

KDD

REGULATIONS

KDD Central Securities Clearing Corporation



1. GENERAL PROVISIONS

Subject of regulations

Article 1

(1) These regulations set out in detail the terms of rendering KDD services with regard to maintaining the central registry, with the exception of the part that is subject to other regulations, and sets out in greater detail the rights and obligations of KDD and the users of its services in relation therewith.

(2) When these regulations set out that an entry is possible or not possible, this means a description of a standard manner of information system operation, but not a legal assessment of admissibility or inadmissibility of an individual entry. Legal admissibility or inadmissibility of actual action shall be assessed in any case by the person, who wishes act in a certain way.

Hours of operation of the information system

Article 2

(1) The information system operates every settling day from 7 a.m. to 6 p.m.

(2) KDD may extend the information system hours of operation if the T2S technical platform extends its hours of operations for exceptional reasons.

(3) KDD does not guarantee that a particular entry is made if during the operation of information system all conditions are met. KDD shall continue its efforts to assure that the relevant entries at technical settling accounts on technical settling accounts T2S are carried out on the same settling day, if a sufficient quantity of securities concerned is provided until 5.50 p.m. on the anticipated settling day. When the transfer of securities is to be carried out against the payment of the purchase price, KDD shall seek to carry out relevant entries on technical T2S settling accounts on the same settling day, if sufficient amount of relevant securities and their purchase price is provided by 3.50 p.m. of the anticipated settling day at the latest.

Classification of securities

Article 3

(1) The international standard that is applicable for classification of the uniform identification of a respective type (genus) of a mutually interchangeable security is ISO 6166 (*ISIN code*). The applicable international standard for designation of the unique abbreviated name is ISO 18774 (*FISN code*).

(2) KDD shall assign a fixed CFI code for each type of security based on international standard ISO 10962.

(3) In the event of change of data present in an individual type of security, and such change can be implemented without exchange of securities, the change shall be carried out based on a request of a member-issuer. A member-issuer shall submit such request, if adequacy of calculation of any parameter of such securities depends on it.

Sending notifications to holders and other beneficiaries

Article 4

(1) KDD shall send notification earmarked for person entered in the central registry as a holder or other beneficiary through the KDD registry member, who has a status of a holder's, lien or executive member.

(2) KDD may forward the notification to the person under Paragraph 1 of this Article also directly to their postal address, if the latter is entered in the central registry, or alternatively to the address of their permanent residence or registered office, which is entered in the central registry.

(3) In the event referred to under Paragraph 1 it shall be deemed that the person received due notifications on the working day following the day, when a KDD member received it, and in the event under Paragraph 2 it shall be deemed that the person received due notification three working days after sending it, unless it is recorded that it had been received before.

Communication between KDD and its members

Article 5

(1) Communication between KDD and its members, which is not subject to standardised transmission in the information system, shall be conducted by e-mail by using e-mail address of KDD clani@kdd.si and the e-mail address of the respective member, which such member shall designate to this end, unless it is determined otherwise for a particular case. Concerning the notifications regarding corporate actions, instead of the e-mail address clani@kdd.si the e-mail address korporacijske@kdd.si is used. Concerning the notifications regarding settlement of stock exchange transactions, instead of e-mail address clani@kdd.si the e-mail address poravnava@kdd.si is used.

If a malfunction in communications connections or other extraordinary circumstances should render electronic communication impossible, communication shall be performed by fax. If the member's fax is turned off, busy or malfunctioned, the settlement member shall be considered as having received the said notification at the time when KDD initially attempted to send the notification by fax.

The member shall notify KDD of any circumstances that are material for its use of the information system or rendering KDD services in relation to said member immediately.

The member shall also designate one or several persons as contacts for communication with KDD.

Instructions

Article 6

Instructions is a common name for the following:

1. Unilateral orders,
2. Delivery parts of bilateral orders, and
3. Receipt parts of bilateral orders.

2. KDD MEMBERS

Procedures prior to entering into a member agreement

Article 7

(1) KDD shall make a decision on applications for admission into registry membership within 30 days of receiving due request, and on application for admission into membership of an issuer within 30 days of receiving due request.

(2) To the person that KDD intends to admit as a member, an agreement on the relevant type of membership shall be sent to sign within the deadline set forth in the Paragraph 1 hereinabove.

(3) The person that KDD does not intend to admit as a member shall be sent a substantiated decision for the rejection by KDD.

Support for KDD members

Article 8

(1) KDD shall provide registry members with professional support and assistance in using the information system through the user assistance electronic system.

(2) KDD shall provide member-issuers with professional support and assistance in relation to carrying out corporate actions.

Use of KDD services

Article 9

(1) The member may use KDD services using one or more member codes, one or more workstation and one or more usernames. Workstations and usernames are attached to a particular member code.

(2) KDD services may through a registry member also be used by a person not employed or hired by a registry member (indirect participation) but beforehand said registry member shall notify KDD about it. In relation to KDD a member remains fully liable for the conduct of such persons as if it were persons employed or hired by the said member.

(3) KDD may require a member to use a separate member code and/or a separate username for the purposes of nonstandard use of KDD services by a person not employed or hired by said registry member (indirect participation) if that is necessary due to an appropriate risk management.

(4) Provisions of Paragraphs 2 and 3 hereinabove regarding indirect participation shall be used *mutatis mutandis* in case of providing nonstandard use of KDD services to other central securities depositories.

User names

Article 10

(1) The user name that allows access to the information system shall be assigned by KDD to a person for which a registry member files an application and for the type of access the member is applying for. The application must be given in accordance with technical instructions. The member shall ensure that the user name shall not be used by anyone other than the person it was assigned to.

(2) KDD shall activate the user name after the person whom the user name was assigned to meets the terms required in relation to the qualified digital certificate as set forth in the technical regulations.

(3) KDD shall disable a user name no later than the following business day after receiving due request for such cancellation from a member. (2) KDD shall also disable access to information system if the person

whom the username was assigned to no longer meets the terms required in relation to the qualified digital certificate as set forth in the technical regulations.

(4) For the person from Paragraph 1 hereinabove KDD shall organise a training programme for the use of the information system:

1. upon request of a member before assigning new username,
2. if KDD significantly upgrades or changes the functions of the information system.

3. CENTRAL REGISTRY STRUCTURE

3.1. ACCOUNT FEATURES

House account

Article 11

(1) A house account is an account that has the following features:

1. Marked with the letter “H”,
2. Opening or closing such account is subject to written notification of the respective registry member,
3. It is maintained by the registry member holding such account.

(2) It is prohibited to allocate stock exchange trades by debiting or crediting the house account.

Client account

Article 12

(1) A client account is an account that has the following features:

1. Marked with the letter “C”,
2. Opening or closing such account is subject to notification of the respective registry member,
3. It is maintained by a registry member.

(2) Irrespective of Item 1, Paragraph 1 hereof, special forms of client accounts shall be designated with other letters, namely letter »P« (managed account), letter »U« (custodian account), letter »N« (fiduciary account), letter »T« (takeover account) or letter »D« (pledge account).

(3) A takeover account may only be debited or credited relating to takeover procedures as per ZPre-1. or in relation to other corporate actions, where the holder or other beneficiary has the possibility to choose. Entries that are credited or debited to a takeover account under these regulations shall not be debited or credited to any other types of accounts.

(4) Only entries regarding collateralisation and auto-collateralisation with the central bank may be credited or debited to a pledge account. KDD shall open individual pledge accounts by no later than three business days after the receipt of notification.

