fund, on fees for granting prior approvals of Národná banka Slovenska, and on contributions for supervision;
(n) on exercising of any voting right of unit-holders and other rights of unit-holders related to (a) to (l).

(4) A foreign management company referred to in paragraph 3 shall fulfil the obligations laid down by standard fund rules and the obligations laid down in the prospectus of a standard fund.

(5) Národná banka Slovenska shall be responsible for supervision of compliance with the rules referred to in paragraphs 3 and 4.

(6) A foreign management company decides on and is responsible for the adoption and taking all measures and organisational decisions necessary for compliance with rules concerning the establishment, management or operation of a standard fund, and obligations laid down in standard fund rules and in the prospectus of a standard fund.

(7) A competent supervisory authority of the foreign management company's home Member State shall supervise so as the arrangements and organisation of the foreign management company referred to in paragraph 6 guarantee its ability to comply with the rules concerning the establishment, management, and operation of all standard funds that it manages.

Section 66a

(1) A foreign management company which has its registered office in a Member State and is authorised pursuant to a legally binding act of the European Union governing alternative investment fund managers may begin to perform activities, including establishment and management of alternative investment funds in the Slovak Republic from the day of receiving information from the competent supervisory authority of its host Member State that a notification of the intention to perform activities in the territory of the Slovak Republic together with the relevant documentation has been transmitted to Národná banka Slovenska.

(2) A foreign management company under paragraph 1 establishing or managing alternative investment funds in the territory of the Slovak Republic in accordance with this Act, either via a branch or on the basis of the freedom to provide services, shall comply with the provisions of this Act and other legislation of general application relating to the establishment, management and functioning of alternative investment fund. If the management company under paragraph 1 intends to distribute exclusively securities or shareholdings in foreign alternative investment funds in the Slovak Republic, the provisions of paragraph 1 does not apply; instead, the provisions of Sections 147 to 150h apply.

(3) The provisions of paragraphs 1 and 2 equally apply where a non-European management company whose reference Member State of which is another Member State has decided to perform activities in the Slovak Republic, including the establishment and management of alternative investment funds in the Slovak Republic.

TITLE FIVE

NON-EUROPEAN MANAGEMENT COMPANY

Authorisation to establish and manage alternative investment funds or European alternative investment funds and for the distribution of securities or shareholdings in alternative investment funds and foreign alternative investment funds on the basis of a single passport of a non-European management company

Section 66b
Determining the reference Member State

(1) The Slovak Republic shall be the reference Member State of a non-European management company if:

(a) it intends to manage only those alternative investment funds established under this Act and does not intend to distribute their securities or shareholdings in the Slovak Republic or in another Member State under the procedure laid down in Section 150c or the procedure under Section 150e;
(b) the number of the alternative investment funds that it manages:
    1. exceeds the number of the European alternative investment funds that it manages in any other Member State; or
    2. the sum of assets of the alternative investment funds that it manages exceeds the sum of values of assets of the European alternative investment funds that it manages in any other Member State;
(c) it intends to distribute securities or shareholdings in only one alternative investment fund and only in the Slovak Republic or only of one European alternative investment fund and only in the Slovak Republic if:
    1. the fund is a European alternative investment fund authorised or registered in a Member State and the Slovak Republic has been determined as the reference Member state under the procedure laid down in paragraph 2;
    2. the fund is a European alternative investment fund without any authorisation or registration in a Member State;
(d) it intends to distribute securities or shareholdings in only one non-European alternative investment fund in the Slovak Republic;
(e)) it intends to distribute securities or shareholdings in only one alternative investment fund or one European alternative investment fund in several Member States and the Slovak Republic has been determined as the reference Member State under the procedure laid down in paragraph 2;
(f) it intends to distribute securities or shareholdings in only one non-European alternative investment fund in several Member States and the Slovak Republic has been determined as the reference Member State under the procedure laid down in paragraph 2;
(g) it intends to distribute securities or shareholdings in multiple alternative investment funds or European alternative investment funds in the Slovak Republic and in other Member States, where:
    1. these funds are authorised or registered in one Member State and the Slovak Republic has been determined as the reference Member State under the procedure laid down in paragraph 2;
    2. these funds are authorised or registered in several Member States and are to be, to a significant extent, distributed in the Slovak Republic;
(h) it intends to distribute securities or shareholdings in several alternative investment funds, European alternative investment funds and non-European alternative investment funds in the Slovak Republic and in other Member States, if they are to be, to a significant extent, distributed in the Slovak Republic;
(i) it has been determined as the reference Member State under the procedure laid down in paragraph 6.

(2) In the cases referred to in paragraph 1(b), (c) first point, (e), (f) or (g) first point, the relevant non-European management company shall request Národná banka Slovenska and the competent supervisory authorities that come into consideration under paragraph 1(b), (c) first point, (e), (f) or (g) first point, to determine the reference Member State.

(3) Národná banka Slovenska shall decide on a request received under paragraph 2 on the basis of its agreement with the competent supervisory authorities of the Member States to which the non-European management company in question sent a request for determining the reference Member State. The deadline for decision shall be one month from the delivery of that request to the last of the competent supervisory authorities, as referred to in the first sentence. Národná banka Slovenska shall terminate the request proceedings referred to in paragraph 2 if, on the basis of its agreement with the competent supervisory authorities of the Member States to which the non-European management company sent its request for determining the reference Member State, another Member State has been determined as the non-European management company's reference Member State.

(4) At the request of Národná banka Slovenska, the non-European management company shall in the request proceedings referred to under paragraph 2 demonstrate its intention to perform distribution of securities or shareholdings in the funds concerned by presenting a distribution strategy.

(5) Národná banka Slovenska shall deliver the decision on the request referred to under paragraph 2 within seven days of the decision determining the Slovak Republic as the non-European management company's reference Member State.

(6) If the deadlines referred to under paragraphs 3 and 5 are not respected or if a decision on the reference Member State determination has not been issued by Národná banka Slovenska or any competent supervisory authority of the Member State, the non-European management company shall choose its reference Member State from the Member States eligible under paragraph 1; if Národná banka Slovenska does not agree with the reference Member State determined by the non-European management company, it may notify the European Supervisory Authority (European Securities and Markets Authority) of this fact.

Section 66c
Authorisation to operate a non-European management company

(1) A non-European management company may manage alternative investment funds or European alternative investment funds and distribute securities or shareholdings in alternative investment funds or foreign alternative investment funds that it manages in the Slovak Republic or in another Member State based on an authorisation granted by Národná banka Slovenska, if the Slovak Republic is the reference Member State of this non-European management company.

(2) For authorisation under paragraph 1 to be granted, fulfilment of the following conditions must be demonstrated:

(a) the Slovak Republic has been determined as the reference Member State in accordance with this Act and such determination has been approved by the European Supervisory Authority (European Securities and Markets Authority) or that it was acted in accordance with paragraph 5;
(b) the conditions under Section 28a(2)(a) to (g) and (k); the provision of (h) are unprejudiced hereby;
(c) a legal representative for the non-European management company in the Slovak Republic has been designated;
(d) the legal representative of the non-European management company under (c) together with the non-European management company shall ensure the performance of the function of a

contact point for investors, for Národná banka Slovenska, for other relevant competent supervisory authorities of the Member States and for the European Supervisory Authority (European Securities and Markets Authority) in the scope of authorised activities of the non-European management company in the European Union and shall be sufficiently competent and equipped at least for performing the function of compliance under this Act;

(e) cooperation arrangements[44a] are concluded between Národná banka Slovenska, the relevant competent supervisory authorities of the home Member States of the European alternative investment funds concerned and the supervisory authorities of a non-Member State, in which the non-European management company is established, in order to ensure an effective exchange of information enabling Národná banka Slovenska and the competent supervisory authorities of the Member States concerned to exercise supervision;

(f) the non-European Member State, in which the non-European management company is established, is not listed among non-cooperative jurisdictions and territories elaborated by the Financial Action Task Force on Money Laundering, established within the Organisation for Economic Cooperation and Development, OECD (hereinafter 'FATF');

(g) the non-European Member State, in which the non-European management company is located, has concluded and has an international agreement or a multilateral convention with the Slovak Republic in effect which are in accordance with the provisions of Section 26 of Model Tax Convention of the OECD on Income and Capital and which ensure the effective exchange of information in tax matters;

(h) exercise of supervision by Národná banka Slovenska is not impeded by the legal code of a non-Member State nor by any limitations in the competences of supervisory authorities of a non-Member State in exercising supervision;

(i) a non-European management company shall demonstrate that if there are existing provisions of this Act or of a legally binding act of the European Union governing alternative investment fund managers with which compliance is impossible for the non-European management company due to their incompatibility with the provisions of legal acts that relate to the non-European management company or non-European alternative investment fund and that:

1. it is not possible to comply with both the provisions of this Act or of a legally binding act of the European Union governing alternative investment fund managers and the provisions of legal acts that relate to the non-European management company or non-European alternative investment fund;
2. the legal code that relates to the non-European management company or non-European alternative investment fund provides for equal rules having the same regulatory purpose and providing the same level of protection for investors in the respective fund and that the non-European management company and non-European alternative investment fund complies with the provisions of this legal code.

(3) The application for granting authorisation under paragraph 1 shall contain:

(a) the elements and annexes referred to in Section 28a(3) and (4), except for Section 28a(3)(b), (f) and (4)(b);

(b) a justification of the choice of the Slovak Republic as the reference Member State by the non-European management company in accordance with Section 66b and information on the distribution strategy;

(c) the list of those provisions of this Act or legally binding act of the European Union governing alternative investment fund managers with which compliance is impossible for the non-European management company due to their incompatibility with the provisions of the legal acts that relate to the non-European management company or non-European alternative investment fund;

(d) supporting documentation on the basis of other legislation of the European Commission demonstrating that the respective legal order of the non-Member State contains provisions having the same regulatory purpose and providing the same level of investor protection in the alternative investment fund or foreign alternative investment fund as the corresponding provisions of this Act or legally binding act of the European Union governing alternative investment fund managers with which compliance is impossible for the non-European management company and that the non-European management company and non-European alternative investment fund complies with the provisions of that legal code; the supporting documentation must be accompanied by a legal opinion on the existence of a respective provision in the legal code of the non-Member State, including a description of its regulatory purpose and the nature of investor protection that it provides;
(e) the identification data and address of the legal representative of the non-European management company referred to under paragraph 2(c).

(4) Národná banka Slovenska shall, after receiving an application for authorisation under paragraph 1, assess if the criteria under Section 66b(1) were observed by the non-European management company in determining the reference Member State. Where Národná banka Slovenska finds that the criteria referred to under Section 66b(1) were observed, it shall notify the European Supervisory Authority (European Securities and Markets Authority) of this fact and ask for its comments to Národná banka Slovenska's assessment of compliance with the criteria. This application shall include a justification of the non-European management company's choice of the Slovak Republic as the reference Member State, and information on the distribution strategy based on the data presented to Národná banka Slovenska; the deadline referred to under paragraph 6 for a decision on the request shall be suspended pending delivery of the opinion from the European Supervisory Authority (European Securities and Markets Authority) to Národná banka Slovenska.

(5) Where Národná banka Slovenska finds that the non-European management company which in its application for a decision under paragraph 1 submitted a list of provisions referred to under paragraph 3(c) fulfils the condition under paragraph 2(i), it shall promptly notify the European Supervisory Authority (European Securities and Markets Authority) of this fact and enclose the information and data referred to under paragraph 3(b) and (c) submitted by the applicant to Národná banka Slovenska; the deadline referred to under paragraph 6 for a decision on the request shall be suspended pending delivery of the opinion from the European Supervisory Authority (European Securities and Markets Authority) to Národná banka Slovenska.

(6) Národná banka Slovenska shall decide on the application for authorisation under paragraph 1 within the period referred to in the first sentence of Section 28a(5).

(7) Národná banka Slovenska shall refuse an application for authorisation under paragraph 1 where the applicant did not fulfil or did not document fulfilment of any of the conditions referred to in paragraph 2.

(8) The conditions under paragraph 2 must be fulfilled continuously throughout the duration of validity of the authorisation under paragraph 1.

(9) If Národná banka Slovenska grants authorisation under paragraph 1 despite a dissenting opinion from the European Supervisory Authority (European Securities and Markets Authority) referred to in paragraph 4 or (5), it shall notify the European Supervisory Authority

(European Securities and Markets Authority) of this decision and its reasons. Národná banka Slovenska shall also communicate the facts referred to in the first sentence to the competent supervisory authorities of the Member States, in which the non-European management company intends to distribute securities or shareholdings in alternative investment funds or foreign alternative investment funds, and under paragraph 4 also to the competent supervisory authorities of the home Member States in which the non-European management company intends to manage the European alternative investment funds.

(10) Národná banka Slovenska shall inform the European Supervisory Authority (European Securities and Markets Authority) of any granting of authorisation under paragraph 1, any refusal of an application for authorisation under paragraph 1, including the reasons for refusal, any change to an authorisation under paragraph 1 and its revocation or return.

(11) Where the competent supervisory authorities of home Member States of the alternative investment funds concerned do not conclude cooperation arrangements under paragraph 2(e) within a reasonable period, Národná banka Slovenska may notify the European Supervisory Authority (European Securities and Markets Authority) of this fact.

(12) Any change to an authorisation under paragraph 1, its revocation or return shall be subject mutatis mutandis to the provisions governing a change to an authorisation under Section 28a and provisions governing the revocation or return of an authorisation under Section 28a.

Section 66d
Change of the reference Member State

(1) Once the Slovak Republic has been determined as the reference Member State, this shall remain valid throughout validity of the authorisation under Section 66c, even in the case of a change in the distribution strategy; this does not apply when the non-European management company changes its distribution strategy within two years from receiving authorisation under Section 66c and in the case where such change would have altered the selection of the Slovak Republic as the reference Member State at the time of the selection. The non-European management company shall notify Národná banka Slovenska before making this change and propose a new reference Member State based on the new distribution strategy, and at the same time state the reasons for selecting the new reference Member State based on the new distribution strategy as well as the identification data and address of the legal representative of the non-European management company in the new reference Member State.

(2) Based on the data under paragraph 1, Národná banka Slovenska shall assess whether the proposed selection of the reference Member State is correct and shall communicate its opinion to the European Supervisory Authority (European Securities and Markets Authority), also giving the reasons for selecting the reference Member State provided by the non-European management company and the information on a new distribution strategy.

(3) On receipt of an opinion from the European Supervisory Authority (European Securities and Markets Authority), Národná banka Slovenska shall communicate to the non-European management company and its legal representative in the Slovak Republic whether it agrees with this opinion. If Národná banka Slovenska agrees with the opinion of the European Supervisory Authority (European Securities and Markets Authority), it shall inform the competent supervisory authority of the new reference Member State and shall promptly send a copy of the decision granting authorisation under Section 66c and all documents relating to the

supervision of this non-European management company to the competent supervisory authority. From the day of sending the documents under the second sentence, the supervision of the non-European management company shall be transferred to the competent supervisory authority of the new reference Member State.

(4) If Národná banka Slovenska decides on a proposed change of the reference Member State contrary to the opinion of the European Supervisory Authority (European Securities and Markets Authority), Národná banka Slovenska shall notify the European Supervisory Authority (European Securities and Markets Authority) of this fact and of the reasons for this decision. Národná banka Slovenska shall also communicate the facts and reasons under the first sentence to the competent supervisory authorities of those Member States, in which the non-European management company distributes securities or shareholdings in alternative investment funds or foreign alternative investment funds, as well as to the competent supervisory authorities of the home Member States of European alternative investment funds managed by this non-European management company.

(5) If within two years from granting an authorisation under Section 66c Národná banka Slovenska finds that the distribution strategy in the form as presented in the proceedings for granting the authorisation has not been adhered to, false data on it were presented or if the non-European management company changed it contrary to the provisions of paragraphs 1 to 4, Národná banka Slovenska shall ask the non-European management company to choose a reference Member State based on its present distribution strategy. The procedure for a change of the reference Member State shall be subject mutatis mutandis to the provisions of paragraphs 1 to 4. If the non-European management company does not follow the requirement under the first sentence, Národná banka Slovenska shall revoke its authorisation under Section 66c.

(6) If the non-European management company changes its distribution strategy after the deadline specified in paragraph 1 and intends to change its reference Member State based on its new distribution strategy, it may submit a request for change of reference Member State to Národná banka Slovenska. The procedure for a change of reference Member State shall be subject mutatis mutandis to the provisions of paragraphs 1 to 4.

Section 66e
Cross-border cooperation in proceedings and supervision relating to a non-European management company

(1) If Národná banka Slovenska, in connection with proceedings related to determining a reference Member State or to authorisation under Section 66c, does not agree with the procedure of the competent supervisory authority in the application of a legally binding act of the European Union governing alternative investment fund managers, it may communicate this fact to the European Supervisory Authority (European Securities and Markets Authority), if this concerns matters relating to:

(a) evaluation of conditions referred to in Section 66c(2)(a), (c) to (f), (h) and (i);
(b) dissent with granting the authorisation under Section 66c in the reference Member State;
(c) change of the reference Member State;
(d) evaluation of conditions referred to in Section 150e(1)(b) and (c).

(2) Národná banka Slovenska shall, in exercising supervision, take into account the guidelines and recommendations of the European Supervisory Authority (European Securities and Markets Authority) issued under other legislation[45a] for the purpose of determining

consistent, efficient and effective supervisory procedures over non-European management companies, unless impeded by legislation of general application or situation in the financial market in the Slovak Republic.

(3) Within two months of a guideline being issued or a recommendation under paragraph 2 Národná banka Slovenska shall decide whether it will follow these guidelines or recommendations. If Národná banka Slovenska decides that it will follow them, it shall communicate this fact to the European Supervisory Authority (European Securities and Markets Authority) including its reasons for this decision.

Section 66f
Applicable law

(1) Any disputes between Národná banka Slovenska and the non-European management company, for which the Slovak Republic is the reference Member State, shall be settled before the competent courts in the Slovak Republic.

(2) Any disputes between investors and a non-European management company, for which the Slovak Republic is the reference Member State, and alternative investment funds managed by a non-European management company shall be settled before the competent courts in the Slovak Republic or the courts of one of the Member States.

(3) The non-European management company shall, in performing its activities based on an authorisation under Section 66c, be subject to the provisions of this Act to the same extent as a management company authorised pursuant to Section 28a, except for the provision of Section 66c(2)(i).

TITLE SIX

DISSOLUTION OF A MANAGEMENT COMPANY

Section 67
Dissolution of a management company without liquidation

(1) A management company may be dissolved without liquidation only by merging with another management company or with a foreign management company, on the basis of the prior approval of Národná banka Slovenska in accordance with Section 163(1)(d). The decision by a management company's general meeting to dissolve the management company by merger without liquidation may only be taken after the prior approval of Národná banka Slovenska has come into effect.

(2) A management company may not merge with a legal person other than a management company or a foreign management company. A merger of management companies shall establish solely a management company in accordance with this Act, and a merger of a management company with a foreign management company shall establish solely a foreign management company in accordance with the law of the Member State in which the foreign management company has its registered office.

(3) A management company's merger may not be to the detriment of unit-holders in managed funds nor to the detriment of creditors of the management company.

Section 68
Dissolution of a management company with liquidation

(1) The decision of a management company's general meeting to liquidate and dissolve the management company may only be taken after the decision by which the prior approval was granted in accordance with Section 163(1)(h) has become effective.

(2) The liquidation of a management company, except for the liquidation of a management company in accordance with paragraph 3, is subject to the provisions of the Commercial Code. The liquidator of a management company shall cooperate with Národná banka Slovenska.

(3) Where the authorisation under Section 28 or the authorisation under Section 28a includes one or more of the activities and services referred to in Section 27(3) or (6), the liquidation of the company is subject to the provisions of other legislation.[46]

Section 69
Bankruptcy against a management company's assets

(1) After a bankruptcy order has been made against a management company, the management company shall not be allowed to use assets in managed collective investment undertakings; this does not apply to acts necessary for securing assets in managed collective investment undertakings against damage or for ensuring the transfer of management of managed collective investment undertakings to another management company.

(2) Where a bankruptcy order has been made against a management company, the receiver in bankruptcy shall, in regard to the introduction and exercise of receivership under Section 205 or the winding up of common funds under Section 26, cooperate with Národná banka Slovenska, the depository, and the receiver.

(3) Assets in managed collective investment undertakings shall not be a part of the bankrupt estate of the management company, nor may they be used for settlement with the management company's creditors.

Section 69a
Winding up of a self-managed investment fund without liquidation

(1) A self-managed investment fund may be wound up without liquidation only by merging with another self-managed investment fund or foreign self-managed investment fund, on the basis of prior approval from Národná banka Slovenska under Section 163(1)(q). The decision by a self-managed investment fund's general meeting to wind up that fund by merger without liquidation may only be taken after a prior approval from Národná banka Slovenska has come into effect.

(2) The merger of self-managed investment funds shall be subject mutatis mutandis to the provisions of this Act pertaining to fund mergers and to the relevant provisions of the Commercial Code.

(3) An authorisation granted under Section 28 or Section 28a to a self-managed investment fund which is wound up without liquidation, shall expire on the day of its merger with another self-managed investment fund or foreign self-managed investment fund.

Section 69b
Winding up of a self-managed investment fund by liquidation

(1) A self-managed investment fund may be wound up by liquidation on the basis of Národná banka Slovenska's decision to revoke the fund's authorisation to establish a self-managed investment fund or to remove the self-managed investment fund from the list referred to in Section 137, on the basis of a prior approval granted under Section 163(1)(l), or if the fund's authorisation to establish a self-managed investment fund has expired or the listing pursuant to Section 137 has been removed, including where the authorisation has expired or the listing pursuant to Section 137 has been removed upon the completion of the period for which the fund has been established. A self-managed investment fund authorised pursuant to Section 28a may be wound up in accordance with Section 4(2)(b) on the basis of a decision issued by the fund's general meeting.

(2) The liquidation of a self-managed investment fund is subject to the relevant provisions of the Commercial Code. A self-managed investment fund's general meeting shall decide on the winding up of that fund and on the appointment of its liquidator, after Národná banka Slovenska's prior approval becomes effective in accordance with paragraph 1. The liquidator of a self-managed investment fund shall promptly notify in writing Národná banka Slovenska of these facts and of their entry into the Commercial Register. The liquidator shall comply with the provisions of Section 26, mutatis mutandis.

(3) The authorisation granted under Section 28 or Section 28a to a self-managed investment fund which is to be wound up by liquidation, shall expire on the day of its deletion from the Commercial Register.

DIVISION FOUR

THE DEPOSITORY

TITLE ONE

BASIC PROVISIONS

Section 70

(1) A domestic collective investment undertaking shall have a depository. An umbrella fund and its sub-funds shall have one depository. The depository shall ensure the depository safekeeping of assets in the collective investment undertaking concerned and shall verify whether the management company handles the assets in that collective investment undertaking in accordance with this Act.

(2) The depository of a standard fund or of a special fund may only be:

(a) a bank whose issued authorisation covers the provision of a non-core service consisting in the safekeeping and management of financial instruments for the account of a client, including the holder's administration and related services, in particular management of funds and financial collaterals;
(b) a foreign bank which has its registered office in the territory of a Member State having its branch established in the territory of the Slovak Republic and whose authorisation issued in accordance with the respective legal regulation of its home Member State covers the provision of the non-core service as specified in (a).

(3) A depository of an entity as referred to in Section 4(2)(b) may only be:
(a) an entity as referred to in paragraph 2;
(b) an investment firm subject to a capital adequacy requirement under another act[47] at least in the amount of EUR 730,000 and whose authorisation for providing investment services covers the provision of the ancillary service of safekeeping and management of financial instruments on account of a client, including holder's administration and related services, in particular the management of funds and financial collaterals;
(c) a foreign investment firm which has its registered office in the territory of a Member State having a branch established in the territory of the Slovak Republic and whose authorisation issued in accordance with the respective legal regulation of its home Member State covers the ancillary service and which is subject to the same capital adequacy requirement as specified in (b);
(d) in the case of an entity as referred to in Section 4(2)(b) with no applicable redemption right during the period of five years from the date of the initial investment, which fund, in accordance with its investment policy, does not invest in assets that must be safekept under other legislation, or invests mainly in issuers or unlisted companies in order to acquire potential control over such companies under Section 137c, a depository may also be an entity which performs the functions of a depository as part of its professional or business activities that are subject to mandatory professional registration, or the performance of which is subject to legal regulations or rules of professional conduct, and can provide sufficient financial and professional guarantees to enable it to perform effectively the depository functions and fulfil duties arising under those functions.

(4) The depository of a non-European alternative investment fund managed by a non-European management company for which the reference Member State is the Slovak Republic, except for a person referred to in paragraph 3(a) to (c), may also be a foreign bank or an investment firm having its registered office in a non-Member State in which the non-European alternative investment fund was established or created, provided that the following conditions are met:
(a) the competent authorities of the Member States in which securities or shareholdings of a non-European alternative investment fund are to be distributed, and Národná banka Slovenska have signed cooperation agreements on the exchange of information with the competent supervisory authorities of the depository;
(b) the depository is subject to the effective prudential regulations, including to the minimum capital requirements and to supervision within the same scope as banks or investment firms in accordance with a legally binding act of the European Union governing the capital adequacy of banks and investment firms, and compliance with these rules is effectively applied;
(c) the non-Member State in which the depository has its registered office is not included on the list of non-cooperative jurisdictions and territories as maintained by the FATF;

(d) the Member States in which securities or shareholdings of a non-European alternative investment fund are to be distributed and the Slovak Republic have signed an agreement or a multilateral agreement with the non-Member State in which the depository is based, and which complies with the provisions of Section 26 of the OECD Model Tax Convention on Income and on Capital, and which ensures the effective exchange of information in tax matters;
(e) the depository shall be contractually liable towards the alternative investment fund or toward the investors in the alternative investment fund in accordance with Section 80(2) to (4) and shall expressly consent to compliance with Section 80a.

(5) The depository of a domestic collective investment undertaking may not be the management company or the foreign management company that manages this fund; neither may the prime broker acting as counterparty to an entity referred to in Section 4(2)(b) be the depository of such entity; this does not apply if the depository segregates in terms of staff function and hierarchy the performance of depository functions from its tasks as prime broker and if potential conflicts of interest are properly identified, managed, monitored and disclosed to investors in the entity referred to in Section 4(2)(b). The depository may delegate the performance of depository safekeeping to the prime broker, provided that the conditions under Section 80a are met.

(6) The depository of an alternative investment fund must have its place of establishment in the Slovak Republic. The depository of a European alternative investment fund must have its place of establishment in the home Member State of that European alternative investment fund. The depository of a non-European alternative investment fund must have its place of establishment in:
(a) the non-Member State in which that fund has been established;
(b) the home Member State of the management company or of the foreign management company that manages that fund;
(c) the reference Member State of the foreign management company that manages that fund.

(7) If a non-European alternative investment fund's depository is selected according to the third sentence of paragraph 6 and this depository is not subject to supervision by Národná banka Slovenska, nor by the competent supervisory authority of a Member State, that depository shall be supervised by the competent supervisory authority of the non-Member State in which the depository has its registered office.

Section 71
Depository contract

(1) The depository of a domestic collective investment undertaking shall perform its activities on the basis of a depository contract concluded with a management company managing a domestic collective investment undertaking or with a domestic collective investment undertaking (hereinafter referred to as "the contracting parties"). The depository contract shall be concluded in writing, for an indefinite period of time or the period for which the domestic collective investment undertaking has been established.

(2) The contracting parties shall agree on the conditions of fulfilment of obligations of the depository, at least in the scope stipulated by this Act and on the amount of the remuneration for the performance of the depository's activities, in the depository contract. The provisions of

paragraphs 3 to 10 do not apply to the depository of an alternative investment fund; instead the provisions of other legislation apply.[47a]

(3) The contracting parties shall, in the depository contract, regulate at least the following particulars related to the services provided by the depository and procedures to be followed by the contracting parties:

(a) the procedures that are to be adopted for each type of asset in the fund entrusted to the depository, including those related to the depository safekeeping of the assets held in the fund;
(b) the procedures that are to be followed where the management company envisages a modification of the fund rules or prospectus of the fund, and identifying when the depository should be informed, or where a prior agreement from the depository is needed to proceed with the modification;
(c) the means and procedures by which the depository will transmit to the management company all relevant information that the management company needs to perform its duties including a description of the means and procedures related to the exercise of any rights attached to financial instruments, and the means and procedures applied in order to allow the management company and the fund to have timely and accurate access to information relating to the accounts of the fund;
(d) the means and procedures by which the depository will have access to all the relevant information it needs to perform its duties;
(e) the procedures by which the depository has the ability to enquire into the conduct of the management company and to assess the quality of information transmitted, including on-site visits;
(f) the procedures by which the management company can review the performance of the depository in respect of the depository's contractual obligations.

(4) The parties of the agreement shall, for the purposes of the exchange of information and obligations on confidentiality, and the prevention and disclosure of the legalisation of income from illegal activities and financing terrorism, in particular, regulate in the depository contract:

(a) a list of all the information that needs to be exchanged between the management company and the depository related to the issue, redemption and cancellation of the standard fund's securities;
(b) confidentiality obligations applicable to the contracting parties, while such obligations may not impair the ability of Národná banka Slovenska, the competent supervisory authority of the foreign management company's home Member State, or other authorised authorities in gaining access to relevant documents and information;
(c) information on the tasks and responsibilities of the contracting parties in respect of obligations relating to the prevention and disclosure of the legalisation of income from illegal activities and the financing of terrorism, where applicable.

(5) Where the depository or the management company envisage appointing other entities to carry out the activities, the contracting parties shall include in particular the following in the depository contract:

(a) a commitment of the contracting parties to provide details, on a regular basis, of any other entities appointed by the depository or the management company to carry out their respective duties;

(b) a commitment that, upon the request of one of the contracting parties, the other party will provide information on the criteria used for selecting the other entity and the steps taken to monitor the activities carried out by the selected other entity;
(c) a statement that a depository's liability as referred to in Section 82 shall not be affected by the fact that it has delegated to another entity all or some of the assets in its depository safekeeping.

(6) For the purposes of amendments and the termination of the depository contract, the depository contract must include:
(a) the period of validity of the agreement;
(b) the conditions under which the agreement may be amended and terminated by express manifestation of will or other act by either party to the agreement or on the basis of another fact;
(c) the arrangement of the rights and obligations of the contracting parties in the case of the intention of a party to the agreement to terminate the depository contract, as well as, determination of appropriate periods so as not to occur the impediments in the conclusion of the depository contract with another depository and the impediments in the performance of the depository's activities, as well as the periods and procedure according to which the depository shall send needed information and documents to the appointed depository.

(7) The particulars referred to in paragraphs 3 to 6 may be stipulated in the depository contract by a reference to respective internal regulations of the management company or the depository. The particulars referred to in paragraph 3(c) and (d) must not be included in the depository contract if they are included in a separate contract.

(8) The relations between contracting parties are governed by the provisions of the law of the Slovak Republic and the courts of the Slovak Republic shall decide the disputes resulting from the depository contract.

(9) In cases where the contracting parties agree on the use of electronic transmission for part or all of information that flows between them, the depository contract must contain provisions ensuring the storage of such information.

(10) If the depository contract covers more than one fund, it must contain a list of the funds covered.

(11) In the event of the revocation or termination of the depository's authorisation or termination of its authorisation to provide investment services in respect of the part required for a depository's activities, or if the depository is placed in receivership, then as of the effective date of the respective decision, the depository's authorisation to perform depository activities under this Act shall expire and the depository contracts concluded with this depository shall cease to be valid.

(12) The repudiation of a depository contract or the occurrence of a situation referred to in paragraph 11 shall promptly be notified by the depository to Národná banka Slovenska and any management companies with which it has concluded a depository contract.

(13) After a depository contract has terminated, the management company shall promptly suspend the use of assets in the domestic collective investment undertaking, except for the payment of liabilities incurred before the depository contract became invalid and

operations essential for securing assets in the domestic collective investment undertaking against damage, and suspend the issuing and redemption of securities under Section 15 or shareholdings, until a contract is concluded with a new depository.

(14) The management company shall take measures to ensure that not later than the last day of the notice period, or within one month after the termination of the depository contract in a way referred to in paragraph 11, it has prepared a draft depository contract with another depository and has requested Národná banka Slovenska to grant prior approval for the change of depository.

(15) If a management company does not request Národná banka Slovenska to grant prior approval for a change of depository within the period referred to in paragraph 14, Národná banka Slovenska shall appoint a depository within one month after the completion of this period. The management company shall conclude a depository contract with the depository so appointed, and shall promptly submit the concluded contract to Národná banka Slovenska. The appointed depository is required to conclude the depository contract and to perform depository activities for the respective domestic collective investment undertakings.

(16) A depository which has ceased to perform depository activities for a domestic collective investment undertaking shall promptly hand over the assets in this collective investment undertaking and all related documentation and information to the new depository. Until the handover of the assets and related documentation, the depository must not use or allow the use of assets in this collective investment undertaking, except for operations required to secure assets in this collective investment undertaking against damage or to pay liabilities in accordance with paragraph 13.

(17) A depository shall continue to fulfil the obligations arising under the depository contract in the event that the management company is declared bankrupt or goes into liquidation, and shall do so until the management of assets in the domestic collective investment undertaking comes to an end in accordance with Section 26 or until a depository contract is concluded with the management company to which the management of the domestic collective investment undertaking has been transferred.

TITLE TWO

CONTROL TASKS OF A DEPOSITORY

Section 72
Activities of a depository

(1) A depository shall:

(a) verify whether the issuing, redemption and repurchase of securities or shareholdings of a domestic collective investment undertaking and their termination is carried out in accordance with this Act and with the rules or instruments of incorporation of this collective investment undertaking;
(b) verify whether the valuation of assets in the domestic collective investment undertaking is in accordance with this Act and with the rules or instruments of incorporation of this collective investment undertaking, and whether the value of a unit is calculated in

accordance with this Act and with the rules or instruments of incorporation of this collective investment undertaking;

(c) carry out the instructions of the management company which are in accordance with this Act and with the rules or instruments of incorporation of this domestic collective investment undertaking; in the event of reasonable doubts of the depository in respect of accordance with the instruction with this Act or with the rules or instruments of incorporation of this collective investment undertaking, the depository shall not carry out the instruction of the management company;

(d) verify, whether any counter-value in transactions involving assets in the domestic collective investment undertaking transferred to this collective investment undertaking is within the time limits usual for the regulated market in which the transaction is made, and where the transaction is made over-the-counter, within the contractually agreed time limits that are usual for the respective type of transaction;

(e) verify that the use of yields of the domestic collective investment undertaking are in accordance with this Act and with the rules or instruments of incorporation of this collective investment undertaking;

(f) verify compliance with the principles of risk spreading and limitation, if stipulated by this Act or the rules or instruments of incorporation of the domestic collective investment undertaking;

(g) verify the calculation and payment of the management company's remuneration for the management of the domestic collective investment undertaking;

(h) maintain a register of issuers and accounts for owners of book-entry securities in separate records and registers in accordance with Section 10(1)(c) and (d), if so agreed with the management company;

(i) verify compliance with the provisions of this Act concerning shareholdings in a real estate company as a part of the assets of a special real estate fund.

(2) The activities and verification tasks of an alternative investment fund's depository are subject to the provisions of other legislation.[47b] The activities and verification tasks of a standard fund's depository are subject to the provisions of other legislation.[47c]

Section 73
Checking the issuance and redemption of unit certificates

(1) A depository shall perform a control function in accordance with Section 72(a) in particular by checking whether the operating procedures and methods applied comply with the legislation of general application and the fund rules within the information system in which those procedures and methods are implemented.

(2) A depository shall check whether the total amount credited to the common fund's account for unit certificates issued during the checked period, as determined by the depository, equals the product of the number of units, representing the unit certificates issued for the period checked, and of the value of the unit determined for the relevant date for the period checked, while he shall take into account a fee for the issue of the unit certificate in accordance with the fund rules and the prospectus of the common fund. A depository shall verify whether the total amount of the redeemed funds for the verified period specified by the depository equals the product of the number of units representing the redeemed unit certificates for the verified period and the value of unit determined for the decisive day for the verified period, taking into account any fee for the redemption of a unit certificate in accordance with the fund rules and prospectus of the common fund.

(3) A depository may, instead of the procedure referred to in paragraph 2, perform the control function referred to in Section 72(a) by checking whether each amount received on the current account of the common fund for the purpose of the issue of unit certificates for the period checked determined by the depository, equals the product of the number of units pertaining to each separate issued unit certificate for the relevant date and of value of the unit determined for the relevant date; while he shall take into account a fee for the issue of the unit certificate in accordance with the fund rules and the prospectus.

(4) Performing the control function referred to in Section 72(a), a depository shall also verify compliance with all statutory particulars and of the contract of a unit-holder with the management company, in the process of the issue and redemption of the unit certificates. A check of a statistically significant sample of issued or redeemed unit certificates is deemed to be a fulfilment of the obligation referred to in the first sentence.

Section 74
Checking the calculation of the value of fund units

(1) A depository of the common fund shall perform the verification function referred to in Section 72(b) by verifying the compliance of applied methods with legislation of general application which stipulate them, and verify the correctness of the market prices that have been applied in the valuation of the assets carried out by a management company. In addition, the depository shall verify the suitability of models applied by the management company to the valuation of relevant types of assets in the common fund's assets; if the valuation models selected for the valuation of the relevant types of assets require the use of a qualified estimation, the depository shall also perform the verification functions referred to in Section 72(b) by verifying the expertise of the method by which the estimation is carried out, and expressing approval with this qualified estimation, or notify the management company and Národná banka Slovenska that he does not agree with the qualified estimation applied.

(2) A depository shall perform the verification function referred to in Section 72(b) also by verifying the compliance of the applied method of calculation of the value of a unit with this Act and the fund rules.

Section 75
Checking the use of returns on a common fund's assets

(1) Where the management company redeems the returns on assets in the common fund in the form of redemption of funds, the depository performs the verification function referred to in Section 72(e) by the verification of instructions.

(2) Where the returns on assets in the common fund is paid in the form of the issue of additional unit certificates, in compliance with the fund rules, the depository performs the verification function referred to in Section 72(e) within the verification at the issue and redemption of the unit certificates.

(3) Where the returns on a common fund's assets is paid by including the previously issued unit certificates in the current price in accordance with the fund rules, the depository performs the verification function referred to in Section 72(e) within the verification of the valuation of the common fund's assets.

Section 76
Checking the handling of assets held in a common fund

(1) A depository performs the verification function referred to in Section 72(c) by verifying the instructions of the management company related to the common fund's assets, in particular the instructions:

(a) for an acquisition of assets into or a sale of assets from the common fund's assets;
(b) for a transfer of funds or payment made from a current account or a deposit account of a common fund;
(c) for a transfer of securities and other assets being in a depository safekeeping;
(d) the instructions for a change of the records of assets kept at the depository and results from the transactions concluded separately by the management company.

(2) For the purposes of paragraph 1, an instruction means an order to use a common fund's assets made through a depository in the scope of the provision of an investment service or a payment service.

(3) Carrying out a verification of an instruction is without prejudice to granting the prior approval of a depository, if required by this Act.

(4) Performing the function referred to in Section 72(c), the depository shall verify:

(a) whether the types of assets permitted under this Act and fund rules are acquired into a common fund's assets; in the case that a depository is doubtful about the permissibility of a type of respective asset, the verification shall be performed on the basis of review of the documentation pertaining to the relevant asset;
(b) compliance with the rules of risk spreading and limitation under this Act and a common fund's rules by comparison of the determined limits with recent available data on the common fund's assets to the date when the instruction has been made.

Section 76a
Checking the handling of assets in an investment fund with variable capital

The provisions on the verification activity of a common fund's depository under Sections 73 to 76 refer to verification activity performed by a depository of an investment fund with variable capital, and the provisions applicable to unit certificates are applied mutatis mutandis to shares of an investment fund with variable capital and the provisions applicable to the common fund rules are applied mutatis mutandis to the rules of an investment fund with variable capital.

TITLE THREE

DEPOSITORY SAFEKEEPING

Section 77

(1) The assets in a domestic collective investment undertaking shall be entrusted to depository safekeeping. Assets entrusted to depository safekeeping may be handled by the depository on its own behalf only with the management company's prior consent.

(2) Depository safekeeping under paragraph 1 shall be for:

(a) financial instruments that may be held in safekeeping and administration including holder's administration, holder's administration that the depository performs in favour of a domestic collective investment undertaking for all financial instruments that may be credited to the asset account held by the depository, and safekeeping and administration performed by a depository in favour of a domestic collective investment undertaking for all financial instruments allowing physical delivery to the depository;
(b) other assets as under (a), verification of the ownership right of a collective investment undertaking or management company managing a collective investment undertaking to these assets, and keeping records on assets in the case of which it has been verified that the collective investment undertaking or the management company managing a collective investment undertaking owns these assets.

(3) For the purpose of the depository safekeeping referred to in paragraph 1, in order to conclude a credit agreement or loan agreement to the credit or debit of a standard fund's assets or a public special fund's assets, the management company shall require the prior approval of the depository. This is without prejudice to the provision of Section 95(1). Depository safekeeping shall also be subject to the provisions of other legislation.[48]

(4) Assets entrusted to depository safekeeping may only be reused if:

(a) the reuse is made on account of the fund;
(b) the depository executes instructions of a management company given on behalf of the fund, or instructions of a self-managed fund;
(c) the assets are used for the benefit of a fund and in the interest of unit-holders;
(d) the transaction is secured with a high-quality and liquid guarantee accepted by the fund based on an agreement on transfer of the ownership right and the market value of the pledge must equal to at least the market value of the used assets increased by a premium.

(5) The provisions of paragraph 4 do not apply to special qualified investor funds, nor to entities as referred to in Section 4(2)(b). The assets of a special qualified investor fund and those of an entity referred to in Section 4(2)(b) may be reused only with the prior consent of the management company that manages that fund or with the fund's prior consent in the case of a self-managed fund.

Section 78

(1) For the purposes of Section 77(2)(a), the depository shall credit all financial instruments that can be credited to an asset account held by a depository to the account held in the name of a domestic collective investment undertaking or of the management company managing that domestic collective investment undertaking within separate records under other legislation.[48a]

(2) For the purpose of Section 77(2)(b) the depository shall perform verification on the basis of information or documents provided by the management company or collective investment undertaking, and if possible, also on the basis of independent evidence obtained from third parties or from publicly available registers. Records of a depository under Section 77(2)(b) must be up to date.

Section 79

(1) The depository shall maintain a single current account in one currency for each fund or sub-fund managed by the management company; this is not applicable in the case of the funds or sub-funds merger, when the depository may maintain the current accounts of all merged funds and sub-funds, however, not longer than six months after the entry into force of the decision on the merger of the funds. For the purposes of the procedure referred to in Section 13(6), the depository may also maintain a feeder account for each fund and sub-fund managed by the management company.

(2) All payments, redemptions, and transfers of funds that constitute a fund's or sub-fund's assets shall be carried through the current account referred to in paragraph 1.

(3) Funds deposited in deposit accounts at other banks or foreign bank branches shall also be carried out through the current account referred to in paragraph 1. The depository shall carry out payments or transfers from the current account referred to in paragraph 2 only upon the order of the management company. For the management company to open current accounts other than under paragraph 1, the approval of the depository is required. The depository shall not grant approval for the opening of a fund's current account in another bank or a foreign bank, as referred to in Section 88(1)(f) only if it is necessary for ensuring the settlement of transactions in securities, money market instruments and derivatives[49] in accordance with Section 88, or these current accounts serve as current accounts for the purposes of the collection of investments of clients into the fund. Where the current account opened by the management company in a bank other than the depository, serves as a collection account, the management company shall ensure the daily transfer of a balance of the collection account to the current account of the respective fund maintained by the depository.

(4) A management company may open deposit accounts for a fund in another bank or in a foreign bank branch only upon the approval of the depository. In executing a transfer of funds from the deposit account to another deposit account in the same bank or foreign bank branch, the bank or foreign bank branch shall act on the instruction of the management company following the submission of the depository's approval. The only payments which a management company may receive in a deposit account held with another bank or foreign bank branch shall be income payments on the said deposit account; the management company shall regularly inform the depository about payments received in this deposit account. Such transfers and payments are not subject to the provisions of paragraph 2.

(5) A management company may place funds for acquiring assets into fund assets into notarial custody[49aa] or deposit them in a tied account held at another bank or foreign bank branch with the consent of the fund's depository. The depository shall consent to the depositing of funds for acquiring assets into fund assets only where:

(a) the funds are placed into notarial custody or deposited in a tied account held at another bank or foreign bank branch from a current account referred to in paragraph 1; and
(b) the total amount of funds placed into notarial custody or deposited in a tied account held at another bank or foreign bank branch does not exceed the insured sum in liability insurance concluded in connection with the performance of notarial activities.

(6) The depository of a fund shall, in accordance with other legislation,[49a] ensure the proper monitoring of cash flows of the fund, mainly in order to assure that all payments made by investors or on their behalf in relation to issues of the fund's unit certificates or securities are accepted and that finance of the fund are held on accounts opened with a person under

another act[49b] in the fund's name or in the name of the management company managing the fund or in the name of the depository acting on behalf of the fund, or, in the case of a fund, on accounts opened with another entity of the same nature operating in the relevant market where the keeping of cash accounts is required if that entity is subject to effective prudential and supervision rules which have the same effect as legally binding acts of the European Union governing activities of banks and which are applied effectively and in accordance with the rules on the protection of client's finance and financial instruments under another act.[49c]

(7) Where the accounts are opened in the name of the depository acting on behalf of a fund, no funds of the depository nor of any other entity under paragraph 5 may be held on these accounts.

(8) The provisions of paragraphs 1 to 4 do not apply to depositories of special qualified investor funds, nor to entities referred to in Section 4(2)(b).

TITLE FOUR

RELATION BETWEEN A MANAGEMENT COMPANY AND A DEPOSITORY

Section 80

(1) A depository may require a management company to document the fulfilment of the conditions for executing an instruction laid down by this Act and by the respective rules or instruments of incorporation. If the management company fails to document the fulfilment of these conditions at the depository's request, the depository shall not carry out the instruction.

(2) If the management company's instruction is inconsistent with this Act, the respective fund rules or instruments of incorporation, the depository shall not carry it out and shall warn the management company of this fact; if despite such warning the management company insists on carrying out the instruction, the depository shall not carry it out and shall notify of this fact Národná banka Slovenska.

(3) If in performing its activities, the depository finds that the management company has violated this Act or the fund rules or instruments of incorporation of collective investment undertaking under its management, it shall promptly notify Národná banka Slovenska and the management company of this fact. The depository shall promptly notify Národná banka Slovenska that the limits under Sections 88 to 93 are exceeded, even if it occurred in accordance with this Act.

(4) In performing its activities, the depository may require the management company to furnish, apart from information and documents on collective investment undertaking under its management, information and documents on its activities. The management company shall promptly submit such information and documents to the depository.

(5) A depository may not perform activities related to a domestic collective investment undertaking or a management company acting in favour of a collective investment undertaking under its management where a conflict of interest between the domestic collective investment undertaking, its investors, the management company and depository may arise; this does not apply if the performance of the functions of a depository is segregated in terms of staff function

and hierarchy from the performance of other tasks where a conflict of interest may arise and where potential conflicts of interest are duly identified, managed, monitored and communicated to the investors in the domestic collective investment undertaking.

(6) A depository is required to provide to Národná banka Slovenska, at its request, any information and documents obtained in performing its activities.

Section 80a

(1) The depository of a domestic collective investment undertaking may not delegate performance of the activities of a depository to another entity; this does not apply to the delegation of depository safekeeping if the following conditions are met:

(a) the intention of the delegation of performance of depository safekeeping is not to circumvent the provisions of this Act;
(b) the depository shall demonstrate objective reasons for delegating performance of depository safekeeping;
(c) in selecting and designating with appropriate professional care[49d] a person to which a depository intends to delegate a part of its activities, the depository shall exercise with due professional care with periodic assessment and continuous monitoring of each entity to which a part of its activities is delegated, and measures taken by this entity in relation to the delegated activities;
(d) the depository has ensured that the person to which performance of activities is delegated fulfils these conditions during their performance:
    1. it has necessary material and organisational arrangements and appropriate expertise required in relation to the nature and complexity of a domestic collective investment undertaking's delegated assets;
    2. in the case of activities related to safekeeping of financial instruments, this entity is subject to effective prudential rules, including minimum capital requirements, and supervision in the state of its residence, and is subject to periodic external audit for the purpose of verifying that it holds the delegated financial instruments;
    3. under other legislation[49e] it separates the assets of the depository's clients from its own assets and from the assets of the depository in such a way that it can be clearly identified at any time that the assets belong to clients of the relevant depository;
    4. it does not handle the assets of a domestic collective investment undertaking without the prior consent of its management company or the domestic collective investment undertaking and without a prior notification of the depository;
    5. complies with obligations and restrictions relating to depository safekeeping under Sections 70(5), 71(1), 77 to 79, 80(5) and 82(1);
    6. it has taken measures necessary to ensure that in the case of its insolvency the assets entrusted will not be used for satisfying its creditors.

(2) If the law of a non-Member State requires that certain financial instruments are held by an undertaking located in that non-Member State (hereinafter a 'local undertaking') and no local undertakings meet the requirements under paragraph 1(d) second point for the delegation of activities, the depository may delegate activities to such an undertaking only to the extent required by the law of that non-Member State and only if there are no local undertakings that would meet the requirements for delegation under paragraph 1 and if the following conditions are met:

(a) before investing in the relevant domestic collective investment undertaking, investors are properly informed of the fact that the delegation is necessary due to legal restrictions in the

law of the non-Member State and of the circumstances justifying the delegation and the related risks;

(b) the management company has given the instruction to the depository to delegate safekeeping of these financial instruments to such an undertaking.

(3) The person to whom activities have been delegated by a depository may delegate these activities to another entity under the same conditions as the depository under paragraphs 1 and 2, whilst Section 82(8) applies to these entities mutatis mutandis.

(4) The provision of services by financial instrument clearing and settlement systems fulfilling the conditions of a legally binding act of the European Union Shall governing settlement finality in payment and securities settlement systems or the provision of similar services by clearing and settlement systems of non-Member States is not deemed delegation of depository safekeeping.

Section 81

(1) A depository shall keep the records of a management company's instructions, approvals granted to the management company, decisions not to grant approval to the management company, warnings about and information on violations of this Act by the management company, and a collection of the documents referred to in paragraph 3.

(2) The records referred to in paragraph 1 shall state:

(a) the number of the record;
(b) the date when the act was carried out;
(c) the definition of the operation;
(d) the content of the operation.

(3) The collection of documents shall comprise written copies of each of the management company's instructions, approvals granted to the management company, decisions not to grant approval to the management company, and warnings about and information on established violations of this Act by the management company.

(4) The records referred to in paragraph 1 and the collection of documents shall be kept by the depository in written form or on a durable medium, and shall be provided to Národná banka Slovenska upon its request.

(5) The standard fund's depository shall regularly provide the contracting party with a complete overview of the standard fund's assets.

TITLE FIVE

RULES GOVERNING THE ACTIVITIES AND LIABILITIES OF A DEPOSITORY

Section 82

(1) A depository shall act independently, with professional care, and exclusively in the interests of unit-holders.

(2) A depository shall be liable toward the domestic collective investment undertaking and its unit-holders for a loss of financial instruments[49f] in the depository safekeeping under Section 77(2)(a) at the depository or at an entity to which the performance of this depository safekeeping was delegated by the depository, and for other damages under paragraph 4.

(3) In the case of a loss under paragraph 2 the depository shall promptly return a financial instrument of the same type or its equivalent value in favour of the domestic collective investment undertaking. The depository shall not be liable under paragraph 2 if it can prove that the loss occurred as a result of an external event beyond its control[49g] the consequences of which would be irreversible despite any effort to avoid them.

(4) A depository which, in performing its activities, breaches obligations arising under this Act, the fund rules or instruments of incorporation of a collective investment undertaking and the depository contract, shall be liable toward the management company and unit-holders for any damage caused as a result; the depository's liability shall not end with the termination of its activities. The management company's liability under Section 56 is unprejudiced hereby.

(5) The depository's liability for damage caused by the non-fulfilment of obligations arising under this Act or the depository's agreement shall not be affected by the fact that the depository has delegated the fulfilment of these obligations to another entity.

(6) A unit-holder may claim compensation for damage caused by the depository, either directly or by authorising the management company to do so.

(7) A management company shall represent the interests of unit-holders and investors when claiming compensation for damage which the depository caused them by its breach or inadequate fulfilment of obligations in the performance of its activities imposed by this Act and by the depository's contract, including the situation where the depository's respective authorisation has expired or has been revoked.

(8) A depository of an alternative investment fund which has delegated depository safekeeping of a financial instrument to another entity may discharge the liability under paragraph 2, if it proves that:

(a) all conditions for delegation of depository safekeeping under Section 80a(1) are met;
(b) a written contract between the depository and the entity to which activities were delegated explicitly transfers the depository's liability for loss toward this entity and allows the management company managing the alternative investment fund to make a claim against this entity in respect of a loss of financial instruments or allows the depository to make such a claim on its behalf;
(c) a written contract between the depository and the management company managing the alternative investment fund explicitly allows for such discharge of the depository's liability and determines an objective reason[49h] for such discharge of liability.

(9) In the case of depository safekeeping of the assets in an alternative investment fund and a depository which has delegated the depository safekeeping of a financial instrument to another entity, it may discharge its liability under paragraph 2 even if the law of a non-Member State requires that certain financial instruments be held in depository safekeeping by a local entity and if there are no local entities that satisfy the delegation requirements under Section 80a(1)(d) second point and if the following conditions are met:

(a) the rules or instruments of incorporation of the alternative investment fund expressly allow for such discharge of liability under the conditions laid down in this paragraph;
(b) investors in the alternative investment fund have been duly informed of the discharge and the circumstances justifying the discharge prior to their investment;
(c) the management company instructed the depository to delegate the depository safekeeping of financial instruments concerned to such a local entity;
(d) there is a written contract between the depository and the management company, which expressly allows such a discharge of liability;
(e) there is a written contract between the depository and the entity to which performance of depository safekeeping has been delegated, which expressly transfers the depository's liability to that local entity and enables the management company to make a claim against that entity in respect of a loss of financial instruments or for the depository to make such a claim on the management company's behalf.

(10) The liability of a standard fund's depository under paragraph 2 may not be excluded or restricted in a contract. Any provision of the contract that is at variance with the first sentence hereto is null and void.

(11) The depository may not perform activities related to the fund or management company that might lead to conflicts of interest between the depository, funds, investors and the management company if the depository has not separated its depository activities, in terms of function and hierarchy, from its other possible conflicting activities, and if potential conflicts of interest are not properly identified, managed, monitored, and communicated to the investors.

DIVISION FIVE

COLLECTIVE INVESTMENT OF A STANDARD FUND

TITLE ONE

BASIC PROVISIONS

Section 83

(1) A standard fund may only have the form of an open-ended fund.

(2) It is not allowed to:
(a) split a standard fund;
(b) convert a standard fund into a special fund;
(c) merge a standard fund with a special fund or with a foreign collective investment undertaking which is not a European standard fund.

TITLE TWO

AUTHORISATION TO ESTABLISH A STANDARD FUND

Section 84

(1) In order to establish a standard fund, an authorisation is required from Národná banka Slovenska. The establishment and activities of a non-self-managed standard fund that is an investment fund with variable capital is subject to authorisation granted in accordance with the first sentence hereto. In addition to the authorisation under the first sentence, the establishment and activities of a self-managed standard fund that is an investment fund with variable capital is also subject to authorisation under Section 28.

(2) The authorisation referred to in paragraph 1 may only be granted to a management company which has been granted an authorisation under Section 28 by Národná banka Slovenska and to a foreign management company, which is authorised to operate by means of establishing a branch or on the basis of the freedom to provide services referred to in Section 60(2).

(3) The authorisation referred to in paragraph 1 shall only be granted if the following is documented:

(a) the choice of depository is in accordance with this Act;
(b) a member of the board of directors, authorised representative and senior employee of the depository who ensures the performance of activities is professionally qualified and trustworthy;
(c) the fund rules of a standard fund are in accordance with this Act and provide for adequate protection of fund unit-holders with regard to the investment policy and its risk profile;
(d) securities in the standard fund, which are to be distributed in the territory of a Member State shall, at the same time, be distributed in the territory of the Slovak Republic; this is without prejudice to the option of distribution of the securities in the territory of a non-Member State.

(4) Where a standard fund is to be a feeder fund, in order to grant an authorisation referred to in paragraph 1 it must be documented, in addition to the conditions referred to in paragraph 3, that the feeder fund, the management company which is to manage it, its depository, and auditor or audit company, as well as the master fund and the management company which is to manage it, fulfil the conditions referred to in Sections 108 to 118.

(5) The application for the authorisation referred to in paragraph 1 shall be submitted by the management company or foreign management company referred to in paragraph 2.

