



## KDD REGULATORY TECHNICAL PROCEDURES

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KDD – CENTRALNA KLIRINŠKO DEPOTNA DRUŽBA D.D.  
LJUBLJANA

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# 1 GENERAL PROVISIONS

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## Article 1 Subject of Regulatory Technical Procedures

- (1) The regulatory technical procedures hereunder set out in greater detail the general terms of performing KDD services.
- (2) If the procedures hereunder set out that an entry is possible or that it is not possible, this shall only constitute a description of the standard manner of the operation of the information system. It shall, however, not provide a legal assessment of the admissibility or inadmissibility of the respective entry. Legal admissibility or rather inadmissibility of a certain action must be assessed by those wishing to act in a certain manner.

## Article 2 Definition of Used Terms

- (1) Terms used hereinbelow shall have the following meaning:
  - 1/ **CRVP application** is a software that supports the operations of the central registry information system;
  - 2/ **OE (order engine)** is a part of the CVRP application that processes orders entered into the central registry information system;
  - 3/ **Client** is a part of the CVRP application that acts as a user interface, enabling access to the OE;
  - 4/ **Interface for automatic order submission** is a part of the CRVP application, enabling access to the OE through a web service or the SWIFT network;
  - 5/ **EIG (External Interface Guide)** is a guide for external interfaces;
  - 6/ **Order** is either a unilateral order or a delivery or rather a receipt part of a bilateral order;
  - 7/ **Instruction** is a common designation for:
    - / unilateral orders,
    - / delivery parts of bilateral orders, and
    - / receipt parts of bilateral orders.
- (2) The definitions laid down in the Rules shall also apply to these procedures.
- (3) Transactions concluded on multilateral trading facility operated by the Stock exchange, and settlement of such transactions, shall be subject to the provisions of the present Rules relating to Stock exchange transactions.
- (4) Save where explicitly provided otherwise, the provisions of the present Rules relating to the System members shall apply mutatis mutandis for linked CSD that does not use an intermediary to operate the link.

## Article 3 Classification of Securities

- (1) The international standard applied for the issue of the unique identification number of individual types (genus) of convertible securities shall be ISO 6166 (*the ISIN code*). The international standard applied for the issue of the unique financial instrument short name shall be ISO 18774 (*the FISN code*).
- (2) In compliance with the ISO 10962 international standard, KDD shall also assign a CFI code to each type of securities. The CFI code remains unchanged during the lifetime of the financial instrument.
- (3) When a change of data contained in a certain type of securities occurs and this change can be implemented without converting the securities, this shall be done at the request of a member-issuer.

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**Article 4**      **Communication of Messages to Securities Holders and Other Eligible Persons**

- (1) KDD shall communicate messages intended for persons that are entered in the central registry as the securities holders or as other eligible persons through the KDD system member that, in relation to the respective person, acts in the role of a holder's member, pledge member or executive member.
- (2) KDD may also communicate the message to the person referred to in Paragraph 1 directly by sending the message to their address of permanent residence or rather to their business address entered in the central registry.
- (3) In cases specified in the paragraphs above, the respective person shall be considered to have received the message three business days after the communication was sent, unless it is established that the person received the message earlier.

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**2**      **PROVISION OF SERVICES BY KDD**

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**Article 5**      **Support Provided to KDD Members**

- (1) KDD shall be obliged to provide system members with support and assistance in the use of the information system through an electronic user support system every business day from 8 a.m. to 4 p.m. KDD shall be obliged to ensure that messages sent by system members through the electronic user support system are also received and acknowledged on business days from 4 p.m. to 9 p.m. and on other settlement days from 11 a.m. to 7 p.m.
- (2) If KDD receives a message from a system member that is identified by KDD as an event as defined in its policy for the management of incidents and other events, KDD shall normally confirm the receipt of the message within 10 minutes and shall commence the handling, or resolution, of the issue in accordance with these procedures within a further 10 minutes.
- (3) KDD shall be obliged to provide members-issuers with expert support and assistance in the execution of corporate actions.

**Article 6**      **Use of KDD Services**

- (1) The information system shall operate every settlement day from 7 a.m. to 6 p.m. During this period KDD shall strive to achieve a level of availability that exceeds 99.3% on an annual basis. The availability percentage is calculated as a ratio between the period when information system services are available to users and the total time of operation of the information system under this paragraph. The cause of unavailability is irrelevant (even if it originates from linked external systems such as T2S or SWIFT over which KDD has no influence). The unavailability of the information system is detected internally or on the basis of system members' notifications and is measured on the basis of the entries in KDD's internal databases and the information of the linked external systems. During the operation of the information system KDD provides a system member with the standardised data specified in the EIG within a period that does not exceed 1 minute in 99% of the inquiries and does not exceed 15 minutes for any inquiry. Non-standardised data required by a system member is provided by KDD within eight business days of the receipt of the inquiry/request.
- (2) If necessary, KDD shall extend the operating hours of the information system if the T2S technical platform extends its hours of operation due to extraordinary circumstances.
- (3) KDD does not guarantee that a particular entry will be made if during the operation of the information system all conditions are met. KDD shall make all efforts to ensure that the relevant entries in technical settlement accounts in T2S are carried out on the same settlement day provided that a sufficient amount of eligible securities is provided by 5.50 p.m. on the anticipated settlement 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 in technical settlement accounts in T2S on the same settlement day provided that a sufficient amount of eligible securities and purchase price therefore is provided by 3.50 p.m. of the anticipated settlement day at the latest.

- (4) KDD shall forward to the system members a calendar of settlement days for the following calendar year by the end of November of each year.
- (5) A system member may use KDD services using one or more member codes, one or more workstations, and one or more usernames. Workstations and usernames shall be associated with a particular member code. Linked CSD that does not use an intermediary to operate the link is designated with linked CSD code, and it shall operate at least one workstation and one username as a fallback mode of use of KDD services which it normally access via link.
- (6) KDD services may through a system member also be used by persons not employed or hired by the respective system member (indirect participation), whereby the said system member shall beforehand notify KDD thereof. The system member shall in relation to KDD remain fully accountable for the actions of these persons as if it were persons employed or hired by the said member.
- (7) KDD may require a member to use a separate member code and/or a separate username for the purpose of additional use of KDD services by a person not employed or hired by said system member (indirect participation) if that is required for proper risk management.
- (8) Provisions under Paragraphs 6 and 7 hereinabove regarding indirect participation shall also apply by analogy to the provision of the premium use of KDD services to other central securities depositories.

