

**DECREE of the
National Bank of Slovakia
of 11 May 2010**

**stipulating the details of an application for prior approval of the National Bank of
Slovakia pursuant to Article 70 (1) of the Securities Act**

Pursuant to Article 70 (5) of Act No. 566/2001 Coll. on securities and investment services and on amendments and supplements to certain laws (Securities Act) as amended, (hereinafter referred to as the 'Act'), the National Bank of Slovakia stipulates the following:

Article 1

(1) The application for prior approval of the National Bank of Slovakia (hereinafter referred to as the 'application for prior approval') to acquire qualified participation in a stock brokerage firm or exceed qualified participation in a stock brokerage firm so that the interest in the share capital of the stock brokerage firm or voting rights of the stock brokerage firm reaches or exceeds 20%, 30% or 50%, or so that the securities dealer becomes a subsidiary in one or several operations directly, or by action in concert, shall contain the following information:

- a) If the applicant is a natural person:
 1. Name and surname, or their business name in the case of a natural business person - if their business name is not the same as their name and surname;
 2. Date and place of birth, personal identification number; if the applicant is a foreigner¹), their date and place of birth;
 3. Nationality;
 4. Permanent address; in the case of a natural business person their place of business, if it is not the same as their permanent address, and their identification number, if assigned; if the applicant is a foreigner, also their permanent or temporary address in the Slovak Republic, if residing in the Slovak Republic;
- b) If the applicant is a legal entity, their business name, legal form, domicile, identification number, if assigned, the name of the register at which they are registered, their registration number, if assigned;
- c) The business name, domicile and identification number of the stock brokerage firm in which they wish to acquire or exceed qualified participation, or that is to become their subsidiary;
- d) Information on bank shares which the applicant wishes to acquire, namely:
 1. Their type, nominal amount, and number - differentiated by nominal amounts;
 2. Total value;
 3. Interest in share capital (in %);

¹ Article 1 (2) of Act No. 48/2002 Coll. on residence of foreigners and on amendments and supplements to certain acts.

- e) Information on the voting rights of the stock brokerage firm which the applicant wishes to acquire, namely:
 - 1. The number of votes;
 - 2. The share in voting rights (in %);
- f) Information on the shares of the stock brokerage firm which the applicant owns at the time when applying for prior approval, namely:
 - 1. Their type, nominal amount, and number - differentiated by nominal amounts;
 - 2. Total value;
 - 3. Interest in share capital (in %);
- g) Information on the voting rights of the stock brokerage firm which the applicant has at the time of applying for prior approval, namely:
 - 1. The number of votes;
 - 2. The share in voting rights (in %);
- h) Suggested date of acquiring or exceeding qualified participation in the stock brokerage firm; suggested date of the stock brokerage firm becoming their subsidiary;
- i) Justification of the wish to acquire participation in a stock brokerage firm or exceed qualified interest in the share capital of the stock brokerage firm or voting rights of the stock brokerage firm or to acquire the stock brokerage firm as a subsidiary; including the applicant's declaration that they acquire the share on their own account, that they do not act following an agreement with other shareholders of the stock brokerage firm, and that there is no applicant's written obligation to transact or execute shareholder's rights for the benefit of a third party; if the application concerns acquiring or exceeding qualified participation by means of an indirect share or a significant influence, the application for prior approval also includes information on the way and purpose of acquiring or exceeding qualified participation by means of an indirect share or a significant influence;
- j) Information on applicant's interests and activities that could be in conflict with the interests of the stock brokerage firm, as well as a suggested settlement of such conflict.

(2) The application, as outlined in Paragraph 1, shall include the following documents:

- (a) Business plan draft based on a proposed strategy of the stock brokerage firm for the first three years of its activity; its structure shall be the same as the structure of the balance sheet and profit-and-loss statement created for stock brokerage firms, also including the following:
 - 1. Main objectives of the stock brokerage firm and the manner of achieving them;
 - 2. Expected financial data for the following three years on an individual and consolidated basis of the stock brokerage firm;
 - 3. The expected evolution in the organization and management of the stock brokerage firm, including suggested personnel changes in the Board of Directors and the Supervisory Board of the stock brokerage firm;
- (b) Graphic presentation of the qualified participation of the applicant and a graphic presentation of the structure of a group with close relations to the applicant; if the person concerned is a foreigner, also a declaration confirming compliance with the requirements stated in Article 55 (2) (f) and (g) of the Act;