(6) The application referred to in paragraph 5 shall contain:

(a) the business name, registered office and identification number of the management company or foreign management company;
(b) the name of a standard fund;
(c) the period for which the standard fund has been established;
(d) the business name, registered office and identification number of the depository;
(e) the name, permanent residence and date of birth of members of the board of directors; supervisory board, authorised representatives of the management company or foreign management company, and of senior management of the management company or foreign management company;
(f) the name, permanent residence and date of birth of a member of board of directors, authorised representative and senior employee of the depository, who ensures the performance of activities of the depository; if these data were included in the application in other proceedings and did not change, the application shall state that there has been no change in the data;

(g) the information in the territories of which states the management company or foreign management company intends to publicly offer the standard fund's securities;
(h) if a foreign management company is the applicant, the information on concluded contracts on delegation of activities referred to in Section 27(2)(a) and (b);
(i) the information, whether the standard fund is to be a feeder fund;
(j) the business name, registered office and identification number of an auditor or audit company, if the standard fund is to be a feeder fund;
(k) the business name, registered office and identification number of the master fund's depository, if the standard fund is to be a feeder standard fund;
(l) the information as to whether the standard common fund is to be an umbrella common fund.

(7) The following shall be attached to an application referred to in paragraph 5:
(a) a draft of the standard fund's rules;
(b) a draft of the prospectus;
(c) a draft of the key information for investors;
(d) the depository's preliminary approval for the conduct of depository activities on behalf of the standard fund; it does not apply for a foreign management company;
(e) the brief curricula vitae of the depository's senior employees who ensure the performance of depository activities, documents certifying their completed education and professional experience, their declarations of honour stating that they comply with the requirements laid down in paragraph 3, and the information necessary for requesting criminal record check certificates for these persons for verifying whether they are of good repute; the good repute of non-residents shall be evidenced with a similar document as specified in Section 28(11).

(8) Where a standard fund is to be a feeder fund according to Section 108, the following shall also be attached to the application referred to in paragraph 5:
(a) the master fund rules;
(b) the prospectus of the master fund;
(c) the key information for investors of the master fund;
(d) a contract or internal regulations of operation of a draft of such regulations in accordance with Section 109(1);
(e) the information-sharing agreement referred to in Section 113(1) or a draft of it, if the master fund and the feeder fund have different depositories;
(f) the information-sharing agreement referred to in Section 114(1) or a draft of it, if the master fund and the feeder fund have different auditors or audit companies;
(g) a certificate of a competent authority of a home Member State of that European master fund which documents that the European master fund is the European standard fund or its sub-fund meeting the conditions referred to in Section 108(3)(b) and (c), if the master fund is the European standard fund or its sub-fund.

(9) If the application for granting the authorisation referred to in paragraph 1 is submitted to a foreign management company, the draft of the depository contract meeting the conditions referred to in Section 71 shall be attached to the application.

(10) If the European standard fund or its sub-fund is the master fund, the management company shall submit the documents referred to in paragraph 8 in the Slovak language.

(11) Národná banka Slovenska shall decide on the application for granting the authorisation referred to in paragraph 1 no later than within two months after delivery of the application or its completion.

(12) Národná banka Slovenska shall refuse the application for the authorisation referred to in paragraph 1 where the applicant does not fulfil, or does not document the fulfilment of, a condition laid down in paragraph 3 or 4.

(13) The conditions referred to in paragraph 3 or 4 shall be fulfilled without interruption for so long as the authorisation to establish the standard fund is valid.

(14) Any person nominated to be a senior employee of a depository with responsibility for ensuring the activities of the depository is deemed professionally qualified if they are a natural person that has at least three years' experience in the financial market sector appropriate to the professional activity.

(15) The professional qualification and trustworthiness of members of the board of directors and an authorised representative of the depository is governed by the provisions of other legislation,[50] and for the purposes of proceedings for the application for an authorisation referred to in paragraph 1, it is deemed to be documented if it has been documented in accordance with the other legislation.[50] The trustworthiness of a senior employee of a depository with responsibility for ensuring the activities of the depository for the purposes of proceedings for an application for authorisation under paragraph 1 is deemed proven, if it has been already proven in another proceeding before the submission of this application, and if, in relation to this senior employee, there have been no changes to the conditions under which the authorisation under paragraph 1 was granted.

(16) Where the application for authorisation referred to in paragraph 1 is submitted by a foreign management company, Národná banka Slovenska may request explanations and information from the competent foreign management company's home Member State concerning the contracts that have been concluded on the delegation of the activity and the draft of the depository contract and, on the basis of the notification of such authority referred to in Section 64 or Section 65, also information whether the type of standard fund for which the authorisation is applied, covers the scope of the authorisation of the foreign management company.

(17) Where the foreign management company is the applicant, Národná banka Slovenska may refuse the application for granting the authorisation referred to in paragraph 1, if the foreign management company:

(a) breaches the provisions of Section 66(3) and (4);
(b) is not authorised to manage the respective type of standard fund by the competent authority of its home Member State;
(c) does not submit the information on concluded contracts on the delegation of activities or a draft of the depository contract that fulfils the conditions referred to in Section 71.

(18) Where the foreign management company is the applicant, Národná banka Slovenska shall, before the refusal of the application for granting the authorisation referred to in paragraph 1, consult the intended refusal of the application with a competent authority of the foreign management company's home Member State.

Section 85

(1) The decision by which the authorisation to establish a standard fund is granted shall contain:

(a) the business name, registered office and identification number of the management company or foreign management company;
(b) the name of the standard fund;
(c) the period for which the standard fund has been established;
(d) the business name, registered office and identification number of a depository;
(e) the approval of the standard fund rules.

(2) If the standard fund is to be the feeder fund, the decision shall also state:

(a) the business name, registered office and identification number of the management company or foreign management company managing the master fund, or of the master fund provided it is self-managed;
(b) the name of the master fund;
(c) the business name, registered office, and identification number of the depository of the master fund.

(3) The authorisation to establish a standard fund may also contain conditions that the management company or foreign management company must satisfy before beginning to issue securities, or conditions that the management company or foreign management company must fulfil in the management of a standard fund.

(4) The authorisation to establish the standard fund may be transferred to another management company with the authorisation under Section 28 or foreign management company performing the activity referred to in Section 60(2) only on the basis of the prior approval referred to in Section 163(1)(i). The authorisation to establish the standard fund shall be valid for all Member States.

(5) Národná banka Slovenska may, at the request of a management company of a foreign management company, amend an authorisation to establish a standard fund. The examination of a request to amend an authorisation to establish the standard fund shall be subject, as appropriate, to Section 84. Where information stated in an authorisation to establish the standard fund is amended on the basis of a prior approval granted by Národná banka Slovenska in accordance with Section 163, such amendment is deemed to be approved upon the granting of the prior approval by Národná banka Slovenska. The management company or the foreign management company shall, however, notify Národná banka Slovenska in writing of this amendment and the date when it was made not later than 30 days after the date it was made.

(6) A management company shall promptly give Národná banka Slovenska written notification of any changes in the conditions based on which it was granted an authorisation to establish a standard fund. A foreign management company shall promptly give Národná banka Slovenska also written notification of significant changes in the contracts concluded on the delegation of an activity or depository contract.

Section 86

(1) If a management company does not begin issuing unit certificates within six months from acquiring a valid authorisation to establish the standard fund that is a common fund, the authorisation shall expire.

(2) If no application for registration in the commercial register is submitted within three months from the effective date of the authorisation granted for the establishment of a non-self-managed standard fund, as an investment fund with variable capital, based on which the establishment is registered, the authorisation shall expire.

TITLE THREE

COMPOSITION OF A STANDARD FUND'S ASSETS

Section 87

(1) Where a standard fund consists of more than one sub-fund, each sub-fund is, for the purposes of Sections 88 to 98, deemed to be a separate standard fund.

(2) Where a collective investment undertaking consists of more than one sub-fund, each such sub-fund is, for the purposes of the limits referred to in Section 88(1)(e) and Section 92(1)(2), deemed a separate respective common fund.

Section 88
Assets into which a standard fund's assets may be invested

(1) A standard fund's assets may only be invested in liquid financial assets as follows:

(a) transferable securities or money market instruments admitted for trading on a regulated market stated in the list prepared by Member States and published by the European Supervisory Authority (European Securities and Markets Authority) in accordance with the legally binding act of the European Union on investment services;

(b) transferable securities and money market instruments admitted for trading on a regulated market other than the one referred to in (a) in the Slovak Republic or another Member State, provided that it operates regularly, is open to the public and is authorised by Národná banka Slovenska or another competent supervisory authority of a Member State;

(c) transferable securities and money market instruments admitted for trading on a listed securities market of a foreign stock exchange or on another regulated market in a non-Member State, provided that this foreign stock exchange or other regulated market operates regularly, is open to the public, and is authorised by the competent supervisory authority of the country in which it is headquartered; this option only applies where it is stated in the standard fund rules approved by Národná banka Slovenska along with the business name of this stock exchange or other regulated market;

(d) transferable securities from a new issue of securities, where:

1. the issue conditions include an undertaking to submit an application for the admission of the securities to trading on a regulated market referred to in (a) or (b) an application for admission to trading to a listed securities market of a foreign stock exchange in accordance with (c); this option only applies when it is stated in the standard fund rules along with the business name of the stock exchange or other regulated market;
2. it is clear from all circumstances that this admission will take place within one year from the date of the issue;

(e) securities of other standard funds, European standard funds and open-ended special funds or securities of other foreign collective investment undertakings, where:
   1. this foreign collective investment undertaking is open-ended, it holds an authorisation granted in accordance with the legal regulations of the country in which it is established, and it is subject to a supervision which Národná banka Slovenska considers equivalent to a supervision exercised by Národná banka Slovenska or by the competent supervisory authority of a Member State, and where cooperation between Národná banka Slovenska and the competent supervisory authorities is provided for;
   2. the level of protection for the owners of the securities of this foreign collective investment undertaking is equivalent to the protection for fund unit-holders in a standard fund, especially in that the rules for the separation of assets, lending and borrowing and non-covered sales of transferable securities and money market instruments are equivalent to the requirements under this Act;
   3. this foreign collective investment undertaking publishes annual management reports for the accounting year and half-year management report for the first six months of the accounting year that allow the evaluation of its assets and liabilities, income and its activities for the period to which the respective report applies;
   4. up to 10% of the value of the assets in the other standard fund, assets of the European standard fund, assets in the open-ended special fund, or assets of the foreign collective investment undertaking meeting the conditions referred to in points 1 to 3, may, in accordance with their fund rules or instruments of incorporation, be completely invested in unit certificates of other common funds or securities of foreign collective investment undertakings;

(f) deposits in current accounts or in deposit accounts with a requested maturity or a maturity of up to 12 months, and made with banks having their registered office in the territory of the Slovak Republic or in foreign banks having their registered office in a Member State, or in a non-Member State provided that the non-Member State requires compliance with the rules of prudent banking business which Národná banka Slovenska deems to be equivalent to the rules under other legislation[51] or with a Member State's rules of prudent banking business;

(g) financial derivatives, including equivalent instruments, which carry a right to settlement in cash and which are admitted to trading on a regulated market referred to in (a), (b) and (c) or over-the-counter financial derivatives if:
   1. the instrument underlying the derivatives is an instrument referred to in this paragraph, financial indices, interest rates, exchange rates of currencies and currencies in which the standard fund's assets may be invested in accordance with the investment policy set out in its rules;
   2. the other contracting party in the transactions in over-the-counter derivatives is another management company or a financial institution subject to prudential supervision; the standard fund rules shall state categories of financial institutions which may be a counterpart in transactions in over-the-counter derivatives;
   3. the over-the-counter derivatives are valued on a daily basis, and this valuation is verified by methods specified in Section 107 and they may at any time be sold, realised or closed at their market price through another transaction, on the initiative of the management company;

(h) money market instruments other than those stated in (a) to (c), where their issue or issuer is subject to supervision for the protection of investors and savings and where they were:
   1. issued or guaranteed by:
      1a. the Slovak Republic;

1b. the municipality or higher territorial unit in the case of the Slovak Republic and similar authorities of municipal authorities in the case of another Member State,
1c. Národná banka Slovenska;
1d. a Member State and its central bodies, regional bodies, municipality or higher territorial unit, in the case of the Slovak Republic or municipal authorities in the case of another Member State;
1e. the central bank of a Member State;
1f. the European Central Bank;
1g. the European Union;
1h. the European Investment Bank;
1i. a non-member State, and where the country is a federation, also by the entities making up the federation;
1j. a public international organisation, which includes at least one Member State among its members (hereinafter an 'international organisation');
1k. an entity subject to prudential supervision, exercised by Národná banka Slovenska, or by the competent supervisory authority of a Member State; or
1l. an entity, which is subject to, and meets, the prudential rules and at least to the extent of the prudential rules ensured by other legislation or legally binding acts of the European Union;

2. issued by an issuer whose securities are admitted to trading on a regulated market in accordance with (a), (b) or (c); or
3. issued by other legal entities, provided that the categories of these legal entities are stated in the standard fund rules, and that investment in such money market instruments are subject to investor protection which is equivalent to the protection related to the money market instruments in paragraphs 1 to 3, and that the issuer is a legal entity:
   3a. whose share capital and reserves together amount to at least EUR 10,000,000;
   3b. which publishes its financial statements in accordance with other legislation;[30]
   3c. which is part of a group of commercial companies at least one of which is an issuer of securities admitted to trading on a listed securities market of a stock exchange or a foreign stock exchange; and
   3d. which is designated to finance this group or to finance securitisation schemes which use the liquidity provided by bank or foreign bank;

(i) transferable securities and money market instruments other than those stated in (a) to (h), but in an amount not exceeding 10% of the value of the standard fund.

(2) A standard fund's assets may also include ancillary liquid assets, which are understood to mean funds in cash, funds in current accounts and short-term time deposits, which meet the conditions referred to in paragraph 1(f) and whose total value significantly exceeds the value of deposits designated by the standard fund's investment policy. Ancillary liquid assets are not funds earmarked for the settlement of transactions in the standard fund's assets which have already been concluded. The value of ancillary liquid assets in a standard fund may only exceed 50% of the value of the standard fund's assets if this is justified by the situation on the financial market or as a result of a significant increase in the number of applications for the redemption of securities. After any such excess arises, the management company shall promptly give Národná banka Slovenska written notice thereof and a statement on the accompanying reasons.

(3) A standard fund's assets may not include physical representation of precious metals nor any certificates representing them.

(4) Národná banka Slovenska may, by way of a decree to be promulgated in the Collection of Laws, stipulate:

(a) the condition for definition of:
    1. liquid financial assets referred to in paragraph 1;
    2. transferable securities referred to in Section 3(h);
    3. money market instruments referred to in Section 3(s);
(b) details on what is to be understood under:
    1. transferable securities and money market instruments containing a derivative referred to in Section 100(7);
    2. common funds, the investment policy of which consists in a matching the composition referred to in Section 90;
(c) a method of use of techniques and instruments referred to in Section 100(2).

Risk-limitation and risk-spreading rules for standard funds

Section 89

(1) The value of transferable securities and money market instruments issued by the same issuer may not constitute more than 5% of the value of a standard fund's assets, unless otherwise provided by the provisions of paragraphs 4 to 9, Sections 90, 91, 92 and 94.

(2) Deposits in a single bank or a foreign bank branch may not constitute more than 20% of a standard fund.

(3) A counterparty risk that the standard fund's assets are exposed to in transactions in over-the-counter financial derivatives may not exceed:

(a) 10% of the value of a standard fund, if the counterparty is a bank meeting the conditions laid down in Section 88(1)(f);
(b) 5% of the value of a standard fund, if the counterparty is an entity other than the bank referred to in (a).

(4) Národná banka Slovenska may, by approving standard fund rules increase the limit referred to in paragraph 1 up to 10%. The total value of the securities of issuers whose transferable securities and money market instruments account for more than 5% of a standard fund's assets may not, however, exceed 40% of the value of the standard fund's assets. The limitation referred to in the second sentence does not apply to deposits and transactions in over-the-counter financial derivatives made with banks, which are subject to Section 88(1)(f).

(5) The sum of investments in transferable securities and money market instruments issued by a single entity, deposits with the same entity, and the counterparty risk referred to in paragraph 3 towards this entity during transactions in financial derivatives may not exceed 20% of a standard fund's assets, unless provided otherwise by paragraph 7.

(6) The value of transferable securities and money market instruments issued or guaranteed by a single Member State, municipality, or higher territorial unit, in the case of the Slovak Republic, or municipal authorities, in the case of another Member State, a single non-Member State or international organisation, may not constitute more than 35% of the value of the standard fund's assets.

(7) The value of bonds issued by a single bank or by a foreign bank in a Member State, which bank is subject to supervision protecting interests of bondholders, may not amount to

more than 25% of the value of a standard fund's assets. Funds raised by the issue of bonds shall be invested in such assets which cover the issuer's liabilities related to the bond issue until the maturity of the bonds and which may be used to redeem the nominal value of, and yields on, the bonds if the issuer becomes insolvent. The summary value of bonds acquired and allocated to a standard fund's assets under the first sentence may not exceed 80% of the value of the standard fund's assets.

(8) The value of transferable securities and money market instruments referred to in paragraphs 6 and 7 shall not count towards the 40% limit stipulated in paragraph 4.

(9) The limits stipulated in paragraphs 1 to 7 may not be added together. The sum of investments in transferable securities and money market instruments issued by a single entity, the counterparty risk referred to in paragraph 3 towards the same entity, and deposits with a bank which is the issuer of these securities or which is affected by this counterparty risk, may not exceed 35% of the value of a standard fund's assets, not even when these investments are made in accordance with paragraphs 1 to 7.

(10) For the purpose of calculating the limits referred to in paragraphs 1 to 9, legal entities belonging to a group which prepares consolidated financial statements in accordance with other legislation[52] or with international accounting standards, shall be considered a single entity. Where the group referred to in the first sentence is controlled by a financial institution, Národná banka Slovenska may, by approving standard fund rules, increase the 10% limit referred to in paragraph 4 up to 20%.

(11) Bonds which are issued in the Slovak Republic and meet the criteria laid down in paragraph 7 are deemed to include mortgage bonds, covered bonds and municipal bonds or municipal debt issued by a bank which, with the funds raised from their sale, provides a municipal loan to a municipality or higher territorial unit, provided that these municipal bonds are guaranteed in accordance with the conditions stipulated by other legislation.[53] With regard to the bonds referred to in paragraph 7 that are issued in a Member State, the management company shall take into account the similar list of bonds compiled in accordance with the law of this Member State, provided that such a list exists.

Section 90

(1) The value of shares and debt securities issued by a single issuer may amount to 20% of the value of a standard fund's assets, provided that the investment policy of the standard fund, as laid down in the fund rules, corresponds to the composition of a recognised index of shares or debt securities.

(2) An index of shares or bonds shall be recognised if:

(a) it is composed of a sufficient number of shares or bonds and a sufficient number of their issuers;
(b) it expresses with sufficient accuracy the overall price movements on the market to which it applies;
(c) it is published in the same way as are the prices of shares and bonds included in an index.

(3) The management company may not invest a standard fund's assets in an index if:

(a) the index contains any component whose change in value has a greater than 20% effect on the change in the index value, or if Národná banka Slovenska increased the limit upon

approving fund rules under paragraph 4 to greater than 35%; in the case of a leveraged index, the leverage shall be taken into account when calculating the limit in the previous sentence;

(b) it is a commodity index that is not composed of various commodities; whereas:
   1. a regional or industrial subcategory of one commodity is, for the purpose of this letter, deemed to be one commodity;
   2. other subcategories of one commodity as under the first point are not, for the purpose of this letter, deemed one category, if the development correlation coefficient of their values is lower than 0.8;

(c) if the management company cannot prove that:
   1. the index has a clear and specific objective of representing an appropriate basis for a certain market;
   2. information on index components and rules for selecting the components are accessible to investors and competent supervisory authorities; and
   3. the independence of method of the index value calculation is not affected by the use of cash management procedures, in the case where the investment strategy includes the use of cash management procedures;

(d) the index has been created and calculated at the request of one market participant or limited number of market participants and on the basis of their requirements;

(e) the index has a frequency of recalculating component weights that prevents investors from being able to copy the index themselves, especially an index with an intraday or daily frequency of recalculating components weights;

(f) the index's complete value calculation method is not accessible to the investors;

(g) data on index performance are not accessible to the investors;

(h) the index's components are not published together with their weights after each recalculation of component weights;

(i) the methodology for selecting components and recalculating the index component weights is not based on predetermined rules;

(j) the index provider accepts payments for inclusion of a component in the index of its issuer or provider;

(k) the methodology for index value calculation allows retroactive changes to index performance; or

(l) the management company cannot prove that the index value calculation is subject to an independent valuation.

(4) Národná banka Slovenska may, in approving standard fund rules, increase the limit of 20% referred to in paragraph 1 up to 35%, provided that this is justified by exceptional conditions on the regulated market where the majority transactions include shares and bonds referred to in paragraph 1. Such an increase in the limit is only possible for transferable securities issued by a single issuer.

(5) If the investment policy, pursuant to the standard fund rules, is index tracking, the management company shall, before making an investment in the index examine the index with professional care and document this examination and its results.

(6) Národná banka Slovenska may stipulate by way of a decree to be promulgated in the Collection of Laws what the examination under paragraph 5 is to consist of.

(7) For the purposes of this Act:

(a) ‘index-tracking common fund’ means a common fund whose investment strategy is to replicate or copy index or indices performance by synthetic or physical copying;
(b) ‘leveraged index-tracking common fund’ means a common fund whose investment strategy is to achieve leveraged exposure to an index or exposure to a leveraged index;
(c) ‘tracking error’ means the volatility of the difference between the yield of an index-tracking common fund and the yield of copied index;
(d) ‘exchange-traded standard fund’ means a standard fund or European standard fund having at least one unit certificate or one share issue, during a trading day in at least one regulated market or multilateral trading system, traded continuously by at least one market maker which acts so as to ensure that the market value of its unit certificates or shares does not significantly differ on the stock exchange from the net value of its assets, or, as relevant, from the indicative net asset value; for the purposes of this letter:
    1. market maker means an entity which is permanently ready to trade on financial markets on its own account, buying and selling unit certificates of standard funds or securities of European funds at prices set by this entity and using its own assets;
    2. indicative net asset value means a measurement of the intraday net asset value of an exchange-traded standard fund based on current information during the trading day.

Section 91

(1) Národná banka Slovenska may, by approving standard fund rules, stipulate that up to 100% of the value of a standard fund’s assets may be invested in transferable securities and money market instruments issued or guaranteed by any Member State, municipality, or higher territorial unit, in the case of the Slovak Republic, or municipal authorities, in the case of another Member State, non-Member States or international organisation. Národná banka Slovenska shall approve the fund rules provided that investor protection is guaranteed at the same level as with the standard funds that comply with the principles of risk spreading and limitation under Section 89. A standard fund’s assets shall include at least six issues of transferable securities referred to in the first sentence, while the value of a single issue referred to in the first sentence may not exceed 30% of the value of a standard fund’s assets.

(2) The fund rules referred to in paragraph 1 shall also state the designation of any Member State, municipality or higher territorial unit, in the case of the Slovak Republic, or municipal authorities, in the case of another Member State, or the designation of non-Member States or international organisations, which issue the transferable securities or money market instruments of which guaranteed the transferable securities or money market instruments, in which it is planned to invest more than 35% of the value of the standard fund’s assets.

(3) A prospectus, key information of investors and notice, advertisement, poster, and other documents promoting a standard fund (hereinafter ‘advertising materials’) shall contain comprehensible information about the permitted method of investment and the information referred to in paragraph 2.

Section 92

(1) The value of unit certificates of any common fund or securities of any foreign collective investment undertaking referred to in Section 88(1)(e) may not constitute more than 20% of the value of a standard fund’s assets.

(2) The total value of unit certificates in special funds and securities of foreign collective investment undertakings, which do not meet the requirements of a legally binding act of the European Union on collective investment, may not constitute more than 30% of a standard fund's assets.

(3) When investing a standard fund's assets in securities and unit certificates in accordance with Section 88(1)(e), a management company may not use the standard fund's assets under its management to pay any fees or costs related to the issue or redemption of unit certificates in other common funds or to the securities of foreign collective investment undertakings:

(a) which it manages or for which it performs activities or functions delegated under Section 57;
(b) which are managed by, or for which activities or functions delegated under Section 57 are performed by, another management company or foreign management company with which the management company forms a group with close links.

(4) The name of an exchange-traded standard fund must include the mark 'UCITS ETF'. The mark 'UCITS ETF' may not be used for any other fund.

(5) If the value of unit certificates of an exchange-traded standard fund differs significantly from its net asset value, the management company shall allow investors who acquired their unit certificates on the secondary market to request redemption of unit certificates under Section 13(11). This procedure applies in the case of disturbance in a market, particularly one from which a market maker is absent; the management company shall report this information on the regulated market and state the unit certificates of the exchange-traded standard fund can be redeemed for unit-holders directly from the assets of this exchange-traded standard fund.

(6) Národná banka Slovenska may provide by way of a decree to be promulgated in the Collection of Laws how to use the mark under paragraph 4 in the name of an exchange-traded standard fund.

Section 93

(1) A management company may not acquire for the assets of a standard fund under its management, or for its own assets where it is acting in relation to any of the common funds under its management, more than 10% of the sum nominal value of the voting shares issued by a single issuer.

(2) A management company acting in relation to a standard fund under its management may not acquire for the assets of a standard fund any voting shares which would allow it to exercise significant influence over the management of an issuer whose registered office is situated in the Slovak Republic or a non-Member State. A management company shall comply with any restrictions imposed by the law of a Member State on the acquisition of significant influence over the management of an issuer which has its registered office in that Member State, while having regard to the assets in standard funds under its management.

(3) A standard fund's assets may not include more than:

(a) 10% of the sum of the values of non-voting shares issued by a single issuer;
(b) 10% of the sum of the nominal values of debt securities issued by a single issuer;

(c) 25% of the sum of nominal values of securities of a single common fund, 25% of the number of shares in a single investment fund with variable capital, 25% of the sum of nominal values of securities of a foreign collective investment undertaking, or 25% of the number of securities of a foreign open-ended collective investment undertaking where the share in the nominal value cannot be determined;
(d) 10% of the sum of the nominal values of money market instruments issued by the same issuer, or 10% of the total number of money market instruments issued by the same issuer where the share of the nominal value cannot be determined.

(4) The limits referred to in paragraph 3(b) to (d) do not have to be taken into account where securities or money market instruments are acquired without the possibility of determining their total nominal value, or the total number of securities necessary to calculate the limits under paragraph 3, a management company shall observe the limits referred to in paragraph 3 using an estimate of the missing information made with professional care; where the limits are exceeded, it shall promptly inform Národná banka Slovenska. The procedure followed by Národná banka Slovenska and the management company is subject to Section 94.

(5) The restrictions referred to in paragraphs 1 to 3 do not apply to:
(a) transferable securities or money market instruments issued or guaranteed by the Slovak Republic, a Member State, or a municipal authority of the Slovak Republic or a Member State;
(b) transferable securities or money market instruments issued or guaranteed by a non-Member State;
(c) transferable securities or money market instruments issued by an international organisation;
(d) shares which constitute the share of a standard fund in the share capital of the company established in a non-Member State, which invests its assets, in particular, in securities of issuers having their registered office in that country, provided that under law of that country, a holding of such a unit is the only way to invest a standard fund's assets in securities of issuers registered in that country, this only applies where the company established in a non-Member State complies with the limits referred to in Section 89 and 92 and in paragraphs 1 to 4 and where, in the event that these limits are exceeded, the rules laid down in Section 94 are applied as appropriate.

(6) For the purpose of paragraphs 1 and 2, 'acting in relation to any standard funds managed by a management company' means investing the own assets of a management company in the securities of an issuer whose securities are part of the assets of any standard fund under the management of that management company, or which are to be acquired for the assets of any standard fund under its management.

Section 94

(1) A management company may exceed the limits and restrictions referred to in Sections 89 to 93 only when using a subscription purchase option arising under transferable securities or money market instruments belonging to a standard fund's assets.

(2) A management company may not circumvent the rules and limits for risk limitation and spreading in such a way that, besides from direct investments of the assets of standard fund to the instruments under Section 88(1)(a) to (d) and (f) to (i), it also invests the assets of standard fund in the securities of special qualified investor funds or in similar foreign financial

instruments, the underlying assets of which are exposed to risk toward the same issuer, the same bank, the same counterparty, or the yield of which is derived from the same assets as those forming the assets in the standard fund.

(3) The restrictions referred to in Sections 89 to 93 pertaining to a standard fund's assets do not apply for a period of six months from when the decision on granting the authorisation to establish the standard fund took effect.

(4) If any of the shares and restrictions referred to in Sections 89 to 93 are exceeded owing to causes which the management company could not influence, or as a result of the exercise of the subscription purchase option referred to in paragraph 1, the management company shall promptly notify this fact to Národná banka Slovenska, and shall promptly take measures to conform with the limits and restrictions referred to in Sections 89 to 93 while taking into account the interests of fund unit-holders; this is without prejudice to the management company's obligation to proceed in accordance with the first sentence upon a breach of the restrictions referred to in Section 89 to 93, whether committed knowingly or as a result of failure to exercise professional care. The sale of assets for the purpose of bringing the composition of the standard fund's assets into line with the limits and restrictions referred to in Sections 89 to 93 shall take precedence over other sales. The obligation to take measures in accordance with the first and second sentences shall not cease with the imposition of a sanction under Section 202.

(5) Národná banka Slovenska may set a management company a time limit for bringing the composition of a standard fund's assets into line with the limits and restrictions referred to in Sections 89 to 93, this is without prejudice to the right of Národná banka Slovenska to impose a sanction on the management company for breaching any of the provisions of Sections 89 to 93. Národná banka Slovenska may extend the time limit referred to in the first sentence only at the request of the management company, submitted not later than the last day of the period for rectifying the composition of assets in the standard fund, and provided that it is in the interests of the fund unit-holders' protection.

Section 95

(1) A standard fund's assets may not be used to provide loans, gifts, credits or any collateral for the obligations of other natural persons or legal entities. This is without prejudice to the provisions of Sections 88 and 100.

(2) A management company may acquire for a standard fund's assets the transferable securities, unit certificates or securities referred to in Section 88(1)(e), financial derivatives referred to in Section 88(1)(g), and money market instruments referred to in Section 88(1)(b) and (h), even if they have not been fully paid.

Section 96

In managing a standard fund's assets, a management company may not make an uncovered sale, which shall be understood to mean the sale of transferable securities, unit certificates or securities as referred to in Section 88(1)(e), financial derivatives as referred to in Section 88(1)(g), and money market instruments as referred to in Section 88(1)(b) and (h), which are not part of the standard fund's assets. Uncovered sales include short sale in relation to shares or debt instruments, which means the sale of shares or debt instruments that are not

part of the standard fund's assets when the contract is concluded, including such sale where, at the time when a contract for the sale is concluded, the management company borrows financial instruments from the standard fund's assets or signs a contract for the borrowing of such financial instruments for the purpose of settling the transaction with the standard fund. Short sales do not include:

(a) the sale of assets from a fund on the basis of a repurchase agreement concluded between the management company and its counterparty, whereby one of the parties has undertaken to sell securities to the other party at an agreed price, while the other party has undertaken to resell the securities at a later date at a different price;
(b) the transfer of securities on the basis of a contract for the lending of securities; or
(c) the conclusion of a derivative agreement on the basis of which securities are to be sold at a price agreed for a certain future date in the form of financial settlement.

Section 97

(1) Financial loans or credits credited to a standard fund's assets may only be received where this is in the interest of fund unit-holders and where it is allowed by the fund rules of the standard fund, and provided that the maturity is restricted to a period of up to one year from when the right to draw the credit or loan arises. This is without prejudice to the option to acquire a foreign currency to the standard fund's assets on the basis of a contract on mutual loans concluded with another person, under which the standard fund borrows a specified amount in foreign currency and, at the same time, the standard fund lends an equivalent amount in another currency to that entity, converted at the current spot exchange rate and at market interest rates valid for the respective currencies, with the same fixed maturity date, in order to protect against a currency risk.

(2) The total funds received from financial loans and credits may not exceed 10% of the value of a standard fund's assets.

Section 98

In exercising the rights to the securities in a standard fund' assets, the management company shall comply with the fund rules and act solely in the interest of the fund unit-holders.

TITLE FOUR

RISK MANAGEMENT

BASIC PROVISIONS

Section 99

(1) For the purposes of this Act, the following types of risks, in particular, are recognised:

(a) 'counterparty risk' means the risk of loss for the standard fund resulting from the fact that the counterparty to a transaction may default on its obligation prior to the final settlement of the transaction's cash flow;
(b) 'market risk' means the risk of loss for the standard fund resulting from fluctuation in the market value of positions in the standard fund's assets attributable to changes in market

variables such as interest rates, foreign exchange rates, equity and commodity prices or an issuer's credit worthiness;

(c) 'operational risk' means the risk of loss for the standard fund resulting from inadequate internal processes, and failures in relation to people and systems of the management company or from external events, and includes legal and documentation risk and risk resulting from the trading, settlement and valuation procedures operated on behalf of the standard fund;

(d) 'liquidity risk' means the risk that a position in the standard fund's assets cannot be sold, liquidated or closed at limited cost and in an adequately short time frame, thereby compromising the ability of the management company to comply at any time with the obligation to redeem a unit certificate promptly upon the request of a unit-holder or the ability of the investment fund with variable capital to comply at any time with the obligation to repurchase a share promptly upon the request of a unit-holder.

(2) Národná banka Slovenska may, by way of a decree to be promulgated in the Collection of Laws, stipulate additional risks, which are recognised for the purposes of risk management.

Section 100

(1) When managing the standard fund's assets, a management company shall establish and maintain a system of risk management that enable the continuous monitoring and measuring of the degree of position risk and its effect on the overall risk attached to the investment of the standard fund's assets, and it shall use procedures that give an accurate and objective evaluation of over-the-counter financial derivatives.

(2) If provided for in the standard fund, techniques and instruments that apply to transferable securities and money market instruments may be used to the credit or debit of a standard fund's assets, but only for the purpose of effective investment management of the standard fund's assets and subject to the conditions and limits stated in the standard fund rules. If the use of such techniques and instruments includes the use of derivatives, these limits shall comply with the principles of risk spreading and limitation laid down by this Act.

(3) The techniques and instruments referred to in paragraph 2 may only be used to such an extent that does not change the method of investing the standard fund's assets and its investment strategy as set out in the standard fund rules in order not to bring any additional significant risks compared to the original risk policy described in advertising materials, and their use shall comply with the best interests of the standard fund's unit-holders. Where, in the use of the techniques and instruments referred to in paragraph 2, contracts on securities lending, sale and repurchase agreements, purchase and resale agreements are concluded, Národná banka Slovenska may stipulate the conditions to be contained in these contracts and agreements.

(4) Any fees and commissions received by the management company in relation to the use of techniques and instruments referred to in paragraph 2, adjusted by the values of direct and indirect operating costs, shall belong to the assets of the standard fund.

(5) The global exposure with regard to financial derivatives, which the standard fund is exposed to, may not exceed the net value of the standard fund's assets. In calculating the global exposure referred to in the first sentence, account shall be taken of the present value of the underlying instruments of financial derivatives, counterparty risk, expected future movements

in the financial market, and the period remaining until the closure of positions in the financial derivatives.

(6) Investments in financial derivatives may, complying with the limits referred to in Section 89(8) to (10), constitute part of an investment policy for a management company with assets in a standard fund. For investments in financial derivatives, the calculation of the limits referred to in Section 89 shall also include the values of the underlying instruments of these financial derivatives; this does not apply to financial derivatives whose underlying instruments are financial indices fulfilling the conditions laid down in Section 90(2).

(7) If a transferable security or money market instrument includes a derivative, this derivative shall be taken into account when complying with the restrictions laid down in this Act.

(8) Where a standard fund's assets include a financial derivative which requires delivery of its underlying financial instrument, or where a counterparty is entitled to request delivery of this underlying instrument, the management company shall ensure coverage in the standard fund's assets, which means a sufficient number of underlying financial instruments of the respective derivative or sufficient funds or other liquid assets that may be used to purchase the delivered underlying financial instrument, with provision so that the purchase may be made on the date requested for the delivery of the underlying instrument.

(9) When managing a standard fund's assets, a management company may not conclude transactions in financial derivatives which would require coverage in the meaning of paragraph 8 with assets that may not, in accordance with the standard fund's investment policy, be acquired for the standard fund's assets.

(10) Národná banka Slovenska may stipulate, by way of a decree to be promulgated in the Collection of Laws, the:
(a) method of coverage of liabilities related to financial derivatives in the standard fund's assets;
(b) conditions contained in contracts on securities lending, sale and repurchase agreements, purchase and resale agreements as referred to in paragraph 3.

(11) Národná banka Slovenska may, by way of a decree to be promulgated in the Collection of Laws, stipulate details on a system of risk management in management of standard fund's assets in accordance with paragraph 1 on risk management function.

Section 101
Risk management policy

(1) For the purposes of ensuring the obligations referred to in Section 100(1), a management company shall establish, implement and maintain an adequate and documented risk management policy, which identifies the risks the standard funds it manages are or might be exposed to.

(2) The risk management policy shall, in particular, comprise such procedures as are necessary to enable the management company to assess for each standard fund it manages the exposure of that standard fund to market, operational, liquidity and counterparty risks and the exposure of the standard fund to all other material risk. For the purposes of risk management,

the material risks mean the risks which can be expected, under an appropriate degree of a certainty that they impact the investors' interest.

(3) A management company shall define in particular the following elements in risk management policy:
(a) the techniques, tools and arrangements that enable them to comply with the obligations set out in Sections 102 and 103; and
(b) the allocation of responsibilities within the management company pertaining to risk management.

(4) A management company shall ensure that the risk management policy referred to in paragraphs 1 to 3 states the terms, conditions, and frequency of reporting of the risk management function to the board of directors, to senior management, and to the supervisory board.

(5) A management company shall take into account the nature, scale and complexity of its business and of the standard funds it manages in fulfilling the obligations referred to in paragraphs 1 to 4.

(6) A management company shall assess, monitor and periodically review:
(a) the adequacy and effectiveness of the risk management policy and of the arrangements, processes and techniques referred to in Sections 102 and 103;
(b) the level of compliance by the management company with the risk management policy and with the arrangements, processes and techniques referred to in Sections 102 and 103;
(c) the adequacy and effectiveness of measures taken to address any deficiencies in the performance of risk management procedures.

(7) A management company shall promptly notify Národná banka Slovenska of any material changes to the risk management system.

Section 102
Measurement and management of risk

(1) A management company shall adopt adequate and effective processes, tools and arrangements in order to:
(a) continuously measure and manage the risks which the standard funds it manages are or might be exposed to;
(b) ensure compliance with limits concerning global exposure and counterparty risk.

(2) The processes, tools and arrangements referred to in paragraph 1 shall be proportionate to the nature, scale and complexity of the business of the management company and of the standard funds it manages, and shall be consistent with the standard funds risk profile.

(3) For the purposes of paragraph 1, a management company shall take the following actions for each standard fund it manages:
(a) put in place such risk measurement arrangements and processes as necessary to ensure that the risks of taken positions and their contribution to the overall risk profile are accurately measured on the basis of sound and reliable data, and that the risk measurement arrangements and processes are adequately documented;

(b) conduct back-tests in order to review the validity of risk measurement arrangements which include model-based forecasts and estimates, where a management company calculates global exposure in accordance with Section 100(5) in the manner referred to in Section 103(1)(b);
(c) conduct periodic stress tests and scenario analyses to address risk arising from potential changes in market conditions that might adversely impact the managed standard funds, where a management company calculates a global exposure in accordance with Section 100(5) in the manner referred to in Section 103(1)(b);
(d) establish, implement and maintain a documented system of internal limits concerning the measures used to manage and control the relevant risks for each standard fund taking into account all risks which may be material to the standard fund and ensuring consistency with standard fund risk-profile;
(e) ensure that the current level of risk complies with the risk limit system as set out in (d) for each standard fund;
(f) establish, implement and maintain adequate procedures that, in the event of current or anticipated breaches to the risk limit system of the standard fund referred to in (d), result in timely remedial actions in the best interests of unit-holders of respective standard funds;
(g) refrain from relying solely or automatically on credit ratings issued by credit rating agencies[25ha] when assessing creditworthiness of standard funds' assets.

(4) A management company shall establish and maintain an appropriate liquidity risk management process in order to ensure the fulfilment of its obligation, to redeem promptly, upon request of unit-holders, unit certificates of the standard fund referred to in Section 13(11).

(5) Where needed, a management company shall conduct stress tests which enable the assessment of the liquidity risk of the standard fund under exceptional circumstances.

(6) A management company shall ensure that for each standard fund it manages, the liquidity profile of the investments of the standard fund is appropriate to the processes and conditions of redemption of unit certificates specified by the standard fund rules.

(7) Národná banka Slovenska shall, by way of a decree to be promulgated in the Collection of Laws, stipulate:
(a) additional particulars of the prospectus of a standard fund and annual management report of the standard fund's assets on financial derivatives and measurement and management of risks in the standard fund; and
(b) details on:
    1. carrying out back tests referred to in paragraph 3(b);
    2. carrying out stress tests referred to in paragraph 3(c); and
(c) the quality and quantity requirements for stress testing.

Section 103
Calculation of global exposure

(1) A management company shall calculate global exposure referred to in Section 100(5) as either of the following:
(a) the incremental exposure and leverage generated through the use of financial derivatives, including embedded derivatives comprising a derivative referred to in Section 100(6), which, in accordance with Section 100(5), may not exceed the total of a standard fund's net asset value; or

(b) the market risk of a standard fund's assets.

(2) The global exposure referred to in Section 100(5) in a feeder fund shall be calculated by a combination of own global exposure of the feeder fund in accordance with Section 100(5) resulting from the financial instruments referred to in Section 108(2)(b) with:
(a) current global exposure of a master fund in relation to the investment of the feeder fund into the master fund; or
(b) potential maximum global exposure of the master fund as stated in its rules in relation to the investment of the feeder fund into the master fund.

(3) A management company shall, in accordance with Section 100(5), calculate a standard fund's global exposure on at least a daily basis.

(4) Where a management company calculates global exposure as the exposure referred to in paragraph 1(a), it shall calculate the global exposure using the commitment approach. Where a management company calculates the global exposure as the exposure referred to in paragraph 1(b), it shall calculate the global exposure using the value at risk approach; 'value at risk' means a measure of the maximum expected loss at a given confidence level over a specific time period.

(5) A management company shall ensure that the method selected to measure global exposure referred to in paragraph 4 is appropriate in relation to the respective standard fund, taking into account the investment strategy pursued by the standard fund and the types and complexities of the financial derivative instruments used, and the share of the standard fund's assets which comprises financial derivative instruments.

(6) Where a management company, when managing a standard fund in accordance Section 100(2), employs techniques and instruments including repurchase agreements or securities lending transactions in order to generate additional leverage or exposure to market risk, the management company shall take these transactions into consideration when calculating the global exposure referred to in Section 100(5).

Section 104
Commitment approach

(1) Where a management company uses the commitment approach for the calculation of global exposure referred to in Section 100(5) of the respective standard fund, it shall use that approach for all positions in financial derivatives, including securities comprising a derivative referred to in Section 100(6), whether used as a part of the investment policy of standard fund for the purposes of risk reduction, or for the purposes of efficient management of standard fund's assets referred to in Section 100(2) and (3).

(2) Where a management company uses the commitment approach for the calculation of global exposure referred to in Section 100(5), it shall convert each financial derivative instrument position into the market value of an equivalent position in the underlying asset of that derivative.

(3) Where the use of financial derivative instruments does not generate incremental exposure for standard fund's assets, a management company need not include the underlying exposure in the commitment calculation.

(4) A management company may take account of netting and hedging arrangements when calculating global exposure, where these arrangements do not disregard obvious and material risks and result in a clear reduction in risk exposure.

(5) Where a management company uses the commitment approach, it need not include liabilities from received loans and credits referred to in Section 97.

(6) If provided for in the standard fund rules, techniques and instruments that apply to transferable securities and money market instruments may be used to the credit or debit of an standard fund's assets, but only for the purpose of effective investment management of the standard fund's assets, and the use of these techniques and instruments results in incremental leverage by reinvestment of collateral, a management company shall take account of the use of these techniques and instruments in the calculation of global exposure by the commitment approach.

(7) Národná banka Slovenska shall, by way of a decree to be promulgated in the Collection of Laws, stipulate the:
(a) methods of conversion of financial derivative positions referred to in paragraph 2 for separate types of financial derivatives;
(b) criteria for the determination of financial derivatives which do not result in an incremental risk exposure in a standard fund's assets referred to in paragraph 3;
(c) the ways of taking account of arrangements for ensuring against a risk of loss and netting arrangements referred to in paragraph 4 in the calculation of global exposure by the commitment approach;
(d) the ways of taking account of techniques and instruments referred to in paragraph 6 in the calculation of global exposure by the commitment approach;
(e) other details on the calculation of the global exposure by the commitment approach.

Section 105
Value-at-risk approach

(1) Where a management company uses a value-at-risk approach for the calculation of the global exposure referred to in Section 100(5) of the respective standard fund, it shall apply that approach for all standard fund's assets positions.

(2) Where a management company uses a value-at-risk approach, it shall specify, in accordance with Section 102(3)(d), a limit of maximum value-at-risk in accordance with its defined risk profile.

(3) Where a management company uses a value-at-risk approach, it shall use appropriately to the risk profile and investment policy of the respective standard fund, a method of relative value-at-risk or a method of absolute value at risk for the calculation of the global exposure.

(4) Upon request of Národná banka Slovenska, a management company shall document that a method selected in accordance with paragraph 3 is appropriate for the respective standard fund. The decision of the management company to use the respective method and its underlying assumptions and justification must be duly documented.

(5) The method selected in accordance with paragraph 3 must be used continuously.

(6) Národná banka Slovenska shall, by way of a decree to be promulgated in the Collection of Laws, stipulate:
(a) a manner of calculation of the global exposure by relative value-at-risk method;
(b) a manner of calculation of the global exposure by absolute value-at-risk method;
(c) quantitative and qualitative requirements for value-at-risk approach;
(d) the maximum limit which may not be exceeded while using the method of absolute value-at-risk;
(e) other details on the calculation of the global exposure by value-at-risk approach.

Section 106
Counterparty risk and risk of issuer concentration

(1) A management company shall ensure that counterparty risk arising from over-the-counter financial derivatives is subject to the limits set out in Section 89.

(2) When calculating the respective counterparty risk in accordance with Section 89(3), a management company shall use the positive mark-to-market value of over-the-counter financial derivative contract with that counterparty.

(3) A management company may net the derivative positions of the respective standard fund's assets with the same counterparty, provided that it is able to legally enforce netting agreements with the counterparty on behalf of the standard fund. Netting shall only be permissible with respect to over-the-counter financial derivatives with the same counterparty, and not in relation to any other exposures in the respective standard fund's assets which the standard fund may have with that same counterparty.

(4) A management company may reduce the counterparty risk referred to in Section 89(3) through the receipt of collateral. Collateral received shall be sufficiently liquid so that it can be sold quickly at a price that is close to its pre-sale valuation.

(5) A management company shall adopt an internal management act on acceptance of collateral to assets in the standard fund, which shall contain also rules for applying haircuts in valuing collateral in relation to each class of asset accepted as collateral, and the rules for collateral reinvestment in the case where the collateral accepted is cash.

(6) In calculating the exposure to counterparty risk referred to in Section 89(3), a management company shall take collateral into account, when the management company passes collateral to over-the-counter counterparty on behalf of the standard fund. Collateral passed may be taken into account on a net basis only if the management company is able to legally enforce netting arrangements with this counterparty on behalf of the standard fund.

(7) A management company shall calculate the limits referred to in Section 89, on the basis of the underlying instruments' exposures created through the use of financial derivative instruments pursuant to the commitment approach only.

(8) A management company shall include in the calculation of the limit referred to in Section 89(5) any exposure of the standard fund's assets to over-the-counter derivative

counterparty risk, the assets in the standard common fund are exposed to, in the deals with the over-the-counter financial derivatives.

(9) Národná banka Slovenska shall, by way of a decree to be promulgated in the Collection of Laws, stipulate:
(a) the requirements for collateral, through which a management company may reduce the counterparty risk;
(b) the rules for the calculation of limits referred to in Sections 89 to 93.

Section 107
Over-the-counter derivatives valuation procedures

(1) A management company shall ensure the verification of standard fund's assets exposures to over-the-counter derivatives assigned fair values; this is without prejudice to the provision of Section 88(1)(g). The subject of the verification referred to in the first sentence is an ascertainment whether over-the-counter derivatives are assigned fair values that do not rely only on market quotations by the counterparties of the over-the-counter transactions.

(2) A valuation of a financial derivative must comply with the following requirements:
(a) the basis for the valuation is either a reliable up-to-date market value of the instrument, or, if such value is not available, a pricing model using an adequate recognised methodology;
(b) verification of the valuation is carried out by one of the following:
    1. an appropriate other person that is independent from the counterparty of the over-the-counter derivative, at an adequate frequency and in such a way that the management company is able to check it; or
    2. a unit within the management company which is independent from the department in charge of managing the assets and which is adequately equipped for such purpose.

(3) For the purposes of paragraph 1, a management company shall establish, implement and maintain arrangements and procedures which ensure appropriate, transparent and fair valuation of the exposure of standard fund's assets to over-the-counter derivatives.

(4) A management company shall ensure that the fair value of the over-the-counter derivatives is subject to adequate, accurate, and independent assessment.

(5) The valuation arrangements and procedures referred to in paragraph 3 shall be adequate and proportionate to the nature and complexity of the over-the-counter derivatives concerned.

(6) A management company shall comply with the requirements set out in Section 57(6) when the arrangements and procedures concerning the valuation of over-the-counter derivatives involve the performance of certain activities by other entities.

(7) A management company shall, for the purposes of ensuring the obligations referred to in paragraphs 1 to 5, define specific duties and responsibilities to the risk management function in relation to these obligations.

(8) A management company shall adequately document the arrangements and procedures referred to in paragraph 3.

TITLE FIVE

MASTER FUND AND FEEDER FUND

Section 108

(1) A feeder fund is a standard fund, a sub-fund of an umbrella standard fund, a European standard fund or a sub-fund thereof, the rules or instruments of incorporation of which allow investment of at least 85% of its assets in shares or securities of the master fund. The assets in a feeder fund established in accordance with this Act, need not be invested on the principle of risk limitation and spreading. The provisions of Section 88, 89, 92 and of Section 93(3)(c) do not apply to the feeder fund established in accordance with this Act.

(2) A feeder fund, established in accordance with this Act, may hold, at the most, 15% of its assets in:
(a) ancillary liquid assets in accordance with Section 88(2);
(b) financial derivative instruments, which may be used only for hedging purposes, in accordance with this Act.

(3) A master fund is a standard fund, a sub-fund of an umbrella standard fund, a European standard fund or a sub-fund thereof which complies with the following conditions:
(a) it has, among its unit-holders, at least one feeder fund;
(b) is not itself a feeder fund; and
(c) does not hold unit certificates or securities of a feeder fund.

(4) Where at least two feeder funds invest in a master fund, which is a standard fund or a sub-fund of a standard fund, this is, for the purposes of Section 4(3), deemed to be a raising of funds from the public; this is without excluding the raising of funds from other investors, unless the master fund rules exclude it.

(5) If one or more feeder funds, which are European standard funds or their sub-funds (hereinafter the ‘European feeder fund’), invest in a master fund, which is a standard fund or its sub-fund (hereinafter the ‘domestic master fund’), and, at the same time, the funds from the public are not collected in this master fund in another Member State, the provisions of Section 139 to 141 and of Section 198(3) do not apply.

(6) If one or more feeder funds which are standard funds or sub-funds of umbrella standard funds (hereinafter the ‘domestic feeder fund’) invest in a master fund, which is a European standard fund or its sub-fund (hereinafter the ‘European master fund’), and, at the same time, the funds from the public are not collect in this master fund in the Slovak Republic, the provisions of Sections 142 to 144 and of Section 198(3) do not apply.

(7) The provisions of Section 109 to 117 relating to a management company relate, when managing feeder funds and master funds established under this Act, equally to a foreign management company referred to in Section 60(2).

(8) Where a European master fund or European feeder fund is a foreign investment fund and that European master fund or European feeder fund is self-managed, the provisions of Sections 109 to 117 relating to a management company or a foreign management company of

a European master fund or of a European feeder fund shall relate equally to that master fund or feeder fund.

(9) The provisions of Section 109 and 117 shall not relate to a management company or a foreign management company managing a European master fund or a European feeder fund, nor to depositaries and auditors or audit companies of these European master funds or European feeder funds.

Cooperation between the management companies of a master fund and a feeder fund

Section 109

(1) A management company managing a master fund shall provide all documents and information, to a managing company or a foreign management company managing a feeder fund, needed for fulfilment of its obligations under this Act or under respective legal regulation of the feeder's fund home Member State. For this purpose, the persons referred to in the first sentence shall conclude a written agreement; if the master fund and feeder fund are managed by the same managing company, the managing company shall elaborate internal rules of business ensuring a compliance with provisions of this Act or with respective legal regulation of the master fund's or feeder's fund home Member State relating to the feeder fund or to the master fund. The management company which manages the feeder shall provide the agreement referred to in the first sentence to a unit-holder of the feeder fund free of charge upon his request.

(2) Where the agreement referred to in paragraph 1 is not concluded validly, it is possible to invest a feeder fund's unit certificates or securities of a master fund only within a limit laid down by Section 92(1).

(3) Internal regulations of a business referred to in paragraph 1 shall include sufficient arrangements for reduction of conflict-of-interest risk which may arise between the interests of unit-holders of feeder funds and interests of unit-holders of master funds or between the interests of unit-holders of a feeder fund and interests of other unit-holders of a master fund, if they are not sufficiently addressed by arrangements, which management company applies to secure a compliance with Section 43 to 46.

(4) Where a master fund and a feeder fund are a domestic master fund and a domestic feeder fund respectively, the management companies that manage the feeder fund and the master fund shall, in the agreement referred to in paragraph 1, agree with the governing law of the Slovak Republic in relation to this agreement and the jurisdiction of the courts of the Slovak Republic over the resolution of disputes resulting from this agreement.

(5) Where a master fund and a feeder fund are established in different Member States, the management companies which manage the feeder fund and the master fund shall, in the agreement referred to in paragraph 1, agree the governing law of either of these Member States in relation to this agreement and the jurisdiction of courts of that Member State over the resolution of disputes resulting from this agreement.

(6) Národná banka Slovenska shall, by way of a decree to be promulgated in the Collection of Laws, stipulate the particulars of an agreement and a content of internal rules of business referred to in paragraph 1.

Section 110

(1) Management companies that manage a master fund and a feeder fund shall coordinate the timing of the net asset value calculation and publication in the master fund and in the feeder fund in order to avoid differences in the values of their units and the misuse of these differences resulting from inappropriate timing of net asset value calculation and publication in respective funds. To this end, the management company is entitled to set a date in the fund's rules when the unit value will be determined; this date shall precede the day following the third working day after an application for redemption of the unit certificate is submitted.

(2) Where a master fund is wound up, the authorisations for the establishment of its domestic feeder funds shall terminate; unless Národná banka Slovenska grants prior approval for the amendment of the domestic feeder fund rules which contains that this feeder fund:
(a) becomes a feeder fund of another master fund; or
(b) converts into a standard fund that is not a feeder fund.

(3) The winding up of a master fund may take place no later than three months after a management company has informed all unit-holders and competent authorities of the European feeder funds' home Member States on binding decision on winding up. This is without prejudice to provisions of Section 207.

(4) Where a master fund merges with another standard fund or European standard fund, without regard to the fact whether the master is a merging fund or receiving fund, or the European master fund divides into two or more European standard funds, the authorisations for the establishment of its domestic feeder funds terminate; unless Národná banka Slovenska grants prior approval to the amendment of a rules of respective domestic feeder fund, which contains that this feeder fund:
(a) continues to be a feeder fund of the master fund or another fund established as a result of a merger or division of its initial master fund;
(b) becomes a feeder fund of another master fund as referred to in (a); or
(c) converts into a standard fund that is not a feeder fund.

(5) A merger of division of a domestic master fund referred to in paragraph 4 shall become effective no later than 60 days after a management company that manages the domestic master fund has informed all unit-holders of the master fund and competent authorities of its European feeder funds' home Member States, in accordance with Section 21(1). A management company that manages the domestic master fund shall notify Národná banka Slovenska of the date on which the provision of information referred to in the first sentence was carried out.

(6) If Národná banka Slovenska does not grant the prior approval for an amendment of a domestic feeder fund rules referred to in paragraph 4(a), a management company that manages the domestic master fund shall enable the redemption of all unit certificates or repurchase of all shares of that master fund which are in that domestic feeder fund's assets before the merger or division of the master fund becomes effective; it also applies in relation to a European feeder fund, unless a competent authority of that European feeder fund's Member State approves a similar amendment to the rules or instruments of incorporation of the European feeder fund, in accordance with paragraph 4(a).

Section 111
Procedure for winding up a master fund

(1) Where a management company that manages a domestic master fund decides to wind up the domestic master fund, it shall notify the management company or foreign management company that manages a feeder fund of its binding decision to wind up the master fund.

(2) A management company that manages a domestic feeder fund shall, upon delivery of the notice referred to in paragraph 1 or similar notice from the foreign management company or management company that manages the European master fund, decide that the domestic feeder fund:
(a) becomes a feeder fund of another master fund;
(b) converts into standard fund which is not a feeder fund;
(c) is wound up.