#### Article 7

##### Username

- (1) A username that enables access to the information system shall be assigned by KDD to a person for whom a system member files an application and for the type of access the member is applying for. The system member shall make sure that the username is not used by anyone other than the person it was assigned to.
- (2) KDD shall activate the username after the person who the username was assigned to:
  - 1/ meets the conditions required in relation to the qualified digital certificate, and
  - 2/ undergoes training with KDD to be able to use the information system.
- (3) KDD shall disable a username no later than the following business day after receiving due request for such cancellation from a member. KDD shall also disable access to information system if the person who the username was assigned to no longer meets the conditions required in relation to the qualified digital certificate.
- (4) If KDD significantly upgrades or changes the functions of the information system, it shall organize a training programme for persons who the username was assigned to.

#### Article 8

##### Method of Service Provision

- (1) KDD shall provide system members with access to the information system through the Client application and the interface for automatic submission of orders, namely in a manner described in EIG.
- (2) A system member shall be required to install the Client application on at least one workstation used by them for access to the information system. The installation of the Client application shall be provided by KDD through its website.
- (3) In order to use the interface for the automatic submission of orders, system members themselves must make sure to have a suitable application installed in their information system.

- (4) KDD enables system members to use a test environment for the information system. The use follows a program prepared by KDD and on the initiative of a particular system member that the latter submits at least 15 days in advance.

#### Article 9 Technical Conditions Relating to Server Connection and Response Time

- (1) System members shall be required to ensure secure internet access for connection with the server managed by KDD.
- (2) KDD shall guarantee to system members with secure internet access enabling connection with the server managed by KDD that under normal operating conditions the time between the receipt of the order and the response regarding the receipt and the status of order processed in the information system shall not exceed 5 seconds in at least 95% of cases and shall not exceed 10 minutes in any case. The response time shall not include the time of the transfer of order between the member's location and the information system nor the time of transfer or processing of order in the TARGET-Slovenia system, when such transfers are required for the execution of the order.
- (3) In case of failure of the primary access point, KDD shall guarantee to system members response times as set forth under Paragraph 2 hereinabove through an alternative access point provided that the member ensures secure access through an alternative internet connection as stated under Paragraph 1 hereinabove.

#### Article 10 Cessation of Operation and Reactivation of Information System

- (1) Should the information system cease to operate due to failure or defect in the software maintained by KDD or due to failure or defect in the CRVP application or rather due to other reasons within the accountability of KDD, the latter shall make all the efforts to reactivate the information system within two hours following the cessation of operation thereof. By making regular data backup copies KDD ensures that in the event of information system failure data loss is limited to no more than the last three minutes before the failure.
- (2) Should a system member fail to meet any of their obligations in due time due to the cessation of operation of the information system, KDD shall not be allowed to enact any sanctions against the respective member after the system reactivation for a period at least equivalent to the period usually required to meet the obligations that are overdue.
- (3) Following the information system reactivation, system members shall be obliged to check whether they have received notices of the receipt of orders submitted up to the moment of system failure. Should it happen that members have not received the notice of the receipt of order, they shall immediately notify KDD thereof. Depending on the response of KDD, the order may need to be submitted one more time.
- (4) KDD shall inform the Stock Exchange, the Agency, Bank of Slovenia and system members of such cessation of operation and reactivation of the information system as soon as possible and through appropriate channels.

#### Article 10.a Qualified Digital Certificate for Electronic Signatures or Electronic Seals

- (1) System members, members-issuers or other persons may access the information system or the secure website only by using a qualified digital certificate for electronic signatures or electronic seals, which must be issued by a provider of qualified trust services.
- (2) System members, members-issuers or other persons must keep the private key of the qualified digital certificate for electronic signatures or electronic seals safe (e.g. on a smart card, smart USB key) to minimize the risk of certificate abuse.
- (3) The revocation of the qualified digital certificate for electronic signatures or electronic seals in the relation between a system member whose orders are entered by a person or sent by an application whose qualified digital certificate was revoked and KDD, or

rather between a member-issuer or some other person on behalf of whom the person who has access to the system and whose qualified digital certificate was revoked, and KDD, shall take effect:

- 1/ if the provider of qualified trust services publishes information on the revocation of qualified digital certificates for electronic signatures or electronic seals on its website: on the business day following the day when this revocation was published on the website;
- 2/ in other cases: on the business day following the day when KDD receives notice from the system member, member-issuer or some other person of the revocation of the qualified digital certificate for electronic signatures or electronic seals.

#### Article 10.b Form and Method of Submitting Orders

- (1) System members may submit an order into the information system either by using the Client application or by using the interface for automatic submission of orders, in both cases in the form specified in EIG.
- (2) An order submitted by a member into the information system must be signed using a qualified electronic signature or certified using a qualified electronic seal in the form and manner set out in EIG. The private key of the qualified digital certificate for electronic signatures or electronic seals must be stored on a qualified electronic signature or qualified electronic seal creation device.
- (3) The form of the submission of orders under Paragraph 1, Article 61 of the Rules shall not be given:
  - 1/ if the order is not submitted in the form set out in EIG;
  - 2/ if the qualified electronic signature or qualified electronic seal of the order does not correspond to the public key of the qualified digital certificate for electronic signatures of the person or the qualified digital certificate for electronic seals of the application whose username was used to submit the order;
  - 3/ if the person whose username was used to submit the order was not authorized by a system member to submit orders of such type; or
  - 4/ if the order is not electronically signed in compliance with Paragraph 1 hereof.
- (4) Notwithstanding the provisions of the preceding paragraphs, linked CSD that does not use an intermediary to operate the link shall submit orders via link, save in the case of fallback mode of use of KDD services when it shall submit them in one of the ways which apply to the System members.
- (5) KDD shall process orders submitted into the information system by using the OE application.