(5) Irrespective of Item 3, Paragraph 1 hereinabove, KDD fiduciary accounts that are credited with securities, which are the subject of KDD custodian services, shall not be maintained by registry members. Securities on KDD fiduciary accounts shall be considered as securities of persons that KDD renders custodian services to in relation to KDD creditors.

Closed registry account

Article 13

(1) A closed registry account is an account that has the following features:

1. Marked with the letter “R”,
2. It is not maintained by any registry member,
3. It is an account, closed under Paragraph 1, Article 48 of ZNVP-1.

(2) Securities may be debited to a closed account only if due credit is made to an account of the same holder or its universal legal successor as managed by the registry member or in credit of the dereliction

account, in credit of the fiduciary account of the beneficial holder under Article 255 of ZTFI or in credit of a deposit-in-court account.

(3) Securities shall not be credited to the closed registry account.

(4) In addition to the transfers referred to under Paragraph 2 of this Article securities credited to a closed registry account may only be subject to entries based on state authorities' decisions and entries on a framework of corporate actions for which no active conduct of a holder is required.

(5) Each holder may only have one closed registry account.

Data on accounts as a result of connection with T2S

Article 14

(1) In relation to connection with the T2S system, data on the type of mapping is kept with each account. Possible types of mapping are N:1, 1:1 with restrictions (1:1(R)) and 1:1 without restrictions (1:1). Values 1:1R and 1:1 shall mean that this is an injective mapping (technical settling account, to which an individual account with mapping 1:1R or 1:1 is associated, is not connected with any other account in the central registry). Value N:1 shall mean that another account with the same mapping (N:1), managed by the same registry member, may be connected to a technical settling account, to which an individual account with this mapping is mapped.

(2) Data on collective account, to which the relevant account in the central registry is connected, is kept with accounts with mapping N:1.

(3) Each account is directly or indirectly connected to the dedicated cash account in T2S (DCA).

(4) No encumbrances may be entered on securities, credited to an account with 1:1 type of mapping, nor may transfers of encumbered securities be carried out on them. If an encumbrance was entered on securities, credited to an account with 1:1 type of mapping, they should first be credited with a 1:1R or N:1 type of mapping. Pledge account is always an account with 1:1 type of mapping.

Auxiliary account

Article 15

(1) A joint account and joint custodian account are suspense accounts that have the following features:

1. They are marked with the letter "G" (joint account) or "V" (joint custodian account),
2. Opening or closing such accounts is subject to written notification of the respective registry member,
3. They are maintained by a registry member.

A joint account or joint custodian account is used only in relation to allocation of stock exchange transactions.

(2) Control account is marked with the letter »B«, it is maintained by KDD.

(3) Provisional account is marked with the letter »I«, it is maintained by KDD or a registry member.

(4) Collective account is marked with the letter »A«.

3.2. OPENING AN ACCOUNT

Entry of data on an account holder and assigning an account number

Article 16

(1) When opening an account it is necessary to enter data on the account holder in the central registry. If it is a pledge account, on opening an account, details on pledge creditor shall be entered into the central registry.

(2) Upon opening an account KDD assigns an account number based on a predetermined algorithm. This also applies when opening a joint account.

(3) Opening of an account is always carried out first in the central registry, only then KDD opens, when necessary, a relevant a technical settling account in T2S.

Specifically on opening a client account

Article 17

(1) Registry members shall provide details of the account holder in their message regarding opening a client account, if it is a pledge account, also on the pledge creditor.

(2) If the details on the holder specified in the message regarding opening a client account by the registry member do not match the details KDD disposes with, KDD shall not authorise said client account to be opened.

3.3. CLOSING AN ACCOUNT

Conditions to close an account

Article 18

(1) An account may only be closed if there are no securities held in credit on the account and there are no outstanding orders relating to that account in the central registry.

(2) If it is an account with 1:1 or 1:1R type of mapping, KDD shall first close the relevant technical settling account in T2S.

Closing an account if a member is expelled

Article 19

(1) If a registry member is expelled from membership, he shall ensure transfer of all securities debiting accounts maintained by said member within two months of expulsion, and terminate any authorisations on behalf of pledge creditors or entitlements in any enforcement procedures. On request of a beneficiary, KDD may directly carry out individual transfers or other amendments of entries, rendered necessary due to exclusion of a registry member.

(2) Within the deadline set forth under Paragraph 1 hereinabove the registry member shall also provide KDD with due notification to close all accounts that it maintains.

(3) For each started month of being late in meeting obligations under this article, the registry member shall pay KDD a contractual penalty equal to one compensation for membership as charged by KDD.

3.4. MAINTAINING ACCOUNTS

Entering data on legal representatives

Article 20

(1) If the account holder does not have the capacity to contract or has limited capacity to contract, an account may also feature data on the legal representative as per Paragraph 1, Article 25 of the Rules.

(2) The provision under Paragraph 1 hereinabove shall also be reasonably applied for other eligible parties.

Assigning a KID number

Article 21

(1) If assignment of a KID number is requested by a person who is not entered in the central population register or the business register, he or she shall enclose a document that allows verification of the accuracy of data from Item 2 to 4 of Paragraph 1, Article 25 of the Rules.

(2) If assignment of a KID number for a person who is not entered in the central population register or the business register is requested by a registry member, the latter shall verify the accuracy of data from Item 2 to 4 of Paragraph 1, Article 25 of the Rules itself.

(3) If assignment of a KID number is requested to open a fiduciary account, this shall be explicitly stated in the application.

Automatic data modification

Article 22

KDD automatically updates data in the central registry based on electronic survey of data from the central population register or the business register at least once per week.

Blocking accounts

Article 23

(1) Account blockage is a technical prevention of transferring securities and entries of encumbrances in debit of a blocked account, namely based on instructions, entered into the central registry by a registry member, and based on stock exchange settlements.

(2) Only KDD may block an account. (2) If it is an account with 1:1 or 1:1R type of mapping, KDD shall block a relevant technical settling account in T2S.

(3) Blockage of an account shall not constitute any impediment for the entries in credit of a blocked account, as well deletions, carried out as a corporate action, or transfers of securities, already provided to settle stock exchange transactions.

4. CORPORATE ACTIONS

4.1. GENERAL

Application and notification

Article 24

(1) Application for an individual corporate action shall be lodged on a form, published on the KDD web page, so that the form with the required enclosures is lodged on protected web pages.

(2) KDD shall check the lodged application and verify if it is in accordance with the law and regulations. If the application is not in accordance with the law and regulations, KDD shall ask the applicant to make the appropriate amendments and harmonisations. If the application is in accordance with the law and regulations, KDD accepts it by expressly stating that it accepts the application, or that it calls the applicant to pay compensation.

(3) A member-issuer informs KDD on the intended convocation of general meeting of holders of securities, extension of the agenda and decisions, adopted at the general meeting, by sending notification to e-mail address korporacijske@kdd.si.

Announcement

Article 25

(1) On the day of announcement, KDD shall announce to all members the planned processing of a corporate action.

(2) Announcement of a corporate action shall include:

1. Type of corporate action,
2. Statement of member-issuers, involved in the corporate action,
3. Codes and ISIN codes of securities, involved in the corporate action,
4. Relevant critical days for corporate action,
5. Other essential elements of the request,
6. Possible period in which no entries in the central registry, which refer to the type of securities, involved in corporate action (blockage of securities), may be carried out.

Decoupling of KDD with announcement

Article 26

Announcement of corporate action of KDD does not require its performance or the performance in an announced way. If despite the announcement the corporate action is not performed, KDD shall inform the registry members about it in the same way as in the announcement.

Notification on the performed corporate action

Article 27

After the performed corporate action, KDD shall forward to all members and the applicant requesting the performance of corporate action information on the performed corporate action.