(3) A condition for a change of the master fund referred to in paragraph 2(a) is a prior approval referred to in Section 163(1)(t). A condition of conversion of a domestic feeder fund into a standard fund which is not a feeder fund is a prior approval referred to in Section 163(1)(u). The management company that manages a feeder fund shall apply for granting the prior approval referred to in the first or second sentence not later than within two months of receiving the notice referred to in paragraph 1 or (2).

(4) A management company that manages the domestic feeder fund shall inform a management company or foreign management company that manages a master fund about granting the respective prior approval referred to in paragraph 3.

(5) Upon granting the prior approval referred to in Section 163(1)(t), the management company that manages a domestic feeder fund shall promptly provide information referred to in Section 115(1) to unit-holders of that feeder fund.

(6) If a management company that manages a domestic feeder fund decides to wind up that domestic feeder fund, it shall apply for granting the prior approval to wind up the feeder fund referred to in Section 163(1)(l) not later than within two months of receiving the notice referred to in paragraph 1 or 2.

(7) A management company that manages the domestic feeder fund shall, promptly upon the adoption of its decision on an intention to wind up the feeder fund, inform the unit-holders of that feeder fund about this circumstance.

(8) If a management company that manages a feeder fund accepts a notice referred to in paragraph 1 or (2) more than five months before the date on which the winding up of the master fund will start, the management company that manages the domestic feeder fund shall apply to Národná banka Slovenska for granting the respective prior approval referred to in paragraph 3 or (6) at least three months before the date at which the winding up of the master fund will start.

(9) If, upon the granting of the prior approval referred to in Section 163(1)(t) or (u), the limits and restrictions related to the domestic feeder fund’s assets are exceeded, as referred to in Sections 89 to 93 in connection with Section 108 or in the standard fund, which is established

by a conversion from a feeder fund referred to in Sections 89 to 93, or the limits and restrictions referred to in the feeder fund rules or in the standard fund rules, a management company shall align the assets to these limits within the period of six months from the date of the change to the master fund or the conversion into a standard fund.

Section 112
Procedure in the merger or division of a master fund

(1) If a management company that manages the domestic master fund decides to merge that domestic master fund, it shall provide information referred to in Section 21(1) to the management company or foreign management company that manages the feeder fund.

(2) A management company that manages the domestic feeder fund, after receiving the information referred to in paragraph 1 or similar information from a foreign management company or management company that manages a European master fund about the merger or division of the master fund, shall decide that the feeder fund:
(a) continues to be a feeder fund of the same master fund;
(b) becomes a feeder fund of another master fund that shall be established as a result of the merger of the master fund or the division of the European master fund, or becomes the feeder fund of another master fund;
(c) converts into a standard fund, which is not a feeder fund; or
(d) is wound up.

(3) For the purposes of paragraph 2, the expression 'the feeder fund continues to be a feeder fund of the same master fund' refers to cases where:
(a) the master fund is the receiving fund in a proposed merger;
(b) the master fund is to continue materially unchanged as one of the resulting funds in a proposed division.

(4) For the purposes of paragraph 2, the expression 'the feeder fund becomes a feeder fund of another master fund resulting from the merger of the master fund or division of the European fund' refers to cases where:
(a) the master is the merging fund and due to the merger, the feeder fund becomes a feeder fund of the receiving fund;
(b) the European master fund becomes materially different due to projected division.

(5) A prior approval referred to in Section 163(1)(v) is a condition for the domestic feeder fund to continue to be a feeder fund of the same master fund. A prior approval referred to in Section 163(1)(t) is a condition for the domestic feeder fund to become a feeder fund of another master fund, which shall be established as a result of the merger of the master fund or the distribution of the European master fund, or to become a feeder fund of another master fund. The prior approval referred to in Section 163(1)(u) is a condition for the domestic feeder fund to convert into a standard fund, which is not a feeder fund.

(6) A management company that manages the domestic feeder fund shall apply for granting the respective prior approval referred to in paragraph 5 not later than within a month from the date of receiving the information referred to in paragraph 1 or 2.

(7) A management company that manages the domestic feeder fund shall inform a management company or foreign management company that manages the master fund about granting the respective prior approval referred to in paragraph 5.

(8) A management company that manages a domestic feeder fund shall, upon granting the prior approval referred in to Section 163(1)(t), provide promptly information referred to in Section 115(1) to the unit-holders of that feeder fund.

(9) Where a management company that manages a domestic feeder fund makes a decision about the winding up of the domestic feeder fund, the management company shall apply for granting the prior approval for winding up of the feeder fund referred to in Section 163(1)(l) not later than within a month after the date of receipt of the notice referred to in paragraph 1 or 2.

(10) After the entry into force of a decision on granting the prior approval referred to in Section 163(1)(l), a management company that manages that feeder fund shall proceed in accordance with Section 26.

(11) A management company that manages the domestic feeder fund shall, without delay, inform the unit-holders of that feeder fund and management company or foreign management company that manages the master fund about its decision to wind up the feeder fund.

(12) If a management company that manages a domestic feeder fund receives the notice referred to in paragraph 1 or 2 more than four months before the date when the merger of the master fund or division of the European fund becomes effective, a management company that manages the domestic feeder fund shall submit an application for granting the respective prior approval referred to in paragraph 5 or 9 to Národná banka Slovenska at least three months before the date when the merger of the master fund or a division of the European master fund becomes effective.

(13) Where Národná banka Slovenska has not granted the prior approval referred to in paragraph 5, the second and third sentence, by the working day preceding the last day on which the management company that manages the feeder fund can request, in compliance with its right under this Act or under the respective legal regulation of the European master fund's home Member State, a redemption of unit certificates or securities of the master fund, the management company that manages the domestic feeder fund shall request the redemption of all unit certificates or securities of the master fund which are in the assets of that feeder fund on the following day.

(14) A management company that manages the domestic feeder fund shall request the redemption of all unit certificates or securities of the master fund to provide for the right of unit-holders of the domestic feeder fund to request redemption of their unit certificates or repurchase of its shares in accordance with Section 115(1)(d). Before the request to redeem the unit certificates or securities in the master fund, the management company shall consider possible alternative solutions in order to avoid unnecessary transaction costs or to avoid other negative impacts on the unit-holders of feeder fund or in order to reduce these costs and other negative impacts.

(15) If a management company or foreign management company that manages a feeder fund applies for the redemption of unit certificates or repurchase of shares of the domestic master fund, the management company that manages the domestic master fund shall redeem or repurchase from that management company or foreign management company the following:

(a) unit certificates or shares of the master fund in the form of funds; or
(b) unit certificates or shares or a part thereof in the form of transfer of assets in the master fund assets, provided that management company that manages the feeder fund applies for such form of redemption of unit certificates and such option is laid down in the contract or internal business rules in accordance with Section 109(1), while the management company managing the feeder fund may anytime convert any part of transferred assets into funds.

Section 113
Cooperation between a master fund's and a feeder fund's depositories

(1) If the master fund and the feeder fund have different depositories, these depositories shall conclude the information-sharing agreement in order to ensure the fulfilment of the duties of both depositories.

(2) Until the agreement referred to in paragraph 1 has been concluded, it shall not be possible to invest the feeder fund's assets in the master fund's securities. This is without prejudice to investments up to the limit laid down in Section 92(1).

(3) A management company of the feeder fund shall be in charge of communicating to the depository of the feeder fund any information about the master fund which is required for the completion of the duties of the depository of the feeder fund.

(4) The depository of the master fund shall immediately inform Národná banka Slovenska, the management company, or the foreign management company of the feeder fund and the depository of the feeder fund about any violations it detects with regard to the master fund, which are deemed to have a negative impact on the feeder fund, in particular:

(a) about errors in the calculation of the net asset value in the master fund;
(b) about errors in issues and redemptions or repurchases of securities of the master fund from and into the feeder fund's assets;
(c) about errors in the distribution of income, including re-inclusion of that income into current value of securities already issued, from the assets in the master fund or in the calculation of withholding tax;
(d) about breaches of the investment objectives, policy or strategy of the master fund, as described in its rules, prospectus or key information for investors;
(e) about breaches of the risk-limitation and risk-spreading rules referred to in this Act or its rules, prospectus or key master fund's investor information.

(5) The depositaries of the feeder fund and of the master fund shall agree the same governing law and competency of courts as specified in the agreement concluded between the management companies of the feeder fund and the master fund referred to in Section 109(4) and (5).

(6) Where the agreement concluded between the management companies of the feeder fund and the master fund has been replaced by the internal conduct of business rules referred to in Section 109(1), the depositaries shall, in the agreement referred to in paragraph 1, agree the governing law of the Member State where the master fund was constituted or a Member State

where the feeder fund was constituted and the competency of courts of that Member State for resolution of the disputes resulting from this agreement.

(7) Fulfilment of obligations resulting from the agreement referred to in paragraph 1 is not deemed to constitute a breach of confidentiality obligation and data protection referred to in Section 162(1).

(8) Národná banka Slovenska shall, by way of a decree to be promulgated in the Collection of Laws, stipulate the particulars of the agreement referred to in paragraph 1.

Section 114
Cooperation between the auditors or audit companies of a master fund and of a feeder fund

(1) Where different auditors or audit companies audit the financial statements of the master fund and the feeder fund, these auditors or audit companies shall conclude a written agreement on information-sharing in order to ensure the fulfilment of their duties referred to in paragraph 3.

(2) Until the agreement referred to in paragraph 1 has been concluded, it shall not be possible to invest the feeder fund's assets in the master fund's securities. This is without prejudice to investments up to the limit laid down in Section 92(1).

(3) In its audit report, the auditor or audit company that audits the financial statements of the feeder fund shall take into account the audit report of the auditor or audit company that audits the master fund. If the feeder fund and the master fund have different accounting periods, the auditor or audit company that audits the master fund shall make an ad hoc report on the closing date of the feeder fund. The auditor or audit company that audits the financial statements of the feeder fund shall, in particular, report on any breaches revealed in the auditor report of the master fund, and on their impact on the feeder fund.

(4) The auditors or audit companies that audit the financial statements of the feeder fund and of the master fund shall state the same governing law and competency of courts as specified in the agreement concluded between the management companies of the feeder fund and the master fund referred to in Section 109(4) and (5).

(5) Where the agreement concluded between the management companies of the feeder fund and the master fund has been replaced by the internal conduct of business rules referred to in Section 109(1), the auditors or audit companies shall, in the agreement referred to in paragraph 1, agree the governing law of the Member State where the master fund was constituted or a Member State where the feeder fund was constituted, and the competency of courts of that Member State for resolution of the disputes resulting from this agreement.

(6) Fulfilment of obligations resulting from the agreement referred to in paragraph 1 is not deemed to constitute a breach of confidentiality obligation and data protection referred to in Section 162(1).

(7) Národná banka Slovenska shall, by way of a decree to be promulgated in the Collection of Laws, stipulate the particulars of the agreement referred to in paragraph 1.

Section 115
Conversion of a standard fund that is not a feeder fund into a feeder fund and change of a master fund

(1) A management company that manages a standard fund that has already converted to a domestic feeder fund or that manages a domestic feeder fund that has changed its master fund shall provide the following information to unit-holders of the feeder fund:

(a) a statement that Národná banka Slovenska approved, by the amendment to the feeder fund rules, the investment of the feeder fund's assets in securities of the respective master fund;
(b) the key feeder fund's investor information and key master fund's investor information;
(c) the date when the feeder fund's assets are to start to invest in the master fund's unit certificates or securities, or if they have already invested therein, the date when their investment will exceed the limit applicable under Section 92(1);
(d) a statement that the unit-holders have the right to request within 30 days the redemption of their unit certificates or repurchase of their shares without any charges other than those to cover the costs related to the liquidation of positions in the fund's assets needed to ensure incremental liquidity enabling a redemption of the unit certificates or repurchase of shares; that right shall become effective from the moment the feeder fund has provided the statement referred to in this paragraph and information referred to in (a) to (c).

(2) The information referred to in paragraph 1 shall be provided by the management company at least 30 days before the date referred to in paragraph 1(c).

(3) The information referred to in paragraph 1 shall be provided by the management company in the manner referred to in Section 22(4) to (6).

(4) In the event that the feeder fund has been notified in another Member State in accordance with Section 139, the management company shall provide the information referred to in paragraph 1 in the official language, or one of the official languages, of the feeder fund host Member State, or in a language approved by the competent supervisory authority of the feeder fund's host Member State. The management company that manages the feeder fund shall be responsible for producing the translation and accuracy of the translation referred to in the first sentence.

(5) The feeder fund's assets shall not be invested into the unit certificates or securities of the respective master fund in excess of the limit applicable under Section 92(1) before the period referred to in paragraph 2 has elapsed.

(6) Where, upon granting the prior approval referred to in Section 163(1)(s) or (t), an excess of limits and restrictions related to the domestic feeder fund's assets that is constituted by a conversion of a standard fund, or to the domestic feeder fund that changes its master fund in accordance with Section 89 to 93 and Section 108(1) and (2), or an excess of limits and restrictions referred to in the domestic feeder fund rules, occurs, the management company shall align the assets to these limits no later than six months after the date on which the feeder fund has converted or on which the master fund has changed.

Obligations regarding the management of master funds and feeder funds

Section 116

(1) A management company that manages the feeder fund shall effectively monitor the business conducted by the management company or foreign management company in management of the master fund, using, in particular, information and documents received from the management company or foreign management company that manages the master fund, depository of the master fund, and auditor or audit company that audits the financial statements of the master fund, unless there is a reason to doubt the accuracy of the information and documents.

(2) Where, in connection with an investment in the unit certificates or securities of the master fund, a distribution fee, commission, or other monetary benefit is received by the management company that manages the feeder fund or any person acting on behalf of either the feeder fund or the management company that manages the feeder fund, the fee, commission or other monetary benefit shall be paid into the assets of the feeder fund.

Section 117

(1) A management company that manages the domestic master fund shall immediately communicate the names of all feeder funds the assets of which are invested in the securities of the master fund to Národná banka Slovenska. Where the feeder fund is the European feeder fund, Národná banka Slovenska shall immediately communicate the information referred to in the first sentence to the competent authority of that European feeder fund's home Member State.

(2) When investing the feeder fund's assets in securities of the master fund, the management company that manages the master fund may not charge any fee for the issue of securities of the master fund, or a fee for redemption of that master fund's unit certificates or repurchase of its shares.

(3) A management company that manages the master fund shall ensure the timely availability of all information that are required in accordance with this Act or the legal regulation of the European feeder fund's home Member State, the respective rules or instruments of incorporation of the feeder fund to the management company or the foreign management company that manages the feeder fund, Národná banka Slovenska, the competent authority of the European feeder fund's home Member State, the depository, and the auditor or audit company of the feeder fund.

Section 118
Cooperation in supervising the management of master funds and feeder funds

(1) If the master fund and the feeder fund are the domestic master fund and the domestic feeder fund respectively, Národná banka Slovenska shall immediately inform the management company that manages the feeder fund about any decision, measure in relation to supervising the compliance with the provisions of this Act or of any facts reported by the auditor or audit company related to the master fund or the management company or the auditor or audit company that audits the financial statements of the master fund.

(2) Where the domestic feeder fund has at least one European feeder fund, Národná banka Slovenska shall inform the competent authority of that European feeder fund's home Member State about any decision, measure in relation to supervising compliance with the provisions of this Act or any facts reported by the auditor or audit company related to the

domestic master fund or the management company that manages that domestic master fund, or the auditor or audit company that audits the financial statements of the domestic master fund.

(3) Where Národná banka Slovenska receives a notice of the competent authority of the European master fund's home Member State, the domestic feeder fund invests in, about similar facts as referred to in paragraph 2 in relation to that European master fund in accordance with the law of that Member State, it shall communicate these facts to the management company that manages the respective domestic feeder fund.

DIVISION SIX

COLLECTIVE INVESTMENT BY SPECIAL FUNDS

TITLE ONE

BASIC PROVISIONS

Section 119

(1) The securities of a special fund may not be publicly offered in a Member State by the procedure laid down in Section 139; a management company may publicly offer securities of public special funds it manages in the territory of another Member State provided that such public offer is allowed by the law valid in the territory of the host Member State. Národná banka Slovenska shall provide assistance to a management company that has decided to publicly offer securities of the public special fund it manages, in relation to the issue of permits, certificates, confirmations, or other documents requested by legal regulations valid in the territory of the host Member State.

(2) A special fund may only have the form of an open-ended fund or that of a closed-ended fund.

(3) It shall be prohibited to:

(a) split a special fund;

(b) merge or consolidate special funds at which:

1. at least one open-ended special fund is the merging fund and a closed-ended special fund is the receiving fund;
2. at least one public special fund is the merging fund and a special qualified investor fund, or an entity referred to in Section 4(2)(b) is the receiving fund;
3. at least one special qualified investor fund or an entity referred to in Section 4(2)(b) is the merging fund and a standard fund is the receiving fund; this does not apply where at least one special qualified investor fund is the merging fund and the asset composition of the merging special qualified investor fund complies with the provisions of Section 88 and the provisions of the rules or Sections of association of the receiving standard fund and the assets in the merging special qualified investor fund are not subject to any agreements, arrangements or acts that would be in conflict with the requirements of this Act in relation to standard funds and with the rules or Sections of association of the receiving fund;

4. at least one special qualified investor fund or an entity referred to in Section 4(2)(b) is the merging fund and a public special fund is the receiving fund; this does not apply where at least one special qualified investor fund is the merging fund and the asset composition of the merging special qualified investor fund complies with the provisions of Sections 124 or 125, depending on the category of the receiving public special fund, and with the rules or Sections of association of the receiving public special fund and the assets in the merging special qualified investor fund are not subject to any agreements, arrangements or acts that would be in conflict with the requirements of this Act in relation to public special funds and with the rules or Sections of association of the receiving public special fund;
5. at least one foreign alternative investment fund is the merging fund, and any domestic collective investment undertaking is the receiving fund;

(c) converge:
1. an open-ended special fund into a closed-ended special fund;
2. a public special fund into a special qualified investor fund.

Section 119a

(1) A feeder special fund is a special fund, sub-fund of an umbrella special fund, foreign alternative investment fund or sub-fund of a foreign alternative investment fund which:

(a) invests at least 85% of its assets in securities or shareholdings in another special fund, in a sub-fund of an umbrella special fund, in a foreign alternative investment fund or in a sub-fund of a foreign alternative investment fund;

(b) invests at least 85% of its assets in securities or shareholdings in several special funds, sub-funds of umbrella special funds, foreign alternative investment funds or sub-funds of foreign alternative investment funds, if these special funds or foreign alternative investment funds or their sub-funds have the same investment strategies; or

(c) has in any other way exposure of at least 85% of its assets to a special fund, sub-fund of an umbrella special fund, foreign alternative investment fund or sub-fund of a foreign alternative investment fund.

(2) A master special fund is a special fund, sub-fund of an umbrella special fund, foreign alternative investment fund or sub-fund of a foreign alternative investment fund in which another special fund, sub-fund of an umbrella special fund, foreign alternative investment fund or sub-fund of a foreign alternative investment fund invests or acquires large exposure as referred to in paragraph 1.

(3) The master special fund of the feeder special fund which is a public special fund may only be a public special fund or foreign alternative investment fund whose securities or shareholdings may, in the state where it is registered, be distributed to retail investors.

(4) A master special fund and feeder special fund shall be subject mutatis mutandis to the provisions of Sections 109 to 118.

(5) A master special fund and feeder special fund shall be subject mutatis mutandis to the provisions of Section 15(12), Section 103(2), Section 151(3), Section 157(3), Section 160(3), Section 163(1)(l) and (s) to (v), Section 175 and Sections 181 to 185 that govern master funds and feeder funds.

Section 120

(1) Securities of a special fund may only be issued as registered securities.

(2) The number of fund unit-holders or number of issued securities of a special fund may only be restricted if so stated in the fund rules.

(3) A management company that manages special fund shall inform Národná banka Slovenska about its intention to distribute securities of special fund outside the territory of the Slovak Republic. Upon the request of the management company, Národná banka Slovenska may give an opinion on the intended distribution if needed by legal regulation of the country in which the management company intends to distribute securities of special fund.

(4) A management company may, in special real estate fund's rules, extend the time limit for the redemption of securities or repurchase of shares of that fund, however, it must not exceed 12 months, while the prospectus and advertising materials must include a conspicuous notice of this fact. A management company may, in the fund's rules, extend the time limit for the redemption of securities or repurchase of shares of a special alternative investment fund, however, it must not exceed three months, while the prospectus and advertising materials shall include a conspicuous notice of this fact.

TITLE TWO

PUBLIC SPECIAL FUNDS

Authorisation to establish a public special fund

Section 121

(1) In order to establish a public special fund, an authorisation is required from Národná banka Slovenska. The authorisation to establish a public special fund may only be granted to a management company that has been granted the authorisation under Section 28a by Národná banka Slovenska or to a foreign management company which is authorised to operate through establishing a branch or on the basis of freedom to provide services referred to in Section 66a. The establishment and activities of a non-self-managed special fund that is an investment fund with variable capital requires the authorisation in accordance with the first sentence. In addition to the authorisation under the first sentence, the establishment and activities of a self-managed special fund that is an investment fund with variable capital are also subject to an authorisation under Section 28a.

(2) For the authorisation referred to in paragraph 1 to be granted, the following conditions must be met:
(a) the conditions laid down in Section 84(3)(a) to (c);
(b) the protection of fund unit-holders is sufficiently provided for, in particular, in regard to the nature of the investments;
(c) the conditions laid down in Section 84(4) mutatis mutandis, if the public special fund is a feeder special fund.

(3) The application for the authorisation referred to in paragraph 1 shall be submitted by the management company or foreign management company referred to in paragraph 1.

(4) The application for the authorisation referred to in paragraph 1 shall state:

(a) the business name, registered office and identification number of the management company or foreign management company;
(b) the name of the public special fund;
(c) the form of the public special fund and the period for which the special fund is to be established;
(d) the business name, registered office and identification number of the depository;
(e) the name, permanent residence and date of birth of members of the board of directors or supervisory board, of authorised representatives of the management company or foreign management company, and of the senior management of the management company or foreign management company;
(f) the name, permanent residence and date of birth of a member of the board of directors, authorised representative or senior employee of the depository who is responsible for depository activities; if these data were included in an application in other proceedings and have not changed, the application shall state that there have not been any changes;
(g) information as to whether the public special fund is to be an umbrella common fund;
(h) information as to whether the public special fund is to be a feeder special fund;
(i) the business name, registered office and identification number of an auditor or audit company, if the public special fund is to be a feeder special fund;
(j) the business name, registered office and identification number of the master fund's depository, if the public special fund is to be a feeder special fund.

(5) The following shall be attached to an authorisation application as referred to in paragraph 4:

(a) a draft of a public special fund's rules;
(b) a draft prospectus;
(c) a draft of key investor information;
(d) a preliminary approval by the depository to perform depository activities on behalf of the public special fund;
(e) brief curricula vitae of the depository's senior employees who ensure the performance of depository activities, documents certifying their education and professional experience, their declaration of honour stating that they comply with the requirements laid down in Section 84(3), the information necessary for requesting criminal record check certificates for these persons for verifying whether they are of good repute; the good repute of non-residents shall be evidenced with a similar document as specified in Section 28(11).

(6) If the public special fund is to be a feeder special fund, the provisions of Section 84(8) apply mutatis mutandis to the attachments to an application under paragraph 4.

(7) Národná banka Slovenska shall decide on the application for granting the authorisation to establish a public special fund, no later than two months after the delivery of the application or its completion.

(8) Národná banka Slovenska shall refuse the application for granting the authorisation to establish a public special fund where the applicant does not fulfil or does not document the fulfilment of some of the conditions laid down in paragraph 2.

(9) The conditions referred to in paragraph 2 shall be fulfilled without interruption for so long as the authorisation to establish the public special fund is valid.

(10) The provisions of Section 84(14) and (15) equally apply to the granting of authorisation to establish a public special fund.

(11) The decision to grant an authorisation to establish a public special fund, shall in particular contain:
(a) the business name, registered office and identification number of a management company or foreign management company;
(b) the name of a public special fund;
(c) the form of a public special fund and the period for which it is to be established;
(d) the business name, registered office and identification number of the depository;
(e) the approval of the rules of public special fund.

(12) The authorisation to establish a public special fund may also contain the conditions which must be fulfilled by the management company or foreign management company before the beginning of issue of securities or the conditions which must be fulfilled by the management company or foreign management company in the management of a public special fund.

(13) If a public special fund is to be a feeder special fund, the decision shall also contain:
(a) the business name, registered office and identification number of the management company, or of the foreign management company managing the master special fund, or of the master special fund, where it is self-managed;
(b) the name of the master special fund;
(c) the business name, registered office and identification number of the master special fund's depository.

(14) The authorisation to establish a public special fund may only be transferred to another management company authorised pursuant to Section 28a or to a foreign management company which is authorised to operate by means of establishing a branch or on the basis of freedom to provide services referred to in Section 66a, or to a foreign management company and only on the basis of the prior approval referred to in Section 163(1)(i).

(15) Národná banka Slovenska may, at the request of a management company or foreign management company, amend an authorisation to establish a public special fund. Assessment of such request to amend the authorisation to establish public special fund shall be subject mutatis mutandis to paragraphs 2 to 10. A change of data stated in an authorisation to establish a public special fund, as brought about by the granting of prior approval under Section 163, is deemed approved upon the Národná banka Slovenska granting that prior approval. The management company or foreign management company shall, however, notify Národná banka Slovenska in writing of this amendment and the date when it was made, no later than 30 days after the date it was made.

(16) A management company or foreign management company shall promptly give Národná banka Slovenska written notification of any changes in the conditions based on which it was granted an authorisation to establish a public special fund.

Section 122

(1) If a management company does not begin issuing unit certificates within six months from acquiring a valid authorisation to establish a public special fund, the authorisation shall expire.

(2) If no application for entry into in the Commercial Register is submitted within three months from the effective date of an authorisation to establish a non-self-managed special fund, as an investment fund with variable capital, based on which the establishment is registered, the authorisation shall expire.

Composition of a public special fund's assets

Section 123

(1) Where a public special fund consists of more than one sub-fund, each sub-fund is, for the purposes of Sections 124 to 135, deemed to be a separate public special fund.

(2) Where a public special fund or a foreign collective investment undertaking consists of more than one sub-fund, each such sub-fund is, for the purposes of limits referred to in Section 130(6) and (7) deemed to be a separate fund or a foreign collective investment undertaking.

Section 124
Assets eligible for investment in a public special securities fund and in a public special alternative investment fund

(1) The public special securities fund's assets may only be invested in:
(a) liquid financial assets referred to in Section 88(1) and (2);
(b) other transferable securities or money market instruments as referred to in Section 88(1)(a) to (d) and (h), provided that the securities of the money market instruments are listed in a multilateral trading system by a foreign investment firm, a stock exchange or a foreign stock exchange;
(c) the bonds other than those referred to in (a) or (b), which are bonds in accordance with Section 89(7);
(d) bonds, other than those referred to in (a) or (b), which are issued or guaranteed by the Slovak Republic, another Member State, Národná banka Slovenska or the central bank of another Member State;
(e) the deposits in banks which have their registered offices in the territory of the Member States other than those referred to in Section 88(1)(f).

(2) The public special alternative investment fund's assets may only be invested in:
(a) liquid financial assets referred to in Section 88(1) and (2) and other financial assets referred to in paragraph 1;
(b) other transferable alternative investments or money market instruments referred to in paragraph 1 and shareholdings in other commercial companies which have their registered office in the Slovak Republic or in another Member State and are not represented by securities, if the amount of investment referred to in this letter does not exceed 50% of the assets value in the public special alternative investment fund;
(c) commodity derivatives which are connected with the right of settlement in cash and which are dealt in on a regulated market referred to in Section 88(1)(a) to (c), if the underlying instrument of these derivatives are precious metals, other commodities, precious metal index or other commodity index;

(d) transferable securities with embedded commodity derivative and instruments of money market with embedded commodity derivative which comply with conditions referred to in Section 88(1)(a) to (h);
(e) precious metals and the certificates which represent them.

(3) The management company may acquire for public special alternative investment fund's assets a shareholding in accordance with paragraph 2(b) in other commercial company,
(a) whose share capital has been paid or increased, solely through monetary contributions;
(b) whose associates or unit-holders have paid up their unit certificates or deposits in full amount;
(c) whose scope of business corresponds to the public special alternative investment fund's investment policy;
(d) which does not have a shareholding in another commercial company.

(4) The provisions of paragraph 3(a) and (b) do not apply in the case where a shareholding in a newly constituted commercial company is acquired for the assets of a public special alternative investment fund. Where the procedure under the first sentence is followed, the subsequent repayment of share capital must be carried out solely by means of monetary contributions and deposits must be paid up in full amount.

(5) The management company may acquire a shareholding in another commercial company in accordance with paragraph 2(b) for the assets of a public special alternative investment fund, provided that the following conditions are met:
(a) the management company is a controlling entity in that commercial company or is to become a controlling entity in that commercial company by acquisition of the shareholding;
(b) the commercial company submits a listing of its assets to the management company and depository once a month.

(6) If a commercial company is not a newly constituted company, prior to the acquisition of a shareholding in the commercial company for the assets of a public special alternative investment fund, the shareholding must be valued and the following must be submitted to the management company:
(a) financial statements of the commercial company audited by an auditor or audit company, which are not older than one month on their valuation date, if such financial statements are not stored in the register of financial statements;[53a]
(b) an up-to-date listing of the assets and liabilities of the commercial company audited by an auditor or audit company.

(7) To acquire, increase, reduce or terminate the shareholding in a commercial company, a prior approval of the depository is required. The depository's prior approval shall also be required for amendments to the founder's rules or founder's contract and to the Sections of association of the commercial company.

(8) A commercial company, the participating share of which is acquired for a public special alternative investment fund's assets, may not provide a loan, credit or gift, nor use its assets to secure or discharge a liability of a third party.

(9) A commercial company, the participating share of which is acquired for a public special alternative investment fund's assets, may not conclude a silent partnership agreement.

Section 125
Assets eligible for investment in a public special real estate fund

(1) The assets of a public special real estate fund shall, in particular, be invested in:

(a) real estate, including appurtenances, for the purpose of its management and sale;
(b) shareholdings in real estate companies under the conditions laid down in Section 129;
(c) other assets meeting the criteria referred to in Section 88(1), which in their essential economic terms give rise to a close connection with the real estate market;
(d) derivatives other than those under Section 88(1)(g), if:
    1. the underlying instrument of these derivatives are shares of real estate companies;
    2. the counterparty in trades in such derivatives is a financial institution or another legal entity, the category and state of origin of which is stated in the fund rules, if they are over-the-counter derivatives;
    3. the over-the-counter derivatives are valued at least at intervals in which the assets of a public special real estate fund are valued, and such a valuation is verified by methods under Section 107;
    4. risks arising from these derivatives, including counterparty risk, are adequately captured in the public special fund's risk management system, and counterparty risk is adequately secured with collateral in the case where the counterparty in trades in over-the-counter derivatives is another legal entity under the second point.

(2) In addition to assets referred to in paragraph 1, a public special real estate fund may only invest in assets referred to in Section 88(1), while the focus and objectives of the investment strategy of the public special real estate fund under paragraph 1 must not be altered. Assets in a public special real estate fund may only be used to repay a contribution to a real estate company's capital funds where the public special real estate fund is the sole shareholder or sole associate in the real estate company.

(3) For management purposes, for the assets in a public special real estate fund such real estate may be acquired, which is capable of bringing a regular and long-term income for the public special real estate fund and the value of which may be determined by the yield method or by the comparative method, where justified.

(4) For the purposes of sale, for the assets in a public special real estate fund such real estate may be acquired, which is capable of bringing a profit on sales and the value of which may be determined by the comparative method or by the yield method, where justified.

(5) The fund rules of a public special real estate fund shall also state the designation of the countries of location of the real estate in which the assets of a public special real estate fund are to be invested, or countries of registration of real estate companies in whose shares the assets of a public special real estate fund are to be invested, and the maximum limit of any such investment.

(6) At least 10% of the value of assets in a public special real estate fund established as an open-ended fund shall include:

(a) deposits meeting the conditions laid down in Section 88(1)(f);
(b) unit certificates or securities referred to in Section 88(1)(e);
(c) treasury bills; or

(d) bonds which meet the conditions laid down in Section (88)(1)(a) to (c) and have a remaining maturity period of no more than three years.

Section 126
A lien and encumbrance established on real estate

(1) To acquire real estate on which a lien is established for the assets of a public special real estate fund or assets of a real estate company, the prior approval of the depository is required. To establish a lien on a real estate belonging to the assets of a public special real estate fund or on a real estate belonging to the assets of a real estate company, the approval of the depository is required and the purpose of the lien shall be to secure a loan in favour of the assets in the public special real estate fund, a loan in favour of the real estate company or to secure a third-party loan the purpose of which is to provide funds to pay for the transfer of ownership rights to the real estate to the third party. To establish a lien on real estate belonging to the assets of a public special real estate fund or on a real estate belonging to the assets of a real estate company, for the purpose of securing a loan other than the loan referred to in the second sentence, shall only be possible upon the economic justification of the establishment of such the lien.

(2) Real estate subject to a material encumbrance may be acquired for the assets of a public special real estate fund or for the assets of a real estate company, provided that the encumbrance is related to the management or use of the real estate, and that the depository has given its prior approval. To establish a material encumbrance on real estate belonging to the assets of a public special real estate fund or on real estate belonging to the assets of a real estate company, the approval of the depository is required.

(3) A management company that manages a public special real estate fund shall be allowed to use the shares issued by the real estate company as a subject of the pledging, exclusively in the favour of the loan received by that real estate.

Section 127
Acquisition and sale of real estate

(1) A management company may not acquire, for the assets of a public special real estate fund, any real estate from the assets of:
(a) the management company that manages that public special real estate fund;
(b) its depository.

(2) Any acquisition of real estate for a public special real estate fund's assets, or sale of real estate from a public special real estate fund's assets, shall require the prior approval of the depository.

(3) Where a real estate is acquired for the assets of a public special real estate fund from an entity belonging to a group with close links, part of which is a shareholder with a qualifying holding in the management company, the real estate's acquisition price shall be the lesser of acquisition prices based on two independent expert opinions.[25m]

Section 128
Real estate company

(1) For the purposes of this Act, ‘real estate company’ means a company or a foreign company whose scope of business covers the following activities:
(a) the acquisition of real estate, including appurtenances;
(b) estate management, rental of real estate, including the provision of basic and other than basic services associated with the rental, procurement services associated with the rental, procurement of services associated with the management, operation and maintenance of the real estate;
(c) mediation of the sale, letting and purchase of real estate;
(d) the selling of real estate.

(2) The scope of business of a real estate company as defined in paragraph 1 may also extend to the construction of and modifications to buildings.

(3) In addition to the activities referred to in paragraphs 1 and 2, the scope of business of a real estate company may include only activities that are related to the activities referred to in paragraphs 1 and 2.

(4) A real estate company may, in addition to the performance of the activities referred to in paragraph 1, also invest in:
(a) deposits complying with the conditions laid down in Section 88(1)(f);
(b) unit certificates and securities complying with the conditions laid down in Section 88(1)(e);
(c) treasury bills; or
(d) bonds which comply with the conditions laid down in Section 88(1)(a) to (c) and which have a remaining maturity period of not more than three years.

(5) For the purposes of this Act, ‘real estate company’ also means a company or a foreign company whose legal form and scope of business become compliant with paragraphs 1 to 4 within six months after the acquisition of a shareholding in this company or foreign company for the assets of a public special real estate fund.

Section 129
Acquisition of shareholdings in real estate companies

(1) For assets in a public special real estate fund, a management company may acquire a shareholding in a real estate company:
(a) whose shareholders have fully paid up their shares;
(b) which invests exclusively in real estate in the territory of the country in which it has its registered office;
(c) which ensures compliance with the conditions laid down in Section 125(3) and (4) and in Section 126;
(d) which does not have a shareholding in another real estate company.

(2) The provision of paragraph 1(a) does not apply where shares in a newly established real estate company are subscribed for the assets of a public special real estate fund, and the assets of that real estate company do not yet include any real estate or where the real estate company is the sole shareholder or sole associate in another real estate company pursuant to Section 128 established outside of the territory of the Slovak Republic with no shareholding in another company.

(3) A management company may acquire a shareholding in a real estate company for the assets of a public special real estate fund provided that the following conditions are met:
(a) the shareholding in the real estate company represents a majority of the voting rights needed to amend the Sections of association of the real estate company;
(b) the real company shall submit, on the monthly basis, a listing of the real estate in its assets to the management company and to the depository;
(c) the proper fulfilment of the depository's responsibilities toward the real estate company can be ensured;
(d) the management company has, in the case of a reduction or termination of the shareholding of any shareholder of that real estate company, a pre-emption right to purchase its shareholding for the assets of a public special real estate fund.

(4) The conditions laid down in paragraph 1(b) and (d) and paragraph 3(b) and (d) shall be fulfilled not later than six months upon the acquisition of the shareholding in the real estate company for the assets of a public special real estate fund; this period does not apply where the real estate company has a shareholding in another real estate company pursuant to paragraph 1(d). If the conditions referred to in the first sentence have not been met within six months after the acquisition of the shareholding in the real estate company, the management company shall sell this shareholding no later than six months after the deadline.

(5) Prior to the acquisition of a shareholding in a real estate company for the assets of a public special real estate fund, the shareholding shall be valued, and the following shall be submitted to the management company:
(a) the financial statements of the real estate company, audited by an auditor or an audit company, which as of the valuation date are not older than three months, if such financial statements are not deposited in the register of financial statements;[53a]
(b) the up-to-date statement of the assets and liabilities of the real estate company, audited by an auditor or an audit company;
(c) the valuation of real estate included in the real estate company's assets; the valuation of the real estate shall be carried out in the same manner as the valuation of real estate included in the public special real estate fund carried out by a management company under this Act.

(6) To acquire, increase, reduce or terminate the shareholding in a real estate company, a prior approval of the depository is required. The depository's prior approval shall also be required for:
(a) amendments to the founder's rules or founder's contract, and to the Sections of association of the real estate company;
(b) acquisition of real estate for the assets of the real estate company, or a sale of real estate from the assets of real estate company.

(7) Where a management company acquires a real estate company referred to in paragraph 1(d) for the assets of a public special real estate fund, the real estate company shall produce financial statements consolidated with the financial statements of the real estate company referred to in paragraph 1(d) and, at the end of each calendar month, a balance sheet and profit and loss statement consolidated with the balance sheet and profit and loss statement of the real estate company referred to in paragraph 1(d).

(8) A real estate company may not conclude a silent partnership agreement.

Risk-limitation and risk-spreading rules for a public special fund's assets

Section 130

(1) The risk-limitation and risk-spreading rules for a public special fund are subject to Sections 89 to 91, Section 92(3), and Sections 93 to 97(1) with the exceptions referred to in paragraphs 2 to 8 and Sections 131, 132, 134 and 135.

(2) For the purposes of risk limitation and spreading in a public special alternative investment fund, the certificates representing precious metals are deemed to constitute transferable securities.

(3) The value of transferable securities and money market instruments issued by the same issuer may not constitute more than 25% of the assets value in a public special fund, with the exceptions referred to in Sections 89 to 91.

(4) The deposits referred to in Section 124(1)(e) may not constitute more than 20% of the assets value in a public special fund.

(5) The value of bonds issued by a single bank, or by a foreign bank in a Member State which is subject to supervision that protects the interests of bondholders, may not constitute more than 40% of the value of public special fund's assets. Funds raised by the issue of bonds shall be invested in such assets which, until the maturity of the bonds, cover the issuer's liabilities related to the bond issue and which may, in the event that the issuer becomes insolvent, be used to redeem the nominal value of the bonds and to pay the income on them. The sum value of bonds acquired for public special fund's assets under the first sentence may not exceed 80% of the value of the public special fund's assets.

(6) The value of securities of any common fund or the value of securities of any foreign collective investment undertaking referred to in Section 88(1)(e) may not constitute more than 20% of the assets value in a public special fund.

(7) Národná banka Slovenska may, by approving the rules of a public special fund, increase the limit referred to in paragraph 6 up to 35%:

(a) for securities of a standard fund, public special fund or securities of a European standard fund, if:
    1. each such common fund or European standard fund is specifically stated in the rules of the public special fund; or
    2. the investment policy of each such common fund or European standard fund is sufficiently specified in the public special fund rules and corresponds to the investment policy of that public special fund;
(b) for unit certificates of only one special qualified investor fund or securities or participating interests in only one foreign alternative collective investment undertaking, if:
    1. this special qualified investor fund or foreign alternative investment fund is specifically stated in the rules of the public special fund; or
    2. the investment policy of this special qualified investor fund or foreign alternative investment fund is sufficiently specified in the rules of the public special fund and corresponds to this public special fund's investment policy.

(8) Section 98 applies mutatis mutandis to a public special fund and a management company that manages it.

(9) Sections 99 to 107 apply mutatis mutandis to the management of risks which a public special fund may be subject to. A management company shall adopt and maintain additional procedures of measuring and managing of risks beyond the scope of Section 99 to 107, which enable to continuously monitor and measure a risk connected with assets investment in a public special fund in assets that are not referred to in Section 88(1) and (2).

(10) If a management company managing a public special fund uses techniques and instruments under Section 100(2) that include derivatives, these derivatives must fulfil the same criteria for these techniques and instruments as standard funds and requirements under Section 88(1)(g) of the second and third indent or under Section 125(1)(d).

(11) Národná banka Slovenska may, by way of a decree to be promulgated in the Collection of Laws, stipulate additional procedures for the measurement and management of risks to which a public special fund might be exposed, and the conditions and requirements for collateral if the counterparty in the case of deals in over-the-counter financial derivatives under Section 125(1)(d) is not a financial institution.

Section 131
Risk-limitation and risk-spreading rules for public special securities funds and public special alternative investment funds

(1) The sum of investments in transferable securities and money market instruments issued by a single entity, deposits made at the same entity, and counterparty risk referred to in Section 89(3) in relation to the same entity, may not exceed 50% of a public special securities fund's assets or a public special alternative investment fund's assets.

(2) The sum of investments in bonds referred to in Section 124(1)(c) issued by a single entity may constitute up to 25% of a public special securities fund's assets, or a public special alternative investment fund's assets.

(3) Section 91 applies mutatis mutandis to the bonds referred to in Section 124(1)(d).

(4) The value of transferable securities and money market instruments referred to in Section 124(2)(b) issued by a single entity may not exceed 10% of a public special alternative investment fund's assets.

(5) The value of shareholding referred to in Section 124(2)(b) in a single commercial company may not exceed 10% of a public special alternative investment fund's assets. Where the value exceeds the limit referred to in the first sentence, the management company shall align a composition of the assets in a public special alternative investment fund to the limit referred to in the first sentence no later than one year after that excess.

(6) Národná banka Slovenska may, by the approval of the rules, double the limits referred to in Section 88(1)(i), Section 89(2) and Section 97(2), and increase the limits referred to in Section 93(3)(a), (b) and (d) to 25%.

Section 132
Risk-limitation and risk-spreading rules for public special real estate funds

(1) The value of real estate acquired for the assets of a public special real estate fund may not, as of the date when the contract for the purchase or the sale of the real estate is concluded, exceed 20% of the value of a public special real estate fund's assets.

(2) The total value of real estate whose value cannot be determined by the yield method shall not exceed 25% of the asset value of a public special real estate fund. Included within this limit shall be the value of real estate belonging to the assets of the real estate company into which assets of the public special real estate fund are invested, and only that part of the real estate which cannot be valued by the yield method; such value shall be a proportion based on the shareholding in the real estate company.

(3) If, following the acquisition of real estate for the assets of a public special real estate fund, the limit referred to in paragraph 1 or 2 is exceeded by more than 10%, the management company shall align the composition of the assets in the public special real estate fund to the limits referred to in paragraphs 1 and 2, no later than two years after that excess.

(4) The limit referred to in paragraph 1 shall not be used during the three years following the authorisation to establish the public special real estate fund; this period shall be stipulated in the fund's rules, while the rules may also stipulate a period shorter than three years. During this period the management company shall not be obliged to redeem unit certificates or repurchase shares in the public special real estate fund. Where the management company exceeds the limit referred to in paragraph 1, it is not obliged to proceed during this period in accordance with paragraph 3.

(5) For the purposes of calculating the limits laid down by this Act, the pieces of real estate with interconnected economic use are deemed to constitute a single piece of real estate.

(6) The value of a shareholding in a real estate company within the assets of a public special real estate fund may, at the time of its acquisition, constitute no more than 30% of the value of the assets in the public special real estate fund.

(7) If, following the acquisition of the shareholding in a real estate company, the value of this shareholding exceeds 40% of the value of the assets of a public special real estate fund, the management company shall align the composition of the assets of a public special real estate fund to the limit laid down in paragraph 6 no later than two years after that excess.

(8) The provisions of paragraphs 6 and 7 do not apply where shares in a newly constituted real estate company are subscribed for the assets of a public special real estate fund, and the assets of that real estate company do not yet include any real estate.

(9) The limits referred to in paragraphs 6 and 7 shall not be used during the three years following the first issuance of unit certificates after the entry into force of a decision to grant authorisation to establish a public special real estate fund; this period shall be stipulated in the fund's rules, while the rules may also stipulate a period shorter than three years. During this period the management company shall not be obliged to redeem unit certificates or repurchase shares in the public special real estate fund.

Section 133

A report on management of a public special real estate fund's assets shall state information about the current value of real estate in the assets of the public special real estate fund and in the assets of real estate companies.

Credits and loans

Section 134

(1) A management company may provide a loan out of the assets in a public special alternative investment fund only to a commercial company in which that fund has a shareholding. Any loan provided out of the assets of a public special alternative investment fund shall be secured, and it shall be stated in the loan agreement that in the event of the sale of the shareholding in the commercial company, the loan shall be due within six months from the date when the shareholding was terminated.

(2) The total amount of all loans provided out of the assets of a public special alternative investment fund to a single commercial company may not exceed 50% of the value of the assets of that commercial company.

(3) The total amount of all loans provided out of the assets of a public special alternative investment fund to commercial companies may not exceed 20% of the value of assets in the public special alternative investment fund.

Section 135

(1) A management company may provide a loan out of the assets held in a public special real estate fund only to a real estate company in which it has a shareholding. Where the public special real estate fund is not a sole shareholder or sole associate in the real estate company, any loan provided to the real estate company out of the assets of a public special real estate fund shall be secured. In the loan agreement it shall be stated that in the event of the sale of the shareholding in the real estate company, the loan shall be due within six months from the date when the shareholding was terminated.

(2) The total amount of all loans provided out of the assets of a public special real estate fund to a single real estate company may not exceed 80% of the value of total assets of that real estate company. Where the public special real estate fund is a sole shareholder or sole associate in the real estate company, the total amount of all loans provided out of the assets of the public special real estate fund to the real estate company may not exceed the total value of all assets of that real estate company. The total amount of all loans provided out of the assets of the public special real estate fund to a single real estate company shall also include the public special real estate fund's claims towards this real estate company arising from the securities issued by this real estate company in the assets of the public special real estate fund. The total amount of all loans provided out of the assets of the public special real estate fund to a single real estate company shall not include the public special real estate fund's claims towards this real estate company arising from the fund's entitlement as a shareholder to payment due to a reduction of this real estate company's share capital.

(3) The total amount of all loans provided out of the assets of a public special real estate fund to real estate companies may not exceed 50% of the asset value of that public special real estate fund. Above this limit, loans to real estate companies may be provided out of the assets

of a public special real estate fund in a total amount not exceeding 30% of the value of assets held in that public special real estate fund, if:
(a) the public special real estate fund is the real estate company's only shareholder;
(b) the public special real estate fund is the real estate company's only creditor in connection with the provision of financial loans;
(c) the real estate company's annual financial statement is verified by an auditor;
(d) all the loans provided to a real estate company out of the assets of a public special real estate fund are to be repaid before the public special real estate fund's shareholding in that real estate company expires.

(4) A management company may receive, to the credit of the assets in a public special real estate fund, a credit or loan with a maturity of up to one year and in an amount of up to 20% of the asset value of the public special real estate fund.

(5) In order to acquire real estate for the assets of a public special real estate fund, or to maintain or improve the balance thereof, the management company may receive mortgage bonds or credits of a similar type to the credit of the assets in the public special real estate fund. Where mortgage bonds or credits of a similar type are received to the credit of the assets in a public special real estate fund, or by a real estate company in which the public special real estate fund has a shareholding, they shall not exceed 70% of the value of the real estate.

(6) The total amount of all credits and loans received into the assets of a special real estate fund by the management company managing a public special real estate fund shall not exceed 50% of the value of the assets in the public special real estate fund. This limit does not include credits and loans provided to the management company managing the public special real estate fund by the real estate company in favour of the assets in the public special real estate fund that has a shareholding in the real estate company; such real estate company may not be financed by third-party funds.

(7) A real estate company may provide a loan out of its own assets only to a management company managing a public special real estate fund and to the credit of assets in a public special real estate fund which has a shareholding in the real estate company. The provision of loans out of the assets of a real estate company, and the receipt of loans or credits by a real estate company, shall be equally subject to paragraphs 2 to 6.

(8) The limits referred to in paragraphs 5 and 6 shall not be used during the three months following the acquisition of a shareholding in a real estate company for the assets of a public special real estate fund, provided that the credit, loan, mortgage or another similar credit is accepted by the real estate company. Where the limits referred to in the first sentence are not harmonised within three months from the acquisition of a shareholding in a real estate company for the assets of a public special real estate fund, the management company shall, within six months from the lapsing of this period, sell the shareholding in the real estate company from the assets of the public special real estate fund.

TITLE THREE

SPECIAL QUALIFIED INVESTOR FUNDS

Section 136

(1) The securities of a special qualified investor fund may only be distributed to professional investors who meet the requirements for professional clients[3c] or to qualified investors; a management company authorised pursuant to Section 28a or a foreign management company authorised to perform activities through a branch or on the basis of the freedom to provide services in accordance with Section 66a shall include in the offering documents and marketing communications for these securities prominent information drawing attention to such distribution method.

(2) The securities of a special qualified investor fund may be transferred to another unit-holder provided that he is an investor referred to in paragraph 1 and only upon the prior approval of the management company. The management company shall, for the purposes of the assessment of an investor, proceed appropriately according to other legislation.[55]

(3) In the case of securities transfer, an acquirer shall inform the management company which manages the respective special qualified investor fund.

(4) The rules of a special qualified investor fund shall, in addition to the general particulars referred to in Section 7(5), also state:
(a) the types of assets in which the assets of a special qualified investor fund may be invested;
(b) the risk-limitation and risk-spreading rules;
(c) the rules of receiving loans and credits for the credit of the assets in a special qualified investor fund and the rules of provision of loans from the assets in a special qualified investor fund;
(d) the frequency and rules of valuation of the assets and liabilities in a special qualified investor fund and the rules of determination, and use of income produced by these assets and the manner of communicating the information to unit-holders;
(e) the ways and methods of measuring and management of risks, the assets in a special qualified investor fund may be subject to;
(f) the information about how depository safekeeping of assets in a special qualified investor fund is carried out.

(5) The sale price of securities of a special qualified investor fund may be paid, upon approval of the management company, in monetary appraisable value; this is without prejudice to the provisions of Section 15a. The payment of the sale price of securities in monetary appraisable value shall be subject mutatis mutandis to the provisions of the Commercial Code pertaining to non-monetary contributions to share capital of joint-stock companies.

Section 137

(1) The establishment of a special qualified investor fund requires an inclusion in the list of supervised entities.[55aa] The establishment and activity of a non-self-managed special qualified investor fund that is an investment fund with variable capital requires an inclusion in the list referred to in the first sentence. The establishment and activity of a self-managed special qualified investor fund that is an investment fund with variable capital requires, in addition to the inclusion in the list referred to in the first sentence, an authorisation under Section 28a.

(2) An application for the inclusion in the list referred to in paragraph 1 shall be submitted by a management company authorised by Národná banka Slovenska in accordance with Section 28a, by a self-managed special qualified investor fund that is an investment fund

with variable capital authorised pursuant to Section 28a or by a foreign management company authorised to perform the activities through a branch or on the basis of the freedom to provide services in accordance with Section 66a.

(3) The special qualified investor fund shall be included in the list referred to in paragraph 1 provided that it is proven that the conditions referred to in Section 84(3)(a) and (b) have been met, and that the rules of the special qualified investor fund have been drawn up in accordance with this Act. If the special qualified investor fund is to be a feeder special fund, the conditions under Section 84(4) must be fulfilled mutatis mutandis for the fund to be included in the list referred to in paragraph 1.

(4) An application for the inclusion in the list referred to in paragraph 1 shall state:

(a) the business name, registered office and identification number of the management company or foreign management company;
(b) the name of a special qualified investor fund;
(c) the legal form of a special qualified investor fund and the period for which the special qualified investor fund shall be established;
(d) whether it is to be an open-ended or closed-ended fund;
(e) the business name, registered office and identification number of the depository;
(f) the name, permanent residence and date of birth of a member of board of directors, the authorised representative and senior employee who provides for the performance of depository activities; if this data was included in an application in other proceedings, and if there has been no change in it, the application shall state that there have been no changes in this data;
(g) information as to whether the special qualified investor fund is to be an umbrella fund;
(h) information as to whether the special qualified investor fund is to be a feeder special fund;
(i) the business name, registered office and identification number of the master fund's depository, if the special qualified investor fund is to be a feeder special fund;
(j) the business name, registered office and identification number of the auditor or audit company if the special qualified investor fund is to be a feeder special fund.

(5) The following shall be attached to the application referred to in paragraph 4:

(a) the draft rules of the special qualified investor fund;
(b) the depository's preliminary consent to the performance of depository activities for the special qualified investor fund;
(c) the brief curricula vitae of the depository's senior employees who ensure the performance of depository activities, documents certifying their completed education and professional experience, their declarations of honour stating that they comply with the requirements laid down by this Act, the information necessary for requesting criminal record check certificates for these persons for verifying whether they are of good repute; the good repute of non-residents shall be evidenced with a similar document as specified in Section 28(11).

(6) If a special qualified investor fund is to be a feeder special fund, the provisions of Section 84(8) apply mutatis mutandis to the appendices to an application under paragraph 5.

(7) Národná banka Slovenska shall include the special qualified investor fund in the list referred to in paragraph 1 no later than two months after the delivery of the application or its completion. Národná banka Slovenska shall notify of the fund's inclusion in the list referred to in paragraph 1 the management company referred to in paragraph 2, the self-managed special

qualified investor fund that is an investment fund with variable capital or the foreign management company referred to in paragraph 2.

(8) The inclusion of a special qualified investor fund in the list referred to in paragraph 1 shall prove that the fund's rules have been drawn up in accordance with this Act.

(9) Národná banka Slovenska shall refuse an application for the inclusion in the list referred to in paragraph 1 if the applicant under paragraph 2 does not fulfil, or does not document the fulfilment of, any of the conditions referred to in paragraph 3. Národná banka Slovenska shall notify the applicant under paragraph 2 of this fact.

(10) The conditions referred to in paragraph 3 shall be met continuously while the special qualified investor fund is included in the list referred to in paragraph 1.

(11) The provisions of Section 84(14) and (15) apply equally to the inclusion in the list referred to in paragraph 1.

(12) In addition to the data referred to in other legislation,[55aa] the listing referred to in paragraph 1 shall include the following information:
(a) the name of the special qualified investor fund;
(b) the legal form of the special qualified investor fund and the period for which this special qualified investor fund shall be established;
(c) whether it is to be an open-ended or closed-ended fund;
(d) the business name, registered office and identification number of the depository;
(e) the date on which the special qualified investor fund has been included in the list referred to in paragraph 1.

(13) If a special qualified investor fund is to be a feeder special fund, the listing referred to in paragraph 1 shall contain also:
(a) the business name, registered office and identification number of the management company or foreign management company managing the master special fund or the business name, registered office and identification number of the master special fund, if it is self-managed;
(b) the name of the master special fund;
(c) the business name, registered office and identification number of the depository for the master special fund.

(14) The management of a special qualified investor fund included in the list referred to in paragraph 1 may only be transferred to another management company authorised pursuant to Section 28a or to a foreign management company under paragraph 2 and only upon a prior approval of Národná banka Slovenska pursuant to Section 163(1)(i).

(15) Národná banka Slovenska may, at the request of a management company under paragraph 2, a self-managed special qualified investor fund that is an investment fund with variable capital authorised pursuant to Section 28a or a foreign management company under paragraph 2, amend the listing referred to in paragraph 1. The assessment of an application to amend the listing referred to in paragraph 1 shall be subject mutatis mutandis to paragraphs 4 to 13. The change to the information stated in the listing referred to in paragraph 1 resulting from the prior approval granting referred to in Section 163 is deemed approved by the granting of the respective prior approval. The management company, self-managed special qualified investor fund that is an investment fund with variable capital authorised pursuant to Section 28a

or foreign management company shall notify Národná banka Slovenska in writing of this change and date of its application no later than 30 days after the date of its application.

(16) No prior approval under Section 163(1)(k) is required for changes to the special qualified investor fund pursuant to Section 7(5)(d) and (g). The management company shall, within ten working days from their application, notify Národná banka Slovenska in writing of any changes referred to in the first sentence and submit the new rules.