#### Article 10.c Electronic Submission of Data Related to Corporate Actions

- (1) A member-issuer or some other person shall submit data related to corporate actions through secure websites and in a form set out in the guide for members-issuers.
- (2) Person accessing the secure website on behalf of the member-issuer shall be enabled such access by KDD on the business day following the day of the receipt of such request by the said member. The member-issuer shall submit the request on the prescribed form and provide the public key of the qualified digital certificate for electronic signatures or qualified digital certificate for electronic seals in an electronic form.
- (3) KDD may also provide a member-issuer with data from the share register or register of other registered securities it has issued in a manner specified under Paragraph 1 hereof.

**Article 10.d****Electronic Submission of Data to System Members**

- (1) KDD shall provide a system member with data required by the latter for the operation of back office applications, namely via web services, with contents and in the manner defined in EIG.
- (2) System members shall access the data set forth under Paragraph 1 hereinabove using the qualified digital certificate for electronic seals issued by a provider of qualified trust services.
- (3) A system member shall be provided with access under Paragraph 2 hereinabove on the business day following the day when the respective member files the application for the assignment of applicable username. The system member shall submit the application on the prescribed form and provide the public key of the qualified digital certificate for electronic seals in an electronic form.
- (4) Notwithstanding the provisions of the preceding paragraphs, KDD shall provide linked CSD that does not use an intermediary to operate the link with data referred to in the preceding paragraphs via link, save in the case of fallback mode of use of KDD services when KDD shall provide the data in one of the ways which apply to the System members.
- (5) KDD shall provide system members with access to web services set forth under Paragraph 1 hereinabove every business day and every settlement day between 6:30 a.m. and 6:30 p.m. and between 9 p.m. and 10 p.m.

**Article 10.e****Electronic Submission of Data between KDD and Other Information Systems**

Exchange of data between KDD and other information systems, including stock exchange trading systems or other trading platforms, shall be conducted in a manner set out in EIG.

**Article 10.f****Communication between KDD and Its Members**

- (1) Communication between KDD and its members, which is not subject to standard submission into the information system, shall be conducted by e-mail using e-mail address of KDD [clani@kdd.si](mailto:clani@kdd.si) and e-mail address of the member designated by the said member for this purpose unless provided otherwise in specific cases. As regards the notifications related to corporate actions, e-mail address [clani@kdd.si](mailto:clani@kdd.si) shall be replaced with e-mail address [korporacijske@kdd.si](mailto:korporacijske@kdd.si). Concerning the notifications regarding settlement of stock exchange transactions, e-mail address [clani@kdd.si](mailto:clani@kdd.si) shall be replaced with e-mail address [poravnava@kdd.si](mailto:poravnava@kdd.si). For the communication of data regarding holders of securities, address [clani@kdd.si](mailto:clani@kdd.si) shall be replaced with address [dk@kdd.si](mailto:dk@kdd.si). As regards the notifications related to detected deviations from the normal operation, address [clani@kdd.si](mailto:clani@kdd.si) shall not be used. Instead, such notifications should be sent to [pomoc@kdd.si](mailto:pomoc@kdd.si).
- (2) If a malfunction in communications connections or other extraordinary circumstances should render electronic communication impossible, communication shall be performed in some other appropriate manner.
- (3) A member shall immediately notify KDD of any detected deviations from the normal operation regardless of the fact whether the deviation occurred due to reasons on the member's side or reasons on the KDD side. They shall also inform KDD of any circumstances that are material to their use of the information system or to the provision of KDD services in relation to said member.
- (4) The member shall also designate one or several persons as contact persons for communication with KDD.

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## 3 CENTRAL REGISTRY STRUCTURE

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### 3.1 ACCOUNT FEATURES

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#### Article 11

##### House Account

- (1) A house account is an account with the following features:
  - 1/ it is designated with letter "H";
  - 2/ opening or closing of such an account requires a written notification of the respective system member;
  - 3/ it is maintained by the system member that is also the account holder.
- (2) It is prohibited to allocate stock exchange transactions by debiting or crediting the house account.

#### Article 12

##### Client Account

- (1) A client account is an account with the following features:
  - 1/ it is designated with letter "C";
  - 2/ opening or closing of such an account requires a notification of the respective system member;
  - 3/ it is maintained by a system member.
- (2) Irrespective of Item 1, Paragraph 1 hereof, special forms of client accounts shall be designated with other letters, namely letter »P« (portfolio account), letter »U« (custodian account), letter »N« (fiduciary account and linked CSD's account), or letter »D« (pledge account).
- (3) Only entries regarding collateralisation and auto-collateralisation with the central bank may be credited or debited to a pledge account. KDD shall open an individual pledge account no later than within three business days after the receipt of notification.
- (4) Irrespective of Item 3, Paragraph 1 hereinabove, the KDD fiduciary account that is credited with securities, which are the subject of KDD custodian services, shall not be maintained by a system member. Securities in the KDD fiduciary account shall be in relation to KDD creditors considered as securities of persons that KDD renders custodian services to.
- (5) Irrespective of Item 3, Paragraph 1 hereinabove, the account of the linked CSD that does not use an intermediary to operate the link shall not be maintained by a System member but by KDD. Only entries reflecting transfers between the usual accounts with KDD and the accounts with linked CSD may be credited or debited to linked CSD's account.

#### Article 13

(deleted)

#### Article 14

##### Data on Accounts Due to Connection with T2S

- (1) As regards the connection with the T2S system, data on the type of mapping is kept for 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 settlement 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 system member, may be connected to a technical settlement account, to which an individual account with this mapping is mapped.
- (2) Data on a summary account, to which the respective account in the central registry is connected, is kept for accounts with mapping N:1.
- (3) Each account is directly or indirectly connected to the dedicated cash account in the TARGET system (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 to be entered on securities, credited to an account with the 1:1 type of mapping, they should first be credited to an account with the 1:1R or N:1 type of mapping. Pledge account is always an account with the 1:1 type of mapping. The account of the linked CSD that does not use an intermediary to operate the link is always an account with 1:1 or 1:1(R) type of mapping.

#### Article 15 Auxiliary Accounts

- (1) A joint account and joint custodian account are auxiliary accounts that have the following features:
- 1/ they are designated with letter "G" (joint account) or rather with letter "V" (joint custodian account);
  - 2/ opening or closing of such accounts requires a written notification of the respective system member;
  - 3/ they are maintained by a system member.