4.2. SPECIFICALLY ON ISSUANCE OF SECURITIES

Details on simultaneous issue

Article 28

(1) In case of a simultaneous issue to individually designated persons regardless of the existing ownership of securities, the respective member-issuer shall state the following for each person whom securities are to be issued to:

1. Details under Items 1 to 4, Paragraph 1 of Article 25 of the Rules,
2. The number of securities to be issued to said person,
3. The account number of said person, whom said securities are to be issued to, and

4. If the securities that are set to be issued are encumbered: all details of encumbrance that should be included in the order, if the entry of the encumbrance would be performed on the basis thereof.

(2) In case of simultaneous issue, which is performed to existing holders of a certain type of security, the member-issuer shall state the ratio according to which the securities are to be issued.

(3) When share issue is performed without the payment of contributions based on ownership of existing shares, and when dematerialised securities issue is performed due to exchange for existing dematerialised securities, the encumbrances entered on existing dematerialised securities shall be transferred onto the newly issued dematerialised securities without any specific request by the holder, with due consideration of the ratio between the encumbered and unencumbered securities of the holder.

4.3. SPECIFICALLY ON DELETION OF SECURITIES

Details on simultaneous deletion

Article 29

(1) In case of simultaneous deletion of securities for individually designated holders, the respective member-issuer shall state the following for each person whose account shall be debited for said securities:

1. Details under Items 1 to 4, Paragraph 1 of Article 25 of the Rules,
2. The number of securities to be debited from the account of said person, and

3. If a person has several accounts and not all securities held by said person are subject to deletion: the number of the account from which said securities should be deleted.

(2) With a simultaneous deletion of securities, which is performed by debiting all holders in a specific ratio, the respective member-issuer shall state said ratio.

Notice on deletion

Article 30

(1) If shares are deleted based on a restructuring of a member-issuer into a different legal organisational form or winding up of a member-issuer as part of a procedure of material status restructuring, whereby the acquiring company is not the issuer of shares in the central registry, KDD shall include into the notification on the performed corporate action, forwarded to the member-issuer or the acquiring company, also data on persons whose accounts were debited for said shares, together with data on the number of deleted shares for each respective holder, including eventual charges entered on said shares upon their deletion.

(2) KDD shall also notify persons, who were entered as beneficiaries in relation to a respective charge on the shares upon their deletion.

4.4. SPECIFICALLY ON EXCHANGE OF SECURITIES

Reasonable application

Article 31

Replacement of securities shall be subject to reasonable application of provisions hereof as regards issue and deletion respectively.

Details on simultaneous replacement

Article 32

Member-issuers that are party to replacement, shall state the relationship where respective securities are to be replaced from. Encumbrances entered on securities that constitute the subject of deletion due to replacement shall be entered pro rata on securities that constitute the subject of issue based on the replacement.

Deposit of shares in material status restructuring

Article 33

If claims of shareholders of the acquired or transferring company are to be satisfied with own shares of the acquiring company, the latter shall first deposit said shares with KDD, namely by crediting them free of any charges to the fiduciary account of KDD. KDD shall issue due confirmation on deposited shares. Upon replacement of shares KDD shall use said shares for satisfaction of shareholders of the acquired or the transferring company.

4.5. SPECIFICALLY ON TAKEOVER

Details on takeover

Article 34

The acquirer's request shall include the following data:

1. Its unique identification,
2. Uniform identification of securities that the takeover bid relates to,
3. The selected authorised member, his or her contact person and telephone number, fax number and email address of that person,
4. The client account number held by the acquirer, which is to be credited with the securities of the target company if the takeover bid is successful,
5. The compensation tendered by the acquirer for securities that the takeover bid relates to.

Acceptance of takeover bid in case of other person as an accepting party

Article 35

When, in line with Paragraph 1, Article 3 of ZPre-1, the acceptor does not act as a holder of securities but another person entitled to dispose of securities, the role of the takeover account from the day of acceptance of takeover bid until the day when KDD carries out transfers based on a successful or unsuccessful bid shall be carried out by the holder of an account, which is not managed by any KDD

member, and on the day, when KDD carries out transfers based on a successful takeover bid, the role of the takeover account is carried out by the acceptor's account, managed by the acceptor's registry member.

Dealing with a bank guarantee

Article 36

(1) If the acquirer has already settled its obligation to deposit funds by delivering a bank guarantee in line with Paragraph 4, Article 36 of ZPre-1, KDD shall call on the acquirer to deposit funds equal to the total sum of financial claims of all accepting parties within two business days.

(2) If the acquirer deposits the calculated sum within two business days following a due call for deposit, KDD shall return the deposited bank guarantee, or submit it to be redeemed.

(3) If the bank should for any reason refuse to pay out due sums based on the bank guarantee or if it fails to make due payment within two business days of submitting the bank guarantee to be redeemed, KDD shall immediately inform the acquirer and the agency of such refusal or failure.

Calculation of liabilities with a substitutive bid

Article 37

(1) If the product of the number of securities of a respective accepting party on the tendered exchange ratio is not a whole number, the quantity of substitutive securities that the accepting party is entitled to shall be the first whole number that is lower than the said product.

(2) The quota of securities of the target company with regard to which the respective accepting party has received a takeover bid, but has not received a counter value in the form of substitutive securities due to the tendered exchange ratio, shall be duly reimbursed.

4.6. SPECIFICALLY ON REIMBURSEMENTS

Calculation of monetary amount

Article 38

(1) If allocation of securities, involved in corporate action, by holders' accounts, is decisive for correct calculation of monetary amount, which shall be provided by a member-issuer or another applicant requesting the performance of corporate action, KDD shall take into account the balance of the entire central registry upon calculation.

(2) If the balance of the central registry on the cut-off date differs from the one taken into account by KDD upon calculation, and as a result of differences in the balance the actual total amount needed for payments is higher, the member-issuer or another applicant shall immediately make subsequent payment. If, as a result of differences in the status the actual total monetary amount needed for payments was lower, KDD shall repay the difference within three days following the performed corporate action.

(3) Provisions of this Article shall be reasonably applied also in cases when the payment of monetary amounts is performed within another corporate action.

5. TRANSFERS OF SECURITIES AND OTHER ENTRIES

5.1. COMMON PROVISIONS

Types of transfers

Article 39

Transfers of securities between different securities accounts include:

1. Transfers between accounts of the same holder,
2. Transfers between accounts of the different holders,

Types of other entries

Article 40

(1) Other entries shall be entries, deletions, and possible amendments of encumbrances on securities.

(2) Charges on securities include:

1. Third party rights,
2. Other legal facts.

(3) Third party rights include:

1. Liens,
2. Prohibition of disposal.

(4) Other legal facts include:

1. Temporary orders,
2. Decisions of supervisory authorities,
3. Court enforcement decision,
4. Tax or customs garnishment (hereinafter: Tax Collection Order),

(5) A court enforcement decision within the meaning hereof shall be either non-final or final court ruling on an enforcement for the delivery of securities or non-final or final court ruling on an enforcement of securities to recover financial claims or court ruling on preliminary order.

Notification of instructions by registry members

Article 41

(1) Instructions sent to the central registry by a registry member shall feature the following (mandatory) component elements:

1. Type of instructions,
2. Securities the instructions refer to,

3. The relevant number of the account or subaccount for respective securities; if this is a delivery or receipt part of the order for transfer, then each part of the order must include both the number of the source as well as the number of the target account or subaccount; this shall not apply if the credit or debit on account is made on a registry account,

4. Quota of securities the instructions refer to.

(2) Delivery and receipt parts of the orders for transfer shall feature the following component elements:

1. Trading day (i.e. day of agreeing the transaction that is to be completed upon transfer of securities),

2. The anticipated date of transfer (i.e. the day when KDD initially attempts to complete the transfer), whereby this must be a day when the information system is working, yet not before a trading day,

3. In case of debt securities: instead of the quota of securities the instructions refer to (Item 4, Paragraph 1 hereinabove), the nominal sum of securities the instructions refer to,

4. In case the instructions refer to transfer of securities against payment of a purchase price: the sum of the purchase price, expressed in EUR.