(17) Národná banka Slovenska shall, on the basis of a notification of winding up of a special qualified investor fund submitted by a management company, a self-managed special qualified investor fund that is an investment fund with variable capital or a foreign management company under paragraph 2, remove the special qualified investor fund from the list referred to in paragraph 1; this is without prejudice to the provisions of Section 26. Národná banka Slovenska shall notify in writing the management company under paragraph 2, the self-managed special qualified investor fund that is an investment fund with variable capital or the foreign management company under paragraph 2 of the fund's removal from the list referred to in paragraph 1.

(18) The procedure pertaining to the inclusion or removal of a special qualified investor fund from the list referred to in paragraph 1 or to the amendment of such listing shall be subject mutatis mutandis to the provisions of other legislation.[55ab]

TITLE FOUR
SPECIAL PROVISIONS FOR ALTERNATIVE INVESTMENT FUNDS

Section 137a

(1) A management company is required to prove, upon request by Národná banka Slovenska, that the leverage limits set by it for each managed alternative investment fund are appropriate and that it always complies with these limits. Národná banka Slovenska, in accordance with other legislation,[55a] shall assess the risks that might be associated with a management company using leverage when managing an alternative investment fund, and if it considers it necessary for the purposes of ensuring the stability and integrity of the financial system, Národná banka Slovenska shall, after notifying the European Supervisory Authority (European Securities and Markets Authority), the European System Risk Board, and the alternative investment fund's competent supervisory authority, impose limits limiting the level of leverage up to which the management company will be authorised to use leverage, or impose other restrictions concerning the management of the alternative investment fund, with the aim of limiting the degree to which the use of leverage contributes to raising systemic risk in the financial system or risks of market disruption. Národná banka Slovenska shall inform the European Supervisory Authority (European Securities and Markets Authority), the European Systemic Risk Board and the competent supervisory authority of the alternative investment fund of measures adopted in this regard, and this by way of the procedures under Section 201b.

(2) Národná banka Slovenska shall give the notification under paragraph 1 at least 10 working days before the proposed measure is to take effect or to be renewed; under exceptional circumstances Národná banka Slovenska may decide that a proposed measure shall enter into effect during the course of those 10 working days.

(3) A notification under paragraph 2 shall contain details on the proposed measure, the reasons for the measure and when the measure is to take effect.

(4) If Národná banka Slovenska proposes to take measures at variance with a recommendation of the European Supervisory Authority (European Securities and Markets Authority) adopted under a legally binding act of the European Union governing alternative investment fund managers, it shall notify the European Supervisory Authority (European Securities and Markets Authority) of this and state the reasons for the decision.

Section 137b
Disposal of assets

(1) A management company managing an alternative investment fund or a foreign alternative investment fund that has acquired individually, or through acting in concert, control over an unlisted company, or a management company that by means of managing alternative investment funds or a foreign alternative investment fund has acquired control over an unlisted company shall, for the period of 24 months from gaining control over the unlisted company:

(a) not enable, support or give any instruction for the distribution of earnings, reduction of share capital, redemption of shares or acquisition of own shares by the unlisted company in the scope of restrictions under paragraph 2;
(b) if the management company is entitled to vote on behalf of the alternative investment fund at meetings of the unlisted company's managing bodies, it may not vote in favour of the distribution of earnings, reduction of share capital, redemption of shares or acquisition of own shares by the company in the scope of restrictions under paragraph 2;
(c) be required to make all efforts to prevent the distribution of earnings, decrease in share capital, redemption of shares or acquisition of own shares by the company in the scope of restrictions under paragraph 2.

(2) Restrictions on a management company under paragraph 1 toward an unlisted company concern the following acts:

(a) the distribution of earnings to shareholders made when as at the closing date of the last financial year net assets stated in the unlisted company's annual report are lower, or would through such distribution of earnings become lower, than the total subscribed share capital plus reserves that, under legal regulations or the company's Sections of association, cannot be distributed, subject to the condition that if an unpaid-up part of the subscribed share capital is not included in the assets stated in the balance sheet, then this sum shall be deducted from the sum of the subscribed share capital;
(b) a distribution of yields to shareholders in an amount that would exceed the level of earnings as at the end of the last financial year plus all the transferred profit and sums coming from reserves available for this purpose, minus all unsettled losses from past periods and sums included in reserves under the respective legal regulations or company Sections of association;
(c) the acquisition of own shares by the unlisted company, if permitted, including shares that the company has already acquired in the past and which it still holds, as well as shares that were acquired by a person acting on their own behalf, but on the account of the unlisted company, the result of which would be a decrease in the level of net assets below the sum referred to in (a).

(3) A distribution of earnings under paragraph 2(a) and (b) shall include, in particular, the payment of dividends and interest related to shares. The provisions on a reduction of the

share capital under paragraph 2 do not apply to a reduction of the subscribed share capital for the purpose of settling losses incurred or for the purpose of including sums into an undistributed reserve, subject to the condition that after such operation the level of this reserve does not exceed 10% of the decreased subscribed share capital.

(4) The provision of paragraph 2(e) is without prejudice to the provision of Section 161b of the Commercial Code.

Section 137c

(1) Unless provided otherwise in paragraph 2 and in Section 189b(1), the provisions of Section 137b, Section 160a(5) to (7) and Section 189b apply to:

(a) a management company managing an alternative investment fund or a foreign alternative investment fund that has acquired individually or jointly control over an unlisted company on the basis of an agreement aimed at gaining control;
(b) a management company managing an alternative investment fund or a foreign alternative investment fund that cooperates with one or more management companies on the basis of an agreement according to which the alternative investment funds managed by these management companies gain control over an unlisted company.

(2) The provisions of Section 137b, Section 160a(5) to (7) and Section 189b do not apply to the acquisition of control over an unlisted company or to the acquisition of company shares under Section 189b(1) that is:

(a) a small and medium-sized enterprise;[55b] or
(b) a real-state company or similar entity established for the specific purpose of purchasing, holding or managing real estate.

(3) For the purposes of paragraphs 1 and 2, ‘control over an unlisted company’ means a percentage share of more than 50% in the company’s voting rights. The calculation of the percentage share of voting rights held by an alternative investment fund, where control has been attained according to the first sentence, shall take account also of the following voting rights:

(a) an undertaking controlled by the alternative investment fund;
(b) persons acting on their own behalf on account of the alternative investment fund, or on account of an enterprise controlled by the alternative investment fund.

(4) The percentage share of voting rights under paragraph 3 shall become regulated on the basis of all shares with which voting rights are connected, and this even if the exercise of such rights is suspended.

(5) The provisions of Section 137b, Section 160a(5) to (7) and Section 189b are without prejudice to the provision of Section 240 of the Labour Code.

DIVISION SEVEN

CROSS-BORDER DISTRIBUTION OF COLLECTIVE INVESTMENT UNDERTAKINGS’ SECURITIES

TITLE ONE

COMMON PROVISIONS FOR CROSS-BORDER DISTRIBUTION

Section 138

(1) In the case of a standard fund managed by a foreign management company in accordance with Section 60(2), the provisions of Sections 139 to 141 relating to the management company apply mutatis mutandis to this foreign management company.

(2) In the case of a European standard fund managed by a management company in accordance with Section 60(1), the provisions of Sections 142 to 144 relating to a European standard fund equally apply to this management company.

(3) In the case of a standard fund which is an umbrella fund for the purposes of Sections 139 to 141, the provisions relating to the standard fund apply separately to each its sub-fund.

(4) In the case of a European standard fund or other foreign collective investment undertaking which is constituted from multiple sub-funds, for the purposes of Section 142 to 150 the provisions relating to the European standard fund or the foreign collective investment undertaking apply mutatis mutandis separately to each its sub-fund.

(5) In the case of a European standard fund or other foreign collective investment undertaking established from multiple sub-funds, for the purposes of Sections 142 to 150 a foreign management company shall act on behalf of that European standard fund.

(6) The provisions of Sections 142 to 144 do not apply if the distribution of the European standard fund's securities is to be performed in a manner other than a public offering of these securities. The provisions of Sections 139 to 141 do not apply if the respective legal regulation of the standard fund's home Member State stipulates the exception which may be applied to certain methods of distribution, certain standard funds, or certain categories of investors.

(7) In the case of a standard fund that is a self-managed fund, the provisions of Sections 139 to 146 relating to management companies apply equally to that standard fund.

TITLE TWO
DISTRIBUTION OF A STANDARD FUND'S SECURITIES IN THE TERRITORY OF ANOTHER MEMBER STATE

Section 139
Notification procedure

(1) The management company that has decided to distribute the securities of the standard fund managed by that management company in the territory of another Member State, shall notify its intention to Národná banka Slovenska before commencing these activities. The notification shall state information on the manners of distribution of the standard fund's securities in the territory of the host Member State. Where securities of several issues are issued in the standard fund, the notification shall state the manners of distribution of individual issues of securities separately. The notification shall also contain other data, including the address, necessary to invoice or notify any relevant regulatory charges or costs by the competent supervisory authorities of the host Member State, as well as the information on the facilities to perform the tasks referred to in Section 141(5). If the distribution is to be performed in connection with the cross-border conduct of business of the management company, the

notification referred to in the first sentence shall include the reference that the securities of respective standard fund are to be distributed by the management company that manages that fund. The form and content of a standard model of notification, for use by the management company, shall be regulated by other legislation.[56]

(2) A management company shall, along with the notification referred to in paragraph 1, submit the following to Národná banka Slovenska:
(a) the standard fund rules;
(b) the prospectus;
(c) the key information for investors translated in accordance with Section 141(1)(c);
(d) the most recent annual report and subsequent half-year report translated in accordance with Section 141(1)(d).

(3) Národná banka Slovenska shall verify the completeness of the documentation submitted by the management company in accordance with paragraphs 1 and 2.

(4) Národná banka Slovenska shall make out the certificate that the standard fund complies with the conditions of legally binding act of the European Union on collective investment. Národná banka Slovenska shall apply other legislation[57] to the form and content of the standard model of certification.

(5) Národná banka Slovenska shall pass this notification, along with this documentation according to paragraph 2, to the supervisory authority of the standard fund's host Member State, no later than ten working days after the delivery of that notification referred to in paragraph 1. The documentation shall be attached by the certificate referred to in paragraph 4.

(6) Národná banka Slovenska shall immediately inform the management company that the notification has been sent along with the documentation and certificate referred to in paragraph 5.

(7) A management company may begin to distribute the securities of the standard fund managed by that management company, in accordance with paragraph 1, in the territory of the standard fund's host Member State after the date of receipt of the information from Národná banka Slovenska in accordance with paragraph 6.

(8) The notification referred to in paragraph 1 and the certificate referred to in paragraph 4 shall be drawn up in a language customary in the sphere of international finance, unless Národná banka Slovenska and competent supervisory authority of the standard fund's host Member State agree to use another language.

(9) The transmission and filing of documents between Národná banka Slovenska and the competent supervisory authority of the standard fund's host Member State shall be made electronically. The detailed procedure of the electronic transmission of the documents referred to in paragraphs 1, 2 and 4 between Národná banka Slovenska and competent supervisory authority of the standard fund's host Member State shall be regulated by other legislation.[58]

Duties of a management company regarding the distribution of a standard fund's securities in the territory of a host Member State

Section 140

(1) A management company shall, by electronic means, ensure the access of the competent supervisory authority of the standard fund's host Member State to the documents referred to in Section 139(2) and to their translations, if they are requested according to the respective regulation of the standard fund's host Member State.

(2) A management company shall update the documents in accordance with Section 139(2) and their translations.

(3) A management company shall inform the competent supervisory authority of the standard fund's host Member State about any amendments to the documents referred to in Section 139(2) and to inform it where it is possible to obtain the documents in electronic form.

(4) A management company shall inform in writing Národná banka Slovenska and the competent supervisory authority of the standard fund's host Member State on changes in the manners of distribution of securities in the territory of the standard fund's host Member State stated in the notification referred to in Section 139(1) or on changes related to the individual issuances of a standard fund's securities to be distributed at least one month before their application.

(5) Where, as a result of a planned change as referred to in paragraph 4, the management of a standard fund by a management company would no longer comply with this Act, Národná banka Slovenska shall inform the management company within 15 working days of receipt of all the information referred to in paragraph 4 that it may not implement that change. In that case, Národná banka Slovenska shall inform the competent supervisory authority of the standard fund's host Member State accordingly.

(6) Where a change referred to in paragraph 4 is implemented after the information pursuant to paragraph 3 has been transmitted and as a result of that change the management of a standard fund by a management company no longer complies with this Act, Národná banka Slovenska shall take all appropriate measures in accordance with Sections 195 and 202 and shall notify the competent supervisory authority of the standard fund's host Member State without undue delay of the measures taken.

Section 141

(1) In distribution of the standard fund's securities in the territory of the standard fund's host Member State, a management company shall provide the following to the investors in the territory of that standard fund's host Member State:

(a) all information and documents which it is required to provide to an investor in the territory of the Slovak Republic under this Act;
(b) information and documents referred to in (a) in a way that complies with the respective legal regulations of the standard fund's host Member State;
(c) key information for investors referred to in Section 153 translated into the official language or one of the official languages of the standard fund's home Member State, or into the language approved by the competent supervisory authority of the standard fund's home Member State;
(d) other documents and information referred to in (c) translated into the official language or into one of the official languages of the standard fund's home Member State, into the

language approved by the competent supervisory authority of the standard fund's home Member State, or into a language customary in the sphere of international finance.

(2) The translation of information and documents under paragraph 1 shall be produced under the responsibility of the management company that shall also be responsible for the accuracy of these translations. The accuracy of the translation means a faithful reflection of the content of the original information in the Slovak language.

(3) The provisions of paragraphs 1 and 2 equally apply to any amendments of information and documents referred to in paragraph 1.

(4) The frequency of publication of the current unit value, the sale price of a security, purchase price of a security, and net value of the assets in the standard fund in the territory of the standard fund's home Member State shall be governed by this Act.

(5) In the distribution of a standard fund's securities in the territory of the host Member State, the management company shall, in accordance with the respective legal regulations of that host Member State, make available facilities for the standard fund's investors to perform the following tasks in the territory of that host Member State:

(a) process orders to issue, redeem and repurchase the standard fund's securities and make other payments in favour of the standard fund's investors, in accordance with the conditions set out in the key information for investors, prospectus, annual report or semi-annual report;
(b) provide investors with information on how orders referred to in subparagraph (a) can be made and how the proceeds from the redemption and repurchase of the standard fund's securities are paid;
(c) facilitate the handling of information and access to procedures and arrangements pertaining to the handling of complaints of investors relating to the investors' exercise of their rights arising from their investment in the standard fund that is to be distributed in the standard fund's host Member State;
(d) make the information and documents required pursuant to Sections 152 and 161(1) available to investors under the conditions laid down in this Section, for the purposes of inspection and obtaining copies thereof;
(e) provide investors with information relevant to the tasks referred to in subparagraphs (a) to (d) that the facilities perform in a durable medium;
(f) act as a contact point for communicating with the competent supervisory authorities of the standard fund's host Member State.

(6) A management company shall ensure that the information on measures to ensure compliance with paragraph 5 are provided:

(a) in the official language or one of the official languages of the host Member State where the standard fund's securities are distributed or in a language approved by the competent supervisory authority of that host Member State;
(b) by the management company itself, by a third party which is subject to supervision and regulations governing the tasks to be performed, or by both.

(7) Where the tasks referred to in paragraph 5 are to be performed by a third party, the appointment of that third party shall be evidenced by a written contract, which specifies which of the tasks referred to in paragraph 5 are not to be performed by the standard fund and that the third party will receive all the relevant information and documents from the standard fund.

Section 141a

(1) A management company distributing securities of a standard fund managed by that company in the territory of another Member State may revoke the notification referred to in Section 139(1) which may be relating to all issuances of the standard fund's securities or to individual issuances of the standard fund's securities that are distributed, provided that all the following conditions are fulfilled:

(a) a blanket offer has been made to redeem or repurchase, free of any charges or deductions, all such securities held by investors in that Member State, has been publicly available for at least 30 working days, and is addressed, directly or through authorised persons, individually to all investors in that Member State whose identity is known;
(b) the intention of the management company of the standard fund to terminate the distribution of such securities in that Member State has been made public by means of a publicly available medium, including by electronic means, which is customary for distributing standard funds and suitable for a typical standard fund investor;
(c) any contractual arrangements with persons authorised to distribute the standard fund in that Member State have been modified or terminated with effect from the date of revocation of the notificiation referred to in Section 139(1) in order to prevent any new or further, direct or indirect, offering or placement of the standard fund's securities.

(2) The information referred to in paragraph 1(a) and (b) shall clearly describe the consequences for investors if they do not accept the offer to redeem or repurchase their standard fund's securities.

(3) The information referred to in paragraph 1(a) and (b) shall be provided in the official language or one of the official languages of the host Member State in which the standard fund's securities are distributed, or in a language approved by the competent authorities of that host Member State. As of the date of the revocation of the notification referred to in Section 139(1), the management company shall cease any new or further, direct or indirect, offering or placement of the standard fund's securities which were the subject of revocation pursuant to paragraph 1 in that Member State.

(4) The management company shall submit a notification to Národná banka Slovenska containing the information referred to in paragraph 1.

(5) Národná banka Slovenska shall verify whether the notification submitted by the management company in accordance with paragraph 4 is complete. Národná banka Slovenska shall, no later than 15 working days from the receipt of a complete notification, transmit that notification to the competent supervisory authorities of the host Member State identified in the notification, and to the European supervisory authority (European Securities and Markets Authority). Upon transmission of the notification pursuant to the second sentence, Národná banka Slovenska shall promptly notify the management company of that transmission.

(6) The management company shall provide standard fund investors in the territory of the host Member State who remain invested in the standard fund with the information required under legal regulations of that host Member State similarly as in accordance with Section 141, Sections 152 to 159 and Section160.

(7) Národná banka Slovenska shall transmit to the competent supervisory authorities of the host Member State information on any changes to the documents referred to in Section 139(2).

(8) The management company shall comply with any requests made by the competent supervisory authority of its host Member State related to the submitting of regular reports on its activities in the territory of that Member State for statistical purposes and of information, statements and reports necessary to monitor compliance of the management company's activities with the provisions of respective legal regulations of the host Member State pertaining to the distribution of securities in the territory of that host Member State.

TITLE THREE

DISTRIBUTION OF A EUROPEAN STANDARD FUND'S SECURITIES IN THE TERRITORY OF THE SLOVAK REPUBLIC

Section 142
Notification procedure for a European standard fund

(1) A European standard fund may begin to distribute its securities in the territory of the Slovak Republic from the date of receipt of information provided by the competent supervisory authority of its home Member State that Národná banka Slovenska was sent the notification of its intention to distribute its securities in the territory of the Slovak Republic, along with its respective documentation and certificate issued by the competent supervisory authority of the European standard fund's home Member State which states that it fulfils the requirements of the legally binding act of the European Union on collective investment. For the purposes of the notification procedure, Národná banka Slovenska shall not be entitled to request any additional documents, certificates, or information.

(2) The notification and certificate referred to in paragraph 1 shall be submitted to Národná banka Slovenska in a language customary in the sphere of international finance, unless Národná banka Slovenska and supervisory authority of the respective European standard fund's home Member State agree to use another language.

(3) The manner of transmission and filing the documents between the supervisory authority of the respective European standard fund's home Member State and Národná banka Slovenska shall be equally subject to the provisions of Section 139(9).

Duties of a European standard fund regarding the distribution of its securities in the territory of the Slovak Republic
Section 143

(1) A European standard fund shall, by electronic means, ensure the access of Národná banka Slovenska to the documents sent along with the notification referred to in Section 142(1) and to their translations.

(2) A European standard fund shall update the documents referred to in paragraph 1 and their translations.

(3) A European standard fund shall inform Národná banka Slovenska of any amendments to the documents referred to in paragraph 1 and to inform it where it is possible to obtain the documents in an electronic form.

(4) A European standard fund shall inform in writing Národná banka Slovenska on changes in the manners of distribution of unit certificates in the territory of its securities in the territory of the Slovak Republic stated in the notification referred to in Section 142(1) or on changes related to the individual issuances of a European standard fund's securities to be distributed at least one month before their application.

(5) A European standard fund shall make available a copy of each document sent along with the notification referred to in Section 142(1) or its update on its website or on the website of a foreign management company or a management company, in accordance with Section 60(1), that manages it, or on another website specified in the notification submitted in accordance with Section 142(1). The documents shall be made available in a customary electronic form.

(6) If access to website referred to in paragraph 5 is limited, the European standard fund shall ensure the access to the website according to paragraph 5 to Národná banka Slovenska.

(7) Národná banka Slovenska shall specify the electronic mail address for the purposes of receipt of notifications about update and amendments to the documents, in accordance with paragraph 3.

(8) A European standard fund shall be eligible to carry out the duty referred to in paragraph 3 by sending to the address of electronic mail referred to in paragraph 7. In the address of electronic mail according to the first sentence, the European standard fund shall:
(a) describe the update of, amendment to the document or information which has been made; or
(b) attach a new version of the document; each document attached to the address of electronic mail shall be provided in a customary used electronic format.

Section 144

(1) In distribution of its securities in the territory of the Slovak Republic, a European standard fund shall provide the following to investors in the territory of the Slovak Republic:
(a) all information and documents which it is required to provide to investor in the territory of its home Member State according to respective legal regulation of the European standard fund's home Member State;
(b) information and documents referred to in (a) in the way that complies with this Act and other legislation of general application;
(c) key information for investors translated into the Slovak language or a language which may be stipulated for this purpose by Národná banka Slovenska in legislation of general application issued in accordance with another act;[58a]
(d) other documents and information referred to in (c) translated into the Slovak language or into a language which may be stipulated for this purpose by Národná banka Slovenska in legislation of general application issued in accordance with another act,[58a] or into the language customary in the sphere of international finance.

(2) The translation of information and documents under paragraph 1 shall be produced under the responsibility of the European standard fund that shall also be responsible for the accuracy of these translations. The accuracy of the translation means a faithful reflection of the content of the original information in the original language.

(3) The provisions of paragraphs 1 and 2 apply equally to any amendments of information and documents referred to in paragraph 1.

(4) The frequency of publication of the issue, sale, repurchase, or redemption price of unit certificates of the European standard fund in the territory of the Slovak Republic are subject to the laws and other legislation of general application of the European standard fund's home Member State. A European standard fund is required to publish data under the first sentence in the manner referred to in Section 161(1). Information on the termination of the European standard funds securities distribution in the territory of the Slovak Republic is published in the manner referred to in Section 161(1) and within at least 30 calendar days before the distribution of the European standard funds securities is terminated in the territory of the Slovak Republic; this does not apply where the information was provided by the investor when distributing an European standard fund and in the manner referred to in the fund rules or other similar document.

(5) In distribution of its securities in the territory of the Slovak Republic, the European fund shall, in accordance with this Act and other legislation of general application, make available facilities for the investors to perform the following tasks in the territory of the Slovak Republic:

(a) process orders to issue, redeem and repurchase the European standard fund's securities and make other payments in favour of the European standard fund's investors, in accordance with the conditions set out in the key information for investors, prospectus, annual report or semi-annual report;
(b) provide investors with information on how orders referred to in subparagraph (a) can be made and how the proceeds from the redemption and repurchase of the European standard fund are paid;
(c) facilitate the handling of information and access to procedures and arrangements pertaining to the handling of complaints of investors relating to the investors' exercise of their rights arising from their investment in the European standard fund that is to be distributed in the Slovak Republic;
(d) make available to investors the key information for investors, prospectus, annual report and semi-annual report, the information on the unit's current value, sale and repurchase price, the information on the net asset value of the European standard fund and the European standard fund's marketing materials under the conditions laid down in paragraphs 1 to 4, for the purposes of inspection and obtaining copies thereof;
(e) provide investors with information relevant to the tasks referred to in subparagraphs (a) to (d) that the facilities perform in a durable medium;
(f) act as a contact point for communicating with Národná banka Slovenska.

(6) A European standard fund may use, for the purposes of the distribution of its securities in the territory of the Slovak Republic, the same reference to its legal form in its designation as it uses in its home Member State.

(7) The European standard fund shall ensure that the information on measures to ensure compliance with paragraph 5 are provided:

(a) in the Slovak language or in a language which Národná banka Slovenska may stipulate for this purpose in legislation of general application issued in accordance with another act;[58a]
(b) by the European standard fund itself, by a third party under Section 58 authorised to perform the tasks referred to in paragraph 5, or by both.

(8) Where the tasks referred to in paragraph 5 are to be performed by a third party, the appointment of that third party shall be evidenced by a written contract, which specifies which of the tasks referred to in paragraph 5 are not to be performed by the European standard fund and that the third party will receive all the relevant information and documents from the European standard fund.

Section 144a

(1) A European standard fund may revoke the notification referred to in Section 142(1) which may be relating to all issuances of the European standard fund's securities or to individual issuances of the European standard fund's securities that are distributed, provided that all the following conditions are fulfilled:
(a) a blanket offer has been made to redeem or repurchase, free of any charges or deductions, all such securities held by investors in the Slovak Republic, has been publicly available for at least 30 working days, and is addressed, directly or through authorised persons, individually to all investors in the Slovak Republic whose identity is known;
(b) the intention of the management company of the European standard fund to terminate the distribution of such securities in the Slovak Republic has been made public by means of a publicly available medium, including by electronic means, which is customary for distributing European standard funds and suitable for a typical European standard fund investor;
(c) any contractual arrangements with persons authorised to distribute the European standard fund's securities in the Slovak Republic have been modified or terminated with effect from the date of revocation of the notificiation referred to in Section 142(1) in order to prevent any new or further, direct or indirect, offering or placement of the European standard fund's securities.

(2) The information referred to in paragraph 1(a) and (b) shall clearly describe the consequences for investors if they do not accept the offer to redeem or repurchase their European standard fund's securities.

(3) The information referred to in paragraph 1(a) and (b) shall be provided in the Slovak language or in a language which Národná banka Slovenska may stipulate for this purpose in legislation of general application issued in accordance with another act.[58a] As of the date of the revocation of the notification referred to in Section 142(1), the European standard fund shall cease any new or further, direct or indirect, offering or placement of the European standard fund's securities in the Slovak Republic.

(4) The European standard fund shall provide investors who remain invested in the European standard fund as well as Národná banka Slovenska with the information required under Section 144, Sections 152 to 159 and Section 160.

(5) Where Národná banka Slovenska receives a notification from the competent supervisory authority of the European standard fund's home Member State containing the

information required under paragraph 1, Národná banka Slovenska shall be entitled to proceed in accordance with Section 192.

(6) As from the date of transmission of the information under paragraph 1, Národná banka Slovenska shall not require the European standard fund concerned to demonstrate compliance with this Act, other legislation of general application or other legal regulations and administrative provisions governing distribution requirements referred to in other legislation;[58b] this is without prejudice to the provisions of Section 198.

(7) A European standard fund may use any electronic or other distance communication means for the purposes of paragraph 4, provided that the information and communication means are available for investors in the Slovak language or in a language which Národná banka Slovenska may stipulate for this purpose in legislation of general application issued in accordance with another act.[58a]

(8) Národná banka Slovenska shall transmit to the competent supervisory authorities of the host Member State information on any changes to the documents referred to in Section 139(2).

Section 146
Development of common systems for data processing

(1) Národná banka Slovenska may coordinate the establishment of complex systems of processing and central storage of electronic data, which will be common for all Member States in order to facilitate the access of Národná banka Slovenska to information or documents referred to in Section 142(1) relating to the European standard fund.

(2) The coordination between Národná banka Slovenska and the competent authorities of other Member States according to paragraph 1 shall be carried out in the framework of the European Supervisory Authority (European Securities and Markets Authority).

TITLE FOUR
DISTRIBUTION OF SECURITIES OR SHAREHOLDINGS OF ALTERNATIVE INVESTMENT FUNDS AND FOREIGN ALTERNATIVE INVESTMENT FUNDS

Section 147

(1) Securities or shareholdings of foreign alternative investment funds may be distributed only to professional investors or investors as referred to Section 136(1)(b), unless Section 148 to Section 150 provide otherwise.

(2) If a foreign alternative investment fund is a self-managed foreign investment fund, the provisions of Section 148 to 150, 163, 186, 207, 209 and 220a relating to a foreign management company apply equally to this foreign alternative investment fund.

(3) Where a foreign alternative investment fund converts into a European standard fund, after being granted an authorisation according to Section 148, the European standard fund shall carry out a notification procedure for a European standard fund in accordance with Section 142. The authorisation referred to in Section 148 is deemed returned from the date of receipt of

notification referred to in Section 142(1) from the respective home Member State of that European standard fund.

(4) For the purposes of the provisions of Sections 148 to 150, 'branch of a foreign investment fund' means an organisational unit of a foreign investment fund located in the territory of the Slovak Republic; all the branches of a foreign investment fund established in the Slovak Republic by a foreign investment fund whose registered office is in a Member State shall, with regard to the authorisation to perform activities in the Slovak Republic, be considered as a single branch.

(5) The distribution of securities or shareholdings of foreign alternative investment funds to qualified investors pursuant to Section 136(1) are all subject to Section 150.

Section 147a
Conditions for pre-marketing in the Slovak Republic

(1) A management company or foreign management company which has its registered office in a Member State and is authorised pursuant to a legally binding act of the European Union governing alternative investment fund managers may engage in pre-marketing in the territory of the Slovak Republic, except where the information presented to potential professional investors:

(a) is sufficient to allow investors to commit to acquiring securities of a particular alternative investment fund or foreign alternative investment fund;
(b) amounts to forms to issue or subscribe securities of an alternative investment fund or foreign alternative investment fund or similar documents whether in a draft or a final form; or
(c) amounts to the rules, statute or similar constitutional documents, a prospectus or offering documents of a not-yet-established alternative investment fund or foreign alternative investment fund in a final form.

(2) Where a draft prospectus or offering documents are provided as part of pre-marketing pursuant to paragraph 1, they shall not contain information sufficient to allow investors to take an investment decision and shall clearly state that:

(a) they do not constitute an offer or an invitation to subscribe to securities of an alternative investment fund or foreign alternative investment fund;
(b) the information presented therein should not be relied upon because it is incomplete and may be subject to change.

(3) Management companies and foreign management companies authorised pursuant to a legally binding act of the European Union governing alternative investment fund managers are not required to notify Národná banka Slovenska of the content or of the addressees of pre-marketing, or to fulfil any conditions or requirements other than those set out in this Section, before it engages in pre-marketing.

(4) A management company or foreign management company authorised pursuant to a legally binding act of the European Union governing alternative investment fund managers shall ensure that investors do not acquire securities in an alternative investment fund or foreign alternative investment fund through pre-marketing and that investors contacted as part of pre-marketing may only acquire securities in that fund after meeting the requirements set out in Section 150b or 150d.

(5) Any subscription of securities in an alternative investment fund or foreign alternative investment fund by professional investors, within 18 months of the management company or foreign management company authorised pursuant to a legally binding act of the European Union governing alternative investment fund managers having begun pre-marketing, to securities of an alternative investment fund or foreign alternative investment fund referred to in the information provided in the context of pre-marketing, or of an alternative investment fund or foreign alternative investment fund established as a result of the pre-marketing, is deemed to be distribution and is be subject to the applicable notification procedures referred to in Section 150b or 150d.

(6) A management company authorised pursuant to Section 28a shall send, within two weeks of it having begun pre-marketing, a document, in paper form or by electronic means, to Národná banka Slovenska. That document shall specify the Member States in which and the periods during which the pre-marketing is taking or has taken place, a brief description of the pre-marketing, including information on the investment strategies presented and, where relevant, a list of the alternative investment funds and compartments of alternative investment funds which are or were the subject of pre-marketing. Národná banka Slovenska shall promptly inform the competent supervisory authorities of the Member States in which the management company authorised pursuant to Section 28a is or was engaged in pre-marketing. The competent authorities of the Member State in which pre-marketing is taking or has taken place may request Národná banka Slovenska to provide further information on the pre-marketing that is taking or has taken place in the territory of the Slovak Republic.

(7) A third party shall only engage in pre-marketing on behalf of a management company authorised pursuant to Section 28a or a foreign management company authorised pursuant to a legally binding act of the European Union governing alternative investment fund managers where it is authorised as an investment firm or a foreign investment firm or a bank or a foreign bank in accordance with other legislation,[21a] as a management company in accordance with Section 28a, as a foreign management company in accordance with a legally binding act of the European Union governing alternative investment fund managers, or acts as a tied agent in accordance with another act.[7]

(8) A management company or foreign management company authorised pursuant to a legally binding act of the European Union governing alternative investment fund managers shall ensure that pre-marketing is adequately documented.

(9) A third party referred to in paragraph 7 is subject to the conditions set out in paragraphs 1 to 8.

Section 148

(1) Management companies authorised pursuant to Section 28a, foreign management companies which have their registered office in a Member State and are authorised pursuant to a legally binding act of the European Union governing alternative investment fund managers, and non-European management companies may not distribute in the Slovak Republic securities or shareholdings in foreign alternative investment funds under their management to retail investors other than qualified investors under Section 136(1) unless they are granted an authorisation to do so by Národná banka Slovenska.

(2) The authorisation referred to in paragraph 1 shall be granted provided that the following conditions are proven to have been met:

(a) the foreign alternative investment fund concerned is managed by a management company authorisation pursuant to Section 28a or a foreign management company authorised pursuant to a legally binding act of the European Union governing alternative investment fund managers;

(b) the competent supervisory authority of the foreign alternative investment fund or foreign management company referred to in subparagraph (a) does not object to the distribution of securities or shareholdings in the foreign alternative investment fund in the territory of the Slovak Republic;

(c) the distribution of securities or shareholdings in the foreign alternative investment fund has been communicated to Národná banka Slovenska in a manner:
   1. according to Section 150b or Section 150d, if it is a European alternative investment fund;
   2. according to Section 150e or Section 150f, if it is a non-European alternative investment fund notified using the single passport system in the framework of the European Union (hereinafter ‘single passport’), according to Section 150g, if it is a non-European alternative investment fund managed by a management company authorised pursuant to Section 28a, by a foreign management company which has its registered office in a Member State and is authorised pursuant to a legally binding act of the European Union governing alternative investment fund managers, notified without using the single passport; or
   3. according to Section 150h, if it is a non-European alternative investment fund managed by a non-European management company not authorised pursuant to Section 66c, notified without the use of a single passport;

(d) the relevant legal regulations of the state in which the foreign alternative investment fund is established ensure a level of investor protection that is not lower than the level of protection provided by this Act for public special funds, in particular:
   1. the legal regulations of the state in which the foreign alternative investment fund is established, or the fund rules, prospectus or instruments of incorporation of the foreign alternative investment fund define admissible assets for the foreign alternative investment fund's investments and the rules for the limitation and spreading of risk;
   2. the extent of disclosure of data and information for retail investors under the relevant legal regulations of the state in which they foreign alternative investment fund is established is equivalent to that under this Act;
   3. the assets of a foreign common fund are separated from the assets of the foreign management company;

(e) if the distribution of securities or shareholdings in the foreign alternative investment fund is to be conducted via a branch of the foreign management company:
   1. the establishment of such branch has been notified to Národná banka Slovenska through the procedure under Section 66a, if it is a foreign management company which has its registered office in a Member State and is authorised pursuant to a legally binding act of the European Union governing alternative investment fund managers, or it is a non-European management company authorised pursuant to Section 66c; or
   2. the material and organisational provisions for the operation of a branch, if established in the territory of the Slovak Republic, are in place, and the persons managing this branch are professionally competent and trustworthy, if it is a non-European management company not authorised pursuant to Section 66c;

(f) the measures necessary to ensure the performance of the tasks referred to in Section 150(1) have been taken.

(3) An application for an authorisation referred to in paragraph 1 shall be submitted by a management company, foreign management company or non-European management company under paragraph 1. This application must contain:

(a) the name and registered office of the foreign alternative investment fund, and business name and registered office of the depository for the foreign alternative investment fund;
(b) the business name and registered office of the depository of foreign collective investment undertaking;
(c) the name, permanent residence and date of birth of the head of the branch of the non-European management company not authorised pursuant to Section 66c and his deputy, if a branch of the non-European management company is established in the Slovak Republic without authorisation under Section 66c, and information on their professional competence and good repute;
(d) the information on the intended methods of distribution of securities or shareholdings in the foreign alternative investment fund in the territory of the Slovak Republic to retail investors, and the information on the measures taken to ensure the performance of the tasks referred to in Section 150(1).

(4) The following shall be attached to the application for an authorisation under paragraph 1:

(a) a certificate issued by the competent supervisory authority of the country in which the foreign alternative investment fund is established, evidencing that the foreign alternative investment fund is managed by a foreign management company which has its registered office in a Member State and is authorised pursuant to a legally binding act of the European Union governing alternative investment fund managers;
(b) a confirmation issued by the competent supervisory authority of the Member State in which the foreign alternative investment fund is domiciled that this competent supervisory authority has no reservations toward the distribution of securities or shareholdings in the foreign alternative investment fund in the territory of the Slovak Republic to retail investors;
(c) the constitutional documents of the foreign alternative investment fund, its rules or another similar document;
(d) the prospectus of the foreign alternative investment fund or similar document, or key information for investors if drawn up in accordance with the relevant legal regulations of the Member State in which the foreign alternative investment fund is domiciled, or any further information under Section 159a(1) on the foreign alternative investment fund and any further information that, in the course of the distribution, is to be provided to retail investors;
(e) the full text of the legal regulations which define admissible assets for the foreign alternative investment fund's investments and the rules for the limitation and spreading of risk in the foreign alternative investment fund, and which govern the activities of the foreign management company that manages the foreign alternative investment fund concerned and the activities of the foreign alternative investment fund's depository;
(f) an analysis of the legal regulations concerning the management of a foreign alternative investment fund and its comparability with the rules for public special funds specified in this Act; in addition to the legal regulations concerning the documents referred to in subparagraph (d), the analysis shall also cover other rules relevant for assessing comparability of the legal regulations, including a justification why the requestor considers the legal regulations concerning the management of a foreign alternative investment fund comparable with the rules for public special funds specified in this Act;

(g) the written contract referred to in Section 150(4), where the measures taken to ensure the performance of the tasks referred to in Section 150(1) are to be performed by a third party;
(h) in respect of each person referred to in paragraph 3(c), a brief curriculum vitae, proof of educational attainment, proof of a clean criminal record that is not older than three months, and a declaration of honour stating that they meet the requirements laid down by this Act.

(5) The information and documents referred to in paragraph 3 and 4 shall be submitted in the Slovak or Czech language.

(6) Národná banka Slovenska shall refuse the application referred to in paragraph 1 where the applicant does not fulfil, or does not evidence fulfilment of, a condition laid down in paragraph 2. Národná banka Slovenska shall decide on the application for authorisation under paragraph 1 within three months of the receipt of the application or its completion.

(7) The conditions referred to in paragraph 2 shall be fulfilled without interruption for the duration of the authorisation under paragraph 1.

(8) The provisions of Section 28 apply mutatis mutandis to the evidencing of the fulfilment of the material, organisational and personnel prerequisites for the operation of the branch of a non-European management company not authorised pursuant to Section 66c.

(9) Material prerequisites for the operation of a branch of a non-European management company not authorised pursuant to Section 66c means the material-technical provision for performing the activity of this branch. Organisational prerequisites for the operation of a branch of a non-European management company not authorised pursuant to Section 66c means the rules for the branch's organisation, the performance of internal control, and the keeping of fund unit-holder records.

(10) A management company or foreign management company under paragraph 1 shall promptly inform Národná banka Slovenska in writing, in the Slovak or Czech language, of any change in the conditions which served as a basis for the granting of the authorisation under paragraph 1, or if it has ceased to meet the conditions for the performance of activities in the country in which its registered office is situated; and of changes in any of the facts referred to in paragraph 3.

(11) The authorisation referred to in paragraph 1 shall expire:
(a) as of the date of expiry or revocation of the authorisation:
    1. granted to a foreign management company in the country in which it has its registered office;
    2. granted to a foreign alternative investment fund in the country in which it is established, or on the day of the lapsing or revocation of its registration;
(b) if within six months after the effective date of the authorisation referred to in paragraph 1, the foreign investment company or the foreign management company under paragraph 1 has not begun the distribution of securities or shareholdings in the foreign alternative investment fund to retail investors in the territory of the Slovak Republic;
(c) as of the date when the authorisation referred to in paragraph 1 is returned; the return of an authorisation referred to in paragraph 1 shall be made in writing and with prior approval in accordance with Section 163(1)(w).

Section 149

(1) In the distribution of securities or shareholdings in a foreign alternative investment fund, it is allowed to use, in the territory of the Slovak Republic, the same business name which is used in the country in which it is established. In the event of potential confusion over the business name or name, the management company or foreign management company, authorised pursuant to Section 148, shall supplement the business name or name in such a way as to distinguish them.

(2) The promotion of the sale of securities and shareholdings in a foreign alternative investment fund and the use of marketing documents in the territory of the Slovak Republic shall be compliant with Section 151.authorised pursuant to

(3) A foreign management company authorised pursuant to Section 148 shall provide Národná banka Slovenska with all the information and documents that it requests, within the time limits stipulated by Národná banka Slovenska. This information and documents cannot be in the scope that is larger than the scope of information and documents requested from a management company according to this Act. This information and documents shall be submitted to Národná banka Slovenska by a foreign management company authorised pursuant to Section 148 in the Slovak or Czech language.

(4) The distribution of securities or shareholdings in a foreign alternative investment fund performed by a foreign management company authorised pursuant to Section 148 is subject to supervision by Národná banka Slovenska.

Section 150

(1) In the distribution of a foreign alternative investment fund's securities or shareholdings in the territory of the Slovak Republic on the basis of an authorisation under Section 148, a management company or foreign management company shall make available facilities to perform the following tasks:

(a) process orders to issue, redeem and repurchase the foreign alternative investment fund's securities and make other payments in favour of the foreign alternative investment fund's investors, in accordance with the conditions set out in the key information for investors, prospectus, annual report or semi-annual report, if drawn up;
(b) provide investors with information on how orders referred to in subparagraph (a) can be made and how proceeds from the redemption and repurchase of the foreign alternative investment fund's securities are paid;
(c) facilitate the handling of information and access to procedures and arrangements pertaining to the handling of complaints of investors relating to the investors' exercise of their rights arising from their investment in the foreign alternative investment fund that is to be distributed to retail investors in the territory of the Slovak Republic;
(d) make available to investors the key information for investors, prospectus, annual report and semi-annual report, if drawn up, and the information required pursuant to Section 159a, for the purposes of inspection and obtaining copies thereof;
(e) provide investors with information relevant to the tasks referred to in this paragraph that the facilities perform in a durable medium; and
(f) act as a contact point for communicating with Národná banka Slovenska.

(2) The provisions of paragraph 1 are without prejudice to the provisions of other legislation.[58c]

(3) In the distribution of a foreign alternative investment fund's securities or shareholdings in the territory of the Slovak Republic on the basis of an authorisation under Section 148, a management company or foreign management company shall ensure that the information on measures to ensure compliance with paragraph 1 are provided in the Slovak language or in a language which Národná banka Slovenska may stipulate for this purpose in legislation of general application issued in accordance with another act[58a] by the management company or foreign management company itself, by a third party under Section 58 authorised to perform the tasks referred to in paragraph 1, or by both.

(4) Where the tasks referred to in paragraph 1 are to be performed by a third party, the appointment of that third party shall be evidenced by a written contract, which specifies which of the tasks referred to in paragraph 1 are not to be performed by the management company or foreign management company and that the third party will receive all the relevant information and documents from the management company or foreign management company.

(5) A foreign management company authorised pursuant to Section 148 shall promptly inform Národná banka Slovenska on a conclusion of any subsequent written contract referred to in paragraph4.

Section 150a

(1) The transfer and passing of information and documents referred to in Section 150b to 150f between Národná banka Slovenska and the competent supervisory authority of the host Member State shall be done electronically.

(2) The right to distribute securities or shareholdings in an alternative investment fund under Section 150b to 150c that is a feeder alternative investment fund, or European alternative investment fund that is a foreign feeder alternative investment fund may be exercised only if its master alternative investment fund is an alternative investment fund or European alternative investment fund managed by a management company authorised pursuant to Section 28a or is a foreign management company which has its registered office in a Member State and is authorised pursuant to a legally binding act of the European Union governing alternative investment fund managers.

(3) The right to distribute securities or shareholdings of foreign alternative investment funds in accordance with Sections 150b to 150h shall only apply to the distribution to professional investors or to investors referred to in Section 136(1)(b). For the distribution of securities or shareholdings of foreign alternative investment funds in the territory of the Slovak Republic to retail investors, an authorisation under Section 148 is required.

(4) The manner of the distribution of securities or shareholdings in an alternative investment fund or foreign alternative investment fund in the host Member State of a management company shall be governed by the law of that Member State and be subject to the supervision of that Member State.

Section 150b
Distribution of securities or shareholdings of an alternative investment fund or a European alternative investment fund in the territory of the Slovak Republic

by a management company

(1) A management company authorised pursuant to Section 28a that has decided to distribute securities or shareholdings in an alternative investment fund or European alternative investment fund managed by it in the territory of the Slovak Republic is required, before beginning this activity, to notify Národná banka Slovenska of its intention; the notification shall state:

(a) a programme of activities stating the name of the alternative investment fund or European alternative investment fund and the European alternative investment fund's place of establishment, the securities or shareholdings in which the management company intends to distribute;
(b) the fund rules or instruments of incorporation of the alternative investment fund or European alternative investment fund;
(c) identification data of the depository for the alternative investment fund or European alternative investment fund;
(d) a description of the alternative investment fund or European alternative investment fund and further information available to investors;
(e) information on the registered office of the master alternative investment fund, if the alternative investment fund is a feeder alternative investment fund or if the European alternative investment fund is a feeder foreign alternative investment fund;
(f) any further information under Section 159a(1) on the alternative investment fund or European alternative investment fund, besides that referred to in (d);
(g) information on mechanisms created to prevent the securities or shareholdings in this fund from being distributed to retail investors in the Slovak Republic, and this even if the management company in connection with this fund uses other entities in the distribution and provision of investment services, where this concerns:
    1. a collective investment undertaking as per Section 4(2)(b);
    2. a European alternative investment fund whose securities or shareholdings cannot, in its home country, be distributed to retail investors;
(h) other data, including the address, necessary to invoice or notify any relevant regulatory charges or costs by Národná banka Slovenska;
(i) the information on facilities to perform the tasks referred to in Section 150.

(2) Národná banka Slovenska shall check whether the documentation submitted by a management company under paragraph 1 is complete and shall, within 20 working days of receipt of a complete notification under paragraph 1, notify the management company as to whether it may begin to distribute the securities or shareholdings in the alternative investment fund or European alternative investment fund referred to in the notification. Národná banka Slovenska may prohibit the distribution of securities or shareholdings in an alternative investment fund or European alternative investment fund only if the management of the alternative investment fund or European alternative investment fund by the management company is not in accordance with the provisions of this Act governing the management of such funds or if the management company does not comply with other provisions of this Act. A management company may begin to distribute securities or shareholdings in an alternative investment fund or European alternative investment fund in the territory of the Slovak Republic from the date of receiving a notification from Národná banka Slovenska confirming that the

management company may begin to distribute securities or shareholdings in this fund in the territory of the Slovak Republic; Národná banka Slovenska shall notify this fact to the competent supervisory authorities of the European alternative investment fund's home Member State.

(3) In the case of a material change to the information and documents communicated under paragraph 1 the management company shall notify, in writing, Národná banka Slovenska of this change no later than one month before the planned implementation of that change and, in the case of an unplanned change, immediately after implementing the change

(4) Where, pursuant to a planned change, the management of an alternative investment fund or European alternative investment fund by a management company would no longer comply with this Act or where the management company would, for other reasons, no longer comply with this Act, Národná banka Slovenska shall promptly inform the management company that it is not to implement that change.

(5) Where a change is implemented despite the provisions of paragraphs 3 and 4 or where an unplanned change is implemented and pursuant to that change the management of an alternative investment fund or European alternative investment fund by a management company no longer complies with this Act, or where the management company, for other reasons, no longer complies with this Act, Národná banka Slovenska shall take all appropriate measures in accordance with Section 202, including, where necessary, the express prohibition of distribution of securities or shareholdings in the alternative investment fund or European alternative investment fund.

(6) The provisions of paragraphs 1 to 5 apply equally where a non-European management company authorised pursuant to Section 66c has decided to distribute in the territory of the Slovak Republic securities or shareholdings in an alternative investment fund or European alternative investment fund. Where this concerns a non-European management company, Národná banka Slovenska shall also notify the European supervisory authority (the European Securities and Markets Authority) of the fact referred to in paragraph 2.

(7) The provisions of paragraphs 1 to 6 do not apply to public special funds authorised pursuant to Section 121 or to special qualified investor funds under Section 137.

Section 150c
Distribution of securities or shareholdings of an alternative investment fund or European alternative investment fund in the territory of another Member State by a management company

(1) A management company authorised pursuant to Section 28a which has decided to distribute securities or shareholdings in an alternative investment fund or European alternative investment fund managed by it in the territory of another Member State is required, prior to commencing this activity, to notify Národná banka Slovenska of its intention; the notification shall state the information and documents referred to in Section 150b(1)(a) to (i) and information on the manner of distributing securities or shareholdings in the alternative

investment fund or European alternative investment fund, and, where this concerns an alternative investment fund or European alternative investment fund the securities or shareholdings of which cannot be distributed to retail investors in the management company's host Member State, information on the mechanisms created for preventing the securities or shareholdings in that fund from being distributed to retail investors in the respective Member State; this applies also where, in connection with such fund, the management company uses third parties in the distribution or provision of investment services.

(2) Národná banka Slovenska shall verify whether the documentation submitted by a management company pursuant to paragraph 1 is complete and shall, within 20 working days from the receipt of a complete notification under paragraph 1, transmit that notification to the competent authorities of the Member States in which the securities or shareholdings in the alternative investment funds or European alternative investment funds listed in the notification are to be distributed. Národná banka Slovenska shall transmit the notification only if the management company's management of the alternative investment fund or European alternative investment fund complies with this Act and if the management company complies with the provisions of this Act. Národná banka Slovenska shall attach to the notification also a confirmation that the management company has an authorisation under Section 28a relating to the management of the respective alternative investment funds or European alternative investment funds the securities or shareholdings of which are to be distributed in the territory of another Member State. The notification and confirmation shall be transmitted in a language customarily used in the field of international finance.

(3) Promptly after transmitting the notification referred to in paragraph 2, Národná banka Slovenska shall inform the management company of the transmission. The management company may begin to distribute securities or shareholdings in an alternative investment fund or European alternative investment fund in the management company's host Member State as of the day on which it receives this information from Národná banka Slovenska; Národná banka Slovenska shall also inform the competent supervisory authorities of the European alternative investment fund's home Member State of this fact.

(4) Where, pursuant to a planned change, the management of an alternative investment fund or European alternative investment fund by a management company would no longer comply with this Act or where the management company would, for other reasons, no longer comply with this Act, Národná banka Slovenska shall inform the management company within 15 working days from the receipt of all the information referred to in the paragraph 1 that it is not to implement that change. In that case, Národná banka Slovenska shall notify the competent supervisory authorities of the host Member State in which the securities or shareholdings in the alternative investment funds or European alternative investment funds listed in the notification are to be distributed accordingly.

(5) Where a planned change referred to in paragraph 4 is implemented in a way that is inconsistent with the provisions of paragraph 3 or 4 or where an unplanned change is implemented and pursuant to that change the management of an alternative investment fund or European alternative investment fund by a management company no longer complies with this Act, or where the management company, for other reasons, no longer complies with this Act,

Národná banka Slovenska shall take all appropriate measures in accordance with Section 202, including, where necessary, the express prohibition of distributing of securities or shareholdings in the alternative investment fund or European alternative investment fund and shall, without undue delay, notify the competent supervisory authorities of the host Member State of the management company managing the alternative investment fund of the measures taken. If the changes do not affect the compliance of the management of the alternative investment fund by the management company with this Act, or the compliance by the alternative investment fund's management company with this Act otherwise, Národná banka Slovenska shall within one month inform the competent supervisory authorities of the host Member State of the alternative investment fund's management company of these changes.

(6) The provisions of paragraphs 1 to 4 apply equally where a non-European management company authorised pursuant to Section 66c has decided to distribute in the territory of another Member State the securities or shareholdings in an alternative investment fund or European alternative investment fund managed by it. Where this concerns a non-European management company, Národná banka Slovenska shall also notify the European supervisory authority (the European Securities and Markets Authority) of the fact referred to in paragraph 3.

(7) A management company under paragraph 1 may revoke the notification referred to in paragraph 1 relating to the distribution of securities or shareholdings in some or all its alternative investment funds in another Member State, provided that all the following conditions are fulfilled:

(a) a blanket offer is made to redeem or repurchase, free of any charges or deductions, all securities of such alternative investment fund distributed in the Member State referred to in the notification under paragraph 1, is publicly available for at least 30 working days, and is addressed, directly or through authorised persons, individually to all investors in that Member State whose identity is known; this does not apply to closed-ended alternative investment funds and funds governed by other legislation;[58d]
(b) the intention of the management company under paragraph 1 to terminate the distribution of securities of some or all alternative investment funds in the Member State referred to in the notification under paragraph 1 is made public by means of a publicly available medium, including by electronic means, which is customary for distributing alternative investment funds or European alternative investment funds and suitable for a typical alternative investment fund investor;
(c) any contractual arrangements with persons authorised to distribute the alternative investment fund's or European alternative investment fund's securities are modified or terminated with effect from the date of revocation of the notificiation referred to in paragraph 1 in order to prevent any new or further, direct or indirect, offering or placement of the securities referred to in the notification under paragraph 1.

(8) As of the date referred to in the notification under paragraph 1, the management company under paragraph 1 shall cease any new or further, direct or indirect, offering or placement of securities of the alternative investment fund or European alternative investment fund managed by it which were the subject of the revocation of notification submitted to Národná banka Slovenska in accordance with paragraph 9.

(9) The management company under paragraph 1 shall submit a notification to Národná banka Slovenska containing the information referred to in paragraph 7.

(10) Národná banka Slovenska shall verify whether the notification submitted by the management company in accordance with paragraph 9 is complete. Národná banka Slovenska shall, no later than 15 working days from the receipt of a complete notification, transmit that notification to the competent supervisory authorities of the host Member State, and to the European supervisory authority (the European Securities and Markets Authority). Upon transmission of the notification pursuant to paragraph 9, Národná banka Slovenska shall promptly notify the management company concerned of that transmission.

(11) For a period of 36 months from the revocation of notification pursuant to paragraph 1, the management company under paragraph 1 shall not engage in pre-marketing of the alternative investment fund or European alternative investment fund referred to in the notification under paragraph 1 in the respective host Member State.

(12) The management company under paragraph 1 shall provide investors who remain invested in the alternative investment fund or European alternative investment fund as well as Národná banka Slovenska with the information required under Sections 159a and 160a. For this purpose, the management company may use any electronic or other distance communication means.

(13) Národná banka Slovenska shall transmit to the competent supervisory authorities of the Member State referred to in the notification submitted in accordance with paragraph 9 the information on all changes to the documents and information referred to in this Section.

Section 150d
Distribution of securities or shareholdings of an alternative investment fund or European alternative investment fund in the territory of the Slovak Republic by a foreign management company with a registered office in a Member State

(1) A foreign management company which has its registered office in a Member State and is authorised pursuant to a legally binding act of the European Union governing alternative investment fund managers may begin to distribute in the Slovak Republic securities or shareholdings in an alternative investment fund or European alternative investment fund managed by it as of the date of receiving information from the competent supervisory authority of its home Member State that a notification of its intention to distribute securities or shareholdings in an alternative investment fund or European alternative investment fund in the territory of the Slovak Republic has been sent to Národná banka Slovenska.

(2) Národná banka Slovenska is not entitled to impose on a foreign management company under paragraph 1 any additional conditions in relation to the distribution of securities and shareholdings to professional investors.

(3) The provisions of paragraph 1 apply equally if a non-European management company whose reference Member State is a different Member State has decided to distribute in the territory of the Slovak Republic securities or shareholdings in a European alternative investment fund managed by it.

(4) As from the date of receipt of the revocation of notification under paragraph 1 from the competent supervisory authority of the foreign management company's home Member State, Národná banka Slovenska shall not require the foreign management company concerned to demonstrate compliance with legal regulations published in accordance with other legislation;[58b] this is without prejudice to other supervisory powers of Národná banka Slovenska.

(5) As of the date of revocation of notification under paragraph 1, the management company referred to in paragraph 1 shall cease any new or further, direct or indirect, offering or placement of securities of the alternative investment fund or European alternative investment fund it manages in the territory of the Slovak Republic in respect of which it has submitted a revocation of notification in accordance with paragraph 1.