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

- (2) A control account is designated with letter »B« and maintained by KDD.
- (3) A transitive account is designated with letter »I« and maintained by either KDD or a system member.
- (4) A summary account is designated with letter »A«.

### 3.2 OPENING AN ACCOUNT

#### Article 16 Entry of Data on Account Holder and Assigning Account Number

- (1) Upon opening of an account, data on the account holder shall be entered in the central registry. If it is a pledge account, details on pledge creditor shall be entered in the central registry upon opening of such account.
- (2) Upon opening of an account, KDD shall assign an account number based on a predefined algorithm. This shall also apply to a joint account.
- (3) Opening of an account shall always be carried out first in the central registry, and only then, if required, KDD shall open a corresponding technical settlement account in T2S.

#### Article 17 Opening a Client Account

- (1) A system member shall provide data on the account holder in their message related to the opening of a client account; if it is a pledge account, they shall also provide data on the pledge creditor.
- (2) Should the data on the holder specified by the system member in their message related to the opening of a client account not match the data possessed by KDD, KDD shall not authorise the opening of the said client account.

### 3.3 CLOSING AN ACCOUNT

#### Article 18 Conditions for Closing an Account

- (1) An account may be closed only if there are no securities held in credit of the account and there are no outstanding orders relating to the respective account in the central registry.
- (2) If it is an account with the 1:1 or 1:1R type of mapping, KDD shall first close the corresponding technical settlement account in T2S.

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**Article 19** Closing an Account if System Member is Excluded

- (1) If a system member is excluded from the membership, the respective member shall ensure the transfer of all securities in debit of the accounts maintained by said member within two months of the exclusion, and terminate any authorisations by pledge creditors or entitlements in any enforcement procedures. At the request of an eligible person, KDD may directly carry out individual transfers or other amendments to entries required due to the exclusion of a system member.
- (2) Within the deadline set forth under Paragraph 1 hereinabove, the system member shall also provide KDD with due notifications regarding the closure of all accounts the respective member maintains.
- (3) For each month of delay in meeting the obligations hereunder, the system member shall be obliged to pay to KDD a contractual penalty in the amount of one additional membership fee charged by KDD.

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**3.4 MAINTAINING ACCOUNTS**

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**Article 20** Entry of Data on Legal Representatives

- (1) If an account holder does not have legal capacity or has limited legal capacity, their account may also contain data on the legal representative as per Paragraph 1, Article 25 of the Rules.
- (2) The provisions hereunder shall also apply by analogy to other eligible parties.

**Article 21** Assignment of KID Number

- (1) Only System members may request the assignment of the KID number on behalf of the person who is not entered in the business register and who can not obtain an LEI code.
- (2) The System member shall be obliged to verify the accuracy of data from Item 2 to Item 4 of Paragraph 1, Article 25 of the Rules related to the person for whom the assignment of the KID number is requested.
- (3) If the assignment of the KID number is requested for the opening of a fiduciary account, this shall be explicitly stated in the application.

**Article 22** Automatic Data Update

KDD shall automatically update data in the central registry based on electronic capture of data from the central population register or the business register at least once a week.

**Article 23** Blocking an Account

- (1) Blocking an account shall mean technically preventing transfers of securities and entries of encumbrances in debit of a blocked account, based on instructions, entered into the central registry by a system member, and based on the settlement of stock exchange or assimilated transactions.
- (2) An account may be blocked only by KDD. If it is an account with the 1:1 type of mapping, KDD shall block the corresponding technical settlement account in T2S.
- (3) Blocking an account shall not constitute an impediment for entries in credit of a blocked account nor shall it prevent deletions, carried out as a corporate action, or transfers of securities already provided for the settlement of stock exchange or assimilated transactions.

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## 4 CORPORATE ACTIONS

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### 4.1 GENERAL

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#### Article 24 Application and Notification

- (1) Application for an individual corporate action shall be filed on a form, posted on the KDD web page so as to make sure that the form with the required annexes is uploaded on secure websites. The same holds for notifications regarding general meetings as well as other notifications as per Article 30 of the Rules.
- (2) KDD shall review the filed application and check if it is filed in due time and 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 relevant amendments and revisions. If the application is in accordance with the law and regulations, KDD shall accept it either by expressly stating that it accepts the application or asking the applicant to pay the required fee.
- (3) KDD may review the notifications as per their conformity with the laws, but is not under an obligation to do so. Should KDD establish that a notification is not in conformity with laws, KDD shall call on the applicant to make the respective amendments.

#### Article 25 Announcement and Preliminary Advice

- (1) On the day of announcement, KDD shall announce to all System members the planned execution of a corporate action.
- (2) The announcement of a corporate action shall include:
  - 1/ type of corporate action;
  - 2/ members-issuers participating in the corporate action;
  - 3/ designation and ISIN codes of securities involved in the corporate action;
  - 4/ relevant key dates for the corporate action;
  - 5/ other essential elements of the request;
  - 6/ possible period in which no entries relating to the type of securities involved in the corporate action (blocking of securities) may be carried out in the central registry.
- (3) At the end of the record day and before the execution of corporate action, KDD sends to the System members a Preliminary advice on the outcome of the corporate action.
- (4) The Preliminary Advice shall include the expected outcome of a corporate action for specific System member, based on a corporate action Announcement.

#### Article 26 Non-Binding Nature of Announcement and Preliminary Advice

The announcement and the preliminary advice of a corporate action shall not bind KDD to execute it or to execute it in the announced or advised manner. If despite the announcement or the preliminary advice the corporate action is not executed or is not executed in the advised manner, KDD shall inform system members thereof in the same manner as it announced or advised on the corporate action.

#### Article 27 Notification of Executed Corporate Action

Following the execution of a corporate action, KDD shall provide all system members and the applicant requesting the execution of the corporate action with information on the executed corporate action.