(3) Unilateral order for entry of third party rights shall include data required under the law for the respective type of third party rights.

(4) A unilateral order for an alteration or deletion of a pledge, deletion of prohibition of disposal and the delivery and receiving part of the order for transfer of securities due to execution of pledges shall also include the code of said right.

(5) Paragraph 3 hereinabove shall apply for a bilateral order for the entry or deletion of pledge (transfer of securities, credited or debited to a pledge account).

(6) Following receipt of instructions, KDD shall review whether they are appropriate (validated if applicable). If instructions are inappropriate, KDD shall disregard them at its discretion. The circumstance that the anticipated date of processing a transfer upon notification of due instructions has already expired shall not constitute grounds for not considering due instruction.

(7) In addition to the mandatory elements, instructions may also include other elements enabled by the information system (for example, reference, transaction indicator, and data on the alteration of ownership). KDD will only take these elements into account:

1. In case of an expressed wish by a registry member to exempt an order from the effects of corporate actions,

2. In case of an expressed wish by a registry member to enter into transaction with included/excluded entitlement from security, which is granted upon delivery corporate action,

3. In other cases, if it is expressly provided.

(8) Provisions in the preceding paragraphs hereof shall also be reasonably applied when instructions are entered directly into the central registry by KDD. For entries that are based on decisions by state authorities, securities that respective instructions refer to, shall also be considered as any securities on any account of a respective holder or as individual securities on any account of a respective holder or any securities on an individual account of a respective holder.

Entering instructions directly by KDD

Article 42

(1) KDD may enter into the central registry any instruction, for which legal basis exists, regardless whether these regulations set out that it is forwarded to the central registry by a registry member.

(2) If the instructions refer to transfer of securities, entry of third party rights or entry of other legal facts within the process of enforcement of claims or security or supervision respectively, KDD attempts to enter instructions into the central registry by no later than the fifth business day after due terms for said entry are met.

(3) Terms for attempting to enter instructions from Paragraphs hereinabove include:

1. KDD has been provided with all the data required for instructions to be rendered appropriate as per the applicable rules and regulations,

2. KDD has been paid due compensation if such compensation is anticipated in the tariff in relation to entry of respective types of instructions.

5.2. TRANSFER OF SECURITIES

Pairing instructions

Article 43

(1) KDD shall match the delivery and receipt part of a bilateral order, which correspond to each other in all mandatory component elements, and in the reference, if it is included in both the delivery and receipt part of the order.

(2) Irrespective of the provision under Paragraph 1 hereinabove, KDD shall also pair the delivery and receipt part of an order if the sums of the purchase price deviate by 2 EUR or less on sums of up to 100,000 EUR or by 25 EUR or less on sums from 100,000 or greater, each time making the comparison based on the lower stated amount. In such case the sum of the purchase price of the delivery part of the order shall apply.

(3) If a respective instruction could be paired with several different instructions, it shall be paired with the one closest according to the time of transmission into the information system.

(4) KDD shall attempt to pair the instruction immediately following its validation.

(5) If the pairing from Paragraph 4 hereinabove is not successful, KDD shall attempt to pair instructions until the expiry of 20 business days following the anticipated date of processing the transfer or 20 settling days following the last alteration of status of the instructions.

(6) If the received instructions are not paired within the deadline set forth under Paragraph 5 hereinabove, KDD shall delete it. Instructions shall be considered as having been validly paired even if they are paired after the expiry of the deadline set forth under Paragraph 5 hereinabove, before they have been deleted.

Cancellation of orders

Article 44

(1) The members submitting instructions, whereby the latter have already been paired pursuant to Article 43 hereof, may unilaterally cancel a bilateral order, which has been generated through pairing, but has not yet been entered into the central registry, so that each of them forwards notification on cancellation to the central registry.

(2) Bilateral orders that have been cancelled pursuant to Paragraphs 1 or 3 hereinabove shall be deleted. Bilateral orders that have yet to be entered into the central registry shall also be deleted in case the corporate action, based on which securities that the bilateral order refers to are to be deleted from the central registry, has already begun.

(3) Unilateral cancellation of order is possible in the case when registry member, who entered the receipt part of the order, using the prescribed form published on KDD's website, within the deadline for the notification of the buyer's selection, required form the registry member, who entered the delivery part of the order, to enforce the buyer's selection within the corporate action with the possibility of selection, and the registry member, who entered the delivery part of the order, can do this only by order cancellation.

Criteria for suitability of securities in transfers between accounts of the same holder

Article 45

(1) Transfers of securities between accounts of the same holder include:

1. Transfers between accounts of the same holder with the same registry member,
2. Transfers between accounts of the same holder with different registry members,

3. Transfers debiting the holder's closed registry account and crediting the holder's account with the registry member,

4. Transfer debiting the holder's account and crediting the pledge account of the same holder.

(2) Transfers of securities between accounts of the same holder are possible irrespective of registered third party rights. Transfers of securities as per Item 4 of Paragraph 1 hereinabove shall not be possible if they are subject to any third party right.

(3) Transfers of securities as per Items 1, 2, and 4 of Paragraph 1 hereinabove shall not be possible if they are subject to any other legal facts.

(4) Transfers of securities as per Item 3 of Paragraph 1 hereinabove shall be possible regardless of any entered other legal facts.

(5) Transfers of securities between accounts of the same holder shall not affect the charges entered on securities that constitute the subject of transfer, unless these or other instruction specify otherwise.

Criteria for suitability of securities in transfers between accounts of different holders

Article 46

(1) Transfers of securities between accounts of different holders include:

1. Transfers between accounts of different holders with the same registry member,
2. Transfers between accounts of different holders with different registry members,

(2) Transfers debiting a closed account of one holder and crediting an account of another holder are not possible with registry members, except with transfer due to universal legal successor or a transfer debiting a fiduciary account of a beneficial owner under Article 255 of ZTFI.

(3) Transfers of securities between accounts of different holders shall not be possible if they are subject to any third party right or any other legal fact.

Special rules governing certain transfers

Article 47

(1) Irrespective of the provisions under Paragraph 3 of Article 46 hereof, transfers between accounts of different holders shall be possible regardless of any entered encumbrances in the following cases:

1. If the transfer of securities pertains to transfer to an account of the universal legal successor or a partial universal legal successor,
2. If the transfer pertains to exercising a lien acquired beyond court enforcement or tax collection proceedings, unless the central registry features a temporary order on prohibition of exercise of said lien,
3. If the transfer pertains to execution of a court decision on enforcement based on delivery of due securities or execution of a court decision on enforcement of claims on securities based on recovery of a financial claim; however, this shall apply in both cases only if the central registry features a final court ruling on any such enforcement,
4. If the transfer pertains to execution of a tax collection decision issued by a tax authority, subject to the central registry featuring said tax collection decision, unless, in addition to tax collection, the same securities are already subject to a court ruling on recovery of claims based on a financial claim, which has preference over the tax collection, which acts as the basis for the transfer.

(2) Upon due transfer as per Items 2, 3 or 4 of Paragraph 1 hereinabove, the charge that constituted the basis for transfer, including any other legal facts entered on securities that constituted the subject of transfer, which were subordinate to the lien, court enforcement or tax collection decision that acted as the basis for due transfer, shall be deleted forthwith.