- (c) Written declaration of the applicant that no petition of bankruptcy has been filed for their property, there have been no restructuring proceedings, no proceedings for discharge of debts; that no supervisory or enforced administration has been initiated or compulsory settlement allowed;
- (d) Written information on administrative sanctions imposed on the applicant during the period of three years prior to submitting the application for prior approval, namely sanctions imposed by a lawful and enforceable decision taken in an administrative or other similar procedure;
- (e) Written information about the fact if the applicant has been refused to be granted an authorization or other license to pursue business activities during the period of three years prior to submitting the application for prior approval; and written information on their withdrawal;
- (f) Written information on the impact of the planned acquiring or exceeding qualified participation, or the planned acquiring of a stock brokerage firm as a subsidiary, on the ability of the stock brokerage firm to continue fulfilling its legal obligations;
- (g) Written information on the legal title acquiring or exceeding qualified participation or the acquiring of a stock brokerage firm as a subsidiary and documents confirming this legal title; if there is such legal title at the time of submitting the application for prior approval;
- (h) List detailing business names, legal forms, domiciles, identification numbers, if assigned, amounts of share capital and interests in share capital (in %) of legal entities, the share of voting rights of legal entities in which the applicant has a qualified interest, or where the applicant is a member of their Statutory or Inspection bodies, or is represented in their Statutory or Inspection bodies, or guarantees for their obligation with a substantial part of their property, the scope of the obligation which the applicant guarantees for and documents confirming these facts;
- (i) Written information if the applicant has held negotiations with current shareholders of the stock brokerage firm and if there is an accord of views on the future evolution of the bank.

(3) Further documents which the application as outlined in Paragraph 1 shall include, if the applicant is:

a) Natural person:

1. Applicant's professional CV;
2. Abstract from the criminal record not older than 3 months; if the person concerned is a foreigner¹), a similar irreproachability confirmation issued by a respective body of the country of their habitual residence;
3. Applicant's written declaration of compliance with the conditions as stated in Article 8 (b), points 2 to 5 of the Act;
4. List detailing the names, surnames, permanent addresses and personal identification numbers of persons close² to the applicant who, at the time of submitting the application for prior approval, are in labour relation or other relation with the stock brokerage firm, foreign stock brokerage firm, branch of a foreign stock brokerage firm or financial institution as stated in Article 8 (c) of the Act, detailing its business name, legal form, domicile and identification number, if assigned;

² Article 116 of Act No. 40/1964 Coll. Civil Code as amended

5. Review of applicant's property and financial situation;
6. Written information on the origin, volume, and structure of financial means which are to be used for acquiring or exceeding the qualified interest; including information on the amount of own resources intended for performing this action and documents confirming these facts;
7. Written information about resources other than own which will be used for acquiring or exceeding the qualified interest, and about the legal title on the basis of which these resources have been acquired, as well as documents confirming this legal title;
8. Statements of accounts in banks and foreign banks as of the date of submitting the application for prior approval;
9. If the applicant is liable to pay natural person income tax in line with a special provision³⁾ their income certificate for at least the three immediately preceding years; e.g. income-tax return or a certificate of annual account of advance payments on the salaried-occupation income tax for the three immediately preceding periods of taxation; if the person concerned is a foreigner¹⁾, a similar natural-person income tax certificate for at least the three immediately preceding years;
10. Applicant's written declaration that the financial resources which are to be used for acquiring or exceeding the qualified participation in a stock brokerage firm do not come from criminal activities⁴⁾;

b) Natural business person:

1. Applicant's professional CV;
2. Abstract from the criminal record not older than 3 months; if the person concerned is a foreigner¹⁾, a similar irreproachability confirmation issued by a respective body of the country of their habitual residence;
3. Applicant's written declaration of compliance with the conditions as stated in Article 8 (b), points 2 to 5 of the Act;
4. List detailing the names, surnames, permanent addresses and personal identification numbers of persons close²⁾ to the applicant who, at the time of submitting the application for prior approval, are in labour relation or other relation with the stock brokerage firm, foreign stock brokerage firm, branch of a foreign stock brokerage firm or financial institution as stated in Article 8 (c) of the Act, detailing its business name, legal form, domicile and identification number, if assigned;
5. Abstract from the Company or Trade Register not older than 3 months, or a different business authorization; if the person concerned is a foreigner¹⁾, a similar certificate issued by a respective body, not older than 3 months;
6. Review of applicant's property and financial situation;
7. Written information on the origin, volume and structure of financial means which are to be used for acquiring or exceeding qualified participation; including information on the amount of own resources intended for performing this action and documents confirming these facts;
8. Written information about resources other than own which are to be used for acquiring or exceeding the qualified interest and about the legal title on the basis of

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

⁴⁾ Act No. 297/2008 Coll. on protection against legalization of proceeds and on protection against financing of terrorism and on amendments and supplements to certain acts, as amended

which these resources have been acquired, as well as documents confirming this legal title;

9. Statements of accounts in banks and foreign banks as of the date of submitting the application for prior approval;
10. Audited Financial Statements, if subject to auditing, for the three immediately preceding years; if the applicant started their business activity later than 3 years before submitting the application for prior approval, only Financial Statements covering the period since the start of their business activity; if the Financial Statements subject to auditing have not been audited by the date of submitting the application for prior approval, also non-audited Financial Statements shall be presented;
11. Declaration of income tax for the three immediately preceding years; if the applicant started their business activity later than 3 years before submitting the application for prior approval, only declarations of income tax covering the period since the start of their business activity shall be presented; if the person concerned is a foreigner¹), a similar certificate of income of a natural business person issued by a respective body, not older than 3 months;
12. Applicant's written declaration that the financial resources which are to be used for acquiring or exceeding qualified participation in a stock brokerage firm do not come from criminal activities⁴);

c) Legal entity:

1. Applicant's Statutory Body members' professional CVs;
2. Abstract from the criminal record regarding the applicant's Statutory Body members not older than 3 months; if a person concerned is a foreigner¹), a similar irreproachability confirmation issued by a respective body of the country of their habitual residence;
3. Applicant's written declaration of compliance with the conditions as stated in Article 8 (b), points 2 to 5 of the Act;
4. List detailing names, surnames, permanent residences and personal identification numbers of persons close² to members of the Statutory Body of the applicant who, at the time of submitting the application for prior approval, are in labour relation or other relation with the stock brokerage firm, foreign stock brokerage firm, branch of a foreign stock brokerage firm or financial institution as stated in Article 8 (c) of the Act, detailing its business name, legal form, domicile and identification number, if assigned;
5. Abstract from the Company Register or other certificate issued by a respective body confirming the establishment of the legal entity not older than 3 months; if the legal entity concerned has its domicile abroad, an abstract from a Register or other record-keeping office where it is registered, not older than 3 months;
6. List of natural and legal entities whose shares represent qualified interest in share or voting rights; persons exercising control over the applicant, or of whom the applicant is a subsidiary, shall be detailed separately, including information as stated in Paragraph 1 (a) and (b) and information on the way of exercising control over the applicant;
7. Review of applicant's property and financial situation;

8. Written information on the origin, volume and structure of financial means which are to be used for acquiring or exceeding the qualified participation; including information on the amount of own resources intended for performing this action and documents confirming these facts;
9. Written information about resources other than own which are to be used for acquiring or exceeding qualified interest and about the legal title on the basis of which these resources have been acquired as well as documents confirming this legal title;
10. Audited Financial Statements, if subject to auditing, including an Auditor's Report and Management Report, approved by the General Assembly or other respective body of the applicant, for the three immediately preceding accounting periods; if the applicant is part of a consolidated unit, also audited consolidated Financial Statements including an Auditor's Report shall be presented for the three immediately preceding accounting periods; if the legal entity was established later than 3 years before submitting the application for prior approval, the stated documents shall be presented covering only the period since its establishment; if the Financial Statements subject to auditing have not been audited by the date of submitting the application for prior approval, also non-audited Financial Statements shall be presented;
11. Written applicant's declaration that the financial resources which are to be used for acquiring or exceeding qualified participation in a stock brokerage firm do not come from criminal activities⁴);
12. Rating evaluation, if made for the applicant, in the period of the three immediately preceding years;