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## 4.2 ISSUE OF SECURITIES

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### Article 28

#### Data in Issue

- (1) Shall a person be issued encumbered securities, the member-issuer shall state the following for such person:
  - 1/ data under Items 1 to 4, Paragraph 1 of Article 25 of the Rules;
  - 2/ number of securities to be issued to said person;
  - 3/ account number of the person who the respective securities are to be issued to, and
  - 4/ 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 the event of a simultaneous issue of securities performed on the basis of an existing ownership of a certain type of security, the member-issuer shall state the ratio according to which the securities are to be issued. When calculating the amount of securities that will be credited to a certain securities account or sub account in the event of an unrounded ratio, the rounding off to the next lesser whole number should be applied unless the member-issuer requires a different rounding method and this is in accordance with the law.
- (3) When issuing shares without the payment of contributions on the basis of the ownership of existing securities and when issuing book-entry securities which are to be converted for the existing book-entry securities, the encumbrances entered on the existing book-entry securities shall be transferred to the newly issued book-entry securities without any special request of the holder, while observing the ratio between the holder's book-entry securities which are encumbered and those that are not.

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## 4.3 DELETION OF SECURITIES

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### Article 29

#### Data in Simultaneous Deletion

- (1) In the event of a simultaneous deletion of securities of specifically designated holders, the member-issuer shall state the following for each person whose account shall be debited for said securities:
  - 1/ data under Items 1 to 4, Paragraph 1 of Article 25 of the Rules;
  - 2/ number of securities to be deleted in debit of the account of the respective person;
  - 3/ if the person holds several accounts and not all securities held by said person are subject to deletion: the number of the account in debit of which said securities should be deleted.
- (2) With a simultaneous deletion of securities, which is performed by debiting the accounts of all holders at a specific ratio, the member-issuer shall provide the respective ratio. When calculating the amount of securities that will be deleted in debit of a certain securities account or sub account in the event of an unrounded ratio, the rounding off to the next higher whole number should be applied unless the member-issuer requires a different rounding method and this is in accordance with the law.

### Article 30

#### Notification of Deletion

- (1) If shares are deleted due to changes in the legal organizational form of a member-issuer or due to 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 in the notification on the executed corporate action, sent to the member-issuer or the acquiring company, also data on persons whose accounts were debited for deleted shares, including data on the number of deleted shares for each respective holder and encumbrances entered on said shares upon their deletion.
- (2) Persons who were registered as beneficiaries as regards the encumbrance on respective shares shall also be informed of the deletion by KDD.

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#### 4.4 CONVERSION OF SECURITIES

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- Article 31** *Application by Analogy*  
As regards the conversion of securities, provisions hereunder relating to the issue and deletion shall apply by analogy.
- Article 32** *Data in Simultaneous Conversion*  
Members-issuers that participate in conversion shall provide the conversion ratio for respective securities. Encumbrances entered on securities that constitute the subject of deletion due to conversion shall be entered at the relevant ratio on securities that constitute the subject of issue due to conversion.
- Article 33** *Deposit of Shares in Material Status Restructuring*  
If shareholders of the acquired or transferring company are to be given own shares of the acquiring company, the latter shall be obliged to first deposit said shares with KDD, namely by crediting them free of any encumbrances to the fiduciary account of KDD. KDD shall issue a certificate of deposited shares. Upon conversion of shares, KDD shall use said shares to give them to shareholders of the acquired or the transferring company.

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#### 4.5 ELECTIVE CORPORATE ACTIONS

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- Article 34** *Additional Data in Elective Corporate Actions*  
The party initiating the action must also include the following data in a request for an elective corporate action:
- 1/ the number of the account to which the securities sought to be acquired by the initiating party under the elective corporate action are to be credited;
  - 2/ the choice (consideration) offered by the party initiating the elective corporate action.
- Article 35** *Dedicated Sub-Account in case of another authorized person*  
Where another person authorized to deal with securities participates in an elective corporate action instead of the holder, and it is not the case of a pledge account, the choice shall not be made by a transfer to a dedicated sub-account within the account managed by the holder's member, but by a transfer to a dedicated sub-account managed by KDD.
- Article 36** *Management of Bank Guarantee in Takeover Procedures*
- (1) If the acquirer has already met their obligation of depositing funds by delivering a bank guarantee in line with Paragraph 4, Article 36 of ZPre-1, KDD shall, after the receipt of the Agency's decision on the success of the takeover bid, 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. Otherwise, the bank guarantee shall be realized.
- Article 37** (deleted)

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#### 4.6 PAYMENTS

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- Article 38** *Calculation of the Amount of Money*
- (1) If the distribution of securities involved in a corporate action by holders' accounts is a decisive factor in the correct calculation of the amounts of money, which shall be provided by a member-issuer or another applicant requesting the execution of the corporate action, KDD shall take into account the balance of the entire central registry upon calculation.
  - (2) The amount of money to be paid to the eligible person with regard to securities in a certain account or sub account shall be expressed to whole cent. If the amount calculated on the basis of input data is not expressed to whole cent, the rounding off to the next lower cent shall be applied unless the member-issuer or another applicant

requesting the execution of the corporate action require a different rounding method and this is in accordance with the law.

- (3) If the balance in the central registry on the record 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 additional payments to cover the difference. If, as a result of differences in the balance, the actual total amount needed for payments was lower, KDD shall reimburse the difference within three days following the execution of the corporate action.
- (4) Provisions hereunder shall also apply by analogy in cases when the payment of amounts of money is performed within another corporate action.

## 5 TRANSFERS OF SECURITIES AND OTHER ENTRIES

### 5.1 COMMON PROVISIONS

#### Article 39

##### Types of Transfers

Transfers of securities between different securities accounts include:

- 1/ transfers between accounts of the same holder,
- 2/ transfers between accounts of different holders.

#### Article 40

##### Types of Other Entries

- (1) Other entries shall be entries, deletions and possible amendments to encumbrances on securities.
- (2) Encumbrances on securities shall be as follows:
  - 1/ rights of third parties;
  - 2/ other legal facts.
- (3) Rights of third parties shall be the following:
  - 1/ liens;
  - 2/ prohibition of disposal.
- (4) Other legal facts shall be decisions of a court or tax or supervisory authority resulting in a prohibition or restriction of the holder's disposal or a prohibition or restriction of payments in favour of the holder or the transfer of the entitlement to payments to another person or any combination of the above. In case of a decision of a public authority of another Member State, KDD shall consider such decision as a decision of a relevant authority of the Republic of Slovenia, except in case KDD is notified by the Slovenian relevant authority, that the respective decision was issued with disregard of the Slovenian relevant authority's competence.