(3) Upon due transfer as per Items 2 or 3 of Paragraph 1 hereinabove, all third party rights that were entered on the securities that constituted the subject of transfer and were subordinate to the lien or court enforcement decision, which acted as the basis for due transfer, shall be deleted.

(4) Upon due transfer as per Items 3 or 4 of Paragraph 1 hereinabove, all other legal facts entered on securities that constituted the subject of transfer and senior to any court enforcement or tax collection decision, which acted as the basis for due transfer, shall also be deleted, except for legal facts of a second tax collection decision, if the transfer is based on settling the tax authority's claim for collection of outstanding taxes.

(5) Upon due transfer as per Item 3 of Paragraph 1 hereinabove execution of an enforcement decision on securities as to recover financial claims shall also serve as grounds for deletion of all third party rights entered on securities which constituted the subject of due transfer and were senior to any court enforcement decision that acted as the basis for the transfer.

(6) Upon due transfer as per Item 3 of Paragraph 1 hereinabove, execution of an enforcement decision charging delivery of securities and upon due transfer as per Item 4 of Paragraph 1 hereinabove shall also serve as grounds for deletion of a prohibition of disposal entered on securities which constitute the subject of transfer and were senior to any court enforcement or tax collection decision that acted as the basis for the transfer.

(7) The receipt part of the order for dereliction of securities is entered in the central registry directly by KDD, while the delivery part of the order is entered by the respective registry member maintaining the holder's account, which shall be debited for such transfer. If the registry account is to be debited, the delivery part of the order shall be entered into the central registry by KDD as well.

Recycling bilateral orders

Article 48

(1) If the initial attempt to process transfer of securities based on a bilateral order has not been successful due to the fact that there is an insufficient balance of securities on the securities account or subaccount that is set to be debited or if the due purchase price has not been provided on the pertaining DCA in accordance with these regulations, KDD shall recycle such bilateral order (i.e. it shall reattempt to process due transfer on the basis of such order) every business day from the anticipated date of transfer (inclusive) onwards, until the bilateral order is deleted from the central registry as per Article 44 hereof.

(2) Upon recycling such order KDD shall not amend any component elements thereof. This shall also apply for the amount of the purchase price on a bilateral order for transfer of debt securities against due payment of a purchase price.

(3) If a respective securities account or subaccount features several bilateral orders as the subject of recycling at the same time, whereby all said orders refer to securities with the same uniform identification, KDD shall first attempt to process transfers based on orders that have not been subject to any notification on cancellation in the central registry by any of the parties in any reattempts of processing such orders. Within each group of orders it shall take into account the consecutive order determined based on the moment of pairing respective orders, so that KDD shall first attempt to perform transfer based on the earlier paired order. Unsuccessful attempts at transfer based on an earlier paired order shall not constitute any impediment for transfer based on an order that was paired at a later date.

5.3. ENCUMBRANCES

Criteria for suitability of securities with third party rights

Article 49

(1) Entries of third party rights are not possible if securities are subject to any entry of encumbrances.

(2) Irrespective of Paragraph 1 hereinabove, prohibition of disposal may be entered if a lien is the only prior encumbrance. Details on pledges may be altered regardless of entered encumbrances. Details on pledge creditor on pledge account may not be altered.

(3) Deletion of third party rights is possible regardless of entered encumbrances.

(4) Irrespective of Paragraph 3 hereinabove, deletion of liens shall not be possible if the central registry features a temporary order on prohibition to exercise said lien.

Criteria for suitability of securities with other legal facts

Article 50

(1) Entries of other legal facts are possible regardless the already entered encumbrances.

(2) Details of other legal facts may be altered regardless of entered encumbrances.

(3) Deletion of other legal facts is possible regardless of entered encumbrances.

5.4. ACCESSIBILITY OF DATA ON THE STATUS OF INSTRUCTIONS

Accessibility of data on the status of instructions

Article 51

(1) KDD shall provide registry members electronic access to data on the status of instructions that have been submitted in the central registry. Possible instructions statuses include:

1. Unapplied instructions,
2. Validated instructions (applied but unpaired instructions),
3. Paired instructions (paired instructions, whereby the entry has not yet been processed),
4. Withheld instruction (instruction that is not attempted to be settled or recycled according to the will of the registry member transmitting the instruction),
5. Paired instruction based on which an entry is currently being undertaken (on-going settlement),
6. Paired instructions where one party has submitted notification of cancellation,
7. Settled instructions (instructions serving as the basis of a completed entry),
8. Deleted instructions (instructions that have been deleted without an entry being processed based on said instructions).

(2) In addition to the status of instructions under Items 1, 3 and 8 of Paragraph 1 hereinabove, KDD shall also state the reason for such status.

(3) The person or authority requesting that KDD enters due instructions into the central registry directly shall be notified by KDD on the entered instructions or on the reason why entry of respective instructions have not been processed.

6. SETTLEMENT OF STOCK EXCHANGE TRANSACTIONS

6.1. GENERAL PROVISIONS

Entry of data on stock exchange transactions into the information system

Article 52

(1) The stock exchange shall forward KDD a final trading report by no later than 4:30 p.m. on each trading day.

(2) KDD shall enter details on each stock exchange transaction as per Paragraph 1, Article 72 of the Rules, entered into on each individual trading day, into the information system on the same day.

Settlement day

Article 53

(1) Settlement day for stock exchange transactions, entered into on each individual trading day, shall be two business days following that trading day.

(2) KDD shall forward the registry members a calendar of settlement days for the following calendar year by the end of November of each year.

Method of performing sell-outs, buy-ins and liens

Article 54

(1) In performing sell-outs or buy-ins, KDD shall pursue the following targets:

1. Perform sell-out or buy-in as favourably as possible,
2. Perform sell-out or buy-in as fast as possible,

(2) None of the targets from Paragraph 1 hereinabove has a priority over the other, but KDD shall decide, in each particular position in reference to any circumstances known at the time, taking into consideration the interest of everyone affected, and taking into consideration that settlement of stock exchange transactions is performed as reliably as possible, which of the targets from Paragraph 1 hereinabove has a priority over the other, if in this particular position it is impossible to follow both targets equally.

(3) Taking into consideration the provisions under Paragraphs 1 and 2 hereinabove, KDD may decide for any of the following methods of sale or purchase, as well as for any combination of the listed methods:

1. Sale or purchase on a regulated market,
2. Sale or purchase at public auction,
3. Sale or purchase after a call for binding or non-binding tenders,
4. Direct sale or direct purchase.

(4) KDD shall perform the sale of securities to exercise lien as per Articles 88 or 94 of the Rules by reasonable application of provisions of Law of Property Code, applicable to the sale of immovable property and by reasonable application of provisions of Paragraph 3 of this Article. If irrespective of exercising a lien the claim, in reference to which the lien is exercised, is met, KDD shall stay the exercising of a lien and delete the lien, if the procedure of exercising a lien can still be stopped at the time, when KDD is informed about the exercised lien.

6.2. PREPARATORY MEASURES FOR SETTLEMENT

6.2.1. Calculation of financial obligations and claims

Amount of financial obligations and claims based on each stock exchange transaction

Article 55

(1) Financial claim and financial obligation based on each stock exchange transaction equals the purchase price, which is the subject of this transaction.