Distribution of securities or shareholdings of a non-European alternative investment fund

Section 150e
Distribution of securities or shareholdings of a non-European alternative investment fund in the territory of the Slovak Republic and other Member States by a management company on the basis of a single passport

(1) A management company authorised pursuant to Section 28a is entitled to distribute in the territory of the Slovak Republic and other Member States securities and shareholdings in a non-European alternative investment fund managed by it if the following conditions are satisfied:

(a) the management company in its management of the non-European alternative investment fund complies equally with duties as in the management of alternative investment fund under this Act;
(b) cooperation agreements are concluded between Národná banka Slovenska and the supervisory authorities of the non-Member State in which the non-European alternative investment fund is established, with the aim of ensuring the effective exchange of information, including the exchange of information under Section 201b is (2) that enables Národná banka Slovenska to perform supervision in accordance with this Act;
(c) the non-Member State in which the non-European alternative investment fund is established is not on the list of non-cooperative jurisdictions and territories as prepared by FATF;
(d) the non-Member State in which the non-European alternative investment fund is located has concluded with the Slovak Republic and with each Member State in which securities or shareholdings in this fund are to be distributed, and has in effect an international treaty or multilateral convention that is fully in accordance with the provisions of Section 26 of the Model Tax Convention (Organisation for Economic Cooperation and Development) on

the taxation of income and assets and which guarantees the effective exchange of information regarding tax matters.

(2) A management company under paragraph 1 which has decided to distribute in the territory of the Slovak Republic securities or shareholdings in a non-European alternative investment fund administered by it is required, before beginning this activity, to notify Národná banka Slovenska of its intention; the notification shall state the information and documents referred to in Section 150b(1) concerning the fund.

(3) Národná banka Slovenska shall check whether the documentation submitted by a management company under paragraph 1 is complete and shall, within 20 working days of receipt of a complete notification under paragraph 2, notify the management company as to whether it may begin to distribute the securities or shareholdings in the non-European alternative investment fund referred to in the notification. Národná banka Slovenska may prohibit the distribution of securities or shareholdings in a non-European alternative investment fund only if the management of the non-European alternative investment fund by the management company is not in accordance with the provisions of this Act governing the management of such funds or if the management company does not comply with other provisions of this Act. A management company may begin to distribute securities or shareholdings in a non-European alternative investment fund from the date of receiving a notification from Národná banka Slovenska confirming that the management company may begin to distribute securities or shareholdings in this fund; Národná banka Slovenska shall notify this fact also to the European Supervisory Authority (European Securities and Markets Authority).

(4) A management company under paragraph 1 that has decided to distribute in the territory of another Member State securities or shareholdings in a non-European alternative investment fund managed by it is required, before beginning this activity, to notify Národná banka Slovenska of its intention; the notification shall state information and documents referred to in Section 150b(1)(a) to (f) and information on the manner of distributing securities or shareholdings in the non-European alternative investment fund and, where this concerns a non-European alternative investment fund the securities or shareholdings in which cannot be distributed to retail investors in the management company's host Member State, information on the mechanisms created for preventing the securities or shareholdings in this fund from being distributed to retail investors in the respective Member State; this applies also where the management company in connection with this fund uses other entities in the distribution or provision of investment services.

(5) Národná banka Slovenska shall check whether the documentation under paragraph 4 submitted by the management company is complete and shall, within 20 working days of receipt of a complete notification under paragraph 4, pass it to the competent authorities of the Member States in which the securities or shareholdings in the non-European alternative investment fund stated in the notification are to be distributed. Národná banka Slovenska shall transmit a notification only if the management of the non-European alternative investment fund by the management company is in accordance with the provisions of this Act governing the management of these funds and if the management company complies with other provisions of

this Act. Národná banka Slovenska shall attach to the notification also a confirmation that the management company has an authorisation under Section 28a for managing the non-European alternative investment fund with the given investment strategy. The notification and confirmation shall be transmitted in a language customary in the sphere of international finance.

(6) Národná banka Slovenska shall promptly, after passing the notification under paragraph 5 inform the management company of this fact. The management company may begin to distribute securities or shareholdings in the non-European alternative investment fund in the host Member State as of the day on which it receives this information from Národná banka Slovenska; Národná banka Slovenska shall inform also the European Supervisory Authority (European Securities and Markets Authority) of this fact.

(7) In the case of a substantial change to the information and documents notified under paragraphs 2 and 4, the management company is required to notify Národná banka Slovenska of this change within one month prior to making the planned change; where it is an unplanned change, promptly after making the change.

(8) When, in consequence of a planned change, the management of the non-European alternative investment company by the management company would cease to be in accordance with this Act, or if the management company would cease to comply with other provisions of this Act, Národná banka Slovenska shall promptly inform the management company that it cannot make the change.

(9) If, notwithstanding the provisions of paragraphs 7 and 8 the planned change is made, or if there occurs an unplanned change, in consequence of which the management of the alternative investment fund by the management company ceases to be in accordance with this Act, or if the management company has ceased in any other way to fulfil the provisions of this Act, Národná banka Slovenska shall take the necessary measures under Section 202, including prohibiting the distribution of the non-European alternative investment fund, if necessary.

(10) If the changes are acceptable, for reason that they do not affect the compliance of the management of the non-European alternative investment fund by the management company with the provisions of this Act, nor do they affect the management company's fulfilment of other provisions of this Act, Národná banka Slovenska shall promptly communicate these changes to:

(a) the European Supervisory Authority (European Securities and Markets Authority), if these changes concern that the termination of the distribution of securities or shareholdings in a non-European alternative investment fund, or the distribution of securities or shareholdings in another non-European alternative investment fund; and
(b) the competent authorities of the management company's host Member State where the changes concern the distribution of securities or shareholdings in a non-European alternative investment fund in the territory of the management company's host Member State.

(11) The provisions of paragraphs 1 to 10 also apply to an alternative investment fund that is a feeder alternative investment fund not meeting the conditions under Section 150a(3),

and a European alternative investment fund that is a foreign feeder alternative investment fund not meeting the conditions under Section 150a(2).

(12) The provisions of paragraphs 1 to 11 equally apply if a non-European management company authorised pursuant to Section 66c has decided to distribute in the territory of the Slovak Republic or another Member State securities or shareholdings in a non-European alternative investment fund or European alternative investment fund managed by it.

Section 150f
Distribution of securities or shareholdings of a non-European alternative investment fund in the territory of the Slovak Republic by a foreign management company with a registered office in a Member State on the basis of a single passport

(1) A foreign management company which has its registered office in a Member State and is authorised pursuant to a legally binding act of the European Union governing alternative investment fund managers may begin distributing in the territory of the Slovak Republic securities or shareholdings in a non-European alternative investment fund managed by it as of the day of receiving information from the competent supervisory authority of its home Member State that a notification on its intention to distribute in the territory of the Slovak Republic securities or shareholdings in a non-European alternative investment fund has been sent to Národná banka Slovenska.

(2) Národná banka Slovenska may warn the European Supervisory Authority (European Securities and Markets Authority), that the competent authority of the foreign management company's home Member State has incorrectly assessed the fulfilment of the conditions of a legally binding act of the European Union governing alternative investment fund managers, or if the Member State's competent authority refused to exchange information in connection with the distribution of securities or shareholdings in the non-European alternative investment fund.

(3) The provisions of paragraphs 1 and 2 apply also to an alternative investment fund that is a feeder alternative investment fund not meeting the conditions under Section 150a(2), and a European alternative investment fund that is a foreign feeder alternative investment fund not meeting the conditions under Section 150a(2).

(4) The provisions of paragraphs 1 to 3 apply equally if a non-European management company whose reference Member State is a different Member State has decided to distribute in the territory of the Slovak Republic securities or shareholdings of a non-European alternative investment fund managed by it.

Section 150g
Distribution of securities or shareholdings of a non-European alternative investment fund in the territory of the Slovak Republic without the use of a single passport

(1) A management company authorised pursuant to Section 28a and a foreign management company which has its registered office in a Member State and is authorised pursuant to a legally binding act of the European Union governing alternative investment fund

managers is entitled to distribute in the territory of the Slovak Republic securities or shareholdings in a non-European alternative investment fund managed by it if the following conditions are satisfied:

(a) the management company in its management of the non-European alternative investment fund complies equally with duties as in the management of alternative investment fund under this Act, except for the provisions of Section 72(1)(a) to (e), Section 77, 78 and Section 79(6) and (7);
(b) in accordance with international standards, cooperation agreements are concluded between Národná banka Slovenska and the supervisory authorities of the non-Member State in which the non-European alternative investment fund is established, with the aim of ensuring the effective exchange of information, that enables Národná banka Slovenska to perform supervision in accordance with this Act;
(c) the non-Member State in which the non-European alternative investment fund is established is not on the list of non-cooperative jurisdictions and territories as prepared by FATF;
(d) in the case of a foreign management company the condition under (a) shall be fulfilled mutatis mutandis in relation to the relevant law of its home Member State.

(2) For the purposes of paragraph 1(a) a management company or foreign management company:

(a) is required to ensure that the duties of a depository under Section 72(1)(a) to (e), Section 77, 78 and Section 79(6) and (7) are performed by one or more entities on the basis of a contract;
(b) may not perform the duties of a depository under Section 72(1)(a) to (e), Section 77, 78 and Section 79(6) and (7); and
(c) is required to notify Národná banka Slovenska of the identification data of the entity or entities responsible for performing the duties of a depository under Section 72(1)(a) to (e), Section 77, 78 and Section 79(6) and (7).

(3) A management company or foreign management company under paragraph 1 which has decided to distribute in the territory of the Slovak Republic securities or shareholdings in a non-European alternative investment fund administered by it is required, before beginning this activity, to notify Národná banka Slovenska of its intention; the notification shall state the information and documents referred to in Section 150b(1) and documents proving the fulfilment of conditions under paragraphs 1(a) and 2 concerning the fund.

(4) Národná banka Slovenska shall check whether the documentation submitted by a management company under paragraph 1 is complete and shall, within 20 working days of receipt of a complete notification under paragraph 3, notify the management company as to whether it may begin to distribute the securities or shareholdings in the non-European alternative investment fund referred to in the notification. Národná banka Slovenska may prohibit the distribution of securities or shareholdings in a non-European alternative investment fund only if the conditions under paragraph 1 or 2 are not satisfied, if the management of the non-European alternative investment fund by the management company is not in accordance with the provisions of this Act governing the management of such funds or if the management company does not comply with other provisions of this Act. A management company may

begin to distribute securities or shareholdings in a non-European alternative investment fund from the date of receiving a notification from Národná banka Slovenska confirming that the management company may begin to distribute securities or shareholdings in this fund.

Section 150h

Distribution of securities or shareholdings of an alternative investment fund or foreign alternative investment fund in the territory of the Slovak Republic by a non-European management company without the use of a single passport

(1) A non-European management company not authorised pursuant to Section 66c may distribute in the Slovak Republic securities or shareholdings in a foreign alternative investment fund managed by it if the following conditions are satisfied:

(a) the non-European management company complies, in relation to foreign alternative investment funds in which securities or shareholdings are to be distributed, with duties under Section 159a, Section 160a(1) to (5) and Section 189a(1) to (5) and also duties under Section 137b, 137c, Section 160a(6) and (7) and Section 189b, if it is a foreign alternative investment fund that, on the basis of a legally binding act of the European Union governing alternative investment fund managers, falls within the subject matter of Section 137c(1);

(b) in accordance with the relevant international standards, cooperation agreements are concluded between Národná banka Slovenska, the competent supervisory authorities of Member States in which the foreign alternative investment fund's securities or shareholdings are distributed, the competent supervisory authorities of the foreign alternative investment fund's Member State, where it is a European alternative investment fund, and the supervisory authorities of a non-Member State in which the non-European management company is established, with the aim of ensuring effective system risk monitoring and information exchange to enable Národná banka Slovenska to exercise supervision in accordance with this Act; if the competent supervisory authority of the Member State fails to conclude such cooperation agreements with Národná banka Slovenska within a reasonable timeframe, Národná banka Slovenska may report this fact to the competent European supervisory authority (the European Securities and Markets Authority);

(c) the non-Member State in which the non-European management company has its registered office, or non-Member State in which the non-European alternative investment fund is established is not on the list of non-core operating countries and territories as prepared by FATF.

(2) A non-European management company under paragraph 1 which has decided to distribute in the territory of the Slovak Republic securities or shareholdings in a foreign alternative investment fund managed by it is required, before beginning this activity, to notify Národná banka Slovenska of its intention; the notification shall state the information and documents referred to in Section 150b(1) and documents proving the fulfilment of conditions under paragraph 1(a) concerning the fund.

(3) Národná banka Slovenska shall check whether the documentation submitted by a non-European management company under paragraph 1 is complete and shall, within 20 working days of receipt of a complete notification under paragraph 2, notify the non-European

management company as to whether it may begin to distribute the securities or shareholdings in the foreign alternative investment fund referred to in the notification. Národná banka Slovenska may prohibit the distribution of securities or shareholdings in a foreign alternative investment fund only if the conditions under paragraph 1 are not satisfied, if the management of the foreign alternative investment fund by the non-European management company is not in accordance with the provisions of this Act governing the management of such funds or if the non-European management company does not comply with other provisions of this Act. A non-European management company may begin to distribute securities or shareholdings in a foreign alternative investment fund from the date of receiving a notification from Národná banka Slovenska confirming that the non-European management company may begin to distribute securities or shareholdings in this fund.

DIVISION EIGHT

INVESTOR PROTECTION IN COLLECTIVE INVESTMENT

TITLE ONE

PROMOTION

Section 151

(1) In promoting a fund, the fund and the management company or foreign management company that manages it shall provide information that is fair, clear and not misleading, shall not conceal facts important to the decision-making of investors, and shall not give inaccurate information about the personnel, technical and organisational provisions for its activities; this is without prejudice to the provisions of other legislation on unfair competition[59] and the provisions of other legislation.[59a]

(2) Any promotion of a fund or any promotion concerning investment in a fund shall include a conspicuous warning that the value of investments may also decrease and a return on the original investment is not guaranteed, or that an investment in funds also carries a risk.

(3) Any promotion of a feeder fund shall include the information that 85% or more of the assets in that feeder fund is continuously invested in securities held by the master fund.

(4) Where the net asset value of a fund is likely to have a high volatility due to its portfolio composition or the portfolio management techniques used by the management company, the marketing communications promoting the fund shall include a prominent statement drawing attention to this fact.

(5) In addition to the warning referred to in paragraph 2, any promotion of a closed-ended fund shall include a warning that the securities holders shall not be entitled to require redemption, return or repurchase of securities prior to the expiration of the period for which the closed-ended fund or closed-ended foreign collective investment undertaking was established.

(6) An entity managing alternative investment funds which is subject to an exemption pursuant to Section 31(1) may not state in the promotion of managed entities under Section

4(2)(b) that it is subject to supervision by Národná banka Slovenska or that its activities are subject to supervision by Národná banka Slovenska or state any other information implying that the activities of this entity are subject to supervision by Národná banka Slovenska.

(7) Národná banka Slovenska may require a fund or the entity managing it to submit marketing communications in order to assess their compliance with this Act or with other legislation.[59a] The fund, or the entity managing or promoting it, shall submit to Národná banka Slovenska the requested marketing communications; this is without prejudice to the powers of Národná banka Slovenska referred to in other legislation.[59a]

(8) Where marketing communications fail to meet the conditions laid down in paragraphs 1 to 7 or the conditions laid down in other legislation,[59a] Národná banka Slovenska may prohibit the publication of such communications or suspend them until the elimination of the shortcomings.

(9) Národná banka Slovenska may specify, by way of a decree to be promulgated in the Collection of Laws, the required particulars of marketing communications of a standard exchange-traded fund.

TITLE TWO

COMPULSORY PUBLICATION OF INFORMATION FOR INVESTORS

Section 152

(1) A management company shall draw up and publish the following for each fund:
(a) key information for investors;
(b) a prospectus;
(c) an annual report;
(d) a semi-annual report.

(2) The obligation to publish key information for investors and a prospectus as referred to in paragraph 1(a) and (b) do not apply to special qualified investor funds and entities as per Section 4(2)(b); this is without prejudice to the obligation of special qualified investor funds as per paragraph 1 to compile key information for investors and to draw up a prospectus.

(3) The provisions of paragraph 1(c) and (d) and Section 160 do not apply to entities referred to in Section 4(2)(b); this is without prejudice to the provisions of Section 160a. The provisions of paragraph 1(c) and (d) and Section 160 do not apply to special qualified investor funds, where the rules of such funds ensure the provision of comparable information on an annual and semi-annual basis.

(4) Where a fund has the form of a closed-ended fund, that closed-ended special fund shall not subject to the provisions of this Act on the prospectus and key information for investors. This closed-ended special fund is subject to the provisions of other legislation.[2]

Key information for investors

Section 153

(1) A management company shall draw up a brief document containing key information for investors for each fund it manages. The words "Key information for investors" shall be stated prominently in the name of the document in the Slovak language, or, if it is a cross-border distribution of unit certificates, in the language referred to in Section 141(1)(c).

(2) A management company shall provide key information for investors to an investor prior to the conclusion of a contractual relation.

(3) Key information for investors shall include the basic information on the fund, which is to be provided to investors so that they are reasonably able to understand the nature and the risks of the investment product that is being offered to them and, consequently, to take investment decisions on an informed basis.

(4) Key information for investors shall include the following information in respect of the fund concerned:
(a) identification data[60] of the fund and its supervisor;
(b) a short description of its investment objectives and investment policy;[61]
(c) past-performance presentation of the fund or, where relevant, performance scenarios;[62]
(d) costs and charges associated with investment;[63]
(e) risk/reward profile of the investment, including appropriate guidance and warnings in relation to the risks associated with investment.[64]

(5) Those essential elements shall be comprehensible to the investor without any reference to other documents. Referencing in key information for investors is subject to other legislation.[65]

(6) In addition to the essential elements referred to in paragraph 4, key information for investors shall clearly specify where and how to obtain additional information relating to the proposed investment, including, but not limited to, where and how the prospectus and the annual and semi-annual report can be obtained on request and free of charge at any time, and the language in which such information is available to investors and a statement that the detailed up-to-date remuneration policy – including a description of how remuneration and benefits are calculated and identities of persons responsible for awarding the remuneration and benefits including the composition of the remuneration committee, where such a committee exists – is available on a website – with reference to that website, and that a paper copy will be made available free of charge upon request.

(7) In the case of a money market fund, key information for investors shall include information whether it is a short-term money market fund, or a money market fund. At the same time risk/reward profile in key information for investors, within guidance and warnings against investment-related risks, shall contain clear information on any specific money-market fund investment strategy related risks.

(8) In the case of a fund whose investment policy is track an index, the key information for investors shall contain in summary form also information as to how the index tracking is to be conducted, whether it will proceed according to a complete physical manner of index tracking, a physical manner of index tracking based on a sample or a synthetic manner of index tracking, and the consequences of the chosen method of index tracking for investors in terms of the exposure of their investments to the underlying index and counterparty risk.

(9) In the case of a fund whose investment policy is leveraged index tracking, the key information for investors shall contain in summary form also the following information:

(a) a description of the leverage policy, how it is achieved, whether the leverage is achieved at the level of the index or whether it results from the manner by which assets in the fund are exposed to the index, and, as relevant, the costs for the leverage and the risks associated with this policy;
(b) a description of the effect of any counter-leverage (short exposure);
(c) a description of how the performance of the fund may differ significantly from a multiple of the performance of the index over the medium to long-term.

(10) Key information for investors shall be written in a concise manner and in non-technical language, understandable for retail investors without the use professional terminology; it shall be drawn up in a same format allowing for comparison of funds, and shall be presented in a way that is likely to be understood by retail investors.

(11) A management company shall use key information for investors without alterations or supplements, except translation, in all Member States where the standard fund is notified in compliance with Section 139.

(12) The provisions of other legislation[65] are without prejudice by provisions of paragraphs 1 to 9.

Section 154

(1) Key information for investors shall be true, clear and non-misleading; it shall comply with the concerned parts of the prospectus.

(2) Key information for investors shall contain an unambiguous warning that their provision does not establish a liability for damage; unless the key information for investors or its translation is misleading, inaccurate or incompatible with the concerned parts of the prospectus.

Section 155

(1) A management company that distributes the securities of funds to investors directly or by an entity referred to in paragraph 2, shall provide them key information for investors about these funds sufficiently in advance, prior to the proposed acquisition of securities.

(2) A management company shall, upon request, provide key information for investors for investors of each fund it manages, for entities which distribute the securities of funds by provision of investment services on the basis of other legislation.[66] Those entities shall provide key information for investors to their clients or potential clients. The duty referred to in the first sentence shall, upon request, also apply to the provision of key information for investors of each fund, which it manages, to entities which provide other financial services which offer an exposure to respective fund, and to entities which in respect of these financial services provide financial intermediation of financial consultancy.

(3) Entities which in accordance with paragraphs 1 and 2 shall provide key information for investors to investors, shall do so free of charge.

(4) The provisions of paragraphs 1 to 3 apply to the distribution of securities of standard funds and public special funds.

Section 156

(1) Key information for investors may be provided in a durable medium or by means of a website. A management company shall, upon request, deliver free of charge key information for investors in writing to an investor.

(2) Notwithstanding the selected manner of the provision of key information for investors referred to in paragraph 1, a management company shall make accessible an up-to-date version of key information for investors on its website and in writing in the registered office of a management company, in the registered office of a depository, and in each sale location.

(3) Special conditions which are to be met in provision of key information for investors in a durable medium other than in written form or by means of a website, which does not present a durable medium, are subject to other legislation.[67]

Prospectus

Section 157

(1) A prospectus shall contain the information which is necessary to enable investors to make an informed assessment of the opportunities offered by the investment and the risks attached to such an investment, and it shall contain at least the information stated in Annex 2. A prospectus shall also contain a clear and, for the retail investor, comprehensible explanation of the risk profile; this does not apply to the prospectus of a special qualified investor fund. The prospectus shall also include the details of the up-to-date remuneration policy, including a description of how remuneration and benefits are calculated, identities of persons responsible for awarding the remuneration and benefits including the composition of the remuneration committee, where such a committee exists, or a summary of the remuneration policy, and a statement that the details of the up-to-date remuneration policy, including a description of how remuneration and benefits are calculated, identity of persons responsible for awarding the remuneration and benefits, including the composition of the remuneration committee where such a committee exists, are available on a website – with reference to that website – and that a paper copy will be made available free of charge upon request.

(2) The prospectus of the umbrella fund shall be drawn by a management company:

(a) for the umbrella fund as a whole, while the prospectus shall unambiguously distinguish the parts common for all sub-funds and parts which concern to a respective sub-fund; or
(b) for each sub-fund separately.

(3) In addition to the information provided for in Annex 2, the prospectus of a feeder fund shall contain the following information:

(a) a declaration that the feeder fund is a feeder of a particular master fund, and as such permanently invests 85% or more of its assets in unit certificates of that master fund;
(b) the investment objective and policy, including the risk profile and whether the performance of the feeder and the master fund are identical, or to what extent and for which reasons they differ, including a description of the investment made in accordance with Section 108(2);

(c) a brief description of the master fund, its investment objective and policy, including the risk profile, and an indication of how the prospectus of the master fund may be obtained;
(d) a summary of the agreement entered into between the management companies managing the feeder fund and master fund in accordance with Section 109(1) or of the internal conduct of business rules pursuant to Section in accordance with Section 109(1);
(e) how the unit-holders may obtain further information of the master fund and the agreement pursuant to Section 109(1);
(f) a description of all remuneration or reimbursement of costs payable by the feeder fund by virtue of its investment in securities of the master fund, as well as of the total charges of the feeder funds and the master fund;
(g) a description of the tax implications of the investment into the master fund's unit certificates of securities for the feeder fund.

(4) A prospectus shall include the fund rules; this does not apply where the fund rules stipulate that it will be sent to a fund unit-holder upon request, or the fund rules state where the fund unit-holder may become acquainted with it, both in the territory of the Slovak Republic and in each Member State in which the unit certificates in the fund are distributed to the public in accordance with Section 139, and where fund unit-holders are informed about this option. Where the information referred to in Annex 2 is also given in the fund rules that are a part of the prospectus, it shall suffice to give a reference to the respective provision of the fund rules in the prospectus. The fund rules and prospectus shall contain a conspicuous notice that during the contractual relation between the management company and a fund unit-holder, these documents may be amended. The provisions of the first to third sentences apply to the Sections of association of an investment fund with variable capital and to their incorporation in the prospectus.

(5) A prospectus shall contain information about the categories of assets in which it is permitted to invest the fund's assets; where it is permitted to transact in derivatives with the fund's assets, this information shall be pointed out separately, and there shall be a declaration on whether the purpose of such transactions is to secure the common fund's assets against losses, or the intention to reach the investment objectives and on the potential impact of such derivative transactions on the risk profile of the fund.

(6) Where the investment policy of a fund is to invest predominantly in assets other than transferable securities and money market instruments, or to invest by a method which matches the financial indices in accordance with Section 90, the prospectus and advertising materials shall contain a conspicuous notice about the respective investment policy.

(7) Where the net asset value of a fund is likely to have a high volatility due to its portfolio composition or the portfolio management techniques used by the management company, the prospectus shall include a prominent statement drawing attention to this fact.

(8) A management company, upon the request of an investor, shall also provide supplementary information relating to the quantitative limits that apply in the risk management of the fund, to the methods chosen to this end, and to the recent evolution of the sphere of risks in relation to the main asset categories in which the assets of the fund are invested and the evolution of returns of those assets.

(9) Where the fund rules of a fund state the orientation and objective of the investment strategy to be investment in securities referred to in Section 88(1)(e) the fund rules, prospectus

of this fund, shall contain easily understandable information about the maximum amount of the management fees that may be charged to this fund and the funds in which it is planned to invest. The amount of the fees referred to in the first sentence for the respective calendar year shall also be stated in the annual report.

(10) The prospectus shall be provided to investors upon their request and free of charge. The prospectus shall be published no later than by the commencement of the issue of securities, by means of a website of the management company and in written form at the registered office of the management company, at the depository's registered office, and at each sale location.

(11) The prospectus may be provided in a durable medium or by means of a website. The management company shall, upon request and free of charge, deliver the prospectus in written form to an investor; this does not apply for the prospectus of a special qualified investor fund.

(12) Special conditions which are to be met in the provision of the prospectus in a durable medium other than in a written form by means of website, which does not represent a durable medium, shall be regulated by other legislation.[67]

(13) The provisions of paragraphs 3 and 5 to 7 do not apply to a special qualified investor fund.

(14) Národná banka Slovenska may specify, by way of a decree to be promulgated in the Collection of Laws, what is deemed to mean specific data according to Annex 2, ninth point, which the prospectus must contain:

(a) if, according to the fund's rules, it is allowed to use techniques and instruments for effective management of investments according to Section 100(2);
(b) if the fund's investment policy is leveraged index tracking;
(c) if the management company, in connection with over-the-counter derivatives accepts collateral or if collateral accepted in the framework of using techniques and instruments for effective management of investments according to Section 100(2) of a standard fund traded on an exchange.

Section 158

(1) The management company shall have liability for the accuracy and completeness of information given in a prospectus.

(2) If a management company gives false or incomplete information in a prospectus, the management company shall, upon the request of a fund unit-holder, pay the fund unit-holder the sale price of the security as at the time of its issue provided that the sale price is higher than the purchase price on the date when the request is submitted, and otherwise it shall pay the purchase price; this does not apply where the fund unit-holder knew when signing the contract with the management company that the information in the prospectus or the simplified prospectus was false or incomplete. The difference between the sale price and purchase price referred to in the first sentence shall be met by the management company from its own assets. This is without prejudice to the provisions of Section 56 and 202, or to the liability of third parties for damage caused to the fund unit-holders.

(3) The right to payment of the amount referred to in paragraph 2 may be exercised within six months after the fund unit-holder in the open-ended fund, or the entity which

redeemed the securities under Section 13(11), became aware of the incorrectness or incompleteness of the information referred to in paragraph 2, but no later than three years after the acquisition of the unit certificates.

(4) The provisions of paragraphs 2 and 3 also appropriately apply to the provision of key information for investors which is misleading, inaccurate or incompatible with respective parts of the prospectus.

Section 159

(1) The information in a prospectus shall be kept updated by the management company.

(2) The rules for adopting changes to a prospectus shall be stipulated in the fund rules or Sections of association.

Section 159a

(1) A management company is required, for each managed alternative investment fund or European alternative investment fund and for each alternative investment fund or foreign alternative investment fund whose securities or shareholdings it distributes in the territory of the Slovak Republic or of another Member State, to provide a potential investor, before entering into a contractual relationship, in the manner specified in the rules or deed of incorporation of the alternative investment fund or foreign alternative investment fund concerned, or as part of the rules or constitutional documents of the alternative investment fund or foreign alternative investment fund, with the following information, including changes thereto:

(a) a description of the investment strategy and objectives of the alternative investment fund or foreign alternative investment fund, information as to where the master alternative investment fund has its registered office, if it is an alternative investment fund or a foreign alternative investment fund that is a feeder alternative investment fund, and information as to where the underlying funds have their registered offices, if the alternative investment fund or foreign alternative investment fund is a fund of funds, also a description of the types of asset in which the alternative investment fund or foreign alternative investment fund may invest, the methods that it may use and all related risks, investment limitations, circumstances under which the alternative investment fund or foreign alternative investment fund may use leverage, the permitted types and sources of leverage and the related risks, any limitations on the use of leverage, and what measures concerning collateral and the reuse of assets and information on the maximum level of leverage that the management company is entitled to use when managing the alternative investment fund or foreign alternative investment fund;
(b) a description of the procedures by which the investment strategy and investment policy of the alternative investment fund or foreign alternative investment fund may be changed;
(c) a description of the most important legal consequences of the contractual relationship concluded between the management company and investor, including information on jurisdiction, applicable law, and on the existence of any legal means established for the recognition and enforcement of judgements in the territory where the alternative investment fund or foreign alternative investment fund has its registered office;
(d) identification data of the management company, depository, auditor or audit company, and other service providers for the alternative investment fund or foreign alternative investment fund, and a description of their obligations and of the investors' rights;
(e) the manner by which the management company fulfils requirements under Section 47(2)(d) and (6);

(f) a description of any function or activity of the management company under Section 27(4) and (5) that is delegated, and an identification of each conflict of interest that may arise from such delegation;
(g) a description of the procedures and methods of determining the value of assets held in the alternative investment fund or foreign alternative investment fund, including methods used in determining the value of hard-to-value assets under Section 37c;
(h) a description of the liquidity risk management of the alternative investment fund, including the rights to payment or repurchase under ordinary, as well as exceptional, circumstances and existing arrangements with investors regarding payment or repurchase;
(i) a description of all fees, costs and expenses directly or indirectly borne by investors, and the maximum amount thereof;
(j) a description of how the management company ensures fair treatment of investors and always, when an investor gains preferential treatment or the right to gain preferential treatment, a description of such preferential treatment, the type of investors who gain such preferential treatment and their legal or economic links to the management company or alternative investment fund;
(k) the most recent annual report as per Section 160a or, in the case of an entity referred to in Section 4(2)(b), as per Section 160a;
(l) the procedures and conditions for the issuance and payment or re-purchase of securities or shareholdings of the alternative investment fund or foreign alternative investment fund;
(m) the current net value of assets in the alternative investment fund or foreign alternative investment fund, or the most recent market price or current value of securities or shareholdings of the alternative investment fund or foreign alternative investment fund;
(n) data on the past performance of the alternative investment fund or foreign alternative investment fund, if such data exist;
(o) the identity of the primary broker and a description of any important agreements made between the management company and primary brokers, the method of managing conflicts of interest in this regard, the provision in the depository contract concerning the possibility of transfer, reuse of assets in the alternative investment fund or foreign alternative investment fund, and information regarding any possible transfer of liability to the primary broker, if any;
(p) the method and periods of disclosing information required under paragraphs 4 and 5.

(2) The management company is required, before entering into a contractual relationship, to inform the investor of all arrangements of the depository for contractually discharging itself of liability in accordance with Section 82(8). The management company is required to promptly inform investors of any change regarding the depository's liability.

(3) If the duty to publish a securities prospectus under another act,[67a] or similar legal regulation of a Member State, applies to the securities or shareholdings of an alternative investment fund or foreign alternative investment fund, the management company is required to separately, or as additional information to the securities prospectus disclose only that information referred to in paragraphs 1 and 2 that is beyond the framework of information referred to in the securities prospectus.

(4) A management company is required, for each alternative investment fund or European alternative investment fund it manages and for each alternative investment fund or foreign alternative investment fund whose securities or shareholdings it distributes in the territory of the Slovak Republic or of another Member State in accordance with other legislation,[67b] to supply investors with the following information on a regular basis:

(a) the percentage share of assets held in the alternative investment fund or foreign alternative investment fund to which the special liquidity management tools arising from their illiquid nature relate;
(b) each new measure applied in connection with liquidity management of the alternative investment fund or foreign alternative investment fund;
(c) the current risk profile of the alternative investment fund or foreign alternative investment fund and the risk management systems used by the management company to manage these risks.

(5) A management company is required, for each managed alternative investment fund or European alternative investment fund that uses leverage and for each alternative investment fund or foreign alternative investment fund whose securities or shareholdings it distributes in the territory of the Slovak Republic or of another Member State and which uses leverage, to supply investors with the following information on a regular basis:
(a) any changes to the maximum level of leverage that the management company may use when managing the given alternative investment fund or foreign alternative investment fund, as well as any right to reuse collateral or any guarantee provided on the basis of a leverage-based arrangement;
(b) the total extent of leverage used in the management of the alternative investment fund or foreign alternative investment fund.

Annual and semi-annual reports

Section 160
Heading cancelled as from 18 March 2016

(1) An annual report shall contain the information necessary to enable investors to make an informed assessment about how the management of assets in a fund is progressing and about its results; it shall contain at least the information stated in Annex 3, the financial statements of the fund audited by an auditor or audit company, the name and permanent residence or business name and registered office of the auditors or audit company that audited the fund's financial statements, the registration number of their certificate or authorisation, the auditor's or audit company's statement on the audit of the financial statements, the report on the audit of the financial statements, and information on whether an auditor or audit company has audited any other part of the annual report. The report of an auditor or audit company, including all evaluations, shall be stated in full wording in the annual report.

(2) The annual report and semi-annual report of an umbrella fund shall be drawn up by a management company:
(a) for an umbrella fund as a whole, while the annual and semi-annual reports must explicitly distinguish the parts that are common for all sub-funds and the parts that relate only to a sub-fund concerned; or
(b) for each sub-fund separately.

(3) In addition to information according to Annex 3, the annual report shall also include the statement of total costs of the feeder and master funds. The annual and semi-annual report of the feeder fund shall also contain the information on how to obtain the annual and semi-annual reports of the master fund.

(4) If the financial statements of a fund are not audited by an auditor or audit company within the time limit referred to in paragraph 7, this fact shall be mentioned in the annual report. The management company shall promptly file the auditor's or audit company's report in the public section of the financial statements register, no later than one month from its reception. Non-approved financial statements shall also be filed by the management company in the public section of the financial statements register.

(5) A semi-annual report shall contain the information necessary to enable investors to make an informed assessment about how the management of a fund's assets is progressing and about its results; it shall contain at least the information given in Annex 3, in points 1 to 7, and the financial statements of the fund for the preceding half-year. Where the management company has paid or proposes to pay deposits on income from the management of the fund's assets, the semi-annual report shall state the profit or loss less tax liabilities and the amount of the deposits paid.

(6) Information given in an annual report and a semi-annual report shall be complete, true, and materially correct.

(7) A management company shall publish an annual report no later than four months after the end of the accounting year. A management company shall publish a semi-annual report no later than two months after the first six months of an accounting year has lapsed. The annual report and half yearly report shall be published in the same way as it is carried out for the prospectus.

(8) A management company shall make available an annual report and semi-annual report to investors in a way which is specified in the prospectus and key information for investors. A management company shall, upon request and free of charge, provide a copy of the annual report and semi-annual report in written form to an investor.

(9) The provisions of other legislation on reporting[68] of the issuers of securities issued on the basis of a public offer do not apply to a common fund.

(10) Národná banka Slovenska may request that a management company provide, at least once every six months and for statistical purposes, information on the composition of funds' assets beyond the scope laid down in Annex 3. A management company shall meet such a request from Národná banka Slovenska within the stipulated period.

(11) Národná banka Slovenska may specify, by way of a decree to be promulgated in the Collection of Laws, what is deemed to mean specific data according to Annex 3, eleventh point, which the annual report must contain:
(a) if the fund's investment policy is index tracking;
(b) if, under the fund's rules it is permitted to use techniques and instruments for effective management of investments according to Section 100(2).

Section 160a
Heading cancelled as from 18 March 2016

(1) A management company is required to prepare, no later than six months after the end of the financial year, an annual report for each managed entity as referred to in Section 4(2)(b) or European alternative investment fund or foreign alternative investment fund whose

securities or shareholdings it distributes in the territory of the Slovak Republic or of another Member State. The management company is required, after preparing the annual report, to promptly submit it to Národná banka Slovenska and to the competent supervisory authority of the European alternative investment fund's home Member State and to provide it free of charge to the investor at his request.

(2) Where it is required to publish, for an entity as referred to in Section 4(2)(b) or for a foreign alternative investment fund, and annual report under other legislation,[68a] the management company is required to provide to the investor, at his request, only information under paragraph 3 that was not published in the annual report under another act, and this either separately or as a supplementary component to the annual financial report.

(3) The annual report under paragraph 1 shall contain, in particular:

(a) the balance sheet or statement of assets and liabilities in a scope of data no less than that under other legislation;[68b]
(b) an income and expenditure statement for the financial year in a scope of data no less than that under other legislation;[68b]
(c) a report on activities for the financial year;[68c]
(d) all significant changes[68d] in information under Section 115b during the financial year to which the report relates;
(e) the total amount of remuneration[68e] for the financial year, divided into fixed and variable remuneration components, that the management company paid to its staff, the number of recipients and any share in the profit paid by the entity referred to in Section 4(2)(b) or the European alternative investment fund;
(f) the total amount and structure of the remuneration of the top management and employees of the management company whose work has a significant influence on the risk profile of the entity referred to in Section 4(2(b) or of the European alternative investment fund.

(4) Accounting data in the annual report of an entity as referred to in Section 4(2)(b) shall be stated in accordance with another act,[68f] if it is a European alternative investment fund in accordance with the accounting standards of its home Member State, or if it is a non-European alternative investment fund in accordance with the accounting standards of the non-Member State in which this fund is established and in accordance with accounting rules specified in the rules or in the instruments of incorporation of the entity referred to in Section 4(2)(b) or foreign alternative investment fund.

(5) The provisions of Section 160(1) apply equally to the verification of financial statements by an auditor or audit company and to the report of the auditor or audit company. In the case of an audit of the annual report of a non-European alternative investment fund, the management company may undergo an audit satisfying applicable auditing standards in the state in which the non-European alternative investment fund is established.

(6) A management company managing an entity as referred to in Section 4(2)(b) or a foreign alternative investment fund that has acquired individually or jointly control over an unlisted company is required:

(a) to request the Board of Directors of the unlisted company to disclose the annual report of the unlisted company compiled under paragraph 7 to employee representatives, or where such representatives do not exist, to the employees themselves in the period within which the annual report must be prepared under another act[68f] or under the laws of the state where

the unlisted company has its registered office, and to make all efforts toward ensuring that the board of directors of the unlisted company disclose this report; or

(b) to include in the annual report the information under paragraph 7 concerning the unlisted company for each such entity as per Section 4(2)(b) or foreign alternative investment fund.

(7) The supplementary information that should be included in the annual report of an unlisted company or in the annual report of an entity referred to in Section 4(2)(b) or of a foreign alternative investment fund under paragraph 6 must also include a fair overview of the course of the unlisted company's business, capturing the situation at the end of the period to which the annual report relates. The report shall also state:

(a) all important events that have occurred since the end of the financial year;
(b) the likely future development of the unlisted company;
(c) information relating to any acquisition of own shares under Section 161t of the Commercial Code.

(8) A management company under paragraph 6 is required:

(a) to request the board of directors of an unlisted company to disclose information under paragraph 6(b) relating to the unlisted company concerned to employee representatives, or where such representatives do not exist, to the employees themselves within the period specified in paragraph 1 and to make all efforts to ensure that the board of directors of the unlisted company disclose this information; or
(b) to disclose information under paragraph 6(a) to investors in entities referred to in Section 4(2)(b) or in foreign alternative investment funds, and where this information is already available, within the period specified in paragraph 1, but no later than by the date when the annual report of the unlisted company is completed under another act[68f] or under the laws of the country where the unlisted company has its registered office.

TITLE THREE

PUBLICATION OF ADDITIONAL INFORMATION, CONFIDENTIALITY AND PERSONAL DATA PROTECTION

Section 161

(1) A management company shall calculate and publish the following in a periodical newspaper which has nationwide circulation and provides stock market news:

(a) at least once per week, the current unit price, the sale price of unit, the purchase price of a unit, and the net asset value of standard fund and public special securities fund which is an open-ended fund;
(b) at least once per month, information on the current price of a unit certificate, the net asset value of a public special securities fund which is a closed-ended common fund, and on the monetary amount for the issued units since this information was previously published alongside the issuing of securities in that public special securities fund, unless stated otherwise in subparagraph (e);
(c) at least once per three months from the latest publication of the information until securities in those funds are issued, the current unit value and the net asset value of each public special alternative investment fund and public special real estate fund it manages, and the monetary amount for the units issued, unless stated otherwise in subparagraph (e);
(d) at least once per year from the latest publication of the information until securities in those funds are issued, the current unit value and the net asset value of each special qualified

investor fund it manages, and the monetary amount for the units issued, if the funds are open-ended funds, unless stated otherwise in subparagraph (f);

(e) at least once per year, data on the current unit value and the net asset value of an alternative investment fund other than referred to in subparagraphs (b) and (c) and unless stated otherwise in subparagraph (f);

(f) data in subparagraphs (b) to (e) shall be calculated and published also in an increased frequency in accordance with other legislation.[68g]

(2) Where the securities of several issues are issued in the fund, a management company shall calculate and publish the unit value and net asset value referred to in paragraph 1 for each issue separately. The duty of publishing referred to in the first sentence does not apply to those issues of securities for which the management company sends the information on prices of unit certificates and net value of the assets, within the periods referred to in paragraph 1, to all unit-holders who own the securities of the issues concerned.

(3) The value of assets held in a managed collective investment undertaking shall be determined with professional care by the management company in cooperation with the depository, and especially on the basis of the rates and prices of securities, money market instruments, and derivatives obtained at regulated markets.

(4) Národná banka Slovenska shall, by way of a decree to be promulgated in the Collection of Laws, stipulate a method of determination of the value of assets in a standard fund and in a public special fund and a method of the calculation of the share of securities issued in funds, in which securities of several issues are issued.

Section 162
Confidentiality obligation and data protection

(1) A member of the statutory body, a member of the supervisory body, an employee, authorised representative, liquidator, trustee in bankruptcy, or receiver or a deputy of the receiver, as well as or another person involved in the operation of the management company, shall keep confidential any facts which come to his knowledge by virtue of his position or in the fulfilment of his employment duties and which are relevant to developments in the financial market or concern the interests of any of its participants.

(2) The confidentiality obligation referred to in paragraph 1 shall remain in effect after the termination of the employment relationship or other legal relationship under paragraph 1.

(3) The confidentiality obligation referred to in paragraph 1 is not deemed to be breached if the information is provided to:

(a) entities entrusted with exercising supervision and for the purposes of the supervision;

(b) a court, including a notary as a court commissioner for the purposes of civil court proceedings, whose client is a participant in the management company or the subject of proceedings of which concerned the assets of a client of the management company;

(c) a criminal law enforcement authority for the purposes of criminal proceedings;

(d) Národná banka Slovenska for the purposes of exercising supervision;[69]

(e) the Criminal Police, Judicial Police, and Financial Police of the Police Force for the purposes of meeting tasks laid down in other legislation;[70]

(f) a tax authority for the purposes of tax proceedings or a customs authority in matters of customs proceedings;

(g) a state administration authority for the purposes of decision-making in accordance with other legislation;[71]
(h) the Slovak intelligence service for the purposes of fulfilment of tasks stipulated by other legislation;[72]
(i) the managing authority and audit authority in the performance of financial instruments control or audit;[72a]
(j) the competent authority of the Slovak Republic in accordance with other legislation[72b] in the fulfilment of the notification obligation.

(4) The provisions of paragraphs 1 to 3 are without prejudice to the obligation to inhibit or report the commission of a crime.

(5) A management company shall keep confidential, and protect against being revealed, misuse, damage, destruction, loss or theft, information on matters concerning fund unit-holders and customers of the management company which is not accessible to the public, in particular, information on the numbers of unit certificates owned by particular fund unit-holders and on transactions made by customers of the management company. A management company may provide the information and documents referred to in the first sentence to third parties only with the prior written consent of the fund unit-holder or client concerned or on the written instruction thereof, except paragraphs 7 and 8. A unit-holder or client may, on payment of the relevant costs, access information on him kept in the database of the management company and obtain an extract therefrom. It is not deemed to be a breach of the obligation referred to in the first sentence where information is provided in an aggregate form, for statistical purposes, and the name of the management company or the client is not apparent therefrom.

(6) A management company shall fulfil the obligation referred to in paragraph 5 also towards entities with which it conducted negotiations on a transaction, though the transaction was not carried out, and towards entities which have ceased to be fund unit-holder or clients of the management company.

(7) A management company shall provide information and documents on matters subject to paragraph 5, upon the written request of the entities or authorities referred to in paragraph 3 and only for the purposes stated therein. Such a written request shall include facts by which the management company can identify the respective matter, in particular, the accurate designation of the entity on which the information is requested and the specification of the requested information; this identification information need not be stated in a written request under paragraph 3(c), (g) and (h). The entities and authorities referred to in paragraph 3 may furnish information to each other only for the purpose of proceedings for which the information or reports were provided; otherwise, they may furnish them only with the approval of the management company and in accordance with the conditions laid down in paragraph 3.

(8) It is not deemed to constitute a breach of any obligation laid down in paragraph 5:
(a) where necessary information is provided for the clearing and settlement of transactions in unit certificates and for the crediting of unit certificates, upon their issue, to owner's accounts;
(b) where the management company fulfils its obligation to report unusual business transactions in accordance with other legislation;[73]
(c) where a management company notifies a criminal law enforcement authority of its suspicion that a crime is being prepared, is being committed, or has been committed;

(d) where information and documents on the failure to meet liabilities is provided to a professionally qualified person in order to make a financial valuation of the liability, or to a counsel to whom the management company has granted power of attorney for the purpose of enforcing the fulfilment of these liabilities, or to a court distrainer designated in a distraint motion against a unit-holder or client, issued where the unit-holder or client has not met their liabilities towards the management company in a due and timely manner, despite having been requested in writing to do so;
(e) where information required for the identification of a unit-holder and information on a transaction is provided to an entity which proves that, as a consequence of an error in the clearing and settlement of transactions in unit certificates, or an error in the crediting of unit certificates to an asset account, it has suffered a material loss involving the transfer or crediting of unit certificates which it either owns or manages to the account of this unit-holder, and for claiming back the unjustified enrichment that occurred as a result;
(f) where information is provided to another management company in connection with the transfer of, or preparation to transfer, the management of a fund to this other management company; the management companies shall conclude a written agreement that regulates the duty to keep the acquired information confidential and the liability for its misuse which attaches to the management company to which the management is transferred and to the management company which transfers the management.

(9) The provisions of paragraphs 5 to 8 also apply to a foreign management company and a foreign investment fund in the performance of their business in the territory of the Slovak Republic.

(10) A depository may not provide a third party with information and documents acquired in the performance of its depository activity, nor may it use them for purposes other than the performance of its depository activity. A depository shall, however, provide such information and documents to the entities or authorities referred to in paragraph 3 upon their written request. The procedure for providing such information and documents and their further use are subject to paragraph 7.

DIVISION NINE

PRIOR APPROVALS FROM NÁRODNÁ BANKA SLOVENSKA AND DISCLOSURE OBLIGATION

TITLE ONE

PRIOR APPROVAL FROM NÁRODNÁ BANKA SLOVENSKA

Section 163

(1) Prior approval from Národná banka Slovenska is required for:
(a) the acquisition of qualified participation in a management company or such additional exceeding qualified participation in a management company so that the interest in share capital of the management company or voting rights of the management company reaches or exceeds 20%, 30% or 50%, or so that the management company becomes a subsidiary in one or more transactions, either directly or acting in concert;[74] for the calculation of such interests, the voting rights shall not be taken into account or such units which an investment

firm, a credit institution or a foreign credit institution maintain as a result of underwriting or placing of financial instruments on a firm commitment basis, unless such rights are exercised or performed otherwise to interfere with the management of the management company, and provided that they are transferred by an investment firm, a foreign investment firm, a credit institution, or a foreign credit institution to a third party within a year upon their acquisition;

(b) a reduction in the share capital of a management company, except for a reduction made because of losses;

(c) the election of any person nominated to be a member of the board of directors of a management company or a member of the supervisory board of a management company, or for the appointment of an authorised representative of a management company; this does not apply in the case of re-election of this person for the immediately consecutive term;

(d) the merger of a management company with another management company or with a foreign management company;

(e) the delegation of the management of investments in a fund to another entity;

(f) the establishment of a branch of a management company in the territory of a non-Member State, where such approval is required by the law of that non-Member State;

(g) the sale of an undertaking of a management company or a part thereof;

(h) the return of an authorisation under Section 28 or an authorisation under Section 28a;

(i) the transfer of the management of a fund;

(j) a change of the depository of a fund;

(k) an amendment to a common fund's rules; the provisions of Section 137(16) and Section 174(6) shall be left unprejudiced hereby;

(l) the return of an authorisation to establish a fund or the removal of a special qualified investor fund from the list referred to in Section 137, for the cancellation of an umbrella fund's sub-fund, or for the cancellation of a feeder fund;

(m) the conversion of a common fund to an umbrella common fund or for the conversion of a common fund to a sub-fund of an existing umbrella common fund;

(n) a conversion of closed-ended fund into an open-ended fund that is a special fund;

(o) a conversion of a special fund into a standard fund;

(p) an extension of the period for which the special fund may be established;

(q) a merger of funds or a merger of a self-managed investment fund with another self-managed investment fund or with a foreign self-managed investment fund;

(r) the establishment of a new sub-fund of an umbrella fund;

(s) a conversion of a standard fund, which is not a feeder fund, into a feeder fund;

(t) a change of a master fund;

(u) a conversion of a feeder fund into a standard fund, which is not a feeder fund;

(v) making possible so as, in the case of a merger of a master fund, a feeder fund remains the feeder fund of the same master fund;

(w) a return of an authorisation granted in accordance with Section 148.

(2) Národná banka Slovenska shall, by a decree to be promulgated in the Collection of Law, the particulars of a prior approval granting by Národná banka Slovenska referred to in paragraph 1.

(3) Where the general meeting or another competent body of a management company takes a decision on any matter for which Národná banka Slovenska has granted prior approval, a management company shall provide Národná banka Slovenska, within ten days of the compilation of notarised rules from the general meeting or minutes from a meeting of the management company's body which decided on matters for which Národná banka Slovenska

has granted prior approval, a copy of notarised rules or a copy of minutes from the meeting of such body of the management company; notarised rules shall not be requested unless its elaboration is requested by the Commercial Code. The management company shall promptly inform Národná banka Slovenska of the performance of any acts for which prior approval has been granted, of the re-election of the members to the board of directors and supervisory board and of the re-appointment of the authorised representative of the management company under paragraph 1(c).

(4) The decision to grant prior approval may also contain conditions that the management company must fulfil prior to performing the act for which the prior approval is granted, or conditions that the management company is required to comply with after performing the act for which the prior approval is granted.

(5) In a decision on granting prior approval in accordance with paragraph 1(a) to (h), (j) to (l), (q), (r) and (w), Národná banka Slovenska shall state the period after which the prior approval will expire if the operation for which it was granted has not been performed. This period may not be shorter than three months, nor longer than one year, from when the prior approval was granted, unless Národná banka Slovenska stipulates a different period in order to protect fund unit-holders.

(6) The provisions of paragraph 1(i) to (m) and (q) to (v) and Section 172 to 176 and Section 180 to 185 equally apply to a foreign management company referred to in Section 60(2) that manages a standard fund. The provisions of paragraph 1(i) to (v) and Section 172 to 185 apply mutatis mutandis to a foreign management company under Section 66a managing a special fund.

(7) The provisions of paragraph 1(a), (b) and (d) are without prejudice to the provisions of other legislation.[75]

Section 164

(1) An application for prior approval in accordance with Section 163(1)(a) shall be submitted by entities which have decided to acquire or increase qualified participation in a management company, or the entity which has decided to become the parent company of the management company.

(2) Národná banka Slovenska shall confirm the delivery of an application for prior approval referred to in Section 163(1)(a) in writing within two business days of the delivery of such application to the acquirer; 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 not later than on the 50th business day of the period for examination of applications referred to in paragraph 3 demand additional information in writing, which is necessary to examine applications for prior approval in accordance with paragraph 1. For a period from the date of sending a demand of Národná banka Slovenska for additional information up to the delivery of an answer, proceedings on the prior approval shall be suspended, however, for a maximum of 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 acquirer has its registered office or is governed by legal regulations of a non-

Member State, or if the acquirer is not an investment firm, management company, credit institution, insurance company, reinsurance company, or a similar institution from the Member State.

(3) Národná banka Slovenska shall decide on an application for prior approval made in accordance with Section 163(1)(a), within 60 business days of a written confirmation of delivery of the application for prior approval referred to in paragraph 1, and upon the delivery of all particulars of the application. If Národná banka Slovenska fails to decide in this period, it is deemed that the prior approval has been granted. Národná banka Slovenska shall inform the acquirer of the date when the period for the issuance of a decision lapses in the confirmation of delivery in accordance with paragraph 2. If Národná banka Slovenska decides to refuse the application for prior approval referred to in paragraph 1, it shall send this decision in writing to the acquirer within two business days, however, before the lapse of the period according to the first sentence.

(4) A prior approval granted in accordance with Section 163(1)(a) shall subject to conditions referred to in Section 28(2)(c) to (g) or Section 28a(2)(c) to (g) equally and the sufficient amount and appropriate composition of the funds to execute the act, their transparent and trustworthy provenance in accordance with other legislation shall be proven and, at the same time, it is not proven that the acquisition of or exceeding the interest by the acquirer shall have a negative impact to the capability of the management company to fulfil further the obligations stipulated by this Act.

(5) Národná banka Slovenska shall refuse a prior approval application referred to in Section 163(1)(a) where the applicant does not fulfil, or does not evidence the fulfilment of, a condition referred to in paragraph 4.

(6) When considering the fulfilment of conditions referred to in paragraph 4, Národná banka Slovenska shall consult with competent authorities of other Member States, if the acquirer according to paragraph 1 is:

(a) a foreign credit institution, a foreign investment firm or a foreign management company authorised in another Member State, an insurance company from another Member State, a reinsurance company from another Member State;
(b) a parent company of the entity referred to in (a); or
(c) an entity controlling the entity referred to in (a).

(7) Where, the acquisition of the interest referred to in Section 163(1)(a), would mean that a management company becomes a part of a financial consolidate group, part of which is also a financial holding company, or if it becomes a part of a financial conglomerate, part of which is a mixed financial holding company, the granting of prior approval by Národná banka Slovenska is subject to the evidencing of a professional qualification and trustworthiness of natural persons who are the members of a statutory body of that financial holding company or mixed financial holding company and the suitability of shareholders controlling the financial holding company or mixed holding company.

(8) Národná banka Slovenska shall consult the fulfilment of conditions for the acquisition of interests in a foreign management company according to the legal regulations of the Member States with the competent authorities of other Member States, if the acquirer of any interest in a foreign management company is a credit institution, insurance company,

reinsurance company, investment firm, or a management company whose registered office is in the territory of the Slovak Republic.

(9) The subject of consultation referred to in paragraphs 6 and 8 shall be the timely disclosure of relevant information or required information for examining the fulfilment of conditions for the acquisition of the relevant interests in a management company, or in a foreign management company. Národná banka Slovenska shall provide the competent authority of a Member State, on 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.

(10) A decision on the prior approval pursuant to Section 163(1)(a) shall include views or reservations reported to Národná banka Slovenska by the competent authority of another Member State, the supervision of which the acquirer is subject to in accordance with paragraph 1.

(11) The decision, by which the prior approval is granted, referred to in Section 163(1)(a) shall state in particular:
(a) the business name, registered office and identification number of the entity which acquires or increases its qualified participation in a management company or which becomes a parent company of the management company if it is a legal entity;
(b) the name, permanent residence and date of birth of the entity who acquires or increases a qualified participation in a management company or who becomes a parent company of the management company, if he is a natural person;
(c) the business name of the management company, its registered office, identification number;
(d) information on the amount of acquired or increased qualified participation and on total qualified participation in the management company.

Section 165

(1) An application for prior approval referred to in Section 163(1)(b) shall be submitted by a management company.

(2) In order to be granted a prior approval referred to in Section 163(1)(b), it shall be proven that the conditions referred to in Section 47 are met.

(3) Národná banka Slovenska shall refuse the application for prior approval referred to in Section 161(1)(b) if an applicant fails to meet or to evidence the fulfilment of a condition referred to in Section 47.

Section 166

(1) An application for prior approval referred to in Section 163(1)(c) shall be submitted by a management company or a shareholder in a management company.

(2) In order to be granted a prior approval referred to in Section 163(1)(c), it shall be proven that the conditions referred to in Section 28(2)(d) or Section 28a(2)(d) are met.