#### Article 41

##### Submission of Instructions by System Member

- (1) Instructions submitted to the central registry by a system member shall have the following (mandatory) elements:
  - 1/ type of instruction;
  - 2/ securities the instruction refers to;
  - 3/ number of the account or sub account for securities the instruction refers to; 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 sub account (in case of an account with linked CSD that does not use an intermediary to operate the link: participant's code with linked CSD);
  - 4/ amount of securities the instruction refers to.
- (2) Delivery and receipt parts of orders for transfer shall also have the following elements:

- 1/ trading day (i.e. the day of the conclusion of transaction that shall be executed with the transfer of securities);
  - 2/ the anticipated date of transfer (i.e. the day when KDD initially attempts to execute the transfer), whereby this must be a day when the information system is operating, yet not before a trading day;
  - 3/ in case of debt securities: instead of the amount of securities the instruction refers to (Item 4, Paragraph 1 hereinabove), the nominal amount of securities the instruction refers to;
  - 4/ in case the instruction refers to the transfer of securities against payment of a purchase price: the amount of the purchase price, expressed in euros.
- (3) A unilateral order for the entry of the right of a third party shall include data required under the law for the respective type of third party right.
  - (4) A unilateral order for a change or deletion of a lien and for deletion of prohibition of disposal, and the delivery and receipt part of the order for transfer of securities due to the execution of the lien, shall also include the code of said right.
  - (5) Paragraph 2 hereinabove shall apply to a bilateral order for the entry or deletion of a lien (transfer of securities, credited or debited to a pledge account).
  - (6) Following the receipt of instruction, KDD shall review whether it is eligible (they validate the instruction). If the instruction is not eligible, KDD shall disregard it. The circumstance that the anticipated date of transfer has already expired upon the submission of due instruction shall not constitute grounds for disregarding the respective instruction.
  - (7) In addition to the mandatory elements, instructions may also contain other elements enabled by the information system (for example, reference, transaction indicator, and data on the change in ownership). KDD shall take these elements into consideration:
    - 1/ when a system member expresses a wish to exempt the order from the effects of corporate actions;
    - 2/ when a system member expresses a wish to conclude a transaction with included/excluded securities entitlement which is granted upon the delivery corporate action;
    - 3/ in other cases if expressly provided.
  - (8) Provisions under the preceding paragraphs hereof shall also reasonably apply when instructions are entered into the central registry directly by KDD or when instructions are sent to the central registry on behalf and for the account of a system member by an MTF operator (provided that it must be specified in the latter case that the operator is not sending the instructions for its own account but in its capacity as an MTF operator and on behalf and for the account of a system member who authorised the MTF operator to do so). An MTF operator may only send instructions relating to a transfer of securities against the payment of a purchase price for the securities. In entries that are based on decisions by state authorities, the securities that respective instruction refers may also be all securities in all the accounts of a respective holder or certain securities in all the accounts of a respective holder or all securities in a certain account of a respective holder.

#### Article 42 Entry of Instructions Directly by KDD

- (1) KDD may enter into the central registry any instruction for which there is legal basis, regardless of whether these procedures set out that it is a system member who submits the instruction to the central registry.
- (2) If the instructions refer to the transfer of securities, entry of third party rights or entry of other legal facts, KDD shall attempt to enter instructions into the central registry no later than by the fifth business day after due terms for said entry have been met.

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- (3) Terms of entry of instructions from paragraphs hereinabove shall be the following:
- 1/ KDD has been provided with all the data required for instructions to be rendered eligible as per the applicable rules and procedures;
  - 2/ KDD has been paid due compensation if such compensation is anticipated in the price list in relation to the entry of respective types of instructions.

## 5.2 TRANSFERS OF SECURITIES

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### Article 43

#### Matching Instructions

- (1) KDD shall, through T2S, match the delivery and receipt part of a bilateral order which match in all mandatory elements, in other elements considered by KDD, as well as in the reference if it is contained in both the delivery and receipt part of the order.
- (2) Irrespective of the provision under Paragraph 1 hereinabove, KDD shall, through T2S, also match the delivery and receipt part of an order if the amounts of the purchase price differ by 2 euros or less in sums of up to 100,000 EUR or by 25 euros or less in sums above 100,000 EUR, each time making a comparison with the lower given amount. In such case, the amount of the purchase price of the delivery part of the order shall apply.
- (3) If a respective instruction could be matched with several different instructions, it shall be matched with the one closest to it as regards the time of submission into the information system.
- (4) KDD shall attempt to match the instruction immediately after its validation.
- (5) If matching from Paragraph 4 hereinabove is not successful, KDD shall attempt, through T2S, to match the respective instructions until the expiration of 20 settlement days following the anticipated date of transfer or rather until the expiration of 20 settlement days following the last change in the status of the instruction.
- (6) Should the received instructions not be matched within the period set forth under Paragraph 5 hereinabove, KDD shall delete them. Even if the instructions are matched after the expiration of the period set forth under Paragraph 5 hereinabove, they shall be considered as validly matched before they would have been deleted.

### Article 44

#### Cancellation of Orders

- (1) The system members submitting instructions which have already been matched pursuant to Article 43 hereof may by mutual consent cancel the bilateral order, which has been generated through matching but has not yet been entered into the central registry, so that each of them sends a notification of cancellation to the central registry.
- (2) A bilateral order that has been cancelled pursuant to Paragraph 1 or 3 herein shall be deleted. A bilateral order that has yet to be entered into the central registry shall also be deleted in the event that the corporate action, on the basis of which securities that the bilateral order refers to are to be deleted from the central registry, has already begun. KDD may also delete a bilateral order that has yet to be entered into the central registry if 60 settlement days have elapsed since the relevant matching or since the intended date of transfer (whichever is later).
- (3) A unilateral cancellation of order is possible when a system member who entered the receipt part of the order, using the prescribed form published on the KDD website, and within the deadline for the notification of the buyer's selection, requires from a system 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 respective system member can only do so by cancelling the order.