(2) If security rates are expressed in a monetary amount, the purchase price, subject of this stock exchange transaction, is rounded to two decimal point product of:

1. Quantity of securities, subject of this transaction, and
2. Rate.

(3) If debt security rates are expressed in a percentage of principal, the purchase price, subject of this stock exchange transaction, is rounded to two decimal point product of:

1. Quantity of securities, subject of this transaction,
2. Amount of principal, incorporated in a security, and
3. Rate.

(4) If the principal of debt security is repaid in instalments, the amount of principal, incorporated in a security, is calculated as a sum of parts of principal, incorporated in instalments, transferred to the new holder together with the transfer of that debt security.

(5) If the principal of debt security is denominated in a foreign currency, it shall be translated into euro at the conversion rate of that foreign currency on the day of entering into the stock exchange transaction, the subject of which is that security.

Special provision for debt securities

Article 56

(1) Irrespective of Article 55 hereof in the event when the subject of the stock exchange transaction is a debt security, where the principal is bearing interest, monetary claim and financial obligation based on each stock exchange transaction equals the purchase price, subject of this transaction, increased by the accrued interest rounded to two decimal points.

(2) The accrued interest is interest from debt security, the right to which is transferred, together with the transfer of this security, to a new holder, and by content it relates to the time up to and including the day of conclusion of the stock exchange transaction.

(3) KDD shall provide registry members to obtain data on accrued interest in an individual debt security, which relates to the following trading day.

Obligation of registry member to pay liquidity cushion

Article 57

(1) Registry member net debtor shall pay liquidity cushion equal to the difference between:

1. Information amount of his net financial obligation on one hand, and
2. Sum of 25% of Guarantee Fund principal and additional payment of that member into the Guarantee Fund on the other hand,

Unless this difference exceeds EUR 1,000 or is negative.

(2) In the calculation under Paragraph 1 hereinabove:

1. For trading days up to including 30 January of the current year the principal of the preceding year shall be taken into account, and for trading days up to including 31 January on the principal of the current year shall be taken into account,

2. For trading days up to including the fourth business day in the month an additional payment for the preceding month shall be taken into consideration, and for trading days up to including the fifth business day in the month additional payment for the current month shall be taken into consideration.

Details on financial obligation or financial claim

Article 58

(1) On the same trading day, KDD shall provide a registry member details on:

1. Initial amount of his net financial obligation or net monetary claim for that trading day, calculated based on data under Article 55 hereof on the amount of financial obligations and claims from his individual stock exchange transactions,

2. The amount of possible liquidity cushion, which the registry member, involved in settlement of stock exchange transactions, shall be obliged to pay.

(2) KDD shall inform the registry member on any amendment in data on net financial obligation or net monetary claim, resulting from removal of an individual stock exchange transaction, immediately after the change, however, not later than by 11.30 a.m. on the settling day.

(3) If an error occurred in the calculation of the amounts under the preceding paragraphs, the corrections in the calculation will be made only, if this does not have a negative impact on the settlement. Otherwise, the balancing due to an error shall be made within 2 business days from the established error outside the procedure of settling stock exchange transactions.

Settlement of net financial obligation

Article 59

(1) On the settlement day until 10.00 a.m., a registry member shall provide sufficient funds on his DCA to meet his net financial obligation.

(2) If a registry member has an obligation to pay liquidity cushion, he shall credit it to a fiduciary account until 10.00 a.m. on the business day following the trading day, in reference to which it was calculated.

(3) On the settling day, KDD shall debit liquidity cushion funds on the fiduciary cash account in credit of DCA of a registry member.

Allocation of stock exchange transactions

Article 60

(1) A registry member shall allocate his stock exchange transaction (Article 80 of the Rules) until the end of trading on the following business day following the conclusion of the transaction. If the following business day after the conclusion of the transaction is not a trading day, however, it is a settlement date, the registry member shall allocate the stock exchange transaction on that day before the hour, when trading on a trading day takes place.

(2) After the deadline set forth under Paragraph 1 hereinabove and until 10.00 a.m. on a settlement day a registry member can no longer allocate the transaction by entering the numbers of relevant accounts into

the system by himself, but he can do this by informing KDD and KDD enters them into the information system. Responsibility for the relevance of data on the numbers of accounts of buyers and sellers lies in full on a registry member.

Replacement account with entry of nonexistent account

Article 61

If an account, which does not exist in the central registry, is entered in the final trading report as the seller's or buyer's account, KDD shall enter the following into the information system:

1. Number of the replacement account, which is used in such case in relation to trading for own account, or
2. Number of the replacement account, which is used in such case in relation to trading for the client account.

Provision of value of securities on sellers' accounts

Article 62

(1) Registry member seller shall provide sufficient quantity of relevant securities on accounts of end sellers until 10.a.m. on trading day.

(2) In the event that there are not sufficient relevant securities on a seller's account for all transfers of securities, which should be debited to that account and credited to accounts of various buyers it shall be deemed that the securities are provided for that stock exchange transaction, for which they were reserved first.

(3) The following entries on encumbrances on securities are of such nature that they terminate upon the transfer of securities to a final buyer (Paragraph 4, Article 82. of the Rules):

1. If a stock exchange transaction was made to exercise a lien, obtained outside a court or tax execution procedure: all encumbrances subordinate to the lien, and the lien itself, which is exercised, unless a temporary order on prohibition of exercise of that lien is entered in the central registry,

2. If a stock exchange transaction was made to exercise the court's decision on an enforcement on securities to recover financial claims, under the condition that a final decision of the court on such execution is entered into the central registry: any encumbrances, irrespective of their consecutive order in comparison to the order of that court enforcement, and the court enforcement itself, which is being exercised,

3. If the stock exchange transaction was made to exercise the decision of a tax authority on a lien, under the condition that this tax enforcement is entered in the central registry:

- Prohibition of disposal, irrespective of its consecutive order in comparison to consecutive order of this tax enforcement,

- Court enforcement on securities to recover financial claims and tax enforcement subordinate to this tax enforcement,

- All other encumbrances, irrespective of their consecutive order in comparison to consecutive order of this tax enforcement, and

- Tax enforcement which is being exercised.

6.3. SETTLEMENT

Implementation of settlement

Article 63

KDD shall make a transfer of securities and transfer of funds to settle stock exchange transaction until 3 p.m. on a settling date.

6.4. PROCEDURES IN DELAYS

Enforcement of liability of seller registry member

Article 64

(1) KDD may enforce liability of a seller registry member, if the latter fails to provide sufficient quantity of relevant securities in reference to sales on the seller's account until 10 a.m. on a settling date.

(2) KDD shall enforce liability of a seller registry member, if the latter fails to provide sufficient quantity of relevant securities in reference to sales on the seller's account until 10 a.m. on a settling date.

Guarantee fund activation

Article 65

(1) If a registry member fails to provide sufficient funds to meet his net financial obligations, KDD shall debit the guarantee fund the necessary funds until 3 p.m. on that day.

(2) KDD shall inform the registry member, who violated his obligation to provide funds to meet net financial obligations, on the debit of the guarantee fund and warns him that KDD may start with sell-out and exercising a lien under Article 88 of the Rules.

Sell-out

Article 66

(1) KDD may perform sell-out of securities, subject of the purchase stock exchange transactions of a registry member in delay, the settlement of which is made on the same settling day. Upon settlement KDD shall credit securities, subject of sell-out, to the KDD fiduciary account instead of crediting the final buyer account.

(2) If KDD performs sell-out, informs thereof a registry member, who was in arrear with the payment of his obligations, and forwards him a sell-out statement.

(3) KDD shall provide net proceeds of sell-out to cover net financial obligations of a registry member or to cover his obligations to repay the amount, which debited the guarantee fund, together with statutory default interest and the amount of another or greater loss. KDD shall transfer any possible excess of net proceeds above the amount of obligations to a registry member.