(3) Národná banka Slovenska shall refuse the application for prior approval referred to in Section 161(1)(c) if an applicant fails to meet or to evidence the fulfilment of a condition referred to in paragraph 2.

(4) Národná banka Slovenska shall decide on the application made under paragraph 1 within a period of 15 days from when it was delivered or supplemented.

(5) The decision, by which the prior approval is granted, referred to in Section 163(1)(c), shall state in particular:
(a) the business name, registered office and identification number a management company;
(b) the business name, registered office and identification number or name, permanent residence and date of birth of a shareholder, if the application referred to in paragraph 1 is submitted by the shareholder;
(c) the name, permanent residence and date of birth of a proposed person and their function in the management company.

Section 167

(1) An application for prior approval referred to in Section 163(1)(d) shall be submitted jointly by the management companies which are to be merged or, if a management company is merged with a foreign management company, the application shall be submitted by the management company.

(2) In order for prior approval as referred to Section 163(1)(d) to be granted, it must be proven that the other management company with which the management company is to merge meets the conditions laid down in Section 28(2) or Section 28a(2). Where a management company is to merge with a foreign management company, prior approval shall be granted only if proof is presented that the foreign management company has received from the home Member State's supervisory authority an authorisation issued in accordance with the legally binding act of the European Union as per point 1 of Annex 1 or in accordance with the legally binding act of the European Union as per point 6 of Annex 1.

(3) In order for prior approval as referred to in Section 163(1)(d) to be granted, it must also be proven that the management company that is to be dissolved by merger without liquidation has properly transferred the management of collective investment undertakings, collective investment undertakings managed by it have been wound up by merger with other collective investment undertakings or that it has settled all liabilities toward unit-holders, including any liabilities arising from wound-up collective investment undertakings; this does not apply where the management company that is to be merged has applied for a prior approval for the transfer of the funds' management to a management company or foreign management company it is to be merged with or a prior approval for a merger of the collective investment undertakings it manages with other collective investment undertakings, and the management company no longer performs any activities that have been delegated to it.

(4) If a management company to be dissolved by merger without liquidation also performs activities under Section 27(3) or (6), for prior approval under Section 163(1)(d) to be granted, there must be proven, in addition to the conditions under paragraphs 2 and 3, also the settlement of all liabilities toward clients for which these other activities were performed.

(5) Národná banka Slovenska shall refuse an application for prior approval under Section 163(1)(d), if the applicant fails to meet or evidence the fulfilment of conditions set out in paragraphs 2, 3 or 4.

Section 168

(1) An application for prior approval referred to in Section 163(1)(e) shall be submitted jointly by a management company.

(2) In order to be granted a prior approval referred to in Section 163(1)(e), it shall be proven that the conditions referred to in Section 57 or 57a are met.

(3) Národná banka Slovenska shall refuse the application for prior approval referred to in Section 163(1)(e) if an applicant fails to meet or to evidence the fulfilment of a condition referred to in paragraph 2.

Section 169

(1) An application for prior approval referred to in Section 163(1)(f) shall be submitted jointly by a management company.

(2) In order to be granted a prior approval referred to in Section 163(1)(f), it shall be proven that the organisational, material and personnel provisions necessary for the activities of a branch are in place, while the scope of the authorised activities and financial position of the management company shall be appropriate in regard to the proposed activities of the branch.

(3) Národná banka Slovenska shall refuse the application for prior approval referred to in Section 163(1)(f) if an applicant fails to meet or to evidence the fulfilment of a condition referred to in paragraph 2.

(4) The decision by which the prior approval is granted referred to in Section 163(1)(f) shall state in particular:

(a) the business name of a management company, its registered office and identification number;
(b) the name of non-Member State in the territory of which a branch of a management company is to be established;
(c) the name, permanent residence and date of birth of head of branch and of its deputy;
(d) the scope of activities performed by the branch of the management company.

Section 170

(1) An application for prior approval referred to in Section 163(1)(g) shall be submitted jointly by a management company and an entity which acquires the management company or a part thereof.

(2) In order for prior approval under Section 163(1)(g) to be granted, it must be proven that the management company has properly transferred the management of collective investment undertakings, that the collective investment undertakings managed by it have been wound up through a merger with other collective investment undertakings or that it has settled all liabilities toward unit-holders, including any liabilities arising from wound-up collective

investment undertakings, and that the management company no longer performs any activities that have been delegated to it.

(3) If a management company also performs activities under Section 27(3) or (6), for prior approval under Section 163(1)(d) to be granted, there must be proven, in addition to the conditions under paragraph 2 also the settlement of all liabilities toward clients for which these other activities were performed. Národná banka Slovenska shall refuse the application for prior approval referred to in Section 163(1)(g) if an applicant fails to meet or to evidence the fulfilment of a condition referred to in paragraph 2 or 3.

Section 171

(1) An application for prior approval referred to in Section 163(1)(h) shall be submitted by a management company, unless paragraph 4 provides otherwise.

(2) In order for prior approval under Section 163(1)(h) to be granted, it must be proven that the management company has properly transferred the management of collective investment undertakings, that collective investment undertakings managed by it have been wound up by merger with other collective investment undertakings or that it has settled all liabilities toward unit-holders, including any liabilities arising from wound-up collective investment undertakings, and that the management company no longer performs any activities that have been delegated to it.

(3) If a management company also performs activities under Section 27(3) or (6), for prior approval under Section 163(1)(h) to be granted, there must be proven, in addition to the conditions under paragraph 2, also the settlement of all liabilities toward clients for which these activities were performed.

(4) If an application for prior approval under Section 163(1)(h) is submitted by a self-managed investment fund, for this prior approval to be granted it must be proven that the self-managed alternative investment fund has concluded a pre-contract agreement on the management of the collective investment undertakings under Section 26b or that it has fully settled its liabilities vis-à-vis its unit-holders.

(5) Národná banka Slovenska shall refuse the application for prior approval referred to in Section 163(1)(h) if an applicant fails to meet or to evidence the fulfilment of a condition referred to in paragraph 2, 3 or 4.

Section 172

(1) An application for prior approval referred to in Section 163(1)(i) shall be submitted by a management company that manages a fund or a receiver, jointly with the management company or foreign management company to which the management of a fund is to be transferred.

(2) In order to be granted a prior approval referred to in Section 163(1)(i), it shall be evidenced that:

(a) the transfer of the fund's management does not pose a threat to the interests of fund unit-holders;
(b) the securities of a standard fund, which are to be distributed in the territory of a Member State, shall, at the same time, be publicly offered in the territory of the Slovak Republic,

where it is a standard fund; this is without prejudice to the option to distribute the securities in the territory of a non-Member State;

(c) management of the standard fund is to transfer to a management company authorised pursuant to Section 28 or to a foreign management company under Section 60(2), and that the management of a special fund is to transfer to a management company authorised pursuant to Section 28a or foreign management company under Section 66a;

(d) the management company to which management is to be transferred is authorised pursuant to Section 10(2), if there is to be transferred to the management of a fund whose book-entry securities are kept in separate records;

(e) the conditions referred to in Section 84(4) are met, where it is a standard fund which is a feeder fund;

(f) a master fund, management company which is to manage it, its depository, and auditor or audit company, as well as a feeder fund and management company which is to manage it, fulfil the conditions referred to in Section 108 to 118, where it is a standard fund, which is the master fund;

(g) the conditions under Section 121(2)(c) or Section 137(3) are satisfied, where this concerns a feeder special fund;

(h) the master special fund, management company that is to manage it, its depository and auditor or audit company, as well as the feeder special fund and management company that is to manage it satisfy requirements under Section 109 to 117 in conjunction with Section 119a, where this concerns a master special fund.

(3) Where a fund's depository is changed along with the transfer of the fund's management, prior approval referred to in Section 163(1)(i) shall be granted provided there is evidenced the fulfilment of conditions referred to in Section 84(3)(a) and (b), Section 121(2)(a) or Section 137(3) concerning a depository.

(4) Národná banka Slovenska shall refuse the application for prior approval referred to in Section 163(1)(i) if an applicant fails to meet or to evidence the fulfilment of, a condition referred to in paragraphs 2 and 3. Národná banka Slovenska may refuse the application for prior approval referred to in Section 163(1)(i) provided that at least one condition referred to in Section 84(17) is met, while it shall proceed appropriately in accordance with the provisions of Section 84 related to a foreign management company.

(5) The decision by which the prior approval referred to in Section 163(1)(i) is granted, shall state in particular:

(a) the business name of a management company that manages the fund, its registered office, and the identification number or business name, the registered office, and the identification number of a receiver;

(b) the business name of a management company to which the management of fund is transferred, its registered office and identification number;

(c) the name of the fund the management of which is transferred;

(d) the approval of fund rules amendment relating to management company;

(e) the business name, registered office and identification number of a depository; where the depository is changed at the transfer of management of the fund, the decision shall also state the approval of fund depository change;

(f) determination of a period within the expiration of which a transfer of fund management to another management company shall be carried out; this period may not be longer than 30 days from the date of the decision becoming effective;

(g) the data under Section 85(2), Section 121(13) or Section 137(13), where there is to be transferred the management of a fund that is a feeder fund or feeder special fund.

(6) An authorisation to establish a fund or the inclusion of a special qualified investor fund in the list referred to in Section 137 shall be transferred to the management company to which the management of the fund has been transferred on the date of accomplishment of transfer of management of the fund.

(7) A management company shall, within a month after the entry into force of the decision referred to in paragraph 5, publish that decision along with the fund rules in such a manner which is stipulated by the rules of that fund in relation to the submission of reports to the unit-holders.

Section 173

(1) An application for prior approval referred to in Section 163(1)(j) shall be submitted by a management company that manages the fund.

(2) In order to be granted a prior approval referred to in Section 163(1)(j), it shall be evidenced that the conditions referred to in Section 84(3)(a) and (b), Section 121(2)(a) or Section 137(3) concerning the depository are met.

(3) Národná banka Slovenska shall refuse the application for prior approval referred to in Section 163(1)(j) if an applicant fails to meet or to evidence the fulfilment of a condition referred to in paragraph 2.

Section 174

(1) An application for prior approval referred to in Section 163(1)(k) shall be submitted by a management company that manages the common fund.

(2) In order to be granted a prior approval referred to in Section 163(1)(k), it shall be evidenced that the rules of the common fund are in compliance with this Act, and it provides adequate protection of the fund unit-holders in regard to the investment policy and risk profile.

(3) Národná banka Slovenska shall refuse the application for prior approval referred to in Section 163(1)(k) if an applicant fails to meet or to evidence the fulfilment of a condition referred to in paragraph 2.

(4) Národná banka Slovenska shall decide on the application under paragraph 1 within 2 months of the receipt or completion of the application.

(5) The decision, by which the prior approval is granted, referred to in Section 163(1)(k) shall state in particular:
(a) the business name of a management company that manages the common fund, its registered office and identification number;
(b) the name of the common fund the rules of which are amended; and
(c) the approval of amendment of the common fund rules.

(6) Prior approval under Section 163(1)(k) is not required for changes to the fund rules, if they are changes concerning data under Section 7(5)(b) and (c) or if the changes to the fund rules result from a granting of prior approval under Section 163. Prior approval under Section 163(1)(k) is not required for changes to the fund rules, if they are changes concerning data under Section 7(5)(a) resulting from a change to the management company's business name. The management company is, however, required to notify Národná banka Slovenska of changes under the first and second sentences in writing no later than by the tenth day of making the change, to submit the new text of the fund rules to Národná banka Slovenska, and to inform unit-holders of the change to the fund rules in the manner specified by the fund rules.

Section 175

(1) An application for prior approval referred to in Section 163(1)(l) shall be submitted by the management company that manages the fund whose establishment authorisation it intends to return or whose listing pursuant to Section 137 it intends to have removed, a management company that manages an umbrella fund the sub-fund of which it intends to cancel, or a management company that manages a feeder fund which it intends to cancel.

(2) In order to be granted a prior approval referred to in Section 163(1)(l), the capability of the management company referred to in paragraph 1 to ensure the accomplishment of activities related to the cancellation of a fund, a sub-fund of an umbrella fund, or feeder fund shall be evidenced.

(3) Where a prior approval referred to in Section 163(1)(l) is applied for a cancellation of an umbrella fund's sub-fund, in order to be granted a prior approval referred to in Section 163(1)(l), a fulfilment of the condition referred to in Section 174(2) must be evidenced.

(4) Národná banka Slovenska shall refuse the application for prior approval referred to in Section 163(1)(l) if an applicant fails to meet or to evidence the fulfilment of conditions referred to in paragraph 2 or (3).

(5) Where a prior approval referred to in Section 163(1)(l) is a request to cancel an umbrella fund's sub-fund, the decision, by which a prior approval referred to in Section 163(1)(l) is granted shall, in particular, state:
(a) the business name of a management company that manages an umbrella fund, its registered office and identification number;
(b) the name of an umbrella fund, a sub-fund of which shall be cancelled;
(c) the name of an umbrella fund's sub-funds which shall be cancelled;
(d) the approval of an umbrella fund rules amendment related to a cancellation of sub-fund or sub-funds.

Section 176

(1) An application for prior approval under Section 163(1)(m) shall be submitted by a management company managing common funds that are to convert to an umbrella common fund or by a management company managing a common fund that is to convert to a sub-fund of an existing umbrella common fund.

(2) In the case of the conversion of common funds to an umbrella fund, for prior approval under Section 163(1)(m) to be granted, it must be proven that:

(a) the unit-holders were demonstrably informed of the management company's intention to convert the common funds to an umbrella common fund at least one month prior to the submission of the application under paragraph 1;
(b) conditions are satisfied under:
   1. Section 84(3), if the umbrella common fund that is to be created through the conversion of the common funds will be a standard fund;
   2. Section 121(2), if the umbrella common fund that is to be created through the conversion of the common funds will be a public special fund; or
   3. Section 137(3), if the umbrella common fund that is to be created through the conversion of the common funds will be a special qualified investor fund.

(3) In the case of the conversion of a common fund to a sub-fund of an existing umbrella common fund, for prior approval under Section 163(1)(m) to be granted, it must be proven that:
(a) the unit-holders were demonstrably informed of the management company's intention to convert the common fund to a sub-fund of an existing umbrella common fund at least a month prior to the submission of the application under paragraph 1;
(b) the change or supplementing of the fund rules of the existing umbrella common fund is in accordance with this Act and there can be presumed sufficient protection for unit-holders with regard to the investment policy of the sub-fund that will be created through the conversion.

(4) Národná banka Slovenska shall refuse an application for prior approval under Section 163(1)(m), if the applicant fails to fulfil or fails to prove fulfilment of the conditions under paragraph 2 or 3.

(5) Národná banka Slovenska shall decide on an application under paragraph 1 within the term of one month from receipt or supplementing.

(6) In the case of the conversion of common funds to an umbrella fund, the decision granting prior approval under Section 163(1)(m) shall contain in particular:
(a) the business name of the management company submitting the application under paragraph 1, its registered office and identification number;
(b) the name of the common funds that are to be the subject of the conversion to the umbrella common fund;
(c) the name of the umbrella common fund that is to be created through the conversion of the common funds and the business name, registered office and identification number of the depository for the umbrella common fund that is to be created through the conversion;
(d) the names of the sub-funds of the umbrella common fund and a specification of which common funds for conversion pertain to which sub-funds;
(e) the date of the conversion of the common funds to the umbrella common fund;
(f) the authorisation to establish the umbrella common fund that will be created through the conversion, including the details of the decision under:
   1. Section 85(1), if the umbrella common fund that is to be created through the conversion of the common funds will be a standard fund;
   2. Section 121(11), if the umbrella common fund that is to be created through the conversion of the common funds will be a public special fund;
(g) the data pursuant to Section 137(12), if the umbrella common fund that is to be created through the conversion of the common funds will be a special qualified investor fund.

(7) In the case of the conversion of a common fund to a sub-fund of an existing umbrella common fund, the decision granting prior approval under Section 163(1)(m), shall contain in particular:

(a) the business name of the management company submitting the application under paragraph 1, its registered office and identification number;
(b) the name of the common fund that is to be the subject of conversion to a sub-fund of an existing umbrella common fund;
(c) the name of the existing umbrella common fund, the business name, registered office and identification number of its depository, and the name of the newly created sub-fund of the umbrella common fund;
(d) the date of the conversion of the common fund to the sub-fund to the umbrella common fund;
(e) the approval of the change to the fund rules of the umbrella common fund.

Section 177

(1) An application for prior approval referred to in Section 163(1)(n) shall be submitted by a management company that manages the closed-ended fund.

(2) In order to be granted a prior approval referred to in Section 163(1)(n), it shall be evidenced that fund unit-holders were informed about the management company's intention to carry out a conversion of closed-ended fund into open-ended fund at least six months prior to the submission of the application referred to in paragraph 1.

(3) Národná banka Slovenska shall refuse the application for prior approval referred to in Section 163(1)(n) if an applicant fails to meet or to evidence the fulfilment of a condition referred to in paragraph 2.

(4) The decision, by which a prior approval referred to in Section 163(1)(n) is granted shall, in particular, state:

(a) the business name of a management company that manages a closed-ended fund, its registered office and identification number;
(b) the name of the closed-ended fund which converts into an open-ended fund;
(c) the name of open-ended fund which shall be constituted by a conversion from closed-ended fund;
(d) the date of conversion of closed-ended fund into the open-ended fund;
(e) the approval of fund rules amendment in relation to a conversion of closed-ended fund to open-ended fund.

Section 178

(1) An application for prior approval referred to in Section 163(1)(o) shall be submitted by a management company that manages the special fund.

(2) Prior approval under Section 163(1)(o) may be granted only to a management company to which has been granted, besides an authorisation as referred to in Section 28a, also an authorisation under Section 28, or to a foreign management company that, in addition to entitlement to operate through its branch or under the freedom to provide services pursuant to Section 66a, has also been authorised to operate through its branch pursuant to Section 64 or under the freedom to provide services pursuant to Section 65.

(3) In order to be granted a prior approval referred to in Section 163(1)(o), it shall be evidenced that:
(a) the composition of the assets and principles of risk-limitation and risk-spreading rules are in accordance with Sections 88 to 93;
(b) the fund complies with the conditions referred to in Section 84(3);
(c) the unit-holders have provably been informed, at least six months prior to the submission of the application referred to in paragraph 1, about the management company's intention to carry out a conversion of the special fund into a standard fund;
(d) where the special fund is a closed-ended fund, the condition referred to in Section 177(2) has been met.

(4) Národná banka Slovenska shall refuse the application for prior approval referred to in Section 163(1)(o) if an applicant fails to meet or to evidence the fulfilment of a condition referred to in paragraph 2 or 3.

(5) The decision, by which a prior approval referred to in Section 163(1)(o) is granted shall, in particular, state:
(a) the business name of a management company that manages a special fund, its registered office and identification number;
(b) the name of the special fund which converts into a standard fund;
(c) the name of the standard fund which shall be constituted by a conversion from special fund;
(d) the date of conversion of the special fund into the standard fund, the approval of the fund rules amendment in relation to a conversion of special fund into a standard fund.

(6) Where the special fund, which converts into a standard fund was the closed-ended common fund, Section 18 applies mutatis mutandis to the conversion referred to in paragraph 1.

(7) Where the special fund which converts into a standard fund was the open-ended common fund, the conversion shall take effect on the date specified in the decision referred to in paragraph 5.

Section 179

(1) An application for prior approval referred to in Section 163(1)(p) shall be submitted by a management company that manages a special fund. It is possible to extend the period for which the special fund has been established only in the special fund constituted as an open-ended fund.

(2) In order to be granted a prior approval referred to in Section 163(1)(p), it shall be evidenced that:
(a) the unit-holders of the special fund have been provably informed, at least six months prior to the submission of the application referred to in paragraph 1, about the management company's intention to extend the period of its establishment;
(b) the composition of assets and risk-limitation and risk-spreading rules are in compliance with this Act;
(c) the management company applied for granting the prior approval referred to in paragraph 1 no later than three months prior to the expiry of the period, for which the special fund has been constituted.

(3) The approval of a change in the rules of a special common fund shall be part of the decision granting the prior approval under Section 163(1)(p).

(4) Národná banka Slovenska shall refuse the application for prior approval referred to in Section 163(1)(p) if an applicant fails to meet or to evidence the fulfilment of a condition referred to in paragraph 2.

Section 180

(1) An application for prior approval as referred to in Section 163(1)(q) shall be submitted by the management company that manages the merging funds. Where self-governed investment funds are to merge, an application for prior approval under Section 163(1)(q) shall be submitted by the merging self-governed investment fund.

(2) Národná banka Slovenska may suspend the proceedings on application referred to in paragraph 1 for the reasons stipulated by other legislation no later than by the tenth working day from the date of receipt of the application referred to in paragraph 1.

(3) In the case of a cross-border merger, Národná banka Slovenska shall, upon delivery of the complete application referred to in paragraph 1, promptly send the copies of annexes to the application referred to in paragraph 1 to a competent supervisory authority of the receiving European standard fund's home Member State.

(4) In the case of a cross-border merger, Národná banka Slovenska shall, in the proceedings on the application referred to in paragraph 1, assess the possible impact of the proposed merger on the unit-holders of the merging fund, in order to ascertain whether information on the proposed merger, which the management company managing the merging funds intends to provide to their unit-holders, is satisfactory. In the case of a domestic merger, Národná banka Slovenska shall, in the proceedings on the application referred to in paragraph 1, assess the possible impact of the proposed merger on the unit-holder of the receiving fund, in order to ascertain whether the information on the proposed merger, which the management company managing the receiving fund intends to provide to its unit-holders, is satisfactory. Národná banka Slovenska may, by the decision on a suspension of the proceedings, request the applicant to supplement or explain the information on proposed merger.

(5) In the case of a cross-border merger, Národná banka Slovenska shall suspend the proceedings on prior approval for the cross-border merger, where it receives a notice of dissatisfaction from the competent authority of the receiving European standard fund's home Member State, with information to be provided to the unit-holders of the receiving European standard fund. The competent authority of the receiving European standard fund's home Member State shall inform Národná banka Slovenska whether it is satisfied with modified or amended information to be provided to the unit-holders of the receiving European standard fund within 20 working days of being received.

(6) In order to be granted the prior approval referred to in Section 163(1)(q), the following conditions shall be met:

(a) the proposed merger shall comply with all the requirements referred to in Sections 19 to 20;

(b) in the case of a domestic merger, at which at least one merging fund or receiving fund has been notified in accordance with Section 139, the receiving fund has been notified in accordance with Section 139 in all host Member States in which all merging standard funds have been notified in accordance with Section 139;
(c) in the case of a cross-border merger, the receiving European standard fund has been notified in accordance with Section 142 in relation to a public offering of its securities in the territory of the Slovak Republic and at the same time, it is evidenced that the similar notification took place in all host Member States in which the merging standard funds have been notified in accordance with Section 139;
(d) in the case of a domestic merger, Národná banka Slovenska considers proposed information to be provided to unit-holders of merging funds and information to be provided to unit-holders of the receiving fund, satisfactory;
(e) in the case of a cross-border merger, Národná banka Slovenska considers the proposed information to be provided to the unit-holders of the merging funds satisfactory and the competent authority of the receiving European standard fund's home Member State considers the information to be provided to the unit-holders of the receiving fund satisfactory, or there is no indication of dissatisfaction from the competent authority of the receiving European standard fund's home Member State has been received under paragraph 5;
(f) in the case of a domestic merger, at which the procedure according to Section 19(1)(b) shall be used and the receiving fund is not an umbrella fund's sub-fund, the following conditions are met under:
    1. Section 84(3) or (4) if a standard fund is a receiving fund;
    2. Section 121(2) if a public special fund is a receiving fund; or
    3. Section 137(3), if a special qualified investor fund is a receiving fund;
(g) in the case of a domestic merger, at which the procedure under Section 19(1)(b) shall be used, and an umbrella fund's sub-fund is a receiving fund, the conditions are met in accordance with Section 181(2) and (3).

(7) Národná banka Slovenska shall refuse an application for prior application as referred to in Section 163(1)(q), if the applicant fails to meet or evidence the fulfilment of any of the conditions set out in paragraph 6 or if in a proposed merger:
(a) at least one open-ended fund is the merging fund, and a closed-ended fund is the receiving fund;
(b) at least one standard fund is the merging fund, and a special fund is the receiving fund;
(c) at least one public special fund is the merging fund and a special qualified investor fund or an entity as referred to in Section 4(2)(b) is the receiving fund;
(d) at least one special qualified investor fund or entity as referred to in Section 4(2)(b) is a merging fund and a standard fund is a receiving fund; this does not apply if at least one special qualified investor fund is a merging fund and the asset composition of the merging special qualified investor fund complies with the provisions of Section 88 and with the provisions of the rules or Sections of association of the receiving standard fund and the assets in the merging special qualified investor fund are not subject to any agreements, arrangements or acts that would be in conflict with the requirements of this Act in relation to standard funds and with the rules or Sections of association of the receiving standard fund;
(e) at least one special qualified investor fund or entity as referred to in Section 4(2)(b) is the merging fund and a public special fund is the receiving fund; this does not apply where at least one special qualified investor fund is the merging fund and the asset composition of the merging special qualified investor fund complies with the provisions of Section 124 or

125, depending on the category of the receiving public special fund, and with the rules or Sections of association of the receiving public special fund and the assets in the merging special qualified investor fund are not subject to any agreements, arrangements or acts that would be in conflict with the requirements of this Act in relation to public special funds and with the rules or Sections of association of the receiving public special fund;

(f) at least one domestic collective investment undertaking is the merging fund, and any foreign alternative investment fund is the receiving fund.

(8) Národná banka Slovenska shall decide on the application referred to in paragraph 1 within 20 working days of its delivery or supplementing. Upon granting or refusing the prior approval for the cross-border merger, Národná banka Slovenska shall promptly inform the competent authority of the receiving European standard fund's home Member State.

(9) Where it is a cross-border merger, the decision by which the prior approval is granted in accordance with Section 163(1)(q) shall state:

(a) the business name of a management company that manages the merging funds, its registered office and identification number;
(b) the names of merging funds;
(c) the name of receiving European standard fund, and where a foreign fund is the receiving fund, the business name of a foreign management company or a management company that manages the receiving fund;
(d) the business names and identification numbers of the depositaries of merging funds and the business name, registered office and identification number of the depository of the receiving fund;

(10) Where it is a domestic merger, the decision by which the prior approval is granted in accordance with Section 163(1)(q) shall state:

(a) the business name of a management company that manages the merging funds, its registered office and identification number;
(b) the names of merging common funds;
(c) the name of the receiving fund, and the business name of a management company that manages the receiving fund;
(d) the business names and identification numbers of the depositaries of merging funds and the business name, registered office and identification number of the depository of the receiving fund;
(e) where the procedure referred to in Section 19(1)(a) or referred to in Section 19(1)(b), at which a new sub-fund is constituted is used, the approval of the receiving fund rules amendment;
(f) where the procedure referred to in Section 19(1)(b) is used, the authorisation to establish a newly constituted receiving fund including the particulars of the decision in accordance with:
    1. Section 85(1) or (2), where the receiving fund is a standard fund;
    2. Section 121(11) and (13), where the receiving fund is a public special fund;
(g) where the procedure referred to in Section 19(1)(b) is used in the merger, the data pursuant to Section 137(12) and (13), where the receiving fund is a special qualified investor fund.

(11) The provisions of paragraphs 1 to 10 apply mutatis mutandis to the merger of self-managed investment funds, while, for an application for prior approval submitted by self-governed investment funds under Section 163(1)(q) to be granted, it must be proven that:

(a) the self-governed investment fund with which the merging self-governed investment fund is to merge has been granted an authorisation under Section 28 or an authorisation as referred to in Section 28a;
(b) the foreign self-governed investment fund with which the merging self-governed investment fund is to merge has been granted an authorisation issued in accordance with the legally binding act of the European Union as per point 1 of Annex 1 or an authorisation issued in accordance with the legally binding act of the European Union as per point 6 of Annex 1.

Section 181

(1) An application for prior approval referred to in Section 163(1)(r) shall be submitted by a management company that manages the umbrella fund.

(2) In order to be granted a prior approval referred to in Section 163(1)(r), it shall be evidenced that the change or amendment of the umbrella fund rules is in accordance with this Act, and it is expected that it shall provide a sufficient protection of the unit-holders taking the investment policy of the sub-fund which is to be constituted into account.

(3) If the new umbrella fund's sub-fund is to be a feeder fund in accordance with Section 108, for granting prior approval as referred to in Section 163(1)(r), in addition to the conditions referred to in paragraph 2 it shall also be evidenced that the feeder fund, the management company, that shall manage it, its depository, and auditor or audit company, as well as the master fund and the management company that shall manage it, meet the conditions referred to in Sections 108 to 118.

(4) Národná banka Slovenska shall decide on the application referred to in paragraph 1 within 15 working days of its delivery or supplementing.

(5) Národná banka Slovenska shall refuse the application for prior application referred to in Section 163(1)(r), if a management company fails to meet or evidence the fulfilment of, a condition referred to in paragraph 2 or 3.

(6) The decision, by which a prior approval referred to in Section 163(1)(r) is granted shall, in particular, state:
(a) the business name of a management company that manages an umbrella fund, the rules of which are to be amended, its registered office and identification number;
(b) the name of the umbrella fund, the rules of which are to be amended;
(c) the name of a new sub-fund or new sub-funds of the umbrella fund;
(d) the business name, registered office, and identification number of the depository;
(e) the approval of the umbrella fund rules amendment;
(f) where the new sub-fund is to be a feeder fund, the particulars of the decision in accordance with Section 182(5)(e), (f) and (g).

(7) A management company shall publish, in connection to granting the prior approval in accordance with Section 163(1)(r), the updated prospectus and key information for investors for the respective sub-fund no later than on the date which precedes the date of commencement of the issue of securities of a new sub-fund.

Section 182

(1) An application for prior approval referred to in Section 163(1)(s) shall be submitted by a management company that manages the special fund which is not a feeder fund.

(2) In order to be granted a prior approval referred to in Section 163(1)(s), it shall be evidenced that the feeder fund, the management company that is to manage it, its depository and auditor, as well as the master fund and the management company that is to manage it, fulfil the conditions referred to in Section 108 to 118.

(3) Národná banka Slovenska shall refuse the application for prior application referred to in Section 163(1)(s) if an applicant fails to meet or evidence the fulfilment of a condition referred to in paragraph 2.

(4) Národná banka Slovenska shall decide on the application referred to in paragraph 1 within 15 working days of the delivery of complete application.

(5) The decision, by which a prior approval referred to in Section 163(1)(s) is granted shall, in particular, state:
(a) the business name of a management company that manages a standard fund that converts into a feeder fund, its registered office and identification number;
(b) the name of the standard fund that converts into a feeder fund;
(c) the name of the feeder fund;
(d) the approval of the amendment to the standard fund rules related to the conversion into a feeder fund and the investment made in the master fund;
(e) the name of the master fund;
(f) the business name, registered office and identification number of a management company or a foreign management company managing the master fund or the same of the master fund where it is a self-managed fund;
(g) the business name, registered office and identification number of the depository of the feeder fund and the depository of the master fund;
(h) the date of the conversion of the standard fund into the feeder fund.

(6) The conversion of the standard fund into the feeder fund shall become effective as of the date laid down in the decision referred to in paragraph 5.

Section 183

(1) An application for prior approval referred to in Section 163(1)(t) shall be submitted by a management company that manages the feeder fund.

(2) In order to be granted a prior approval referred to in Section 163(1)(t), it shall be evidenced that the feeder fund, the management company that is to manage it, its depository and auditor or audit company, as well as the master fund and the management company that is to manage it, fulfil the conditions referred to in Section 108 to 118.

(3) Where the prior approval referred to in Section 163(1)(t) is requested in connection with planned cancellation of the master fund and where the payment of the share of the feeder fund in the assets of the master fund, at a cancellation of the master fund, is to be carried out before the date of commencing investment of the assets in the feeder fund in the unit certificates or securities of another feeder fund, the following shall also be evidenced for granting the prior approval referred to in Section 163(1)(t):

(a) to the credit of the feeder fund's assets, the share in the master fund's assets shall, where the master fund is cancelled, be paid in the form of:
   1. funds; or
   2. a transfer of assets being in the assets of the master fund, if the management company applies for such form of payment of the share in the master fund's assets and such option is stated in the master fund rules and in the contract, or in internal business rules in accordance with Section 109(1), and in the decision of cancellation of the master fund, while the management company that manages the feeder fund may, anytime, convert any part of the transferred assets into funds;
(b) the funds received according to this paragraph, may, before the date from which the feeder fund's assets are to be invested into the unit certificates or securities of the new master fund, be reinvested only for the purposes of the efficient management of these funds.

(4) Where the previous approval referred to in Section 163(1)(t) is requested in connection with the planned merger of the master fund, in order to be granted the prior approval referred to in Section 163(1)(t), it also shall be evidenced that the funds received in accordance with Section 112(15), may, before the date from which the feeder fund's assets are to be invested into the unit certificates or securities of another fund, be reinvested only for the purposes of efficient management of these funds.

(5) Národná banka Slovenska shall refuse the application for prior application referred to in Section 163(1)(t), if an applicant fails to meet or evidence the fulfilment of a condition referred to in paragraph 2, 3 or 4.

(6) Národná banka Slovenska shall decide on the application referred to in paragraph 1 within 15 working days of the delivery of complete application.

(7) The decision, by which a prior approval referred to in Section 163(1)(t) is granted shall, in particular, state:
(a) the business name of a management company that manages the feeder fund, its registered office and identification number;
(b) the name of the feeder fund;
(c) the approval of the amendment to the feeder fund rules related to the change of the master fund;
(d) the name of the new master fund;
(e) the business name, registered office and identification number of a management company or a foreign management company managing new master fund or the same of the new master fund where it is a self-managed fund;
(f) the business name, registered office and identification number of the depository of the master fund and the depository of the master fund;
(g) the date of conversion of the master fund.

(8) The change of the master fund shall become effective as of the date laid down in the decision referred to in paragraph 7.

Section 184

(1) An application for prior approval referred to in Section 163(1)(u) shall be submitted by a management company that manages the feeder fund.

(2) In order to be granted a prior approval referred to in Section 163(1)(u), it shall be evidenced that the rules of a standard fund which is not a feeder fund comply with this Act, and it is expected that the protection of unit-holders shall be sufficient taking into account the investment policy and risk profile of that fund.

(3) Where the prior approval referred to in Section 163(1)(u) is requested in connection with the planned cancellation of the master fund and where the payment of the feeder fund's share in the assets of the master fund, at a cancellation of the master fund, is to be carried out before the date of commencing investment of the assets in the feeder fund according to the new application which is under approval process within the proceedings on the prior approval in accordance with Section 163(1)(u), it shall also be evidenced that:

(a) to the credit of the feeder fund's assets, the share in the master fund's assets shall, where the master fund is cancelled, be paid in the form of:
    1. funds; or
    2. a transfer of assets being in the assets of the master fund, if the management company that manages the feeder fund applies for such a form of a redemption of unit certificates and such option is stated in the master fund rules and in the contract or in internal business rules in accordance with Section 109(1) and in the decision of cancellation of the master fund, while the management company that manages the feeder fund may, at any time, convert any part of the transferred assets into funds;
(b) the funds, kept or received according to this paragraph, may, before the date from which the feeder fund is converted into the standard fund, be reinvested only for the purposes of efficient management of these funds.

(4) Where the previous approval referred to in Section 163(1)(u) is requested in connection with the planned merger of the master fund, in order to be granted the prior approval referred to in Section 163(1)(u), it also shall be evidenced that the funds received in accordance with Section 112(15), may, before the date of the conversion of the feeder fund into the standard fund, which is not a feeder fund, be reinvested only for the purposes of efficient management of these funds.

(5) Národná banka Slovenska shall refuse the application for prior application referred to in Section 163(1)(u) if an applicant fails to meet or evidence the fulfilment of a condition referred to in paragraph 2, (3) or (4).

(6) Národná banka Slovenska shall decide on the application referred to in paragraph 1 within 15 working days of the delivery of complete application.

(7) The decision, by which a prior approval referred to in Section 163(1)(u) is granted shall, in particular, state:

(a) the business name of a management company that manages the feeder fund, its registered office and identification number;
(b) the name of the feeder fund;
(c) the name of the standard fund constituted as a result of the conversion of the feeder fund;
(d) the approval of the amendment to the feeder fund rules related to the conversion into the standard fund, which is not a feeder fund;
(e) the business name, registered office and identification number of the depository of the standard fund, which is not a feeder bund;
(f) the date of conversion of the feeder fund into the standard fund, which is not a feeder fund.

(8) The conversion of the feeder fund into the standard fund, which is not a feeder fund, shall become effective as of the date laid down in the decision referred to in paragraph 7.

Section 185

(1) An application for prior approval referred to in Section 163(1)(v) shall be submitted by a management company that manages the feeder fund.

(2) In order to be granted a prior approval referred to in Section 163(1)(v), it shall be evidenced that the rules of feeder fund continue to comply with this Act, and it is expected that the protection of unit-holders shall be sufficient taking into account the investment policy and risk profile of the master fund.

(3) Národná banka Slovenska shall refuse the application for prior application referred to in Section 163(1)(v) if an applicant fails to meet or evidence the fulfilment of a condition referred to in paragraph 2.

(4) Národná banka Slovenska shall decide on the application referred to in paragraph 1 within 15 working days of the delivery of complete application.

(5) The decision by which a prior approval referred to in Section 163(1)(v) is granted shall, in particular, state:
(a) the business name of a management company that manages the feeder fund, its registered office and identification number;
(b) the name of the feeder fund;
(c) the approval of the amendment to the feeder fund rules, where any change occurred in connection with the merger of the master fund;
(d) the name of the master fund;
(e) the business name, registered office and identification number of the management company or the foreign management company that manages the master fund or the same of the new master fund, if it is self-managed;
(f) the business name, registered office and identification number of the depository of the feeder fund and of the depository of the master fund.

Section 186

(1) An application for prior approval referred to in Section 163(1)(w) shall be submitted by a management company or a foreign management company authorised pursuant to Section 148.

(2) For prior approval under Section 163(1)(w) to be granted, it must be proven that:
(a) the owners of securities or shareholdings were informed of the intention of the management company or foreign management company authorised pursuant to Section 148 to end the distribution of securities or shareholdings in the foreign alternative investment fund in the territory of the Slovak Republic;
(b) owners of securities or shareholdings in the foreign alternative investment fund were offered the possibility of redemption of the securities or of play shareholdings in the foreign alternative investment fund, with a sufficient period for exercising this right;

(c) the management company or foreign management company authorised pursuant to Section 148 redeemed all securities or shareholdings in the alternative investment fund whose redemption was requested under (b); and
(d) the management company or foreign management company authorised pursuant to Section 148 has taken measures for ensuring all rights of the remaining owners of securities or shareholdings in the foreign alternative investment fund who did not take up the option of redemption of these securities or shareholdings.

(3) Národná banka Slovenska shall refuse the application for prior approval referred to in Section 163(1)(w) if an applicant fails to meet or to evidence the fulfilment of a condition referred to in paragraph 2.

TITLE TWO

REPORTING OBLIGATIONS

Section 187
Compulsory submission of documents, reports and information

(1) A management company shall submit the following to Národná banka Slovenska for each fund that it manages:
(a) key information for investors and all their amendments;
(b) prospectus and any amendments to it;
(c) annual report and semi-annual report or, in the case of a special qualified investor fund, information referred to in Section 152(3), and in the case of a standard fund or public special fund, the document on their publication;
(d) no later than 22 days after the end of the respective accounting quarter, interim financial statements for the previous quarter without explanatory notes.

(2) The documents referred to in paragraph 1(a) to (c) the management company shall also submit to the depository.

(3) The documents referred to in paragraph 1(b) and (c) the management company shall also submit to the supervisory authority of the respective host Member State, upon its request. Where the management company manages the European standard fund, it shall submit the documents referred to in paragraph 1(b) and (c) of the European standard fund to Národná banka Slovenska, upon its request.

(4) A management company shall submit the following to Národná banka Slovenska for the management company:
(a) no later than four months after the end of an accounting year, an annual report of the management company on the management of its own assets;
(b) no later than two months after the end of the first six months of an accounting year, a semi-annual report of the management company on the management of its own assets;
(c) no later than 22 days after the end of the respective accounting quarter, interim financial statements for the previous quarter without explanatory notes;
(d) no later than 22 days after the end of the respective accounting quarter, information on the amount of the share capital and its structure, information on the amounts referred to in Section 47(2)(a) and (b) and information on whether the capital adequacy requirements are met in accordance with Section 47; this is without prejudice to the management company's

obligation to monitor its capital adequacy on a daily basis, or its obligation to notify Národná banka Slovenska promptly in the event that it ceases to meet the capital adequacy requirements.

(5) A management company shall submit the documents referred to in paragraph 4(a) and (b) to the Ministry of Finance of the Slovak Republic (hereinafter 'the Ministry of Finance') within the same deadlines.

(6) An annual report of the management company on the management of the own assets of a management company shall include financial statements, audited by an auditor or audit company, and the information referred to in Annex 4.

(7) If the financial statements of a management company are not audited by an auditor within the time limit for filing the annual report referred to in paragraph 4(a), this fact shall be mentioned in the annual report. The management company shall promptly file the auditor's or audit company's report in the public section of the financial statements register, no later than one month from its reception. Non-approved financial statements shall also be filed by the management company in the public section of the financial statements register.

(8) A semi-annual report on the management of the own assets of a management company shall include the financial statements for the completed half-year and an auditor's or audit company's statement, if the annual accounts have been audited by an auditor or audit company, and information in accordance with Annex 4.

(9) A management company prepares the explanatory notes to the interim financial statements referred to in paragraphs 1(d) and 4(c), provided that significant circumstances and accounting occur that have impact or may have impact on particular items stated in the statements and in the extent that describes the given circumstances.

Section 188
Reporting obligations of a management company for the management company

(1) A management company shall promptly notify Národná banka Slovenska of any change in its financial position or any other facts which could threaten its ability to meet liabilities towards fund unit-holders or clients. A management company authorised pursuant to Section 28a is required to promptly inform Národná banka Slovenska and relevant supervisory authorities of the Member States of a European alternative investment fund if there has arisen the situation that it cannot ensure the fulfilment of conditions under which the authorisation under Section 28a was granted to it, or ensure the fulfilment of duties under this Act.

(2) An entity which has decided to cancel qualified participation in a management company or to reduce an interest in the share capital or voting rights of a management company to below 20%, 30% or 50% or so that the management company ceases to be subsidiary company, must give Národná banka Slovenska written notification of this fact.

(3) The notification referred to in paragraph 2 shall state:
(a) the name, date of birth, and place of permanent residence, if a natural person, or business name, identification number, and registered office, if a legal entity;
(b) the extent to which the legal or natural person intends, in accordance with paragraph 2, to reduce his interest in the share capital or voting rights of the management company.

(4) A management company shall notify Národná banka Slovenska of any change in its share capital which results in the interest of a single entity, or entities acting in concert, increasing to more than 10%, 20%, 30%, or 50%, or where the interest of a single entity, or entities acting in concert, in the share capital or voting rights of the management company decreases to below 50%, 30%, 20%, or 10%, and it shall do so promptly after receiving this information.

(5) A management company shall submit a list of its shareholders to the Ministry of Finance of the Slovak Republic and to Národná banka Slovenska by 31 March of the current calendar year, and the list shall be current as of 31 December of the previous calendar year.

(6) A management company shall, upon the approval of amendment to the Sections of association, promptly send a new wording of Sections of association to Národná banka Slovenska, and notarised rules made from the general meeting session at which the amendment to the Sections of association has been approved, within ten working days from its elaboration.

(7) A management company performing an activity referred to in Section 27(3) or (6) shall also fulfil reporting obligations in accordance with other legislation[77] to the extent which exceeds the terms of the reporting obligation laid down by this Act.

(8) A management company which has decided to perform an activity, or to establish, a branch in the territory of a non-Member State shall give Národná banka Slovenska advance notice in the writing of this intention. This obligation does not apply to the establishment of a management company's branch under the procedure referred to in Section 163(1)(f).

(9) After establishing a branch or commencing activities in a non-Member State, a management company shall promptly give Národná banka Slovenska written notice of the following:
(a) the granting of an authorisation to perform activities or to establish a branch in the non-Member State, where such an authorisation is required in the non-Member State;
(b) the date when it commenced activities or established a branch in the non-Member State;
(c) a plan of activities including a listing of the projected activities in the non-Member State;
(d) the address of the branch at which information and documents may be requested;
(e) the name of the head of the branch and his deputy;
(f) the organisational structure of the branch.

(10) A management company shall promptly inform Národná banka Slovenska in writing of any sanctions imposed on it by the competent authority of a non-Member State.

Section 189
Reporting obligations of a management company for a managed fund

(1) A management company shall promptly notify Národná banka Slovenska of:
(a) the date of commencement of the issue of securities of a managed fund;
(b) the excess and alignment of the limits for a managed fund laid down in the provisions on risk limitation, and risk spreading.

(2) A management shall promptly send the information referred to in Section 161(1) and (2) and data on the valuations of assets in a fund to Národná banka Slovenska following the end of the respective calendar month.

(3) A management company shall, at least once a year, inform Národná banka Slovenska of types of financial derivatives used in the management of the assets in the standard funds, risks of underlying instruments, quantitative limits and methods chosen for the estimation of risks connected with financial derivative deals, for each management standard fund.

(4) The provisions of paragraph 1(b) do not apply to special qualified investor funds, nor do the provisions of paragraphs 1 to 3 apply to entities as referred to in Section 4(2)(b).

Section 189a

(1) A management company is required to regularly, in the intervals under other legislation,[77a] to submit to Národná banka Slovenska a report on the main markets in which it trades and on the instruments in which it makes deals when managing an alternative investment fund or foreign alternative investment fund. These reports shall contain information on the main instruments in which it trades, markets of which it is a member and on which it actively trades, and on the main exposures and most important risk concentrations for each alternative investment fund or foreign alternative investment fund it manages, in the scope laid down by other legislation.[77b]

(2) A management company is required to submit to Národná banka Slovenska for each managed alternative investment fund or European alternative investment fund and for each alternative investment fund or foreign alternative investment fund in which securities or shareholdings it distributes in the territory of the Slovak Republic or another Member State, in the scope laid down by other legislation[77c] the following information:

(a) the percentage share of assets in the alternative investment fund or foreign alternative investment fund to which relate special liquidity management tools arising from their illiquid nature;
(b) any new liquidity management mechanism for the alternative investment fund or foreign alternative investment fund;
(c) the current risk profile of the alternative investment fund foreign alternative investment fund, and the risk management systems that the management company uses for managing market risk, liquidity risk, counterparty risk and other risks, including operational risk;
(d) information on the main categories of assets in which assets in the alternative investment fund or foreign alternative investment fund are invested;
(e) the results of stress tests performed under Section 37a(4)(b) and Section 37b(2).

(3) A management company is required to submit to Národná banka Slovenska, upon its request, the following documents:

(a) an annual report for each managed alternative investment fund or European alternative investment fund and for each alternative investment fund or foreign alternative investment fund in which these securities or shareholdings it distributes in the territory of the Slovak Republic or another Member State, prepared by it in accordance with Section 160a(1) for

each financial year; this does not apply in the case of a special fund for which the provision of Section 187 applies;

(b) a detailed list of all managed alternative investment funds and foreign alternative investment funds updated as at the end of each calendar quarter.

(4) A management company managing an alternative investment fund or foreign alternative investment fund that uses leverage to a significant degree is required to submit at the intervals according to other legislation[77a] to Národná banka Slovenska information on the total level of leverage used by each managed alternative investment fund or foreign alternative investment fund, a schedule in a breakdown for leverage arising from the borrowing of cash or securities, the leverage effect based on financial derivatives, and the scope in which assets in the alternative investment fund or foreign alternative investment fund are reused in a framework of arrangements based on leverage, in particular an identification of the five largest sources of borrowed cash or securities for each managed alternative investment fund or foreign alternative investment fund, and the volumes obtained from each of these sources for each alternative investment fund foreign alternative investment fund.

(5) Národná banka Slovenska is entitled to periodically or once request information beyond the framework set out in paragraphs 1 to 4, if necessary for effective monitoring of systemic risk. Národná banka Slovenska shall inform the European Supervisory Authority (European Securities and Markets Authority) of these additional requirements. Národná banka Slovenska is entitled to require information beyond the framework set out in information beyond the set out in paragraphs 1 to 4 also at the initiative of the European Supervisory Authority (European Securities and Markets Authority).

(6) Národná banka Slovenska shall use information under paragraphs 1 to 5 also for the purposes of determining the degree to which the use of leverage contributes to increasing systemic risk in the financial system, the risk of market disruption or risks to long-term economic growth.

(7) Národná banka Slovenska shall make the information gathered under paragraphs 1 to 5 regarding management companies subject to its supervision, and information obtained under Section 28a, available to the competent authorities of other Member States concerned, the European Supervisory Authority (European Securities and Markets Authority) and the European Systemic Risk Board, according to the procedure under Section 201b. By means of these procedures and also on a bilateral basis it shall promptly provide information to the competent authorities of another directly affected Member States if a management company or alternative investment fund or foreign alternative investment managed by it could potentially present a significant source of counterparty risk for a credit institution or other systemically important institutions in other Member States.

Section 189b

(1) A management company that manages an alternative investment fund or foreign alternative investment fund which achieves or exceeds a share in all voting rights in an unlisted company in an amount of 10%, 20%, 30%, 50% or 75%, or which is to decrease its share in all the voting rights below the limits is required to notify Národná banka Slovenska of these facts.

(2) If an alternative investment fund or foreign alternative investment fund acquires, individually or jointly, control over an unlisted company, the management company managing this fund shall notify this fact to:

(a) the unlisted company concerned;
(b) the shareholders or company partners whose identification data and addresses it has available or which it can obtain from the unlisted company or from a register to which the management company has or can obtain access;
(c) Národná banka Slovenska.

(3) The notification under paragraph 2 shall also contain the following information:

(a) the resulting situation in terms of voting rights;
(b) the conditions under which control was acquired, including information on the identity of each participating shareholder or company partner, entities entitled to exercise voting rights on their behalf and any chains of undertakings by means of which voting rights are effectively held;
(c) the date when control was acquired.

(4) Notifications under paragraphs 1 to 3 must be made promptly by the management company, though no later than by the ninth working day from the day when the share held by the alternative investment fund achieved, exceeded or fell below the respective limit value, or from the day of obtaining control over the unlisted company.

(5) If an alternative investment fund foreign alternative investment fund obtains, individually or jointly, control over and unlisted company, the management company managing this fund is required to disclose to the entities under paragraph 2 the following information:

(a) the identification data of the management company;
(b) the strategy for preventing and managing conflicts of interests, in particular between the management company, alternative investment fund foreign alternative investment fund and unlisted company, including information on specific protective measures taken to ensure that any agreements between the management company or alternative investment fund or foreign alternative investment fund and the unlisted company are concluded at arm's length;
(c) the policy for external and internal communication relating to the unlisted company, particularly as regards its employees.

(6) A management company is required, in notifications to the unlisted company under paragraphs 3 and 5 to request the company's board of directors to promptly notify employee representatives or, where there are no such representatives, the employees themselves, of the acquisition of control from the side of the alternative investment fund or foreign alternative investment fund managed by the management company, and information under paragraphs 3 and 5. The management company is required to make all efforts to ensure that employee representatives or, where there are no such representatives, the employees themselves, are duly informed by the board of directors.

(7) If the alternative investment fund or foreign alternative investment fund acquires, individually or jointly, control over an unlisted company, the management company managing this fund is required to disclose information on its intentions in relation to the future development of the unlisted company's business, and the likely consequences of these

intentions on employment, including all substantial changes to the conditions of employment, to:

(a) the unlisted company;
(b) the shareholders or company partners in the unlisted company whose identification data and addresses it has available or which it can obtain from the unlisted company or from a register to which the management company has or can obtain access;
(c) Národná banka Slovenska.

(8) A management company under paragraph 7 shall request the board of directors of an unlisted company to disclose information under paragraph 7 to employee representatives or, where there are no such representatives, to the unlisted company's employees themselves and to make all efforts to ensure that the board of directors of the unlisted company discloses this information.

(9) A management company managing an alternative investment fund or foreign alternative investment fund that has acquired, individually or jointly, control over an unlisted company is required to provide Národná banka Slovenska, at its request, information on how the acquisition of control was financed.

(10) A management company managing an alternative investment fund or foreign alternative investment fund that has acquired, individually or jointly, control over an unlisted company is subject to Section 137c. The provisions of paragraphs 2, 5 and 6 and Section 137b relate also to a management company managing an alternative investment fund or foreign alternative investment fund that has acquired, individually or jointly, control over an issuer of securities which is not an unlisted company; the provisions of Section 137c(1) and (2) apply equally to this issuer.

(11) The provisions of other legislation[77d] shall be used for determining whether control has been acquired over an issue of securities under paragraph 10.

Section 190
Reporting obligations of a depository

A depository shall promptly send the information referred to in Section 189(1)(b) to Národná banka Slovenska, in electronic form, and using the method laid down in Section 191(1).

Section 191
Method for submission of data, reports and notifications

(1) A management company and a depository shall prepare and submit information from accounting records and statistical records and further data and information in the form of statements, notifications, overviews, and other reports to Národná banka Slovenska, in the stipulated manner and within stipulated deadlines; such provision of data shall not be considered a breach of obligation of professional secrecy referred to in Section 162. Národná banka Slovenska shall, by way of a decree to be promulgated in the Collection of Laws, stipulate the structure, scope, content, form, classification, deadlines, manner, procedure and place of submission of information from accounting records and statistical records, including the methodology for preparation of statements, notifications, overviews and other reports.

(2) Information referred to in paragraph 1 and other information stated in the statements, notifications and other reports shall be understandable, transparent, and provable, and it shall provide a true view of the reported circumstances and be submitted in time. Where statements, notifications and other reports fail to be submitted in the prescribed manner or where there is a reason to suspect their accuracy or completeness, the management company shall, upon the request of Národná banka Slovenska, submit the source documents to the statements and notifications, and present an explanation within the deadline set by Národná banka Slovenska.

(3) A management company may submit reports and other information under this Act to the depository in writing or in electronic form.

(4) A management company shall promptly send all published information in electronic form to Národná banka Slovenska, unless Sections 156, 157 and 160 stipulate otherwise.

Section 192
Reporting obligations of a foreign management company performing activities in the territory of the Slovak Republic

(1) Národná banka Slovenska may, for statistical purposes, require that a foreign management company that has established a branch in the Slovak Republic in accordance with Section 64 submit periodic reports on its activities performed in the territory of the Slovak Republic.

(2) Národná banka Slovenska may, for the purposes of supervision, require that the foreign management company that performs activities in the territory of the Slovak Republic by established branch or on the basis of the freedom to provide services submit periodical statements, notifications and reports or other information needed for the purpose of supervision of compliance with Section 66(3) and (4). Národná banka Slovenska may not require a foreign management company to submit statements, notifications and information that it could not require from management companies authorised pursuant to this Act.

(3) Národná banka Slovenska shall, by way of a decree to be promulgated in the Collection of Laws, stipulate the structure, scope, content, form, classification, deadlines, manner, procedure and place of submission of statements, notifications, reports and other information referred to in paragraph 2, including the methodology for their preparation.

(4) A foreign management company shall ensure that the procedures and arrangements for making information accessible enables the obtaining of statements, notifications and information to Národná banka Slovenska, in accordance with paragraph 2, directly from the foreign management company.

Section 192a

(1) An entity recorded in the register under Section 31b is required to submit to Národná banka Slovenska information on the instruments in which the assets of alternative investment funds or foreign alternative investment funds managed by it are invested, on significant positions and exposures of the managed alternative investment funds or foreign alternative investment funds.

(2) Other legislation[77e] applies to the structure, scope, content, form, breakdown and

submission deadlines for information under paragraph 1. Národná banka Slovenska may specify, by way of a decree to be promulgated in the Collection of Laws, the deadlines, manner, procedure and place of submitting information under paragraph 1, including the methodology for their preparation.

DIVISION TEN

SUPERVISION

Section 193

(1) Activities performed by the following are subject to supervision in accordance with this Act:
(a) a management company;
(b) domestic collective investment undertakings with legal personality;
(c) a foreign collective investment undertaking or a foreign management company to the extent of its activities in the territory of the Slovak Republic;
(d) the founders of a management company and an investment fund with variable capital with regard to their activities under this Act;
(e) members of the board of directors, members of the supervisory board, the authorised representative of a management company and an investment fund with variable capital, and their senior management;
(f) shareholders in a management company with a qualified participation in the management company;
(g) an entity procuring the issue, redemption and repurchase of securities of funds;
(h) a depository with regard to its activities under this Act;
(i) a receiver with regard to his activity under this Act;
(j) a liquidator with regard to his activity under this Act;
(k) an entity to which a management company delegates the performance of a part of its activities in accordance with Section 57 or Section 57a;
(l) the head of a branch of a foreign investment fund and a foreign management company and his deputy.