(4) If, in line with Article 70 (1) (a) of the Act, by acquiring participation the stock brokerage firm becomes part of a consolidated unit, as stated in articles 138 to 143 of the Act, whose part is also a financial holding company; or if it becomes part of a financial conglomerate, as stated in paragraphs 143 (a) to (o) of the Act, whose part is also a mixed financial holding company; the application, as outlined in Paragraph 1, shall include:

- a) Professional CVs and certificates on the achieved education and experience of members of the Statutory Body of a financial holding company or a mixed financial holding company;
- b) Abstract from the criminal record not older than 3 months of members of the Statutory Body of a financial holding company or a mixed financial holding company; if a person concerned is a foreigner¹), a similar irreproachability confirmation issued by a respective body of the country of their common residence;
- c) Written declaration of members of applicant's Statutory Body of a financial holding company or a mixed financial holding company of compliance with conditions as stated in Article 8 (b), points 2 to 5 of the Act.
- d) Certificates evidencing the suitability of persons controlling the financial holding company or a mixed financial holding company, appropriately in line with paragraphs 2 and 3.

(5) Provisions of subparagraphs 1 to 3 shall be reasonably applied on acquiring or exceeding qualified participation in a stock brokerage firm or acquiring a stock brokerage

firm as a subsidiary as stated in Article 70 (1) (a) of the Act by means of an indirect share or a significant participation.

Article 2

(1) The application for prior approval for reducing the share capital of a stock brokerage firm, unless the reduction is a result of a settlement of a loss, shall include the following:

- a) The business name, domicile and identification number of the stock brokerage firm wishing to reduce its share capital;
- b) Information on the reduced share capital;
 1. The registered capital amount after it is reduced;
 2. The way of reducing the share capital;
 3. Justification of reducing the share capital;
- c) Suggested date of reducing the share capital.

(2) The application, as outlined in Paragraph 1, shall include the following documents:

- a) Draft of the decision of the General Assembly of the stock brokerage firm to reduce the share capital;
- b) Timetable of organizational, legal and financial procedures necessary to be done in the process of reducing the share capital;
- c) Certificates stating the share capital amount and a list of shareholders of the stock brokerage firm including their participation in the share capital of the stock brokerage firm (in %) as of the day of submitting the application for prior approval, namely an Abstract from the Company Register, Abstract from the Register of Issuers or other similar certificate.

Article 3

(1) The application for prior approval for appointing the persons proposed as members of the Board of Directors of the stock brokerage firm, or as a head of a branch office of a foreign stock brokerage firm, shall include the following:

- a) The business name, domicile and identification number of the stock brokerage firm where persons are proposed to be appointed to become members of the Board of Directors of the stock brokerage firm; or the business name, domicile of a foreign stock brokerage firm and the location of a branch of a foreign stock brokerage firm in the area of the Slovak Republic whose head has been proposed;
- b) Names, surnames, permanent addresses, dates of birth or personal identification numbers of persons proposed as members of the Board of Directors of the stock brokerage firm or as a head of a branch office of a foreign stock brokerage firm.

(2) The application, as outlined in Paragraph 1, shall include the following documents:

- a) Professional CVs and certificates of achieved education and experience of persons proposed as members of the Board of Directors of the stock brokerage firm or as a head of a branch office of a foreign stock brokerage firm;

- b) Abstract from the criminal record not older than 3 months of persons proposed as members of the Board of Directors of the stock brokerage firm or as a head of a branch office of a foreign stock brokerage firm; if a person concerned is a foreigner¹), a similar irreproachability confirmation issued by a respective body of the country of their habitual residence;
- c) Written declaration of persons proposed as members of the Board of Directors of the stock brokerage firm or as a head of a branch office of a foreign stock brokerage firm in compliance with conditions as stated in Article 8 (b), points 2 to 5 of the Act.
- d) Proposal of an authorized body of a stock brokerage firm or a foreign stock brokerage firm to appoint persons proposed as members of the Board of Directors of the stock brokerage firm or as a head of a branch office of a foreign stock brokerage firm.

(3) If the application as stated in Paragraph 1 is filed by a shareholder of the stock brokerage firm, the application shall also include their name, surname, date of birth or a personal identification number in the case of a natural person; or a business name, domicile and identification number in the case of a legal entity.