(4) If irrespective of exercising a sell-out to the payment of the claim, in reference to which the sell-out is exercised, KDD shall stay the exercising of a sell-out and transfer securities in credit of a buyer, if the procedure of exercising a sell-out can still be stopped at the time, when KDD is informed about the payment.

(5) KDD shall carry out sell-out also if a buyer registry member fails to meet his obligations in reference to an individual purchase under Article 60 of these Rules even within an appropriate additional deadline and in such a way that KDD communicates in writing details, needed for the transfer of securities credited to buyers' accounts.

(6) KDD shall inform a buyer registry member on the sale under Paragraph 5 hereinabove and forwards him a statement on the performed sale. KDD shall transfer the net proceeds of the sale in credit of the cash account of a buyer registry member.

Buy-in

Article 67

(1) When KDD starts to enforce liability of a seller registry member, it immediately calls the buyer registry member to state, whether it insists in purchase of securities or withdrawals from it. The buyer registry member shall state on the above on the same day.

(2) If a buyer registry member insists on purchase of securities, KDD shall call the seller registry member to immediately pay advance payment to cover costs of buy-in in the amount of 110% of financial claim it had from a stock exchange transaction, in relation to which it failed to meet its obligation to provide securities.

(3) KDD shall carry out buy-in in debit of the received advance payment, in a possible excess or in case a seller registry member failed to pay the advance payment, in debit of a guarantee fund.

(4) KDD shall inform a seller registry member and buyer registry member on the performed buy-in, and forward seller registry member also a statement on the buy-in. KDD shall transfer securities, obtained a with buy-in, in credit of a buyer, and after meeting all the obligations to the buyer registry member pays any possible remains of advance payment to a seller registry member.

(5) If a seller registry member subsequently transfers, in accordance with the rules, securities in credit of a KDD fiduciary account, KDD informs about it a buyer registry member, and transfers securities in credit of the buyer's account and repay any possible advance payment to a seller registry member.

(6) If during the performance of a buy-in a buyer registry member states that he is withdrawing from the buy-in, KDD stays the performance of the buy-in if this is still possible at the time when KDD receives the statement of a buyer registry member, otherwise KDD shall not permit the withdrawal.

6.5. GUARANTEE FUND

6.5.1. Principal and basic payments

Principal

Article 68

(1) For each year, principal is calculated as half of average daily net financial obligation in the preceding year, multiplied by the number of system members involved in the settlement of stock exchange transactions at the beginning of the year.

(2) Average daily amount of net financial obligation per each trading day equals the sum of all net financial obligations on that day, divided by the number of registry member net debtors on that day.

(3) Average daily amount of net financial obligation in each year equals the sum of average daily amounts of net financial obligations per individual trading days in that year, divided by the number of trading days in that year.

(4) KDD shall calculate a principal for each year at the beginning of the year and during the year the principal shall not change.

Amount of basic payment of a registry member

Article 69

- (1) The amount of basic payment of a registry member, participating in stock exchange transaction settlement, shall be calculated as a coefficient between the principal and the number of registry members, participating in stock exchange transaction settlement.
- (2) KDD shall inform the registry members on the amount of basic payment at the beginning of the year.
- (3) If the amount of basic payment under paragraph 1 of this Article is higher than the last previous amount of basic payment, the registry member shall pay the corresponding difference to the guarantee fund by 31 January.
- (4) If the amount of basic payment under paragraph 1 of this Article is lower than the last previous amount of basic payment, KDD shall pay the corresponding difference to the registry member by 31 January.

Procedures with the new registry member

Article 70

- (1) If a new registry member enters into the settlement of stock exchange transactions, KDD shall calculate the new amount of basic payments taking into consideration the changed number of registry members and informs the participating members on the new amount.
- (2) The new registry member shall pay the amount of basic payment within eight days following the notification under Paragraph 1 of this Article.
- (3) The new calculation of basic payments shall apply from the first day of the following month after the new registry member carries out payment under Paragraph 2 of this Article.
- (4) KDD shall pay other registry members a sum from the guarantee fund in the amount of the difference between the previous amount of their basic payments and the newly calculated amount until the end of the month, in which a new calculation of basic payments shall enter into force.

Procedures in winding up of participation

Article 71

- (1) If a registry member no longer participates in settlements of stock exchange transactions, KDD shall calculate a new amount of basic payments of registry members taking into consideration the amended number of participating members and inform the remaining participants on the new amount.
- (2) The remaining registry members, participating in the stock exchange transactions, shall pay the difference between the newly calculated amount of their basic payments and the previous amount within eight days following the receipt of the notification under Paragraph 1 of this Article.
- (3) The new calculation shall apply on the later of the following days:
 1. The day when the participation of a registry member in the settlement of stock exchange transactions terminates,
 2. The first day of the following month when all of the remaining participants carry out payments under paragraph 2 of this Article.
- (4) KDD shall pay a registry member, who no longer participates in the settlement of stock exchange transactions, from the guarantee fund an amount of a basic payment until the end of the month, in which a new calculation of basic payments shall enter into force.

6.5.2. Additional payments

Additional payment

Article 72

- (1) Additional payments of individual registry member shall be calculated for a calendar month.
- (2) Additional payment of individual registry member for each calendar month shall be calculated as a difference between:
 1. The sum of net financial obligations of that member in the preceding month, divided by the number of trading days of that member in that month,
 2. The amount of basic payment in the guarantee fund.
- (3) KDD shall inform the participating members on the amount of additional payments of registry members for each month at the beginning of the month.
- (4) If the newly calculated amount of additional payment of a registry member is higher than the last amount of their additional payment, the registry member shall pay the difference up to including the fifth business day in that month.
- (5) If the newly calculated amount of additional payment of a registry member is lower than the last amount of their additional payment, KDD shall pay the difference to the registry member up to including the fifth business day in that month.
- (6) In the event of termination of participation of a registry member in the settlement of stock exchange transaction, KDD shall pay that member additional payment together with the basic payment, if the latter has not been paid before under the preceding provisions.

6.5.3. Shares of registry members, participating in settlements of stock exchange transactions

Share of a registry member in guarantee fund

Article 73

- (1) Share of a registry member in the principal equals the ratio, rounded to 4 decimal points, of the following:
 1. Actually carried out basic payment of that member,
 2. The sum of all actually carried out basic payments.
- (2) Share of a registry member in additional payments equals the ratio, rounded to 4 decimal points, of the following:
 1. Actually carried out additional payment of that member,
 2. The sum of all actually carried out additional payments.
- (3) Share of a registry member in the guarantee fund equals the ratio, rounded to 4 decimal points, of the following:
 1. The sum of actually carried out basic and additional payment of that member,
 2. The sum of all actually carried out basic and additional payments.
- (4) In the calculation of a registry member share in the guarantee fund it shall be deemed that the payments into and withdrawals from it due to the start or termination of participation of a registry member in settlement of stock exchange transaction were made on the day when the new calculation entered into

force, and the payments into and withdrawals from due to the changed amount of additional payments were made on the day of their maturity (on the fifth business day in a month).

Share of member in liability to carry out obligations of other member

Article 74

Share of a registry member in liability to carry out obligations of other registry member equals the ratio, rounded to 4 decimal points, of the following:

1. Share of a registry member in guarantee fund, and
2. Total of all shares of registry members in guarantee fund less the share of a registry member whose obligation is subject of the liability.

6.5.4. Additional payments

Additional payments

Article 75

(1) If a payment was made in debit of the guarantee fund or there exists a risk that it will be made based on liabilities of other registry members to meet the obligations of an individual registry member, and as a result of that payment the balance of the guarantee fund is or there exists a risk that it would be reduced under 75% of the principal, other registry members, participating in stock exchange transactions, shall make additional payments into the guarantee fund, so that the balance of the guarantee fund reaches up to 75% of the principal, or that it would reach up to 75% of the principal, even if the risk came true.