(2) The supervision referred to in paragraph 1 shall concern:
(a) compliance with the provisions of this Act and other legislation of general application that apply to entities subject to supervision in accordance with this Act and other legislation;[77f]
(b) compliance with the fund's rules and Sections of association and with the Sections of association of a management company;
(c) compliance with the conditions under which an authorisation was granted under this Act, and compliance with the conditions stated in other decisions of Národná banka Slovenska;
(d) the fulfilment of sanction measures imposed by a decision of Národná banka Slovenska.

(3) The scope of supervision shall not include contractual dispute resolutions of management companies, foreign management companies, foreign collective investment undertakings, foreign management companies, and their fund unit-holders and customers; these shall be heard and decided by the competent courts or other authorities in accordance with other legislation.[78]

(4) The supervision referred to in paragraph 1 shall be exercised by Národná banka Slovenska.

(5) Where a management company has activities referred to in Section 27(3) or (6) stated in its authorisation under Section 28 or in its authorisation under Section 28a, it shall be additionally subject to consolidated supervision in accordance with other legislation,[79] and to the same extent as an investment firm.

(6) A management company and non-European management company, a foreign collective investment undertaking granted an authorisation under Section 148, and a foreign management company granted an authorisation under Section 148, shall allow persons authorised to exercise supervision to attend its general meetings and meetings of its supervisory board, board of directors, and the management of the branch of the foreign collective investment undertaking, and the branch of the non-European management company.

(7) Compliance with rules for the activities of a management company's branch in a host Member State, laid down by legislation in that Member State, are not subject to supervision by Národná banka Slovenska.

Section 194

(1) Where a management company controls a consolidated group or sub-consolidated group, or it is part of a consolidated group or sub-consolidated group, which is subject to consolidated supervision under other legislation,[80] supervision on a consolidated basis shall be exercised over the management company and the consolidated group in accordance with the provisions of other legislation[80] to the same extent as it is exercised over an investment firm.

(2) A management company which is part of a financial conglomerate under other legislation[81] is subject to the supplementary supervision of financial conglomerates in accordance with the provisions of other legislation[82] and to the same extent as an investment firm.

(3) A management company which is part of a financial conglomerate under other legislation,[81] shall, for the purposes of supplementary supervision of financial conglomerates, be categorised in the investment services sector.

Section 195

(1) Where supervision is exercised through an on-site inspection, relations between Národná banka Slovenska and the entities subject to this supervision shall be governed by the provisions of other legislation.[83]

(2) Entities subject to supervision referred to in Section 193(1), to consolidated supervision, and to supplementary supervision of financial conglomerates shall submit the information requested by Národná banka Slovenska within the deadline stipulated by Národná banka Slovenska and to Národná banka Slovenska, including records of telephone calls and records on work with information, and the documents and information needed for the due performance of such supervision.

(3) Národná banka Slovenska shall, in exercising supervision, have regard to the protection of fund unit-holders' interests and shall proceed so as not to infringe the rights and legally-protected interests of the entities subject to this supervision.

(4) Národná banka Slovenska may, in exercising supervision, cooperate with foreign supervisory authorities.

(5) Neither the Slovak Republic, nor Národná banka Slovenska, shall be liable for the result of the management of a fund's assets, nor shall they guarantee the liabilities of a management company.

Cooperation in the exercise of supervision over cross-border activities
Section 196

(1) Národná banka Slovenska shall cooperate with Member States' supervisory authorities in the exercise of their obligations under the European Union's legally binding act on collective investment in transferable securities or a legally binding act of the European Union governing alternative investment fund managers, including the exchange of information required for this purpose. Národná banka Slovenska shall be authorised to use its powers for the purposes 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.

(2) Where Národná banka Slovenska has good reason to suspect that acts are being or have been carried out in the territory of another Member State contrary to the provisions of the European Union's legally binding act on collective investment in transferable securities or a legally binding act of the European Union governing alternative investment fund managers, Národná banka Slovenska shall notify the competent authorities of the other Member State thereof.

(3) Where Národná banka Slovenska has received a notification of the competent authority of a Member State that acts are being or have been carried out in the territory of the Slovak Republic contrary to the provisions of this Act or of the European Union's legally binding act on collective investment in transferable securities or a legally binding act of the European Union governing alternative investment fund managers, Národná banka Slovenska shall perform a supervision. Národná banka Slovenska shall inform the competent authority of a Member State which made a notification of material preliminary measures taken by Národná banka Slovenska in examining the notification and on an outcome of the proceedings.

(4) Národná banka Slovenska may request cooperation of the competent authorities of another Member State for an on-the-spot verification in the territory of the latter within the framework of their powers pursuant to this Act and legally binding act of the European Union on collective investment in transferable securities or a legally binding act of the European Union governing alternative investment fund managers.

(5) Where Národná banka Slovenska receives a request with respect to an on-the-spot verification from a competent authority of a Member State:
(a) it shall carry out the verification itself;
(b) allow the requesting authority to carry out the verification or enable the auditors or audit company or authorised persons to carry out on-the-spot verification.

(6) Where Národná banka Slovenska performs on-the-spot verification on the basis of a request of the respective authority of a Member State for a cooperation, the employee or entities authorised by the competent authority of a Member State may, on the basis of the

request of that competent authority of a Member State, participate in the on-the-spot verification, this is without prejudice to the responsibility and powers of Národná banka Slovenska in relation to the performance of such verification.

(7) Where Národná banka Slovenska requests a cooperation of the competent authority of a Member State, Národná banka Slovenska shall be entitled to send its employees or authorised persons to participate in the verification performed by that competent authority of a Member State in that Member State, in accordance with the legal regulations of the respective Member State.

(8) Where a competent authority of a Member State performs a verification on-the-spot in the territory of the Slovak Republic, Národná banka Slovenska shall be entitled to request the participation of its employees or authorised persons in the performance of such verification.

(9) Where Národná banka Slovenska performs the on-the-spot verification in another Member State, it shall enable a participation of the employees or authorised persons of that competent authority of a Member State in the performance of such verification, upon the request of the competent authority of a Member State.

(10) Národná banka Slovenska may refuse to exchange information as provided for in paragraph 1 or cooperation in on-the-spot verification as provided for in paragraph 5 where:
(a) such an exchange of information might adversely affect the sovereignty, security or public policy of the Slovak Republic;
(b) judicial proceedings have already been initiated in respect of the same persons and the same actions before the authorities of the Slovak Republic; or
(c) the final judgment in respect of the same persons and the same actions has become effective in the Slovak Republic.

(11) In the case of a circumstance referred to in paragraph 10, Národná banka Slovenska shall inform on motives the requesting authority of a Member State and provide to it the information on proceedings or judgment referred to in (b) or (c), if available and if it is possible to provide it in accordance with other legislation.[84]

(12) In performance of the on-the-spot verification referred to in paragraphs 4 to 9, Národná banka Slovenska acts in accordance with provisions of other legislation.[85]

(13) Národná banka Slovenska may bring to the attention of the European Supervisory Authority (European Securities and Markets Authority) situations where a request:
(a) to exchange information as provided for in Section 199 has been rejected or has not been acted upon within a reasonable time;
(b) to carry out an investigation or on-the-spot verification as provided for in Section 200(2) has been rejected or had not been acted upon within a reasonable time; or
(c) for authorisation for its officials to accompany those of the competent authority of the other Member State has been rejected or has not been acted upon within a reasonable time.

Section 197

(1) For the purpose of exercise of its supervisory function over particular management companies and branches of foreign management companies and foreign collective investment undertakings and to exercise supervision on a consolidated basis, Národná banka Slovenska

shall cooperate with the supervisory authorities of another country, the Slovak chamber of auditors, auditors or audit company, and is entitled to exchange information with them and to draw their attention to the deficiencies discovered at the supervision exercising. The provision of information according to this paragraph is not subject to the obligation of professional secrecy in accordance with this Act and other legislation.[86] Management companies, investment funds with variable capital and depositories shall provide in their internal governance regulations procedures for internal reporting of deficiencies by their employees, as well as designated methods for reporting these deficiencies via dedicated communication channels, which shall be independent, autonomous, secure and which shall ensure confidentiality of the transmitted data. Národná banka Slovenska shall exchange, in particular, the information of management and ownership structure of supervised entities, upon the cooperation with supervisory authorities in other Member States, which enables them to duly exercise supervision and evaluation of compliance with the conditions for granting an authorisation, as well as all information which may be helpful in the monitoring of such supervised entities, especially in relation to their liquidity, capital adequacy, protection of investors, administrative and accounting practices, and internal control mechanisms. Národná banka Slovenska may disclose the obtained confidential information from the supervisory authorities of another Member State, only upon the approval of a foreign supervisory authority which provided such information. The information provided from the supervisory authorities of other Member States may be used only in the exercise of obligations of Národná banka Slovenska and for the purposes:

(a) of supervision of the supervised entities when checking that the conditions governing the taking-up of business and business of supervised entities on a non-consolidated basis or a consolidated basis, in particular, if their liquidity, capital adequacy, extensive assets' engagement, administrative and accounting practices and mechanisms of internal control is checked;
(b) of imposing sanctions in accordance with this Act or other legislation;[87]
(c) of proceedings on remedies against decisions by Národná banka Slovenska;
(d) of pursuing court proceedings on examination of decisions by Národná banka Slovenska or other court proceedings related to the supervised entities or to a supervision of the supervised entities;
(e) of exercising the powers of the European supervisory authority (the European Securities and Markets Authority), the European supervisory authority (European Banking Authority), the European Supervisory Authority (the European Insurance and Occupational Pensions Authority), and the European Systemic Risk Board.

(2) The information provided in accordance with paragraph 1 may only be used for the purposes of supervision, audit, for the purposes of control of auditors or audit companies, and for fulfilment of other statutory tasks or authorities and persons referred to in paragraph 1. The authorities and persons provided for in paragraph 1 shall ensure the classification of the information and keep professional secrecy under this Act and other legislation,[87] the authorities and persons referred to in paragraph 1 may share the information only upon the prior approval of Národná banka Slovenska.

Section 198

(1) With regard to complying with the rules for distribution of securities in accordance with Section 142 to 144 in the territory of the Slovak Republic and for making information available to investors in the Slovak Republic, a European standard fund is subject to supervision by Národná banka Slovenska.

(2) Sanctions for the breach of a European standard fund's obligations under Section 142 to 144 may only be imposed by the supervisory authority of the home Member State, unless provided otherwise by (3). Národná banka Slovenska may impose a sanction for the breach of European standard fund's obligation in accordance with Section 144 or with provisions of other legislation. Národná banka Slovenska shall be entitled to impose the sanctions for the breach of obligations of a foreign management company in management of the standard fund.

(3) Depending on the gravity and extent of the breach committed by a European standard fund, Národná banka Slovenska may impose sanctions on, prohibit, or suspend the distributions of its securities in the territory of the Slovak Republic where:

(a) the offer is being made without the notification referred to in Section 142;
(b) the provisions of Section 144 or other legislation of general application have been breached;
(c) the European standard fund has had its authorisation revoked in the country in which its registered office is situated.

(4) If Národná banka Slovenska ascertains in the supervision that the European standard fund performing the activities in the territory of the Slovak Republic in accordance with Section 142 breaches the obligations resulting from the provisions under this Act, and if it is not entitled to take a measure against that European standard fund, it shall notify the findings to the respective authority of the European standard fund's home Member State.

(5) If the competent authority of the European standard fund's home Member State fails to take measures within the appropriate period of time, or if despite the measures taken by the competent authority of the European standard fund's home Member State, or if it proves that such measures are insufficient, the European standard fund continues in acting in such manner which is provably detrimental to the interests of the investors, Národná banka Slovenska shall be entitled:

(a) upon prior provision of information to the competent authority of the European standard fund's home Member State to take the necessary measures for the protection of investors, including a prohibition of further distribution of securities of that European standard fund in the territory of the Slovak Republic;
(b) to bring to the attention of the European Supervisory Authority (the European Securities and Markets Authority) these circumstances, in order to initiate the action of the latter within the scope of its business according to other legislation.[88]

(6) Národná banka Slovenska shall inform the European Commission and the European Supervisory Authority (the European Securities and Markets Authority) that it has taken the measures referred to in paragraph 5(a).

(7) Národná banka Slovenska shall notify a supervisory authority of the standard fund's host Member State:

(a) of revoking the authorisation to establish the standard fund;
(b) of other serious sanction imposed on the management company in respect of the management of standard fund;
(c) of a measure for suspension of issue or redemption of unit certificates.

(8) Where a foreign management company that has its registered office in another Member State manages the standard fund, Národná banka Slovenska shall communicate the

information referred to in paragraph 7 to the supervisory authority of the foreign management company's home Member State.

Section 199

(1) Národná banka Slovenska shall collaborate closely with the competent authorities of Member States where the management company operates in another Member State on the basis of the freedom to provide services on the basis of the establishment of a branch or where the foreign management company operates in the Slovak Republic on the basis of the freedom to provide service or on the basis of establishment of a branch. For this purpose, Národná banka Slovenska shall communicate information to the competent authorities of Member States, upon their request, on the management company and its ownership structure, needed for the due performance of the supervision and monitoring the operation of the management company and cooperate with the competent authority of the host Member State, so as to ensure the fulfilment of reporting obligation of the management company in accordance with the legal regulation of the respective host country of the management company.

(2) Národná banka Slovenska shall inform the competent authority of the foreign management company's home Member State on measures which it has taken in accordance with Section 201(5), in particular on measures or sanctions imposed on the foreign management company, or restrictions of operation of the foreign management company.

(3) Národná banka Slovenska shall promptly inform the competent authority of a Member State of the European standard fund managed by the management company about problems ascertained in the management company, which may have a material impact on its ability to duly perform its obligations in relation to the European standard fund or about failure to meet the requirements referred to in Section 27 to 69.

(4) Národná banka Slovenska shall promptly inform the respective authority of the foreign management company's home Member State of any problems ascertained on the level of the standard fund, which may have a material impact on the ability of the foreign management company to duly perform its obligations or meet the requirements under this Act related to the foreign management company in management of standard fund.

Section 200

(1) The competent authority of a Member State of a foreign management company operating in the territory of the Slovak Republic on the basis of the establishment of a branch, may, upon prior communication to Národná banka Slovenska, exercise on-the-spot verification in the branch of the foreign management company in the territory of the Slovak Republic in accordance with Section 66 for the purposes of the verification of information received from Národná banka Slovenska in accordance with Section 199. This is without prejudice to the authorisation of Národná banka Slovenska to perform on-the-spot verification in the branch of the foreign management company in the territory of the Slovak Republic.

(2) Národná banka Slovenska may, upon prior communication to the competent supervisory authority of a host Member State of the management company operating in the territory of that Member State on the basis of the establishment of a branch, exercise on-the-spot verification in the branch of the management company in the territory of the management company's host Member State, if permitted by legal regulations of that Member State. This is

without prejudice to the authorisation of the competent supervisory authority of the management company's host Member State to perform, in accordance with a legally binding act of the European Union on collective investment, on-the-spot verification in the branch of the management company located in its territory.

(3) Based on an agreement concluded between Národná banka Slovenska and the supervisory authority of a non-Member State, the supervisory authority of the non-Member State may exercise supervision in the territory of the Slovak Republic over the operation of the branch of a foreign management company, the branch of a foreign investment fund, the subsidiary of a foreign investment fund which is a management company, or the subsidiary of a foreign management company which is a management company. Národná banka Slovenska may conclude such an agreement only on a reciprocal basis.

(4) Národná banka Slovenska may exercise supervision of the branches of a management company operating in the territory of a non-Member State, and over the subsidiary of a management company which is a management company operating in the territory of a non-Member State, provided that this is allowed by the legal regulations of the non-Member State concerned, and the agreement that is concluded between Národná banka Slovenska and the supervisory authorities of that country.

Section 201

(1) Where the competent supervisory authority of the management company's host Member State in accordance with Section 60(1) notifies Národná banka Slovenska that the management company concerned refuses to provide the management company's host Member State with information falling under its responsibility, or fails to take necessary steps to put an end to the breach of a rule falling under its responsibility, Národná banka Slovenska shall take necessary measures to put an end to the unlawful condition. Národná banka Slovenska shall promptly notify the competent supervisory authority of the management company's host Member State of the measures taken.

(2) Where, in connection with an application of a management company for an authorisation to establish the European fund, the competent authority of the European fund's home Member State shall ask Národná banka Slovenska for clarification and information in the extent referred to in Section 84(17), Národná banka Slovenska shall provide the clarification and information within 10 working days of the initial request.

(3) If Národná banka Slovenska finds that a foreign management company referred to in Section 60(2) operating in the territory of the Slovak Republic violates a rule falling under its responsibility, it shall promptly request that foreign management company to make a remedy within a specified period of time and inform the competent supervisory authority of the foreign management company's home Member State.

(4) If the foreign management company referred to in paragraph 3 fails to take needed measures so as to put an end to the violation referred to in paragraph 3, or it fails to make a remedy within a specified period of time, Národná banka Slovenska shall inform the competent supervisory authority of the foreign management company's home Member State and ask it to take necessary measures to put an end to the unlawful condition and to provide information on measures taken.

(5) If despite the measures under paragraphs 3 and 4, a foreign management company continues to violate the law of the Slovak Republic that applies to it, Národná banka Slovenska may, upon prior informing of the competent supervisory authority of the foreign management company's Member State, adopt measures needed to put an end to the unlawful situation, including measures to restrict or discontinue the activities of the foreign management company in the territory of the Slovak Republic. The measures, having the character of sanctions, shall be taken in the form of a decision that shall be delivered to the foreign management company under other legislation[89] and which may be appealed against. The foreign management company shall take the measures. Where the foreign management company concerned manages the standard fund under this Act, Národná banka Slovenska may revoke the authorisation to establish the standard fund granted to the foreign management company.

(6) Where Národná banka Slovenska comes to the conclusion that the competent authority of the management company's home Member State did not act appropriately, instead of the procedure referred to in paragraph 4, it may bring the attention of the European Securities and Markets Authority to that matter to initiate its action within the extent of its powers under other legislation.[88]

(7) If the matter cannot be postponed, Národná banka Slovenska may, even before following the procedure laid down in paragraphs 3 to 6, adopt an interim measure in order to protect the fund unit-holders and clients of the foreign management company referred to in paragraph 3. Národná banka Slovenska shall promptly notify the European Commission, the European Securities and Markets Authority and the competent supervisory authority of the foreign management company's home Member State that any such interim measures have been adopted. Národná banka Slovenska shall change or cancel an adopted interim measure if the European Commission decides so.

(8) If the competent supervisory authority of the foreign management company's home Member State revokes the authorisation of the foreign management company referred to in paragraph 3, Národná banka Slovenska shall, promptly after learning of this fact, adopt measures to prevent this entity performing activities in the territory of the Slovak Republic and measures to protect domestic fund unit-holders and clients.

(9) Prior to issuing the decision on revoking the authorisation to operate the management company in accordance with Section 60(1), Národná banka Slovenska shall consult the proposed revocation of the authorisation to operate the management company with the competent supervisory authority of the European funds' home Member States which that management company manages in accordance with Section 60(1). If Národná banka Slovenska revokes the authorisation of a management company for activities of a management company, it shall promptly notify the management company's host Member State's competent supervisory authority thereof.

(10) Národná banka Slovenska shall inform the European Commission and the European Securities and Markets Authority on quantity and types of cases referred to in Section 61(3) and Section 84(18) and on measures adopted in accordance with paragraph 5.

Section 201a

(1) Supervision over compliance with rules for the activity (Section 48) of a foreign management company authorised pursuant to a legally binding acts of the European Union

governing alternative investment fund managers, and provisions on conflict of interest (Section 45a) in the management of alternative investment funds and the distribution of securities or shareholdings in alternative investment funds and foreign alternative investment funds in the Slovak Republic via a branch shall be performed by Národná banka Slovenska.

(2) If the competent supervisory authority of the host Member State of the management company authorised pursuant to Section 28a or a non-European management company authorised pursuant to Section 66c notifies Národná banka Slovenska that the management company has refused to provide the competent authority of the host Member State information falling within its competence, or has not necessary measures to end a breach of any of the rules falling within its competence, Národná banka Slovenska shall, if the management company has breached rules that do not fall within its competence:

(a) take necessary measures to ensure that the management company provides the competent authority of the host Member State information requested by it or for ending the unlawful state; it shall promptly communicate to the measures taken to the competent supervisory authority of the management company's host Member State;
(b) request the competent authority of the Member State to provide information, if this concerns a non-European management company.

(3) If Národná banka Slovenska finds that, in conducting activity in the territory of the Slovak Republic, a foreign management company authorised pursuant to a legally binding act of the European Union governing alternative investment fund managers breaches any of the rules that fall within its competence, it shall request the foreign management company to remedy this within a set period and shall communicate this fact to the competent supervisory authority of the foreign management company's home Member State.

(4) If a foreign management company under paragraph 3 fails to take the necessary measures to end the breach of rules referred to in paragraph 3 or fails to make remedy within the set term, Národná banka Slovenska shall inform the competent supervisory authority of the foreign management company's home Member State and request it take immediate measures necessary for ending the unlawful state and to provide information on the measures taken.

(5) If, despite the measures in paragraphs 3 and 4, the foreign management company continues to violate laws of the Slovak Republic to which it is subject, Národná banka Slovenska may, after informing the competent supervisory authority of the foreign management company's home Member State, take necessary measures for ending the unlawful state, including measures necessary for restricting or ending the activity of the foreign management company in the territory of the Slovak Republic. The foreign management company shall carry out the measures. If the foreign management company manages an alternative investment fund under this Act for the creation or management of which an authorisation under this Act is required, Národná banka Slovenska may revoke this authorisation from the foreign management company.

(6) If Národná banka Slovenska finds that, in conducting an activity in the territory of the Slovak Republic, a foreign management company authorised pursuant to a legally binding act of the European Union governing alternative investment fund managers breaches any of the rules falling within its competence, it shall communicate this fact to the competent supervisory authority of the foreign management company's home Member State.

(7) If, despite measures taken by the home Member State on the basis of a notification

under paragraph 6, the foreign management company continues to breach laws of the Slovak Republic that relate to it, and this situation jeopardises financial market stability in the Slovak Republic, and, if necessary in the interests of investor protection, Národná banka Slovenska may, after informing the competent supervisory authority of the foreign management company's home Member State take measures necessary for protecting investors and financial market stability in the Slovak Republic, including measures necessary for restricting or ending the distribution of securities or shareholdings in alternative investment funds or foreign alternative investment funds in the territory of the Slovak Republic.

(8) The provisions of paragraphs 6 and 7 apply even if Národná banka Slovenska for clear and understandable reasons did not consent to the non-European management company's reference Member State granting the authorisation.

(9) If Národná banka Slovenska receives notification from the competent authority of the host Member State of a management company authorised pursuant to Section 28a or non-European management company authorised pursuant to Section 66c, that the management company or non-European management company in conducting activity in the territory of the host Member State breaches any rules that do not fall within its competence, Národná banka Slovenska shall take necessary measures for ending the unlawful state, and, if necessary, request the competent authority of the non-Member State to provide additional information.

(10) If Národná banka Slovenska reaches the conclusion that the competent authority of a Member State under paragraphs 1 to 7 has not acted correctly, it may draw this fact to the attention of the European Supervisory Authority (the European Securities and Markets Authority), so that the competent authority acts in the scope of its powers under other legislation.[89a]

(11) Národná banka Slovenska has the same rights and obligations as the competent supervisory authorities of the host Member State of the alternative investment fund's management company as set out in the notification under Section 150c(9).

Section 201b

(1) Národná banka Slovenska is required to cooperate with supervisory authorities of Member States in the performance of their duties arising under a legally binding act of the European Union governing alternative investment fund managers, including the exchange of information needed for this purpose. Národná banka Slovenska is entitled to exercise its powers for the purpose of cooperation even if the investigated case does not concern a breach of the laws of the Slovak Republic; if the exchange of information concerns personal data, such data shall be kept for a period of at most five years.

(2) Národná banka Slovenska shall forward to host Member States of a management company copies of cooperation agreements concluded under Section 150e(1)(b) and Section 66c(2)(e) and information obtained from supervisory authorities from non-Member States on the basis of these agreements or under Section 201a(2) and (9).

(3) If Národná banka Slovenska reaches the conclusion that a cooperation agreement concluded by a foreign management company's home Member State under Section 150e(1)(b) and Section 66c(2)(c) is not in accordance with the requirements of applicable regulatory technical standards issued on the basis of a legally binding act of the European Union governing

alternative investment fund managers, it may draw this fact to the attention of the European Supervisory Authority (the European Securities and Markets Authority), so that the competent authority acts in the scope of its powers under other legislation.[89a]

(4) If Národná banka Slovenska has received an alert from the competent authority of a Member State that it is acting or has acted in the territory of the Slovak Republic at variance with the provisions of this Act or a legally binding act of the European Union governing alternative investment fund managers, Národná banka Slovenska shall perform supervision. Národná banka Slovenska shall inform the European Supervisory Authority (the European Securities and Markets Authority) and the competent authority of the Member State which gave the notification, of the main preliminary steps taken by Národná banka Slovenska in investigating the notification, and of the outcome from proceedings.

(5) If Národná banka Slovenska has doubts that it is acting or has acted in the territory of another Member State at variance with the provisions of a legally binding act of the European Union governing alternative investment fund managers, it shall draw this fact to the attention of the European Supervisory Authority (European Securities and Markets Authority) and the competent authority of the Member State.

(6) If the European Supervisory Authority (European Securities and Markets Authority) requests in accordance with other legislation[85] Národná banka Slovenska to take measures in connection with alternative investment funds, foreign alternative investment funds, management companies, foreign management companies and non-European management companies, Národná banka Slovenska shall take the necessary measures that:

(a) effectively tackle a threat to the orderly functioning and integrity of financial markets or the stability of the entire financial system in the European Union or in part, or significantly improve the ability of competent authorities to monitor the threat;
(b) do not create a risk of regulatory arbitrage;
(c) do not have a detrimental effect on the efficiency of financial markets, including reducing liquidity on those markets or creating uncertainty in relation to market participants in a manner that is disproportionate to the benefits of this measure.

Section 201c

(1) Národná banka Slovenska shall notify the European Supervisory Authority (European Securities and Markets Authority), the European Systemic Risk Board of information relating to potential systemic consequences[89a] of the activity of management companies or foreign management companies managing alternative investment funds foreign alternative investment funds to the stability of systemically important financial institutions and to the orderly functioning of financial markets. Národná banka Slovenska shall communicate information under the first sentence also to the competent authorities of other Member States in which the information is needed for monitoring and taking measures for ensuring the stability of systemically important financial institutions and for the orderly functioning of financial markets.

(2) Národná banka Slovenska shall communicate summary information regarding the activities of management companies or foreign management companies managing alternative investment funds or foreign alternative investment funds to the European Supervisory Authority (European Securities and Markets Authority), the European Systemic Risk Board subject to conditions under other legislation.[89b]

(3) If Národná banka Slovenska does not agree with an assessment, action or omission by the competent authority of another Member State in areas in which a legally binding act of the European Union governing alternative investment fund managers requires cooperation or coordination between competent authorities from more than one Member State, it may draw this matter to the attention of the European Supervisory Authority (European Securities and Markets Authority) so that it acts in the scope of its powers under other legislation.[88]

Section 202
Sanctions

(1) If Národná banka Slovenska finds that the entities referred to in Section 193(1) have violated or are violating this Act, the rules or instruments of incorporation of a domestic collective undertaking, the Sections of association of a management company, the obligation to provide key information for investors referred to in Section 155, the conditions stated in an authorisation granted under this Act, or that they have violated other legislation,[90] which applies to its activities, or that it has not fulfilled a measure imposed by a decision of Národná banka Slovenska, Národná banka Slovenska shall:

(a) impose measures to eliminate and rectify the detected shortcomings, a time limit for their fulfilment, and an obligation to inform Národná banka Slovenska within a stipulated time limit for their fulfilment;
(b) order a change of the depository and the conditions of the change, recall and nominate the trustee of a fund's assets in bankruptcy, or order a change of the liquidator and the conditions of the change, or it shall order the replacement of persons in the bodies of the management company, the replacement of senior management, and the replacement of the employee responsible for the observation of the compliance function;
(c) suspend for a defined period and to a defined extent the use of a fund's assets and the issuing, redeeming and repurchasing of the fund's securities;
(d) prohibit or suspend for a defined period, but not longer than one year, the distribution of securities of a foreign collective investment undertaking in the territory of the Slovak Republic;
(e) impose a fine of up to:
    1. EUR 5,000,000 or up to 10% of total annual turnover of the preceding calendar year in the case of legal entities; where the legal entity is a subsidiary, the relevant base for total annual turnover of the preceding calendar year is the gross income resulting from the consolidated final accounts of the parent company;
    2. EUR 5,000,000 in the case of a natural person; or
    3. twice the amount of the benefit derived from the breach where that amount can be determined, even if this amount exceeds the amounts referred to in points 1 and 2;
(f) order an audit of the management of a fund's assets, at the cost of the management company;
(g) order the conclusion of the management of a fund's assets;
(h) require the management company to take measures for its recovery;
(i) require the management company, foreign management company, or foreign collective investment undertaking to submit separate statements, reports and disclosures;
(j) order the termination of an unauthorised activity;
(k) restrict or suspend the management company, foreign management company, or foreign collective investment undertaking from performing one or more authorised activities;
(l) require the correction of accounting records or other records in accordance with the findings of Národná banka Slovenska or an auditor or audit company;

(m) require publication of the correction of incomplete, incorrect or false information which the management company, foreign management company, or foreign collective investment undertaking has published;
(n) impose on the management company the settlement of business losses using share capital, after the settlement of retained losses from previous years, funds raised from profit and capital funds;
(o) place a fund's assets in receivership;
(p) under the conditions of Section 207, it shall revoke an authorisation granted in accordance with this Act or order an amendment to an umbrella fund rules under the conditions laid down in Section 207;
(q) order the establishment of an internal audit function or risk management function to the management company;
(r) temporarily forbid any natural person responsible for a breach of the provisions of this Act to conduct the function of a member of the management company's body; if the breach is material or repeated, the person shall be permanently forbidden to conduct such function.

(2) For breaching obligations arising to them under this Act or other legislation of general application related to the performance of a management company's activities and to the performance of activities of a foreign management company's branch, under a management company's Sections of association, or under fund rules, or for breaching the conditions and obligations imposed by a decision issued by Národná banka Slovenska, Národná banka Slovenska shall, according to the gravity and nature of the breach, impose on a member of the board of directors or a member of the supervisory board of a management company, the authorised representative of a management company, or the manager of a branch of a foreign management company or of a foreign collective investment undertaking, a fine of up to twelve times the monthly average of his total income from the management company, foreign collective investment undertaking, or foreign management company, or from a consolidated group including the management company, foreign management company, or foreign collective investment undertaking, however, up to the amount under paragraph 1(e). A senior management, senior employee responsible for internal audit compliance or risk management function, or the deputy to the head of the branch of a foreign management company or foreign collective investment undertaking may, according to the gravity and nature of the breach and on the grounds referred to in the first sentence, be fined up 50% of the amount stated in the first sentence, however, up to the amount under paragraph 1(e). Where a person has ceased to be trustworthy in the meaning of Section 28(10) as a result of being validly fined, a management company, foreign collective investment undertaking, or foreign management company shall promptly recall such person from their position.

(3) Národná banka Slovenska may impose the sanctions referred to in paragraph 1(a), (e) and (j) also for any breach under Sections 9(4), 16(4), 26(9), 163, or on any entities that engage, without authorisation, in collective investment or perform activities of a depository in a way that is inconsistent with this Act. Where a natural or legal person continues to engage in collective investment in a way that is inconsistent with this Act even after the sanctions referred to in the first sentence have been imposed on them, a court shall, on the basis of a proposal of Národná banka Slovenska, decide on liquidate and dissolve that legal person. Národná banka Slovenska may impose the sanctions referred to in the first sentence to a third party which allows or facilitates another entity to engage in collective investment in a way that is inconsistent with this Act by promoting it.

(4) Where a legal person managing an alternative investment fund that is subject to an exemption pursuant to Section 31(1) is in breach of this Act, Národná banka Slovenska shall impose on it the sanction referred to in paragraph 1(a), (c), (e), (j) or (m). Where the legal person referred to in the first sentence continues to be in breach of this Act even after the sanction referred to in paragraph 1(a), (e), (j) or (m) is imposed on it or where it is in breach of the provisions of Section 31c, a court shall, on the basis of a proposal of Národná banka Slovenska, decide to liquidate and dissolve that legal person.

(5) If Národná banka Slovenska, in exercising supervision, finds a violation of the law by an entity referred to in Section 193(1), it shall impose sanctions notwithstanding the fact that this entity is in liquidation.

(6) If within two years of the date when the decision to impose a fine took effect, there is a recurrence of the breach for which the fine was imposed, Národná banka Slovenska may impose a fine of up to two times the original fine.

(7) Sanctions referred to in paragraph 1 may be imposed within two years after the detection of the breach of the legal regulations, internal control acts or decisions referred to in paragraph 1. Sanctions under paragraph 1 may not be imposed later than ten years after the breach of the legal regulations, internal control acts, or decisions referred to in paragraph 1. Sanctions referred to in paragraph 2 may be imposed within one year after the detection of the breach of obligation under paragraph 2. Sanctions referred to in paragraph 2 may not be imposed later than three years after the breach of obligation under paragraph 2. The periods of limitation under the first to fourth sentences shall be suspended if there occurs a fact giving rise to suspension of the period under another act,[90a] whereupon from the suspension of the limitation period a new period of limitation shall begin. A breach of legal regulations, internal control acts or decisions under paragraph 1 shall be considered detected from the date of the completion of supervision in accordance with other legislation.[83]

(8) In imposing sanctions, Národná banka Slovenska shall proceed on the basis of the gravity of the breach, the degree of culpability, the nature of the detected breach, and the manner, duration, level of cooperation of the supervised entity and consequences of the breach of obligation, while taking into account that the entity referred to in Section 193(1) has itself detected the breach and restored the lawful situation by the time the decision on the sanction is issued. When imposing sanctions, Národná banka Slovenska shall also consider:

a) the financial strength, representing the total turnover of legal entities or the annual income of natural persons, of the person responsible for the breach;
b) the materiality of profits earned, or losses prevented, by the person responsible for the breach, damages caused to other persons or damages caused to the functioning of markets or economy, provided they can be determined;
c) previous breaches committed by the person responsible for the breach.

(9) Sanctions under this Act may be imposed concurrently and repeatedly, unless by their nature this is not possible. A fine imposed under this Act shall be payable within 30 days from the valid decision to impose the fine. Income from fines shall constitute state budget revenue.

(10) The imposition of sanctions under this Act is without prejudice to liability in accordance with the Labour Code, the Civil Code, the Commercial Code, and the Criminal Law.

(11) If the reasons have ceased for the restriction or suspension of any of the authorised activities of a management company, foreign management company, or foreign collective investment undertaking, Národná banka Slovenska shall notify this fact in writing to the management company, foreign management company, or foreign collective investment undertaking. The decision of Národná banka Slovenska under which the authorised activity was restricted or suspended shall be cancelled as of the date this notification is delivered.

(12) Národná banka Slovenska may, whether under or outside sanction proceedings, discuss shortcomings in the activities of a management company, foreign management company, or foreign collective investment undertaking with members of the board of directors of the management company, authorised representatives, the head of the branch of the foreign management company or foreign collective investment undertaking, members of the supervisory board of the management company, and the senior management or senior employees responsible for the performance of compliance function; these entities shall provide the cooperation requested by Národná banka Slovenska.

(13) Where a sanction is imposed on a foreign management company or a foreign collective investment undertaking in accordance with paragraphs 1 and 2, Národná banka Slovenska shall promptly notify the competent supervisory authority of the country in which the foreign management company or foreign collective investment undertaking has its registered office thereof.

(14) Where Národná banka Slovenska imposes a sanction on a management company in accordance with paragraph 1(b) or (c), the management company shall suspend the use of the fund's assets for the period stipulated by Národná banka Slovenska and may not perform activities during this period except for the purpose of ensuring the fund unit-holders' interests.

(15) Národná banka Slovenska shall publish on its website information on the corrective measures and sanctions under paragraphs 1 to 6, against which no appeal is allowed, and it shall do so without delay after the person is informed of the imposed corrective measure and fine. The information published under the first sentence shall include, in particular, the information on the type of corrective measure or sanction imposed, the nature of the breach, the business name, registered office and identification number of the legal entity or the first and last name and permanent address of the natural person on whom the corrective measure or sanction has been imposed. The information under the first sentence shall be published on the website of Národná banka Slovenska for at least five years, while the personal data that are part of the published information shall be published on the website only during the period allowed by other legislation.[90aa]

(16) Where Národná banka Slovenska, based on its individual assessment, considers the publication of the identity of legal entities or personal data of natural persons inappropriate or where the publication may threaten the stability of financial markets or an ongoing criminal investigation, Národná banka Slovenska:

(a) is entitled to defer the publication of the information under paragraph 15 until the reasons for non-publication cease to apply;
(b) shall publish the information under paragraph 15 on an anonymous basis;
(c) is entitled to waive the publication of the information under paragraph 15 in the case of a minor breach; or

(d) is entitled to waive the publication of the information under paragraph 15 if the procedures referred to in subparagraphs (a) and (b) are not sufficient to prevent the threat to the stability of financial markets.

(17) Národná banka Slovenska is entitled to defer the information publication under paragraph 16(b) for an appropriate period of time if it expects that the reasons for anonymous publication cease to apply during that period.

(18) If the decision of Národná banka Slovenska on corrective measures or sanctions has been appealed, Národná banka Slovenska shall immediately inform about it on its website and subsequently publish the information on the result of the appeal proceeding. Národná banka Slovenska shall also publish any decision that repeals a corrective measure or sanction.

(19) Once a year, Národná banka Slovenska shall provide the European Supervisory Authority (the European Securities and Markets Authority) with summary information on sanctions and measures imposed under this Act. Národná banka Slovenska shall also inform the European Supervisory Authority (the European Securities and Markets Authority) about each sanction or measure imposed and published under paragraph 15.

(20) If Národná banka Slovenska finds any shortcomings in the activities of persons to whom the obligations and prohibitions referred to in other legislation[77f] relate, consisting in a breach of the provisions of other legislation,[77f] it may impose sanctions in the range and under the conditions set out in this Act or in other legislation.[77f]

(21) Where Národná banka Slovenska has a suspicion of unlawful engagement in collective investment that is inconsistent with this Act, it may, for the purposes of verifying that suspicion in accordance with another act,[83] request the entity concerned to provide it with specific information, documents, source documents and explanations. The entity concerned shall, free of charge, correctly, truthfully and in a timely fashion, submit to Národná banka Slovenska all requested information, documents, source documents and explanations in a specified form, format and structure, and within the specified timeframe; Národná banka Slovenska is also entitled to verify the provided information, documents, source documents and explanations on the premises of the entity concerned, and the entity concerned shall allow this. The entity concerned shall provide Národná banka Slovenska with the requested cooperation and assistance. The procedure of Národná banka Slovenska and of the entity concerned with respect to the identification and verification of a suspicion of unlawful engagement in collective investment is subject to the provisions of another act,[83] while the entity concerned shall have rights, obligations and status of a supervised entity pursuant to another act.[83]

Section 202a

(1) Národná banka Slovenska shall maintain anonymity of employees, senior employees, members of the statutory body or supervisory board of the supervised entity in accordance with Section 193 who provided any information on any weaknesses in the activities of the supervised entity in accordance with Section 193 to Národná banka Slovenska. The provision of information under the first sentence is not considered as violation of professional secrecy or data protection requirements under this Act or another act[66] and no liability may be claimed in respect of the persons under the first sentence for the provision of such information.

(2) The management company, investment fund with variable capital and the depository shall regulate in their internal management acts the procedures for and manners of reporting weaknesses to be used by their employees.

Section 203
Recovery measures

(1) Recovery measures shall be understood to include:

(a) the submission of a recovery programme that must include:
   1. a plan for capital strengthening with regard to capital adequacy or another proposal for improving capital adequacy;
   2. a plan projecting the present and anticipated development of the management company's economic situation, at least in the scope of balance sheets, income statements, the budget, a strategic business plan, and a profitability analysis of achieving the objectives of the programme;
   3. other information Národná banka Slovenska deems necessary;

(b) limiting or suspending the payment of dividends, bonuses, and other shares in profit, the remuneration and non-monetary compensation of shareholders, members of the board of directors, members of the supervisory board, authorised representatives and employees of management company;

(c) limiting or suspending remuneration increases for members of the board of directors, members of the supervisory board, authorised representatives and all employees of the management company;

(d) the introduction of daily monitoring of the financial situation of the management company;

(e) limiting or restricting the expansion of new transactions made by the management company; to perform such transactions, the management company shall require the prior approval of Národná banka Slovenska.

(2) If a management company ceases to meet capital adequacy requirements, Národná banka Slovenska shall call on it to adopt recovery measures. Národná banka Slovenska shall call on the management company that is authorised to perform activities in accordance with Section 27(3) or (6) to take a measure for recovery also in the event that it does not fulfil the requirement for capital under other legislation.[34]

(3) Within 30 days after the delivery of the request of Národná banka Slovenska referred to in paragraph 2, the board of directors of the management company shall submit a recovery programme to Národná banka Slovenska. The recovery programme shall be approved by the board of directors and supervisory board of the management company. Within 30 days after the submission of the binding recovery programme, Národná banka Slovenska shall issue its decision on the acceptance or rejection of the programme. If Národná banka Slovenska does not reject the submitted recovery programme within this time limit, the recovery programme is deemed to be approved.

Section 204
Suspension of the exercise of shareholder rights

(1) Národná banka Slovenska may suspend the right to attend and vote at a general meeting of the management company and the right to request the convening of a general meeting of the management company to an entity which has carried out an action which resulted in a breach of Section 163(1)(a) and which obtained a prior approval referred to in Section

163(1)(a) on the basis of untrue information or where Národná banka Slovenska has good reason to suspect that such entity breached the Section (1)(a). Národná banka Slovenska may also suspend from exercising such rights any person whose actions in regard to the management company are detrimental to the proper and prudent conduct of its business.

(2) A management company shall submit to Národná banka Slovenska an extract from its issuer's register and from its list of shareholders made on the decisive date[90b] which is determined at least five working days before the date of the general meeting. The management company shall deliver the extract to Národná banka Slovenska on the day it was made. Národná banka Slovenska shall promptly name in writing on the extract the person whose rights referred to in paragraph 1 are subject to the suspension and shall deliver the extract to the management company not later than the day preceding the date of the general meeting.

(3) By naming on the extract pursuant to paragraph 3 a person for whom it has again found a reason to suspend the rights referred to in paragraph 1, Národná banka Slovenska shall commence proceedings for the suspension of rights as stipulated in paragraph 1.

(4) A preliminary injunction[91] in the matter of suspending the exercise of rights referred to in paragraph 1 shall be delivered by Národná banka Slovenska to the person for whom it has found a reason to suspend the exercise of rights referred to in paragraph 1, and to the management company, no later than the commencement of the general meeting. The preliminary injunction shall be binding upon the management company. The preliminary injunction is deemed delivered to the person concerned when handed over to a proxy authorised to represent this person at the general meeting.

(5) A management company shall not allow the attendance at its general meeting of a person named by Národná banka Slovenska under paragraph 3 or 4, nor entities authorised to act on their behalf in proceedings.

(6) Shares to which pertain the suspension of rights referred to in paragraph 1 are not, for so long as the suspension is in force, deemed to be shares with voting rights. These shares shall not be taken into account when determining whether a general meeting has a quorum or for decisions of a general meeting. The resulting increase in the share of the voting rights of the other persons stated on the extract submitted by the management company under paragraph 3 shall not require the prior approval of Národná banka Slovenska in accordance with Section 163(1)(a).

(7) When the reasons cease for the suspension of the exercise of rights referred to in paragraph 1, Národná banka Slovenska shall promptly lift the suspension and publish the decision to do so.

(8) Národná banka Slovenska may petition a court to annul a decision made by a general meeting of a management company on the grounds of a violation of the law or Sections of association. This right shall, however, expire if Národná banka Slovenska has not exercised it within three months after the general meeting adopted the decision or, if the general meeting was not duly convened, from the day when it could have learned of the decision.

Receivership

Section 205

(1) ‘Receivership’ means the management of a common fund’s assets on the basis of a decision of Národná banka Slovenska on the placement in receivership. This decision shall also include the appointment of a receiver.

(2) Národná banka Slovenska shall decide to place an entity in receivership where:
(a) a management company has gone into liquidation and the management of its common funds has not, despite the provisions of this Act, been transferred to another management company;
(b) the situation in the management of a common fund’s assets requires the performance of necessary operations leading to the winding up of the common fund;
(c) a management company has been declared bankrupt.

(3) Národná banka Slovenska is entitled to decide on placing an entity in receivership where:
(a) the management company’s management of a common fund’s assets has terminated after more than three consecutive accounting periods in which a loss was made, and Národná banka Slovenska finds that these losses were caused by the non-fulfilment or insufficient fulfilment of obligations with regard to the management of the common fund’s asset;
(b) the current balance of a common fund’s assets cannot be determined in accordance with other provisions of this Act;
(c) it is necessary in order to prevent the occurrence of, or increase in, damage to these assets and to end the depreciation of the assets;
(d) the management company has ceased to fulfil the conditions of the authorisation in relation to the new managed collective investment undertaking, and measures under Section 202(1)(a) have not led to remedy of this.

(4) The receiver of a common fund shall be a depository or a management company other than the management company managing the common fund which is to be placed in receivership. If it is not possible to appoint as the receiver the depository of the common fund which is to be placed in receivership, Národná banka Slovenska shall appoint as the receiver another depository or a management company that meets the condition referred to in the first sentence. The legal entity which is to be the receiver shall be a party to the proceedings. The depository or management company appointed as the receiver by Národná banka Slovenska shall, based on the decision of Národná banka Slovenska on the placement in receivership, fulfil the obligations of a receiver.

(5) Where Národná banka Slovenska appoints a receiver for a common fund’s assets, the management company shall hand over the management of the common fund’s assets to the receiver not later than 30 days after the delivery of the decision on the placement in receivership. As of the date when the decision is delivered, an entity is placed in receivership and this fact shall have effect on all parties concerned. An appeal against the decision of Národná banka Slovenska under which an entity is placed in receivership shall not have a suspensive effect. Upon its placement in receivership, the management company’s remit with regard to the common fund shall pass to the receiver. The receiver shall be registered in the Commercial Register at the proposal of Národná banka Slovenska. The management company and receiver shall promptly submit the report on the placement of the company in receivership to Národná banka Slovenska. On the day of the placement in receivership the issuance of unit certificates shall be suspended. Where this concerns a placement in receivership in relation to a foreign alternative investment fund, its securities or shareholdings must not be distributed in the territory of the Slovak Republic and Member States. Národná banka Slovenska shall

communicate the placement of an entity in receivership and facts under the second sentence to the competent supervisory authorities of the management company's host Member States.

(6) A receiver shall be bound by the restriction stipulated in the decision on placement in receivership. With regard to a common fund in receivership, the receiver shall fulfil the obligations laid down by this Act as if it were the management company managing the common fund. During the course of receivership, the receiver may propose that Národná banka Slovenska adopt measures under Section 203, transfer the management of the common fund, or wind up the common fund. Proposals made by a receiver shall not be binding on Národná banka Slovenska. Common funds in receivership are not subject to the condition laid down in Section 70(3).

(7) A receiver shall act in its own name and for the account of fund unit-holders; it shall:
(a) manage the entrusted assets with professional care;
(b) have regard to the protection of fund unit-holders' interests;
(c) keep accounts separately for each common fund under its management.

(8) For exercising receivership, a receiver shall be entitled to remuneration proportional to the period of receivership and provided under the same conditions as agreed for the remuneration of the management company in respect of the management of the common fund's assets.

(9) If a management company does not hand over the management of assets to the receiver within the period stipulated in paragraph 5, Národná banka Slovenska may revoke the authorisation it was granted under this Act.

(10) Receivership shall cease as of the date given in the decision on placement in receivership or upon a decision of Národná banka Slovenska on the termination of receivership.

(11) Národná banka Slovenska shall promptly appoint a new receiver where:
(a) the receiver is subject to winding up;
(b) the receiver relinquishes its position by a written notification delivered to Národná banka Slovenska;
(c) the receiver breaches its obligations;
(d) the receiver has lost its authorisation for the performance of activities.

(12) An appeal against the decision referred to in paragraph 11 shall not have a suspensive effect.

(13) Where the receiver is changed for the reason referred to in paragraph 11(b) or (c), the receiver shall exercise receivership until the decision of Národná banka Slovenska on appointing a new receiver becomes enforceable.

Section 206

A management company that has, in its authorisation under Section 28, activities under Section 27(3) or, in its authorisation under Section 28a, activities under Section 27(6) may be placed in receivership by Národná banka Slovenska under other legislation.[92]

Revocation of, and amendment to, authorisations

Section 207

(1) Národná banka Slovenska shall revoke an authorisation under Section 28 or an authorisation under Section 28a, if:

(a) the share capital of the management company has fallen below EUR 125,000;
(b) the own funds of the management have fallen below a quarter of the value required in accordance with Section 47(2);
(c) the management company has not handed over the receivership of a common fund's assets to the receiver in accordance with Section 205(5).

(2) Národná banka Slovenska shall revoke an authorisation to establish a fund or decide on the removal of a special qualified investor fund from the list referred to in Section 137 where:

(a) the composition of the fund's assets has not been brought into line with the provisions of Sections 88 to 93 within the time limit stipulated by Národná banka Slovenska;
(b) the fund has not had a depository for longer than six months;
(c) within 12 months after the suspension referred to in Section 15, the redemption of unit certificates has not been restored;
(d) it has revoked the authorisation under Section 28 or authorisation under Section 28a for the management company managing this fund, and, at the same time, it has not appointed any receiver under Section 205 nor decided to transfer the management of the fund to another management company.

(3) Národná banka Slovenska may revoke an authorisation under Section 28 or an authorisation under Section 28a, if:

(a) a management company, a foreign management company or a foreign collective investment undertaking has not begun to perform activities stated in the authorisation within 12 months after the authorisation to perform the activities stated in the authorisation took effect or, for a continuous period of longer than six months, it has not been performing these activities;
(b) the authorisation under Section 28 or authorisation under Section 28a was issued on the basis of false or incomplete information;
(c) important changes have arisen in facts relevant to the granting of the authorisation under Section 28 or authorisation under Section 28a, in particular where conditions for granting the authorisation under Section 28 or authorisation under Section 28a have ceased to be met;
(d) the share capital or own funds of the management company has or have fallen below the level required under Section 47 and the management company's recovery measure has not made rectification;
(e) the management company has seriously, multiply, or repeatedly violated the law, while another measure under Section 203 has not led to rectification;
(f) conditions have not been met for the commencement of activities within the time limit stipulated in the authorisation under Section 28 or authorisation under Section 28a;
(g) the management company frustrates the exercise of supervision.

(4) Národná banka Slovenska shall revoke an authorisation to establish a fund or decide on the removal of a special qualified investor fund from the list referred to in Section 137 where:

(a) the authorisation was issued or the fund was included in the list on the basis of false or incomplete information;
(b) important changes have arisen in facts critical to the granting of the authorisation or inclusion of the special qualified investor fund in the list referred to in Section 137,

especially where conditions under which the authorisation was granted or the fund was included in the list have ceased to be met;
(c) the respective limit or restriction under Sections 88 to 93 or Sections 130 to 132 has been exceeded for more than 12 months without interruption;
(d) the management company has seriously, multiply, or repeatedly violated the law, while another measure under Section 202 has not led to rectification;
(e) the current unit price of an open-ended fund has declined for longer than three consecutive months and this development cannot be accounted for by the situation in the financial market.

(5) Národná banka Slovenska may revoke an authorisation granted under Section 148 to a management company or a foreign management company where:
(a) the authorisation was issued on the basis of false or incomplete information;
(b) important changes have arisen in facts relevant to the granting of the authorisation, including those facts occurring outside the territory of the Slovak Republic, and especially where conditions under Section 148(2) have ceased to be met;
(c) the management company or foreign management company has seriously, multiply, or repeatedly violated the law, while another measure under Section 202 has not led to rectification;
(d) the management company or foreign management company frustrates the exercise of supervision.

(6) Where an authorisation is revoked under this Act, the authorisation shall expire as of the effective date of the decision of Národná banka Slovenska on the revocation of the authorisation.

Section 208

(1) In the case of a management company which has activities referred to in Section 27(3) or (6) included in the authorisation, Národná banka Slovenska shall amend the authorisation so as to delete such activities where:
(a) the own funds of the management company requested under other legislation[34] fall below a quarter of the requested value;
(b) twelve months after the authorisation under Section 28 or authorisation under Section 28a took effect, the management company, has still not begun performing the activities stated in the authorisation, or, for a period of longer than twelve months, it has not been performing these activities;
(c) the management company has not paid its contribution to the Investment Guarantee Fund, even by the extended deadline given in accordance with other legislation.[93]

(2) In the case of a management company which has activities referred to in Section 27(3) or (6) included in the authorisation to operate the company, Národná banka Slovenska may amend the authorisation so as to delete the performance of such activities where:
(a) the management company is not complying with the rules for customer-related activities in accordance with other legislation;
(b) the management company is not contributing to the Investment Guarantee Fund for the purpose of client protection.

Section 209

(1) From the date when a management company has the authorisation under Section 28 or authorisation under Section 28a revoked by Národná banka Slovenska, the management company may not raise funds from the public or perform other activity under this Act, with the exception of activities needed to settle its claims and liabilities; it shall promptly, or within a time limit stipulated by Národná banka Slovenska, surrender the assets of the domestic collective investment undertaking and related documentation to the entity stipulated in a decision of Národná banka Slovenska in accordance with paragraph 3. An appeal against the decision of Národná banka Slovenska shall have no suspensive effect.

(2) A legal entity which has had its authorisation under Section 28 or authorisation under Section 28a for the activities of a management company revoked or it has expired, shall perform activities under paragraph 1 as a management company until such time that it has settled its claims and liabilities and shall keep the records referred to in Section 41 for the period of at least five years.

(3) Where Národná banka Slovenska revokes an authorisation under Section 28 or authorisation under Section 28a, it shall at the same time decide on:
(a) the transfer of the management of common funds to another management company, where this management company has given its prior written consent thereto;
(b) the appointment of a receiver in accordance with Section 205; or
(c) the winding up of common funds under the management company's management, in accordance with Section 26.

(4) A decision on the revocation of an authorisation under Section 28 or authorisation under Section 28a shall be sent by the legal entity whose authorisation was revoked to the Commercial Bulletin for publication and not later than 30 days after its entry into force.

(5) Where a management company that has a branch abroad has its authorisation under Section 28 or authorisation under Section 28a revoked, Národná banka Slovenska shall promptly notify this fact to the supervisory authority of the country in which the branch is established.

(6) The revocation of an authorisation under Section 28 or authorisation under Section 28a an authorisation shall be registered in the Commercial Register. Within 15 days after the decision on the authorisation under Section 28 or authorisation under Section 28a enters into effect, Národná banka Slovenska shall send the decision and a proposal for the registration of the revocation to the court which maintains the Commercial Register; the submission of this proposal is not subject to Section 68(7) of the Commercial Code.

(7) After the entry into force of a decision to revoke the authorisation under Section 28 or authorisation under Section 28a for the activities of a management company which has activities under Section 27(3) or (6) included in its authorisation under Section 28 or authorisation under Section 28a, Národná banka Slovenska shall promptly submit to the competent court a petition for the liquidation and dissolution of the legal entity from which the authorisation under Section 28 or authorisation under Section 28a was revoked and for the appointment of a liquidator. Prior to the decision on the dissolution, the court may not follow the procedure under Section 68(7) of the Commercial Code. The liquidation is subject to the provisions of other legislation.[95]

(8) A management company or foreign management company which has had its authorisation revoked by Národná banka Slovenska under Section 148, is required to immediately terminate the distribution of securities or shareholdings in the foreign alternative investment fund in the territory of the Slovak Republic and is required to settle liabilities toward investors with whom it entered into contractual relations prior to the revocation of the authorisation under Section 148; this applies also where the foreign management company has had revoked its authorisation in its state of its registered office, or if the foreign alternative investment fund has had revoked its authorisation or registration in the state in which it is established.

Section 209a

Immediately after the entry into force of a decision to revoke an authorisation under Sections 28, 28a, 84 or Section 121 granted to an investment fund with variable capital, Národná banka Slovenska shall promptly submit to the competent court a petition for the winding up of the investment fund with variable capital and for the appointment of its liquidator. The court may not follow the procedure under Section 68(7) of the Commercial Code prior to the decision on the winding up of the investment fund with variable capital.

DIVISION ELEVEN

COMMON, TRANSITIONAL AND FINAL PROVISIONS

Section 210

(1) Národná banka Slovenska shall, upon request, furnish the European Commission and the European supervisory authority (the European Securities and Markets Authority) or a Member State with information about:

(a) the authority which exercises supervision in accordance with this Act;
(b) entities or authorities with which Národná banka Slovenska is entitled to exchange information in the exercise of supervision;
(c) entities or authorities which are entitled to receive information from Národná banka Slovenska for the purpose of monitoring compliance with, and enforcement of, the provisions of the Commercial Code.

(2) Národná banka Slovenska shall furnish the European Commission and the European supervisory authority (the European Securities and Markets Authority) with a list of the groups of domestic issuers and the types of domestic bonds in accordance with Section 89(7), and information on the method of covering the liabilities attached to such bonds.