Article 4

- (1) The application for prior approval for a change of the domicile of the stock brokerage firm shall include the following:
- a) The business name, domicile and identification number of the stock brokerage firm wishing to change its domicile;
 - b) New address of the stock brokerage firm.
- (2) The application, as outlined in Paragraph 1, shall include the following documents:
- a) Proposal of the decision of an authorized body of a stock brokerage firm to change its domicile;
 - b) Certificates proving applicant's ownership of the real estate or other certificates of the applicant allowing use of the real estate where they are going to pursue their activities after the domicile change.

Article 5

- (1) The application for prior approval for consolidating, merging, or splitting a stock brokerage firm, including a merger of another legal entity with the stock brokerage firm, shall include the following:
- a) Information on persons applying for prior approval, namely their business name, legal form, domicile and identification number, if assigned;
 - b) Justification of consolidating, merging, or splitting a stock brokerage firm;
 - c) Suggested date of consolidating, merging, or splitting a stock brokerage firm.
- (2) The application, as outlined in Paragraph 1, shall include the following documents:

- (a) Draft of contract for consolidation or merging, or a project for the split of a stock brokerage firm;
- (b) Regulations or a draft of regulations which will form part of the Memorandum of Foundation or the Foundation Charter of the succession stock brokerage firm;
- (c) Business plan draft of the succession stock brokerage firm after consolidating, merging, or splitting the stock brokerage firm, for the first three years of its activity; its structure shall be the same as the structure of the balance sheet and profit-and-loss statement created for stock brokerage firms, also including the following:
 - 1. Main objectives of the succession stock brokerage firm and the manner of achieving them;
 - 2. The expected financial data for the following three years on an individual and consolidated basis of the succession stock brokerage firm;
 - 3. The expected evolution in the organization and management of the succession stock brokerage firm, including suggested personnel changes in the Board of Directors and the Supervisory Board of the stock brokerage firm;
- (d) Timetable of organizational, legal and financial procedures necessary to be done in the process of consolidating, merging, or splitting a stock brokerage firm;
- (e) Proposal of General Assembly's decision to consolidate, merge or split a stock brokerage firm;
- (f) Proposal of the system of organization including a graphic presentation of an organizational structure of the succession stock brokerage firm;
- (g) Written declaration of the stock brokerage firm that the consolidating, merging, or splitting the stock brokerage firm will not be to the detriment of its creditors;
- (h) Documents as stated in the Article 1 (2) (b) to (e) and (h) and Article 1 (3) (c), points 5 to 12.

Article 6

(1) The application for prior approval for returning a license for providing investment services (hereinafter referred to as the 'license') shall include the following:

- a) The business name, domicile and identification number of the stock brokerage firm wishing to return the license;
- b) Justification of the stock brokerage firm's license return;
- c) Suggested date for the stock brokerage firm's license return.

(2) The application, as outlined in Paragraph 1, shall include the following documents:

- a) Abstract from the Company Register of the stock brokerage firm wishing to return the license, not older than 3 months;
- b) Draft of the General Assembly's decision to return the stock brokerage firm's license;
- c) Written declaration that the return of the stock brokerage firm's license will not be to the detriment of its clients from the point of view of keeping records of financial tools, namely an agreement with a different stock brokerage firm and with the central depository of shares regarding this record-keeping, or a similar certificate;
- d) Written declaration of the stock brokerage firm that the return of the stock brokerage firm's license will not be to the detriment of its creditors;

- e) Timetable of organizational, legal and financial procedures necessary to be done in the process of the stock brokerage firm's license return.

Article 7

(1) The application for prior approval for selling a stock brokerage firm, branch office of a foreign stock brokerage firm, or their parts, shall include the following:

- a) The business name, domicile and identification number of the stock brokerage firm which, or whose part, is to be sold; or the business name, foreign stock brokerage firm's domicile and a location of a branch of a foreign stock brokerage firm in the area of the Slovak Republic which, or whose part, is to be sold;
- b) The business name, domicile and identification number, if assigned, of the legal entity which is to buy the stock brokerage firm, branch office of a foreign stock brokerage firm, or their parts;
- c) Justification of selling the stock brokerage firm, branch office of a foreign stock brokerage firm, or their parts; and a suggested date of such sale;

(2) The application, as outlined in Paragraph 1, shall include the following documents:

- a) Abstract from the Company Register or other certificate issued by a respective body confirming the establishment of the legal entity which is to buy the stock brokerage firm, branch office of a foreign stock brokerage firm, or their parts;
- b) Timetable of organizational, legal and financial procedures necessary to be done in the process of selling the stock brokerage firm, branch office of a foreign stock brokerage firm, or their parts;
- c) Business plan draft based on a suggested strategy of the stock brokerage firm after selling the stock brokerage firm, branch office of a foreign stock brokerage firm, or their parts, for the first three years of its activity; its structure shall be the same as the structure of the balance sheet and profit-and-loss statement created for stock brokerage firms;
- d) Draft of a contract for the sale of a stock brokerage firm, branch office of a foreign stock brokerage firm, or their parts;
- e) Contract for a future contract for selling a stock brokerage firm, branch office of a foreign stock brokerage firm, or their parts, if such contract is to be drawn up;
- f) Draft of the decision of an authorized body about the sale of a stock brokerage firm, branch office of a foreign stock brokerage firm, or their parts;
- g) Written comments on the objective of a foreign stock brokerage firm to sell a branch office of a foreign stock brokerage firm, or its parts, issued by a body performing inspection over it;
- (h) Documents as stated in Article 1 (2) (b) to (e) and (h) and Article 1 (3) (c), points 5 to 12.

Article 8

(1) The application for prior approval for pursuing activities of a member of the central depository (hereinafter referred to as the 'member') shall include the business

name, domicile and identification number of a stock brokerage firm, a foreign stock brokerage firm, or another person wishing to pursue activities of the member.

(2) The application, as outlined in Paragraph 1, shall include the following documents:

- a) Abstract from the Company Register, not older than 3 months, of the stock brokerage firm, or other certificate issued by a respective body confirming the establishment of a foreign stock brokerage firm or another person wishing to pursue activities of the member;
- b) Brief description of the information system and technical means enabling the connection to the system of technical processing of central depository data;
- c) Certificates evidencing that from the technical and organizational point of view, the subject is ready to pursue activities of the member, including data on technical equipment and computer technology, business system and data backup, information on safety, internal work regulations laying down organizational provision of the activity pursued by the member including a list of persons with authorized access to the system for technical processing of central depository data, procedures of establishing and cancelling an account of the owner of book-entry security, the way and procedures of filing orders for the transfer and transmission of book-entry security and for the registration of the suspension of the owner's right to use book-entry securities, procedures laying down the way of settling claims of persons whom the member will provide services related to the activity of the member, the way and procedures for correcting and refilling member's records.

Article 9

(1) The application for prior approval as stated in articles 1 to 8 shall also contain a written declaration of the applicant saying that all the stated data and all presented documents and certificates are complete, correct, true, real and current; the date and place of drawing the application for prior approval as well as officially authenticated signatures of people authorized to act on behalf of the applicant.

(2) If the application for prior approval as stated in articles 1 to 8 is submitted by complying persons, the application shall contain a letter of authorization with officially authenticated signatures of people authorized to act on behalf of the donor of power who has been appointed as a common representative by constituents to act on behalf of them in the application for prior approval proceedings.

(3) Documents as stated in articles 1 to 8 shall be presented in their original copies, and if not possible, their officially authenticated copies shall be presented. If the application for prior approval and documents presented as a part thereof are written in a foreign language, they shall also be presented in their officially authenticated translation into the national language.

(4) If the applicant has already presented documents as stated in articles 1 to 8, or some of them, to the National Bank of Slovakia before filing their application for prior

approval, they can be replaced by a declaration stating that the mentioned documents and certificates are complete, correct, true, real and current; such declaration shall also contain officially authenticated signatures of people authorized to act on behalf of the applicant and a list of documents already presented at the National Bank of Slovakia and the date when presented.

Article 10

This repeals Decree of the National Bank of Slovakia of 7 July 2008 No. 15/2008 stipulating the details of an application for prior approval pursuant to Article 70 (1) of the Securities Act (Notification No. 276/2008 Coll.).

Article 11

This Decree shall become effective on 1 June 2010.

Jozef Makúch
Governor

Issuing body: Regulatory and Risk Management Methodology Department
Banking Sector and Securities Dealers Regulatory Section

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