### Article 45

#### Criteria of Eligibility of Securities in Transfers Between Accounts of Same Holder

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

- 1/ transfers debiting the holder's account and crediting another account of the same holder with the same or another system member;
  - 2/ transfer debiting the holder's account and crediting the pledge account of the same holder.
- (2) Transfers of securities as per Item 1 of Paragraph 1 hereinabove shall be possible irrespective of entered rights of third parties. Transfers of securities as per Item 2 of Paragraph 1 hereinabove shall not be possible, if they are subject to any rights of third parties.
  - (3) Transfers of securities as per Paragraph 1 hereinabove shall not be possible, if they are subject to another legal fact.
  - (4) Transfers of securities between accounts of the same holder shall not affect any encumbrances entered on securities that constitute the subject of transfer unless specified otherwise herein.

**Article 46**      **Criteria of Eligibility of Securities in Transfers Between Accounts of Different Holders**

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.

**Article 47**      **Special Rules Governing Certain Transfers**

- (1) Irrespective of the provisions under Paragraph 3 of Article 46 hereof, transfers between accounts of different holders shall be possible despite entered encumbrances in the following cases:
  - 1/ if the transfer of securities pertains to a transfer to an account of the universal legal successor or a partial universal legal successor;
  - 2/ if the transfer of securities pertains to the enforcement of a lien acquired outside an enforcement procedure unless there is an interim order in the central registry prohibiting the enforcement of said lien;
  - 3/ if the transfer pertains to an execution of a final enforcement decision.
- (2) Upon the transfer under Item 2 of Paragraph 1 hereinabove, the encumbrance that constituted the basis for transfer shall be deleted as well as any other third-party rights or any other legal facts entered on securities that constituted the subject of transfer and had lower priority than the lien that acted as the basis for the transfer.
- (3) Upon the transfer under Item 3 of Paragraph 1 hereinabove, the encumbrance that constituted the basis for transfer, all other third-party rights and all other legal facts entered on securities to be transferred, regardless of their order of priority.
- (4) The receipt part of the order for dereliction of securities shall be entered in the central registry directly by KDD, while the delivery part of the order shall be entered by the respective system member maintaining the holder's account, which shall be debited for such transfer.

**Article 48**      **Recycling Bilateral Orders**

- (1) KDD shall strive to execute bilateral orders that fulfil all the conditions for transfer in accordance with the rules and these procedures within a period that does not exceed 10 minutes in 99% of all orders and does not exceed 30 minutes in any order, counted from the fulfilment of conditions for settlement, until settlement.
- (2) If the initial attempt to perform the transfer of securities based on a bilateral order has not been successful due to the fact that there is an insufficient amount of securities in the securities account or sub account that is set to be debited or if the purchase price has not been provided in the pertaining DCA in accordance with these procedures, KDD shall recycle such bilateral order (i.e. it shall reattempt to perform due transfer on the basis of such order) every business day from and including the anticipated date of transfer onwards until the bilateral order is deleted from the central registry as per Article 44 hereof.

- (3) Upon recycling such an order, KDD shall not amend any component thereof. This shall also apply to the amount of the purchase price in a bilateral order for the transfer of debt securities against due payment of a purchase price.
- (4) If a respective securities account or sub account contains several bilateral orders that are to be recycled at the same time, whereby all said orders refer to securities with the same unique identification number, KDD shall in their repeated attempt to perform the transfer first try to process transfers based on orders that have not been subject to any notification of cancellation in the central registry by any of the parties. Within each group of orders, KDD shall take into account the consecutive order depending on the moment of matching the respective orders, so that KDD shall first attempt to perform transfers based on the earlier matched order. Unsuccessful attempts of transfers based on the earlier matched orders shall not constitute any impediment to transfers related to orders that were matched at a later date.

#### Article 48.a Partial Quantity

An instruction that enables a possible transfer of partial quantity of securities (Article 62(4) of the Rules) shall be entered into the information system by System member via Klient application. The latter does not apply to an instruction submitted via link with a CSD that does not use an intermediary to operate the link.

### 5.3 ENCUMBRANCES

#### Article 49 Criteria of Eligibility of Securities with Regard to Rights of Third Parties

- (1) Entries of third party rights shall not be possible if there are encumbrances on securities.
- (2) Irrespective of Paragraph 1 hereinabove, prohibition of disposal may be entered if the only prior encumbrance is a lien. Data on the lien may be changed regardless of the entered encumbrances. Data on pledge creditors in pledge accounts may not be changed.
- (3) Deletion of third party rights shall be possible regardless of the entered encumbrances.
- (4) Irrespective of Paragraph 3 hereinabove, deletion of liens shall not be possible if there is an interim order in the central registry prohibiting the enforcement of the respective lien.

#### Article 50 Criteria of Eligibility of Securities with Regard to Other Legal Facts

- (1) Entries of other legal facts shall be possible despite the already entered encumbrances.
- (2) Data on a legal fact may be amended irrespective of the entered encumbrances.
- (3) Deletion of other legal facts shall be possible regardless of the entered encumbrances.

### 5.4 ACCESSIBILITY OF INFORMATION ON THE STATUS OF INSTRUCTION

#### Article 51 Accessibility of Information on Status of Instruction

- (1) KDD shall enable system members to electronically verify data on the status of the instruction they have submitted in the central registry. Possible instruction statuses shall be as follows:
  - 1/ unconsidered instruction;
  - 2/ validated instruction (considered, but unmatched);
  - 3/ matched instruction (matched instruction, but not yet entered);
  - 4/ hold instruction (instruction that is not attempted to be settled nor recycled at the request of the system member submitting the instruction);
  - 5/ matched instruction on the basis of which an entry is currently being performed (ongoing settlement);

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- 6/ matched instruction for which one party has submitted notification of cancellation;
  - 7/ settled instruction (instruction on the basis of which an entry was conducted);
  - 8/ deleted instruction (instruction that was deleted without any entry being processed based thereon).
- (2) In addition to the status of instruction under Items 1, 3 and 8 of Paragraph 1 hereinabove, KDD shall also indicate the reason for such status.
  - (3) A person or authority requesting that KDD enters an instruction into the central registry directly shall be notified by KDD of the entered instruction or rather of the reasons why the entry of a respective instruction has not been processed.