(2) Additional payment, which pertains to an individual registry member, is in proportion to the share of that member in his liability to meet the obligations of other registry member.

(3) Registry members shall make their additional payments until 9.15 a.m. the day following the receipt of the call from KDD.

(4) When the payment was made to the guarantee fund to repay a registry member obligation, so that the balance of the guarantee fund without taking into consideration additional payments exceeds 75% of the principal, KDD shall reimburse additional payments to the registry members. KDD shall reimburse additional payments to the members also if the risk under Paragraph 1 does not materialise.

6.5.5. Guarantee fund management

Guarantee fund management

Article 76

Costs of the guarantee fund are costs of payment transactions and other costs of management of guarantee fund assets.

Covering costs

Article 77

(1) Costs of guarantee fund management shall be levied to the registry members in proportion to their share in the guarantee fund, namely at the beginning of a year for the preceding year.

(2) Irrespective of the provision of Paragraph 1 of this Article, KDD shall levy a registry member, whose membership terminates during the year, a corresponding share of costs after the termination of membership.

(3) A registry member shall pay the corresponding share of costs within eight days from the receipt of call from KDD.

Guarantee fund yields

Article 78

- (1) Guarantee fund yields represent a positive or negative result of guarantee fund assets management.
- (2) Guarantee fund yields are calculated at the beginning of a month for the preceding calendar month.

(3) A registry member is entitled to a positive yield of a guarantee fund in proportion to a relevant share of a member under Paragraphs 1 to 3 of Article 73 of these Rules. (3) A registry member shall cover a negative yield of a guarantee fund in proportion to a relevant share of a member under Paragraphs 1 to 3 of Article 73 of these Rules.

6.5.6. Use of payments to cover obligations

Right to use payments to cover obligations of registry member

Article 79

In the event that a registry member is, under the provisions of these Rules, entitled to a payment, KDD shall have the right to use that amount instead of payment to that member to cover or insure covering of the obligations he has or will have to KDD or other persons in reference to KDD membership.

6.6. TRANSFER OF CLAIMS AND ASSUMPTION OF OBLIGATIONS BETWEEN A STOCK EXCHANGE AND REGISTRY MEMBER

General transfer

Article 80

Statement on general transfer may be given to KDD only a member of a stock exchange, who is also a member of KDD.

Determination and use of registry code in reference to individual transfers

Article 81

(1) If a registry member requires determination of registry code RK2 or RK3 type, he shall state in the request a number of an account, in credit or debit of which an obligation of transfer of securities from transactions, marked with this code, is met, or require opening of a joint custodian account to that end.

(2) Only the following may be stated as an account under Paragraph 1 of this Article:

1. Client account,
2. House account,
3. Managed account,
4. Fiduciary account,
5. Pledge account,
6. Custodian account,
7. Joint account,

8. Joint custodian account,

(3) A stock exchange member shall use an individual registry code in such a way that an immediate control of correctness of an account number, connected to that registry code, is provided through a trading information system and information system.

(4) The same registry code may be used to mark stock exchange transactions with different stock exchange members, if relevant rights and obligations from all these transactions are taken over by the same registry member and the settlement regarding securities, if the latter are the subject of transfer, will be made in credit or debit of the same account, managed by that registry member.

(5) If the conditions to determine registry code are met, KDD shall determine and communicate it to the registry member within five business days from the receipt of the request.

7. OBTAINING INFORMATION FROM THE RECORDS, KEPT BY KDD

General provisions

Article 82

(1) The manner of obtaining information from records, kept by KDD, is provided by technical instructions, unless it is provided already under these regulations.

(2) In addition to information, the obtaining of which is expressly governed by the provisions of this chapter, also other information may be obtained from the records, kept by KDD, if the necessary statutory conditions are met. To obtain such information, the provisions of this chapter shall be reasonably applied.

(3) Obtaining information from the records, kept by KDD, may be difficult, if information relates to securities, involved in corporate action.

Registers of shareholders and registers of holders of other registered securities

Article 83

(1) KDD shall enable anyone to obtain public data from the register of shareholders or register of other registered securities within two business days after the conditions are met.

(2) If the data is needed by a member-issuer of securities, to which the enquiry relates, KDD shall enable obtaining of data, including unique identifiers of natural persons, within the following business day at the latest.

Certificates to exercise rights under Article 43 of ZNVP-1

Article 84

KDD shall issue a certificate to exercise the rights under Article 43 of ZNVP-1 within three business days after the conditions are met at the latest.

Extract of annual balance

Article 85

(1) KDD shall issue an extract of balance to the holders of securities or a registry member the following day after the conditions are met at the latest.

(2) KDD shall issue an extract of balance to other person, who is entitled by law to information about the balance on accounts, within two business days after the conditions are met at the latest. A uniform identification of a holder must be stated in the request for an extract of balance.

(3) On the extract of balance on accounts, KDD shall separate securities, credited to a closed registry account, from all other securities. With securities, credited to a closed registry account, KDD shall make clear at least the following warning: »Statutory time limit for the transfer of securities, held in the closed registry account, to the KDD member account, expired. As the closed registry accounts do not meet the European standards to carry out corporate actions, the enforcement of the rights from them is limited, in addition, the securities may be anytime transferred to the deposit-in-court account. Act immediately. For further details see info@kdd.si.«

Extract of annual balance

Article 86

(1) Extract of annual balance is an extract of balance on holder's accounts as at the last day of the preceding year.

(2) Extract under Paragraph 1 of this Article may be issued either in writing or in an electronic form.

(3) A holder may select the form to receive individual annual extracts of balance any time in a year. It shall be deemed that the holder, who is a legal person, as well as the other holder, entered in the business register with a registration number, select the issuance of the annual extract in printed format. This does not restrict the possibility that such a holder obtains an extract of annual balance also in electronic form.

(4) Issuance of annual extract is free of charge.

Records of issued securities

Article 87

(1) KDD shall enable anyone to obtain data from issued securities within two business days after the conditions are met.

(2) Information on records of issued securities (uniform identification and codes of types of securities, entered into the records, and members, who are their issuers) are accessible to all on web pages.

8. TRANSITIONAL AND FINAL PROVISIONS

Transitional provisions

Article 88

(1) For usufructs, redemption and pre-emptive rights, entered into the central registry prior to the entry into force of the ZNVP-1, irrespective of the provision of Paragraph 2, Article 89 of these Rules, the KDD Regulations dated 4 October 2012 and KDD Regulations for the settlement of stock exchange transactions dated 19 August 2010 still apply, as they were used on the day prior to the entry into force of the ZNVP-1.

(2) For usufructs, entered into the central registry prior to the entry into force of the ZNVP-1, and which are not the first order of priority, irrespective of the provision of Paragraph 2, Article 89 of these Regulations, the KDD Regulations dated 4 October 2012 and KDD Regulations for the settlement of stock exchange transactions dated 19 August 2010 still apply, as they were used on the day prior to the entry into force of the ZNVP-1

Final provisions

Article 89

(1) These regulations shall become effective on the fifteenth day following due publication on KDD's website and shall become applicable on 6 February 2017.

(2) These regulations shall supersede the KDD Regulations dated 4 October 2012 (including subsequent amendments and supplements), and the KDD Regulations for Settlement of Stock Exchange Transactions dated 19 August 2010 (including subsequent amendments and supplements). The regulation set forth in the previous sentence shall remain applicable until these regulations step into effect.