(3) Národná banka Slovenska shall inform the European Commission and the European Supervisory Authority (the European Securities and Markets Authority) about any impediments faced by management companies in carrying out distribution of unit certificates of standard funds, or in their establishment, or in the conduct of business in non-Member States.

(4) Národná banka Slovenska shall, upon request, also furnish the European Commission with information about:

(a) an application for an authorisation under Section 28 or authorisation under Section 28a that is a subsidiary of a parent company whose registered office is situated in a non-Member State;
(b) an attempt of a business entity having its registered office in a non-Member State to acquire such an interest in a management company that would make the management company its subsidiary.

(5) The Ministry of Finance shall, by 22 July 2014, notify the European Commission, and Národná banka Slovenska shall, by a 22 July 2014, notify the European Supervisory Authority (the European Securities and Markets Authority) of data and changes in data regarding:
(a) the types of alternative investment funds and foreign alternative investment funds in which securities or shareholdings may be distributed in the Slovak Republic by management companies and foreign management companies to retail investors;
(b) additional requirements laid down beyond the framework of a legally binding act of the European Union governing alternative investment fund managers.

(6) The Ministry of Finance shall notify the European Commission if the Slovak Republic exercises a derogation or option under a legally binding act of the European Union governing alternative investment fund managers as laid down in Section 47(5), Section 71(3)(d), Section 150f (4) and Section 220a(6); this applies also to changes in the exercise of a derogation or option.

(7) Národná banka Slovenska shall notify the European Supervisory Authority (European Securities and Markets Authority) of data on management companies managing alternative investment funds or foreign alternative investment funds, information needed for assessing the functioning of the single passport for management companies and the distribution of securities or shareholdings in non-European funds in the scope requested by the European Supervisory Authority (European Securities and Markets Authority) and data on penalties in relation to alternative investment funds and foreign alternative investment funds or contract managers.

(8) Národná banka Slovenska shall, with a quarterly frequency, inform the European supervisory authority (the European Securities and Markets Authority) of data on management companies authorised pursuant to Section 28a and on foreign management companies having their registered office in a Member State which manage or distribute securities or shareholdings in alternative investment funds or European alternative investment funds on the basis of Sections 63a, 66a, 66b to 66f, 150b to 150d, and on management companies authorised pursuant to Section 28a, and on foreign management companies having their registered office in a Member State and on non-European management companies which distribute securities or shareholdings in non-European alternative investment funds on the basis of Sections 150g and 150h, and of other data needed for implementing the single passport.

(9) Národná banka Slovenska shall, with a quarterly frequency, inform the European supervisory authority (the European Securities and Markets Authority) of data on those management companies authorised pursuant to Section 28a and foreign management companies with their registered office in a Member State which manage or distribute securities or shareholdings in alternative investment funds or European alternative investment funds on the basis of Sections 63a(9), 66a(3), 66b to 66f and 150b to 150f, and on those management companies authorised pursuant to Section 28a, foreign management companies having their

registered office in a Member State and non-European management companies which distribute securities or shareholdings in non-European alternative investment funds on the basis of Sections 150g and 150h, and of other data needed for ending national regimes.

(10) The Ministry of Finance shall, with an annual frequency, inform the European Commission of data on those management companies authorised pursuant to Section 28a and foreign management companies having their registered office in a Member State which manage or distribute securities or shareholdings in alternative investment funds or European alternative investment funds on the basis of Section 63a(9), 66a(3), 66b to 66f and 150b to 150f, and on those management companies authorised pursuant to Section 28a, foreign management companies having their registered office in a Member State and non-European management companies which distribute securities or shareholdings in non-European alternative investment funds on the basis of Section 150g and 150h, and of data on the implementation and application of provisions on the single passport. Information under the first sentence shall include:

(a) information on the place of establishment of management companies and foreign management companies;
(b) the identification data of alternative investment funds and European alternative investment funds that are managed or in which securities or shareholdings are distributed by undertakings referred to in (a);
(c) the identification data of non-European alternative investment funds managed by management companies authorised pursuant to Section 28a in which securities or shareholdings are not distributed in Member States on the basis of the single passport;
(d) the identification data of non-European alternative investment funds managed by management companies authorised pursuant to Section 28a in which securities or shareholdings are distributed in Member States on the basis of the single passport;
(e) information as to whether undertakings referred to in (a) perform their activity on the basis of a single passport or on the basis of a national regime;
(f) any other information needed for an overview of the management and distribution of securities or shareholdings in alternative investment funds and foreign alternative investment funds in Member States.

Section 211

Any operation which requires prior approval in accordance with this Act shall be invalid without such approval.

Section 212

The legally binding acts of the European Union listed in Annex 1 shall be transposed by this Act.

Section 213

(1) Where an authorisation to establish and operate a management company was issued under regulations effective until 30 June 2011 and is valid as at 30 June 2011, it is deemed to be an authorisation pursuant to Section 28 or an authorisation pursuant to Section 28a issued in accordance with this Act.

(2) Where an authorisation to establish a common fund was issued under regulations effective by 30 June 2011 and is valid until 30 June 2011, it is deemed to be an authorisation to

establish a standard fund issued in accordance with this Act. Where an authorisation to establish a closed-ended fund was issued under regulations effective by 30 June 2011 and is valid until 30 June 2011, it is deemed to be an authorisation to establish a public special fund that is a closed-ended common fund issued in accordance with this Act. Where an authorisation to establish a special fund was issued under regulations effective by 30 June 2011 and is valid until 30 June 2011, it is deemed to be an authorisation to establish a public special fund that is a closed-ended or open-ended common fund issued in accordance with this Act.

(3) An authorisation of a foreign investment fund or a foreign management company under Section 75 of a regulation effective by 30 June 2011 and valid as at 30 June 2011 is deemed to be an authorisation issued in accordance with Section 148 of this Act.

(4) Management companies, foreign investment funds, and foreign management companies referred to in paragraphs 1 to 3 shall have until 30 June 2012, unless paragraphs 5, 6, 7, 11 to 13 stipulate otherwise, to bring their operation into line with those provisions of this Act that lay down obligations different from those laid down by regulations effective until 30 June 2011, this does not apply for bringing the operation of management companies into line in relation to the provisions of Section 9(5) to (7). Management companies shall bring their operation into line with the provisions of Section 9(5) to (7) in the case of common funds established before this Act has become effective by 31 December 2011, and in the case of common funds established after this Act becomes effective as of the date of establishing the respective common fund.

(5) Where the common fund rules referred to in paragraph 2 are not in accordance with the provisions of this Act on 1 July 2011, a management company under paragraph 1 shall have until 31 December 2011 to submit for approval to the National Bank a proposal for the amendment and supplementation of rules of the common funds under its management so as to bring them into line with the provisions of this Act. If the management company does not submit the proposal for the amendment and supplementation of the common funds rules to Národná banka Slovenska before this deadline, Národná banka Slovenska shall order the management company to make this submission by an extended deadline, which may not be longer than 60 days; this is without prejudice to the authorisation of Národná banka Slovenska to impose an appropriate sanction in accordance with Section 202. If the management company does not make the submission by the extended deadline, Národná banka Slovenska shall revoke the authorisation to establish and operate the management company.

(6) Within 30 days after the effective date of the decision of Národná banka Slovenska on the amendment and supplementation of the fund rules under paragraph 5, the management company shall make the relevant changes to the prospectus, publish the changes in the prospectus and key information for investors, and promptly inform Národná banka Slovenska in writing that these obligations have been fulfilled; this is without prejudice to the provisions of paragraphs 11 to 13.

(7) A management company referred to in paragraph 1 shall bring its Sections of association into line with the provisions of this Act and shall submit them to Národná banka Slovenska no later than by 30 June 2012.

(8) A depository which has been performing depository activities up to 30 June 2011 shall conform to the provisions of this Act within 90 days after the effective date of the decision of Národná banka Slovenska on the amendment and supplementation of the fund rules under

paragraph 5; until this date, the depository's activities in regard to the common funds shall be governed by the regulations effective up to 30 June 2011.

(9) Where the regulation effective up to 30 June 2011 have not stipulated a prior approval of Národná banka Slovenska to be a condition for the performance of legal actions, the legal actions performed up to the effective date of this Act are deemed valid under this Act, even a prior approval is requested by this Act for their performance.

(10) Natural persons who until 30 June 2011 were a member of the board of directors, a member of the supervisory board, or an authorised representative, or who performed activities in a management company which require proof of professional qualification, are deemed to be professionally qualified in accordance with this Act. These natural persons shall prove professional qualification under this Act for activities or functions they begin to perform or hold after 30 June 2011; if such a person has passed a professional examination in accordance with regulations applicable until 1 January 2004, he is deemed professionally qualified to hold positions on the bodies of the management company or to serve as its authorised representative or employee responsible for performance of compliance function, or for the performance of an internal audit function up to 31 December 2014 without any additional proof.

(11) A management company shall, by 30 June 2012, replace the simplified prospectus of the common funds managed by that management company and which it established before 30 June 2011, with key information for investors. No later than by 30 June 2012, a management company is entitled to use, for the purpose of this Act, the simplified prospectus of the common fund managed by that management company as referred to in the first sentence. Until a replacement of the simplified prospectus of the common fund managed by it, by key information for investors, the management company is entitled, in accordance with regulations effective until 30 June 2012 and common funds rules, to update and change the simplified prospectus. If the simplified prospectus referred to in the first sentence has not been replaced by 1 July 2012 with key information for investors, the authorisation to establish that common fund shall terminate.

(12) Národná banka Slovenska shall, until 1 July 2012, accept the simplified prospectus of the European standard fund prepared in accordance with the law of the home Member State of that European standard fund as a substitute for a document containing key information for investors for the purposes of the distribution of securities of that fund in the territory of the Slovak Republic, in accordance with Sections 142 to 144.

(13) Národná banka Slovenska shall, until 1 July 2012, accept the simplified prospectus of the European standard fund constituted before 30 June 2011 as a replacement for the document containing the key information for investors for the purpose of cross-border mergers, provisions on master fund and feeder fund and distribution of securities of that fund in the territory of the Slovak Republic.

(14) Národná banka Slovenska shall, upon the request of a management company, issue a certificate on the circumstances referred to in paragraphs 1 and 2 in relation to the respective authorisation.

(15) The management companies and depositaries of common funds shall, by 31 December 2011, prepare and submit, for the purpose of a supervision of the financial market, the statements to Národná banka Slovenska, in the form, classification, within the deadlines and

in the manner, with the content and according to the methodology of their preparation stipulated by the regulations effective by 30 June 2011.

Section 214

(1) The provisions of this Act regulate relations entered into before 30 June 2011; however, the constitution of these legal relations, as well as the claims resulting from them before 30 June 2011, shall be assessed in accordance with the regulations effective until 30 June 2011.

(2) The provisions of paragraphs 2 to 7 apply to the settlement of the rights of unit-holders in relation to the redemption of unit certificates and to the termination of receivership in the case of the common funds which have been established in accordance with Act No 248/1992 on investment companies and investment funds as amended, and which are placed in receivership at the effective date of this Act under the law effective until 30 June 2011.

(3) A receiver shall publish a call for unit-holders so that they exercise their right for redemption of a unit certificate, along with a notification of the period of one year, within which the unit-holder shall exercise his right for redemption of the unit certificate and of the period of 30 days in which the unit certificate shall be redeemed.

(4) A receiver shall publish a call referred to in paragraph 3 in a periodical with nationwide circulation providing stock market news and in one medium, which shall enable the spread of this call to all Member States.

(5) A unit-holder shall exercise the right for redemption of a unit certificate within one year from the first publication of the call for exercise of the call for exercise the right for redemption of a unit certificate in accordance with paragraph 4 against a receiver. If the right of a unit-holder for the redemption of a unit certificate is not exercised within specified period, this right shall become extinct, and the receiver shall not take the right exercised later into account in the settlement of rights exercised by unit-holders.

(6) A receiver shall keep the list of unit-holders who legitimately have exercised their right for redemption of unit certificates, and when the period for the exercise to the right referred to in paragraph 3 elapses, it shall send the list of persons who have exercised their rights within the period referred to in paragraph 3 to Národná banka Slovenska.

(7) When the period for exercise of the right referred to in paragraph 3 elapses, the receiver shall pay the remaining funds of the common fund to unit-holders within 30 days and submit a written report to Národná banka Slovenska on the completion of receivership and payments to unit-holders. The receiver shall publish in a periodical with nationwide circulation presenting the stock market news and in one medium enabling the spreading of that call to all Member States.

Section 215

(1) Proceedings on the imposition of sanctions commenced prior to the effective date of this Act shall be completed according to the regulations effective until 30 June 2011. However, from the effective date of this Act, only sanctions allowed by this Act shall be imposed.

(2) From the effective date of this Act, violations of legal regulations, internal control acts or decisions of the National Bank detected in the activities of entities subject to supervision, which occurred under the regulations effective until 30 June 2011, but did not lead to proceedings under the regulations effective until 30 June 2011, shall be examined and processed in accordance with this Act, provided that such violations are also deemed to be violations under this Act.

(3) The legal consequences of acts which occurred in proceedings held prior to the effective date of this Act shall remain unaffected.

(4) Proceedings commenced prior to the effective date of this Act shall, with the exception of sanction proceedings, come to their conclusion in accordance with this Act.

(5) Periods under previous regulations which have not been completed as of the effective date of this Act are subject to the provisions of the regulations effective until 30 June 2011.

Section 216

An investment firm may apply for an authorisation under Section 28 or authorisation under Section 28a if to 30 June 2011, it was authorised to provide investment services involving the management of investments comprising one or more financial instruments in accordance with the client's authorisation, and which is managed separately from the portfolios of other clients or advisory services in matters related to investment in financial instruments. The investment firm's authorisation to provide investment services, granted under other legislation,[7] shall expire upon the granting of this authorisation.

Section 217

(1) Commercial companies established prior to the effective date of this Act which, without an authorisation issued under regulations effective until 30 June 2011, are raising funds in order to invest them collectively in accordance with this Act, or raised such funds in the past and are investing them in assets stipulated by this Act, shall either cease such activities by not later than 30 June 2012 or shall bring them into line with this Act.

(2) If a commercial company fails to meet the obligation referred to in paragraph 1, a court shall order the liquidation and dissolution of this company.

Section 218

(1) Where this Act requires the specification of an identification number or birth registration number, such number shall not be stated for persons to whom it has not been assigned.

(2) Where this Act requires the specification of the permanent residence of a natural person, and this person does not have permanent residence in the Slovak Republic, there shall be stated his address of temporary residence or address of residence abroad.

Section 219

Commercial companies may not include in their business names the designations ‘investičná spoločnosť’ (investment company) or ‘investičný fond’ (investment fund) or the abbreviations ‘i.s.’ or ‘i.f.’, nor any designation confusable with them in either the Slovak language or a foreign language; this does not apply to foreign management companies or foreign collective investment undertakings.

Section 220

Národná banka Slovenska shall publish on its website this Act and legislation of general application adopted for its application in the valid wording in the Slovak language and in a language customary used in the sphere of international finance.

Section 220a
Transitional provisions regarding regulations in effect from 22 July 2013

(1) An undertaking which prior to 22 July 2013 performed activity consisting in the management of alternative investment funds and for which as of 22 July 2013 an authorisation under Section 28a is required shall by 22 July 2014 apply for an authorisation under 28a.

(2) An authorisation to operate a management company issued under regulations effective until 21 July 2013, and which is valid as at 21 July 2013, is deemed an authorisation under Section 28 issued under a regulation effective as of 22 July 2013. Management companies, foreign investment funds and foreign management companies performing activity on the basis of regulations effective until 21 July 2013 are required, unless paragraphs 3 to 5 provide otherwise, to bring by 22 July 2014 their activity into line with those provisions of this Act that impose duties different from those under regulations effective until 21 July 2013; this does not apply for the provisions Section 125(1)(d) and Section 130(10) and (11).

(3) An authorisation issued to a foreign investment fund or foreign management company under Section 148 of the regulation effective until 21 July 2013, and valid as at 21 July 2013, is deemed to be an authorisation issued under Section 148 of the regulation effective as of 22 July 2013. A foreign management company or foreign investment fund is required to give by 21 July 2014 a notification under Section 150d and to prove the fulfilment of conditions for the granting of an authorisation under Section 148 of the regulation effective as of 22 July 2013. If a foreign management company or foreign investment fund fails to fulfil the duty under the second sentence by 21 July 2014, the authorisation under Section 148 shall expire on 22 July 2014.

(4) The provisions of Section 63a, 150b and 150c do not apply to alternative investment funds or foreign alternative investment funds for securities in which a public offering of securities has been declared and for which a securities prospectus[96] was published prior to 22 July 2013, and this during the validity of that prospectus.

(5) A management company or other entity which prior to 22 July 2013 performed activity consisting in the management of closed-ended alternative investment funds, and which as of 22 July 2013 no longer performs any further investments, may perform this activity without authorisation under Section 28a or registration under Section 31b.

(6) A management company or other entity which prior to 22 July 2013 performed activity consisting in the management of closed-ended alternative investment funds whose

period for subscribing securities or shareholdings therein for investors ended prior to 21 July 2011 and which are created for a time period that ends no later than 22 July 2016 may continue to manage these alternative investment funds, provided they meet the conditions under Section 160a, 189b, 137b and 137c. Else, an entity under the first sentence is required to submit an application for an authorisation under Section 28a or a proposal for entry in the register under Section 31b.

(7) The provisions of Section 63a(9), Section 66a(3), Section 66b to 66f, Section 150b(6), Section 150c(5), Section 150d(3), Section 150e and 150f apply in accordance with a special provision of the European Commission for the purpose of implementing the single passport, issued on the basis of a legally binding act of the European Union governing alternative investment fund managers and only as of the date specified in that special provision. The provisions of Section 150g and 150h shall cease to apply in accordance with the special provision of the European Commission for the purpose of ending national regimes, issued on the basis of a legally binding act of the European Union governing alternative investment fund managers and only as of the date specified in that special provision.

(8) The provision of Section 210(8) applies as of 22 July 2013 until the issue date of an opinion of the European Supervisory Authority (European Securities and Markets Authority) on the functioning of the single passport for management companies and foreign management companies having their registered office in a Member State and regarding the application of national regimes. The provision of Section 210(9) applies as of the effective date of a specific provision of the European Commission for the purpose of implementing a single passport, issued on the basis of a legally binding act of the European Union governing alternative investment fund administrators until the issue date of an opinion from the European Supervisory Authority (European Securities and Markets Authority) under the first sentence.

(9) An entity that performs activity subject to entry in the register under Section 31b is required to apply for entry in this register by 22 July 2014.

(10) Any prior approval by Národná banka Slovenska to the keeping of separate records, granted under regulations effective until 21 July 2013 is deemed to be an authorisation granted under the regulation effective as of 22 July 2013.

(11) Proceedings on the granting of prior approval to the keeping of separate records commenced prior to 22 July 2013 shall be completed under the regulation effective as of 22 July 2013.

(12) Proceedings commenced and not completed with finality prior to 22 July 2013 shall be completed under the regulation effective as of 22 July 2013 and under another act,[83] whilst for periods that had not yet ended prior to 22 July 2013, the provisions of the regulation effective as of 22 July 2013 and another act apply.[90a] The legal effects of acts made in proceedings prior to 22 July 2013 shall remain preserved.

Section 220b
Transitional provisions regarding regulations in effect from 18 March 2016

(1) The authorisation to manage standard funds and European standard funds under Section 28 which is valid until 17 March 2016 is deemed to be an authorisation to establish and

manage standard funds and European standard funds under Section 28 of legislation effective as of 18 March 2016.

(2) The authorisation to manage alternative investment funds European alternative investment funds under Section 28a which is valid until 17 March 2016 is deemed to be an authorisation to establish and manage alternative investment funds and European alternative investment funds under Section 28a of the regulation effective as of 18 March 2016.

Section 220c
Transitional provisions regarding regulations in effect from 1 July 2016

Proceedings commenced and not validly concluded before 1 July 2016 are subject to legislation in force until 30 June 2016.

Section 220d
Transitional provisions for regulations in effect from 1 November 2017

(1) As of 1 November 2017, the provisions of this Act also apply to legal relationships established before 1 November 2017; the establishment of such legal relationships and any claims arising therefrom before 1 November 2017 shall be assessed in accordance with the regulations of this Act in force until 31 October 2017, and time limits that have not expired before 1 November 2017 are subject to the provisions of this Act in force from 1 November 2017 and to the provisions of other legislation.[83]

(2) Proceedings that commenced but were not finally concluded before 1 November 2017 shall be brought to their conclusion under this Act and other legislation;[83] the legal effects of acts that occurred in the proceedings before 1 November 2017 shall be preserved.

(3) Any on-site inspections commenced but not completed before 1 November 2017 shall be completed in accordance with this Act and other legislation;[83] legal effects of acts that occurred during on-site inspections before 1 November 2017 shall be preserved.

Section 220e
Transitional provisions for regulations in effect from 2 August 2021

(1) A special qualified investor fund authorised pursuant to Section 137(1) before 2 August 2021 is deemed included in the list referred to in Section 137(1) as from 2 August 2021. An authorisation pursuant to Section 137(1) granted before 2 August 2021 expires as of the day of its inclusion in the list referred to in Section 137(1) as in effect from 2 August 2021.

(2) Proceedings pursuant to Section 137 that commenced but were not finally concluded before 2 August 2021 shall be brought to their conclusion under Section 137 as in effect from 2 August 2021.

(3) Legal relations governed by this Act and established before 2 August 2021 shall be governed by the provisions of this Act as in effect from 2 August 2021; the establishment of such legal relations, as well as any claims arising therefrom before 2 August 2021, shall, however, be assessed in accordance with this Act as in effect until 2 August 2021.

Section 221

Repealing provisions

This Act repeals the following:

1. Section I of Act No 594/2003 on collective investment (and amending certain laws), as amended by Act Nos 635/2004, 747/2004, 213/2006, 209/2007, 659/2007, 552/2008 and 186/2009

2. Decree No 617/2003 of the Ministry of Finance of the Slovak Republic on own funds of management companies and their calculation, as amended by Decree No 166/2005

3. Decree No 680/2004 of the Ministry of Finance of the Slovak Republic stipulating some details of an open-ended fund's simplified prospectus

4. Decree No 125/2008 of Národná banka Slovenska implementing certain provisions of the Collective Investment Act

5. Decree No 310/2008 of Národná banka Slovenska establishing a method for proving compliance with the conditions for granting an authorisation to establish and conduct activities of a management company

6. Decree No 357/2008 of Národná banka Slovenska on exposures related to financial derivatives

7. Decree No 3/2009 of Národná banka Slovenska of 16 June 2009 establishing a method for calculating the value of open-ended funds' assets (Notification No 248/2009)

8. Decree No 4/2009 of Národná banka Slovenska of 28 July 2009 on the elements of an application for prior approval of Národná banka Slovenska under the Collective Investment Act (Notification No 320/2009)

9. Decree No 9/2009 of Národná banka Slovenska of 1 December 2009 on reporting by management companies and by depositaries of common funds for the purposes of financial market supervision (Notification No 552/2009)

Section 222
Date of effect

This Act takes effect on 1 July 2011.
Act No 206/2013 took effect on 22 July 2013.
Act No 547/2011 as amended by Act No 440/2012 took effect on 1 January 2014.
Act No 352/2013 took effect on 1 January 2014.
Act No 213/2014 took effect on 1 August 2014.

Act No 323/2015 took effect on 1 December 2015.

Act No 359/2015 took effect on 1 January 2016.

Act No 361/2015 took effect on 18 March 2016.

Act Nos 91/2016 and 125/2106 took effect on 1 July 2016.

Act 292/2016 took effect on 1 December 2016.

Act No 237/2017 took effect on 1 November 2017.

Act No 279/2017 took effect on 1 January 2018.

Act No 177/2018 took effect on 1 September 2018, with the exception of Section CXXVI points 1 to 3 and 5 to 7, which took effect on 1 January 2019.

Act No 373/2018 took effect on 1 January 2019.

Act No 156/2019 took effect on 1 July 2019.

Act No 210/2021 took effect on 26 June 2021.

Act No 310/2021 took effect on 1 September 2021.

Ivan Gašparovič [signed]

Richard Sulík [signed]

Iveta Radičová [signed]

Annex 1

SCHEDULE OF LEGALLY BINDING ACTS OF THE EUROPEAN UNION ENACTED IN SLOVAK LAW BY THIS ACT

1. Directive 2009/65/EC of the European Parliament and of the Council of 13 July 2009 on the coordination of laws, regulations and administrative provisions relating to undertakings for collective investment in transferable securities (UCITS) (OJ, L 302, 17.11.2009) as amended by Directive 2010/78/EU of the European Parliament and of the Council of 24 November 2010 (OJ L 331, 15.12.2010).

2. Commission Directive 2010/44/EU of 1 July 2010 implementing Directive 2009/65/EC of the European Parliament and of the Council as regards certain provisions concerning fund mergers, master-feeder structures and notification procedure (OJ, L 176, 10.7.2010).

3. Commission Directive 2010/43/EU of 1 July 2010 implementing Directive 2009/65/EC of the European Parliament and of the Council as regards organisational requirements, conflicts of interest, conduct of business, risk management and content of the agreement between a depositary and a management company (OJ, L 176, 10.7.2010)

4. Commission Directive 2007/16/EC of 19 March 2007 implementing Council Directive 85/611/EEC on the coordination of laws, regulations and administrative provisions relating to undertakings for collective investment in transferable securities (UCITS) as regards the clarification of certain definitions (OJ, L 79, 20.3.2007)

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 (Special Issue of OJ Chapter 06/Vol. 04, OJ L 35, 11.2.2003) as amended by Directive 2005/1/EC of the European Parliament and of the Council of 9 March 2005 (OJ L 79, 24.3.2005), Directive 2008/25/EC of the European Parliament and of the Council of 11 March 2008 (OJ L 81, 20.3.2008) and Directive 2010/78/EU of 24 November 2010 of the European Parliament and of the Council (OJ, L 331, 15.12.2010).

6. Directive 2011/61/EU of the European Parliament and of the Council of 8 June 2011 on Alternative Investment Fund Managers and amending Directives 2003/41/EC and 2009/65/EC and Regulations (EC) No 1060/2009 and (EU) No 1095/2010.

7. Directive 2013/14/EU of the European Parliament and of the Council of 21 May 2013 amending Directive 2003/41/EC on the activities and supervision of institutions for occupational retirement provision, Directive 2009/65/EC on the coordination of laws, regulations and administrative provisions relating to undertakings for collective investment in transferable securities (UCITS) and Directive 2011/61/EU on Alternative Investment Funds Managers in respect of over-reliance on credit ratings (OJ, L 145, 31.5.2013).

8. Directive 2014/91/EU of the European Parliament and of the Council of 23 July 2014 amending Directive 2009/65/EC on the coordination of laws, regulations and administrative

provisions relating to undertakings for collective investment in transferable securities (UCITS) as regards depository functions, remuneration policies and sanctions (OJ, L 257, 28.8.2014).

9. Directive (EU) 2017/2399 of the European Parliament and of the Council of 12 December 2017 amending Directive 2014/59/EU as regards the ranking of unsecured debt instruments in insolvency hierarchy (OJ L 345, 27.12.2017).
10. 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).
11. Directive (EU) 2019/1160 of the European Parliament and of the Council of 20 June 2019 amending Directives 2009/65/EC and 2011/61/EU with regard to cross-border distribution of collective investment undertakings (OJ L 188, 12.7.2019).
12. Directive (EU) 2019/2034 of the European Parliament and of the Council of 27 November 2019 on the prudential supervision of investment firms and amending Directives 2002/87/EC, 2009/65/EC, 2011/61/EU, 2013/36/EU, 2014/59/EU and 2014/65/EU (OJ L 314, 5.12.2019).

Annex 2

PROSPECTUS OF A FUND

1. Information about the fund.

1.1. Name of the fund, specifying whether it is a fund which meets the requirements of legal binding act of the European Union on collective investment.

1.2. Date of the establishment of the fund. Information about its duration, if limited.

1.3. In the case of an umbrella fund, a listing of all constituted sub-funds of the umbrella fund.

1.4. Indication of the place where the fund rules, if not attached, may be obtained and where the annual report and semi-annual report may be obtained.

1.5. Brief information about the tax regulations applicable to the fund, including information on whether income paid to fund unit-holders is subject to withholding tax.

1.6. Date of the preparation of the financial statements and frequency of income payments.

1.7. Auditor's name and permanent residence, or business name and registered office.

1.8. Information on unit certificates and the procedure for winding up the fund, in particular:

(a) rights attached to a unit certificate; in the case that the unit certificates of several issues are issued in the respective fund or the sub-fund of umbrella fund, the information on this circumstance, the description of issues of the unit certificates issued and rights attached to them;

(b) form of a unit certificate;

(c) a method of keeping records of the unit certificates;

(d) type of the unit certificate;

(e) the circumstances under which it could be decided to wind up the fund and the rights of fund unit-holders in the event that the fund is wound up.

1.9. Method and conditions for issuing unit certificates.

1.10. Method and conditions for redeeming unit certificate, and the circumstance in which the right to the redemption of unit certificates may be suspended.

1.11. Description of the rules for the calculation and use of income.

1.12. Description of the investment objectives for the fund's assets, including financial objectives (for example, growth in assets or returns), the investment strategy (for example, specialisation in certain territorial areas or economic sectors) and any restrictions on the investment strategy, as well as information on the techniques, instruments and credits which may be used in the management of the fund.

1.13. Valuation rules for the fund's assets.

1.14. Information on the calculation of the current price of a unit certificate, sale price of a unit certificate and purchase price of a unit certificate, in particular:

(a) rules for the calculation of prices and the frequency of their calculation; in the case that the unit certificates of several issues are issued in the respective fund or the sub-fund of umbrella fund, the rules for calculation of these prices for particular issues of the unit certificates;

(b) fees related to the issuing and return of unit certificates;

(c) the method of publishing these prices, and the place and frequency of publication.

1.15. Information on the types, amount and calculation of remuneration paid out of the fund's assets for the management company, depository, or a third party, and information on expenses of the management company, depository or a third party which are incurred in relation to the management of the fund and are paid out of the fund's assets.

2. Information on the management company

2.1 Business name, legal form, identification number, registered office of the management company and the location of its headquarters if not in the same location as the registered office.

2.2 Date of incorporation of the company (year of establishment), and information on its duration, if limited.

2.3 Names of the funds managed by the management company.

2.4 Name and positions of members of the board of directors, members of the supervisory board and authorised representatives, and information on the main activities performed by these persons outside the management company.

2.5 Information on the amount of share capital and information on the payment thereof.

3. Information about the depository

3.1. Business name, legal form, registered office of the company and the location of its branch, if not in the same location as its headquarters, and a description of its duties and of conflicts of interest that may arise in the fulfilment of its tasks.

3.2. A description of safekeeping functions which the depository delegated to another person, list of delegates, including the delegates under Section 80a(3) and conflicts of interest that may arise with regard to this delegation.

3.3. A statement that information under points 3.1 and 3.2 are available to investors on request.

4. Information on entities which advise the management company on the investment of the fund's assets

4.1. The advisor's business name, legal form, identification number and registered office.

4.2. Material information the provisions of contracts relevant to unit-holders.

4.3. Description of the activities performed by these entities.

5. Information on the payment of income and the redemption of unit certificates, and on access to the information

5.1. Method and procedures for ensuring the payment of income and the redemption of unit certificates.

5.2. Method of providing access to information on the fund to unit-holders in the Slovak Republic and in Member States where units in the fund are offered to the public.

6. Other investment information

6.1. Historical performance of the fund's assets and income since the establishment of the fund; in the case that the unit certificates of several issues are issued in the respective fund or the sub-fund of umbrella fund, separately for each issue of the unit certificate, and a warning that this information should not be used to predict the future development of these indicators; this information and the warning may be given in an annex.

6.2. A profile of the typical investor at whom the fund or the sub-fund of the umbrella fund is aimed, or if in the case that the unit certificates of several issues are issued in the respective fund or the sub-fund of umbrella fund, a profile of the typical investor for each issue separately.

7. Economic information

Additional fees, remuneration and expenses other than those specified in points 1.14 and 1.15. and information about whether they are to be paid by the unit-holder, out of the fund's assets or out the management company's assets.

8. Declaration by the board of directors of the management company that it is responsible that the facts given in the prospectus are complete and true.

9. Specific data, if

(a) under the fund rules it is permitted to use techniques and instruments for the purpose of effective management of investments under Section 100(2);

(b) the fund's investment policy is index tracking or leveraged index tracking;

(c) the management company, in relation to over-the-counter derivatives, accepts collateral or collateral is received in the framework of using techniques and tools for effective management of investments under Section 100(2) of a standard exchange-traded fund.

Annex 3

REPORT OF THE MANAGEMENT COMPANY ON THE MANAGEMENT OF THE FUND'S ASSETS

1. Balance of assets.
   (a) Transferable securities:
      1. shares
      2. bonds
      3. securities of other standard funds, securities of other European standard funds, securities of other open-ended special funds and securities of other foreign collective investment undertakings, of which:
      3.1 securities of collective investment undertakings managed by management companies
      4. other securities
   (b) Money market instruments
   (c) Bank accounts
      1. current accounts
      2. deposit accounts
   (d) Other assets
   (e) Total asset value
   (f) Liabilities
   (g) Net asset value
2. Number of units in the fund in circulation.
3. Net unit value.
4. Balance of securities and money market instruments within the assets (composition of the portfolio), which is to be broken down according to the individual regulated markets as follows:
   (a) transferable securities and money market instruments tradable on a listed securities market of a stock exchange;
   (b) transferable securities and money market instruments tradable on another regulated market;
   (c) transferable securities from a new issue as referred to in Section 88(1)(d);
   (d) money market instruments according to Section 88(1)(h);
   (e) other transferable securities and money market instruments according to Section 88(1)(i);
   (f) derivatives admitted to trading on a regulated market;
   (g) over-the-counter derivatives;
   (h) certificates of other funds or securities issued by foreign collective investment undertakings;
   (i) assets not referred to in (a) to (h).

The portfolio should be further divided according to:
   (a) the management company's investment strategy for the fund's assets, for example, into economic, territorial or currency divisions;
   (b) the percentage share in the assets, itemised by business name of the issuer, class of assets, ISIN number, showing the share in the total assets of the fund.
5. Information on changes in the balance of the portfolio during the period covered by the report.

6. Information on the development of the assets during the period covered by the report, including:

(a) income from shares
(b) losses from shares
(c) income from bonds
(d) losses from bonds
(e) income from securities of other standard funds, securities of other European standard funds, securities of other open-ended special funds and income from securities of other foreign collective investment undertakings, of which:
(ea) income from securities of collective investment undertakings managed by management companies
(f) losses from securities of other standard funds, securities of other European standard funds, securities of other open-ended special funds and losses from securities of other foreign collective investment undertakings, of which:
(fa) losses from securities of collective investment undertakings managed by management companies
(g) income from other securities
(h) losses from other securities
(i) income from money market instruments
(j) losses from money market instruments
(k) income from deposit and current accounts
(l) losses from deposit and current accounts
(m) income from derivative operations
(n) losses from derivative operations
(o) income from foreign exchange operations
(p) losses from foreign exchange operations
(q) capital income
(r) other income
(s) management expenses
(t) depository expenses
(u) other expenses and fees
(v) net income
(w) profit sharing payments
(x) reinvested income
(y) increase or decrease of the fund's assets, and a list of the companies which caused the decrease in the fund's assets owing to fluctuations in securities prices or the liquidation of the company
(z) increase or decrease in the value of shares,
(aa) other changes relating to trading in the fund's assets
(ab) other changes relating to assets or liabilities in the fund.

7. Comparison of the previous three comparable financial periods in the structure of the balance sheet and income statement; this information is to be stated separately according to the comparable financial period-end balance in the form of a comparative table:

(a) total net asset value
(b) net unit value
(c) number of units in circulation
(d) number of units issued and the amount for which they were issued
(e) number of redeemed units and the amount for which they were redeemed

8. Information on the techniques and instruments used in accordance with Section 100(2), in particular, information on the value of the liabilities that have arisen from their use and

information on the total value of liabilities arising from the management company's activities in respect of the fund's assets.

9. Report on the exercise of voting rights attached to securities in the fund's assets.

10. In the case of a public special real estate fund, the following information shall also be provided:

(a) identification of each piece of real estate in the assets of the special real estate fund and its value according to an expert opinion

(b) information on the profit or loss for the accounting period in regard to the sale of real estate;

(c) information on real estate agencies whose services are used by the management company when managing the assets of the special real estate fund

Where, in the fund, the unit certificates of various issues are issued (Section 8(16)), information referred to in second, third and seventh point shall be stated for each issue of the unit certificate separately; with a share assigned to respective issue of the unit certificate. Information referred to in sixth point shall, depending on distinguishing signs of the issues of unit of certificates, be appropriately adjusted for each respective issue of the unit certificate separately.

11. Specific data, if:

(a) the fund's investment policy is index tracking or leveraged index tracking

(b) under the fund rules it is permitted to use techniques and instruments for the purpose of effective management of investments under Section 100(2)

Where certificates of several issuances are issued in a fund (Section 8(16)), the data referred to in points 2, 3 and 7 shall be stated for each unit issuance individually and proportionately to the share of the issuance concerned. The data referred to in point 6 shall be, depending on the unit issuances' distinctive features, adjusted appropriately for each unit issuance individually.

12. Information on the remuneration principles within the scope of:

(a) the total amount of remuneration for the financial year split into fixed and variable remuneration paid by the management company or investment fund with variable capital to its staff, number of beneficiaries and where relevant any proportion of the profits paid directly from the fund's assets, including any performance fee

(b) the total amount and structure of remuneration of senior management and staff of the management company or investment fund with variable capital whose professional activities have a material impact on the risk profile of the fund

(c) how remuneration and benefits are calculated

(d) the outcome of the review of remuneration principles under Section 33(16) including any irregularities that have occurred

(e) material changes to the adopted remuneration principles.

Annex 4

REPORT OF THE MANAGEMENT COMPANY ON THE MANAGEMENT OF ITS OWN ASSETS

1. Balance of assets:
   (a) Securities
      1. shares
      2. bonds
      3. other securities
   (b) Bank accounts
      1. current accounts
      2. deposit accounts
   (c) Other assets
   (d) Liabilities
   (e) Net assets' value
2. Comparison of the previous three comparable financial periods in the structure of the balance sheet and income statement according to the comparable financial period-end balance.
3. Information on the value of the management company's liabilities from its own activities.
4. Information on members of the board of directors, members of the supervisory board and employees of the management company in regard to their membership in the statutory bodies of other companies or involvement in the business of other companies.
5. List of entities with qualified participation in the management company.

Endnotes:

[1] Act No 43/2004 on the old-age pension scheme (and amending certain laws), as amended.
[2] Section 22(1) of Act No 650/2004 on the supplementary pension scheme (and amending certain laws), as amended by Act No 747/2004
[3] Section 6a of Act No 650/2004 as amended by Act No 310/2006
[3a] Act No 530/2003 on the Commercial Register (and amending certain laws), as amended.
[3b] Section 1(2) of Regulation (EC) No 24/2009 of the European Central Bank of 19 December 2008 concerning statistics on the assets and liabilities of financial vehicle corporations engaged in securitisation transactions (ECB/2008/30) (OJ L 15, 20.1.2009).
[3ba] Section 3(4) of Act No 431/2002 on accounting.
[3bb] Article 15 of Regulation (EU) 2019/1156 of the European Parliament and of the Council of 20 June 2019 on facilitating cross-border distribution of collective investment undertakings and amending Regulations (EU) No 345/2013, (EU) No 346/2013 and (EU) No 1286/2014 (OJ L 188, 12.7.2019).
[3c] Section 8a(2) to (7) of Act No 566/2001, as amended.
[4] Act No 162/1995 on the Land Register and on the registration of ownership and other rights in immovable property (the Land Register Act), as amended.
[5] Section 11 of Act No 566/2001
[6] Section 10(4) of Act No 566/2001, as amended.
[7] Act No 566/2001, as amended.
[8] Section 28 of Act No 566/2001, as amended.
[9] Sections 41 and 43 of Act No 566/2001, as amended by Act No 594/2003
[10] Section 16 of Act No 566/2001
[11] Articles 46 to 50 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), as amended.
[12] Act No 540/2007 on auditors, audit and audit oversight (and amending Act No 431/2002 on accounting, as amended), as amended.
[13] Section 8(e) of Act No 566/2001
[14] Section 6(1)(d) of Act No 566/2001, as amended by Act No 209/2007
[15] Act No 650/2004, as amended.
[16] Section 54(2) of Act No 566/2001
[17] Section 8(f) of Act No 566/2001, as amended by Act No 552/2008
[18] Section 9(3) of the Labour Code.
[19] Sections 54 and 55 of Act No 566/2001, as amended.
[20] For example: Sections 73 to 73u and 75 of Act No 566/2001, as amended.
[20a] Section 10(4) and (5) of Act No 330/2007 on the crime register (and amending certain laws), as amended by Act No 91/2016
[21] Section 50(2) of Act No 483/2001, as amended.
Section 144(7) of Act No 566/2001, as amended.
Section 60(3) of Act No 429/2002 on stock exchanges, as amended by Act No 747/2004
Section 67(6) of Act No 8/2008
[21a] Act No 483/2001 on banks (and amending certain laws), as amended.
Act No 566/2001, as amended.
Act No 429/2002, as amended.
Act No 43/2004, as amended.
Act No 650/2004, as amended.
Act No 8/2008 on insurance (and amending certain laws), as amended.

Act No 186/2009, as amended by Act No 129/2010
Act No 492/2009, as amended.

[21b] Section 34a(1) and (2) and Section 34b of Act No 566/1992 , as amended.
Act No 747/2004, as amended.
Section 10(1), (5), (6), (7), (10) and (11) and Section 12 of Act No 330/2007, as amended.

[22] Section 27 of Act No 747/2004 on financial market supervision (and amending certain laws), as amended.

[22a] Article 2 of Commission Delegated Regulation (EU) No 231/2013 of 19 December 2012 supplementing Directive 2011/61/EU of the European Parliament and of the Council with regard to exemptions, general operating conditions, depositaries, leverage, transparency and supervision (OJ, L 83, 22.3.2013).

[22b] Article 5 of Commission Delegated Regulation (EU) No 231/2013.

[22ba] Section 42(2) of Act No 747/2004, as amended.

[22c] Article 5(5) of Commission Delegated Regulation (EU) No 231/2013.

[22d] Regulation (EU) No 345/2013 of the European Parliament and of the Council of 17 April 2013 on European venture capital funds (OJ L 115, 25.4.2013), as amended.
Regulation (EU) No 346/2013 of the European Parliament and of the Council of 17 April 2013 on European social entrepreneurship funds (OJ L 115, 25.4.2013), as amended.

[23] Section 66 of the Commercial Code, as amended.

[24] Sections 80 to 98 of Act No 566/2001, as amended.

[25] For example: Sections 71 to 71n, 73 to 73u and 75 of Act No 566/2001, as amended.

[25a] Articles 57 to 66 of Commission Delegated Regulation (EU) No 231/2013.

[25b] Section 11(1) of the Labour Code, as amended by Act No 348/2007.

[25c] Article 38 of Commission Delegated Regulation (EU) No 231/2013.

[25d] Article 41 of Commission Delegated Regulation (EU) No 231/2013.

[25e] Article 39 of Commission Delegated Regulation (EU) No 231/2013.

[25f] Article 42 of Commission Delegated Regulation (EU) No 231/2013.

[25g] Article 43 of Commission Delegated Regulation (EU) No 231/2013.

[25h] Article 45 of Commission Delegated Regulation (EU) No 231/2013.

[25ha] Article 3(1)(b) of 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), as amended.

[25i] Articles 46 to 49 of Commission Delegated Regulation (EU) No 231/2013.

[25j] Article 48 of Commission Delegated Regulation (EU) No 231/2013.

[25k] Article 49 of Commission Delegated Regulation (EU) No 231/2013.

[25l] Articles 67 to 71 of Commission Delegated Regulation (EU) No 231/2013.

[25m] Act No 382/2004 on experts, interpreters and translators (and amending certain laws), as amended.

[25n] Articles 75 to 82 of Delegated Regulation (EU) No 231/2013.

[26] Article 29 of Commission Delegated Regulation (EU) No 2017/565, as amended.
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, 12.6.2014), as amended.

[27] Article 29 of Commission Delegated Regulation (EU) No 2017/565, as amended.

[28] Article 37 of Commission Delegated Regulation (EU) No 2017/565, as amended.

[27] Section 71f of Act No 566/2001, as amended by Act No 209/2007.

[28] Section 71o (1)(a) and (b) of Act No 566/2001, as amended by Act No 209/2007

[29] Section 132(9)(b) of Act No 566/2001, as amended by Act No 635/2004

[29a] Article 63 of Commission Delegated Regulation (EU) No 231/2013.

[30] Act No 431/2002 on accounting, as amended.
Regulation (EC) No 1606/2002 of the European Parliament and of the Council of 19 July 2002 on the application of international accounting standards (Special Edition OJ, chap. 13/Vol. 29, OJ L 243, 11.9.2002), as amended.

[31] Section 19(1) of Act No 540/2007

[32] Articles 64 to 66 of Commission Delegated Regulation (EU) No 2017/565, as amended.

[33] Article 1(2) of Commission Regulation (EC) No 1287/2006 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).

[33a] Commission Delegated Regulation (EU) No 231/2013.

[33b] Article 30 of Commission Delegated Regulation (EU) No 231/2013.

[33c] Articles 31 to 37 of Commission Delegated Regulation (EU) No 231/2013.

[33d] Article 34 of Commission Delegated Regulation (EU) No 231/2013.

[33e] Article 36 of Commission Delegated Regulation (EU) No 231/2013.

[33ea] Section 78 of Act No 566/2001 as amended by Act No 156/2019.

[33eb] Article 13 of Regulation (EU) 2019/2033 of the European Parliament and of the Council of 27 November 2019 on the prudential requirements of investment firms and amending Regulations (EU) No 1093/2010, (EU) No 575/2013, (EU) No 600/2014 and (EU) No 806/2014 (OJ L 314, 5.12.2019), as amended.

[33f] Article 14 of Commission Delegated Regulation (EU) No 231/2013.

[34] Section 74(4) of Act No 566/2001, as amended by Act No 644/2006

[34a] Article 15 of Commission Delegated Regulation (EU) No 231/2013.

[34aa] Section 78a of Act No 566/2001 as amended by Act No 156/2019.

[34b] Articles 16 to 29 of Commission Delegated Regulation (EU) No 231/2013.

[35] Section 3 of Act No 428/2002 on protection of personal data.

[36] For example: Act No 395/2002 on archives and registries (and amending certain laws), as amended, Act No 431/2002, as amended, Act No 297/2008 on the prevention of money laundering and terrorist financing (and amending certain laws), as amended.

[37] Section 4(5) and Section 7(3) of Act No 428/2002, as amended by Act No 90/2005

[38] Section 7(6) of Act No 428/2002, as amended by Act No 90/2005

[39] For example: Section 12 of Act No 118/1996 on the protection of bank deposits (and amending certain laws), as amended.

[40] Sections 23 and 55 of Act No 428/2002, as amended by Act No 90/2005.

[40a] Article 82 of Commission Delegated Regulation (EU) No 231/2013.

[40aa] Articles 39, 61 and 62 of Commission Delegated Regulation (EU) No 231/2013, as amended.

[40b] Article 75 of Commission Delegated Regulation (EU) No 231/2013.

[40c] Article 76 of Commission Delegated Regulation (EU) No 231/2013.

[40d] Article 77 of Commission Delegated Regulation (EU) No 231/2013.

[40e] Article 78 of Commission Delegated Regulation (EU) No 231/2013.

[40f] Article 79 of Commission Delegated Regulation (EU) No 231/2013.

[40g] Article 80(1) of Commission Delegated Regulation (EU) No 231/2013.

[40h] Article 80(2) of Commission Delegated Regulation (EU) No 231/2013.

[40i] Article 80(3) of Commission Delegated Regulation (EU) No 231/2013.

[40j] Article 81(1) of Commission Delegated Regulation (EU) No 231/2013.

[40k] Article 81(2) of Commission Delegated Regulation (EU) No 231/2013.

[41] Act No 186/2009 on financial intermediation and financial advisory services (and amending certain laws), as amended by Act No 129/2010

[42] Section 8a(4) of Act No 566/2001 , as amended by Act No 209/2007
[43] Section 22 of Act No 186/2009, as amended by Act No 129/2010
[44] Section 21(3)(a) of Act No 186/2009
[44a] Section 3(3) and Section 4(1) of Act No 747/2004, as amended by Act No 394/2011
[44b] Articles 113 to 115 of Commission Delegated Regulation (EU) No 231/2013.
[45] Act No 566/2001, as amended.
Act No 186/2009, as amended by Act No 129/2010
[45a] Article 16 of Regulation (EU) No 1095/2010 of the European Parliament and of 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.
[46] Section 158 of Act No 566/2001, as amended by Act No 747/2004.
[47] Section 54(11) and Section 74 of Act No 566/2001, as amended.
[47a] Article 83 of Commission Delegated Regulation (EU) No 231/2013.
[47b] Articles 92 to 97 of Commission Delegated Regulation (EU) No 231/2013.
[47c] Commission Delegated Regulation (EU) No 2016/438 of 17 December 2015 supplementing Directive 2009/65/EC of the European Parliament and of the Council with regard to obligations of depositaries (OJ L 78, 24.3.2016).
[48] Articles 89 and 90 of Commission Delegated Regulation (EU) No 231/2013.
[48a] Section 71h(2) of Act No 566/2001, as amended by Act No 209/2007.
[49] Section 8 of Act No 566/2001, as amended.
[49a] Articles 85 to 87 of Commission Delegated Regulation (EU) No 231/2013.
[49aa] Section 68 of Act No 323/1992 on notaries and notarial activities (the Notarial Code), as amended.
[49b] Section 71j(1)(a) to (c) of Act No 566/2001, as amended.
[49c] Section 71h of Act No 566/2001, as amended by Act No 209/2007
[49d] Article 98 of Commission Delegated Regulation (EU) No 231/2013.
[49e] Article 99 of Commission Delegated Regulation (EU) No 231/2013.
[49f] Article 100 of Commission Delegated Regulation (EU) No 231/2013 and Section 18 of Commission Delegated Regulation (EU) No 2016/438.
[49g] Article 101 of Commission Delegated Regulation (EU) No 231/2013 and Section 19 of Commission Delegated Regulation (EU) No 2016/438.
[49h] Article 102 of Commission Delegated Regulation (EU) No 231/2013.
[50] Section 7 of Act No 483/2001, as amended.
Sections 55 and 56 of Act No 566/2001, as amended.
[51] Act No 483/2001, as amended.
[52] Section 22 of Act No 431/2002, as amended.
[53] Section 20(1)(a) of Act No 530/1990 on bonds, as amended.
[53a] Section 23 of Act No 431/2002, as amended by Act No 547/2011

[55] Section 8a(7) of Act No 566/2001 , as amended.
[55a] Article 112 of Commission Delegated Regulation (EU) No 231/2013.
[55aa] Section 36(1)(a) of Act No 747/2004, as amended.
[55ab] Sections 12 to 34a of Act No 747/2004, as amended.
[55b] Section 120(7) of Act No 566/2001, as amended.
[56] Article 1 of Commission Regulation (EU) No 584/2010 of 1 July 2010 implementing Directive 2009/65/EC of the European Parliament and of the Council as regards the form and content of the standard notification letter and UCITS attestation, the use of electronic communication between competent authorities for the purpose of notification, and procedures for on-the-spot verifications and investigations and the exchange of information

between competent authorities (OJ L 176, 10.7.2010).

[57] Article 2 of Commission Regulation (EU) No 584/2010.

[58] Articles 3 to 5 of Commission Regulation (EU) No 584/2010.

[58a] Section 1(3)(f) of Act No 747/2004, as amended by Act No 373/2014.

[58b] Article 5 of Regulation (EU) 2019/1156.

[58c] Article 26 of Regulation (EU) 2015/760.

[58d] Regulation (EU) 2015/760.

[59] Sections 44 to 52 of the Commercial Code, as amended.

[59a] Article 4 of Regulation (EU) 2019/1156.

[60] Article 4 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).

[61] Article 7 of Commission Regulation (EU) No 583/2010.

[62] Articles 15 to 18 of Commission Regulation (EU) No 583/2010.

[63] Articles 10 to 14 of Commission Regulation (EU) No 583/2010.

[64] Articles 8 and 9 of Commission Regulation (EU) No 583/2010.

[65] Commission Regulation (EU) No 583/2010.

[66] Act No 483/2001, as amended.
Act No 566/2001, as amended.
Act No 186/2009, as amended.

[67] Article 38 of Commission Regulation (EU) No 583/2010.

[67a] Act No 429/2002, as amended.

[67b] Articles 108 and 109 of Commission Delegated Regulation (EU) No 231/2013.

[68] Section 130 of Act No 566/2001, as amended.

[68a] Section 34 of Act No 429/2002, as amended.

[68b] Article 104 of Commission Delegated Regulation (EU) No 231/2013.

[68c] Article 105 of Commission Delegated Regulation (EU) No 231/2013.

[68d] Article 106 of Commission Delegated Regulation (EU) No 231/2013.

[68e] Article 107 of Commission Delegated Regulation (EU) No 231/2013.

[68f] Act No 431/2002, as amended.

[68g] Article 74 of Commission Delegated Regulation (EU) No 231/2013.

[69] Act of No 566/1992 on Národná banka Slovenska, as amended.
Act No 202/1995 the foreign exchange act, amending Act No 372/1990 on non-indictable offences, as amended, as amended.
Act No 483/2001, as amended.
Act No 747/2004, as amended.
Act No 492/2009 on payment services (and amending certain laws), as amended by Act No 129/2010

[70] Section 2(1)(b), (c), (e) and (l) and Section 4 of Act No 171/1993 on the Police Force, as amended.

[71] For example: Sections 71 to 80 of Act No 71/1967 on administrative proceedings (the Administrative Procedure Code), as amended.

[72] Section 2 of Act No 46/1993 on the Slovak Intelligence Service, as amended.

[72a] For example: Section 35a of Act No 502/2001 on financial control and internal audit (and amending certain laws), as amended, Articles 125 and 127 of Regulation (EU) No 1303/2013 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.

[72b] Act No 359/2015 on automatic exchange of financial account information for tax administration purposes (and amending certain laws).

[73] Act No 297/2009, as amended.

[74] Section 28 of Act No 483/2001, as amended.

[75] 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), as amended.

[77] Article 20, 21 and 26 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.

[77a] Article 110(3) to 5 of Delegated Regulation (EU) No 231/2013.

[77b] Article 110(1) of Delegated Regulation (EU) No 231/2013.

[77c] Article 110(2) of Delegated Regulation (EU) No 231/2013.

[77d] Section 114(2) of Act No 566/2001, as amended.

[77e] Article 110 of Delegated Regulation (EU) No 231/2013.

[77f] For example: Regulation (EU) No 345/2013 as amended, Regulation (EU) No 346/2013 as amended, Regulation (EU) No 2017/1131 of the European Parliament and of the Council of 14 June 2017 on money market funds (OJ L 169, 30.6.2017), Regulation (EU) No 2015/760 of the European Parliament and of the Council of 29 April 2015 on European long-term investment funds (OJ L 123, 19.5.2015).

[78] Civil Dispute Procedure Code.
Act No 244/2002 on arbitration proceedings, as amended.

[79] Sections 138 to 141 and Section 145 of Act No 566/2001, as amended.

[80] Section 44 of Act No 483/2001, as amended.
Sections 138 to 143 of Act No 566/2001, as amended.
Section 49 of Act No 8/2008

[81] Section 143b of Act No 566/2001, as amended.

[82] Sections 143a to 143o and Section 145 of Act No 566/2001, as amended.

[83] Act No 747/2004, as amended.

[84] Act No 428/2002, as amended.

[85] Regulation (EU) No 584/2010.

[86] For example: Act No 483/2001, as amended, Act No 566/2001, as amended, Sections 40 and 41 of Act No 566/1992, as amended.

[87] Sections 40 and 41 of Act No 566/1992, as amended.

[88] Section 19 of Regulation (EU) No 1095/2010.

[89] Article 18(10) of Act No 747/2004

[89a] Article 116 of Delegated Regulation (EU) No 231/2013.

[89b] Article 35 of Regulation No 1095/2010.

[90] For example: Act No 566/2001, as amended, Act No 659/2007 on the introduction of the euro in the Slovak Republic and amending certain laws), as amended, Act No 297/2008 , as amended.

[90a] Section 19(4) of Act No 747/2004, as amended.

[90aa] Act No 122/2013 on the protection of personal data (and amending certain laws), as amended by Act No 84/2014

[90b] Section 156a of the Commercial Code, as amended.

[91] Section 25 of Act No 747/2004

[92] Sections 147 to 155 of Act No 566/2001, as amended.
[93] Section 85(7) of Act No 566/2001 as amended by Act No 747/2004
[95] Section 157(6) and Section 158 of Act No 566/2001, as amended by Act No 747/2004
[96] Sections 120 and 121 of Act No 566/2001, as amended.

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