**Article 51.a**      **Accessibility of Information on Cash Penalties**

KDD shall enable system members to electronically verify data on cash penalties for breaches of settlement discipline as levied by T2S.

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## 6                      SETTLEMENT OF STOCK EXCHANGE TRANSACTIONS

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### 6.1 GENERAL PROVISIONS

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**Article 52**      **Entry of Data on Stock Exchange Transactions into Information System**

- (1) The Stock Exchange shall forward to KDD a final trading report no later than by 5:30 p.m. on each trading day.
- (2) Information on a stock exchange transaction which was executed on any one trading day, shall be entered into the information system by KDD on the same day.

**Article 53**      (deleted)

**Article 54**      **Method of Execution of Liens**

KDD shall perform the sale of securities to exercise a 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. If, independently of the exercise of a lien, a claim in reference to which the lien is exercised is met, KDD shall block the exercise of the lien and delete the respective lien provided that the procedure of exercising the lien can still be stopped at the time when KDD is informed thereof.

### 6.2 PREPARATORY MEASURES FOR THE SETTLEMENT

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#### 6.2.1 CALCULATION OF FINANCIAL OBLIGATIONS AND CLAIMS

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**Article 55**      **Amount of Financial Obligation and Claim Based on Individual Stock Exchange Transaction**

- (1) Financial claim and financial obligation based on an individual stock exchange transaction shall equal the purchase price which is the subject of the respective transaction.
- (2) If the security prices are expressed in monetary amounts, the purchase price, which is the subject of the respective stock exchange transaction, shall be a product rounded off to two decimal places. It shall be the product of the following:
  - 1/ the quantity of securities which constitute the subject of the transaction, and
  - 2/ the price.
- (3) If a debt security price is expressed as a percentage of the principal, the purchase price, which is the subject of the respective stock exchange transaction, shall be a product rounded off to two decimal places. It shall be the product of the following:
  - 1/ the quantity of securities which constitute the subject of the transaction,

- 2/ the amount of principal incorporated in securities, and
- 3/ the price.

- (4) If the principal of a debt security is repaid in annuities, the amount of principal, incorporated in securities, shall be calculated as a sum of parts of the principal, incorporated in annuities which shall be transferred to the new holder together with the transfer of that debt security.
- (5) If the principal of a 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 the respective security.

#### Article 56 Special Provision for Debt Securities

- (1) Irrespective of Article 55 hereof, if the subject of the stock exchange transaction is a debt security where the principal bears interest, financial claim and financial obligation related to any stock exchange transaction shall equal the purchase price, which is the subject of the respective transaction, increased by accrued interest rounded off to two decimal places.
- (2) The accrued interest shall be interest from the debt security, the right to which is transferred, together with the transfer of this security, to the new holder. The interest relates to the time up to and including the day of conclusion of the stock exchange transaction.
- (3) KDD shall enable system members to obtain data on accrued interest in an individual debt security, relating to the following trading day.

#### Article 57 (deleted)

#### Article 58 Information on the Sum of Financial Obligations or Financial Claims

- (1) KDD shall be obliged within the same trading day to provide a system member with information on the following:
  - 1/ the sum of its financial obligations and the sum of its financial claims for that trading day, calculated on the basis of data under Article 55 hereof on the amount of financial obligations and claims from their individual stock exchange transactions;
  - 2/ the amount of possible liquidity reserve, which the system member, involved in the settlement of stock exchange transactions, shall be obliged to pay.
- (2) If an error occurs in the calculation of the amounts under the Articles 55 and 56, the corrections shall be made, if such does not have a negative impact on the course of settlement. Otherwise, the restoration of the balance due to an error shall be made within 2 business days from the date of the established error outside the procedure of the settlement of stock exchange transactions.

#### Article 59 Meeting Financial Obligations

- (1) A system member shall provide sufficient funds in their DCA for the settlement of their financial obligations on the stock exchange settlement day by 10 a.m.
- (2) If a system member is obliged to pay liquidity reserve, they shall credit it to a fiduciary cash account by 10.00 a.m. of the business day following the trading day in reference to which the reserve was calculated.
- (3) KDD shall transfer the liquidity reserve funds in debit of the fiduciary cash account and in credit of a system member's DCA on the stock exchange settlement day.

#### Article 60 Allocation of Stock Exchange Transactions

- (1) A system member shall be obliged to properly allocate their stock exchange transaction (Article 80 of the Rules) by the end of trading on the business day following the conclusion of the transaction. If the business day following the conclusion of the transaction is not a trading day but a stock exchange settlement day,

the system member shall be obliged to allocate the stock exchange transaction on that day by the hour by which trading is taking place on a trading day.

- (2) After the expiry of the deadline set forth under Paragraph 1 hereinabove and by 10.00 a.m. of the stock exchange settlement day, a system member shall no longer be able to allocate the transaction by entering the numbers of the relevant accounts into the information system on their own. They shall be able to do so by informing KDD, which shall then enter the account numbers into the information system. Responsibility for the relevance of data on the numbers of accounts of buyers and sellers shall be borne by a system member.

#### Article 61 Substitute Account Upon Entry of Non-Existent Account

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 data in the information system:

- 1/ number of the substitute account used in such cases in relation to trading for own account, or rather
- 2/ number of substitute account used in such cases in relation to trading for the client account.

#### Article 62 Provision of Balance of Securities in Sellers' Accounts

- (1) A seller system member shall provide a sufficient quantity of eligible securities in accounts of end sellers by 10.a.m. of the stock exchange settlement day.
- (2) In the event that the amount of eligible securities in the seller's account does not suffice for all transfers of securities which should be debited to the respective 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 first reserved.
- (3) The following entries of encumbrances on securities are of such nature that they shall terminate upon the transfer of securities to the final buyer (Paragraph 4, Article 82 of the Rules):
  - 1/ if a stock exchange transaction is concluded to enforce a lien acquired outside judicial enforcement or tax enforcement procedure: all encumbrances that have lower priority than the lien, as well as the enforced lien unless there is an interim order in the central registry prohibiting the enforcement of said lien;
  - 2/ if a stock exchange transaction is concluded to execute a decision regarding enforcement of a claim: any encumbrances irrespective of their order of precedence with regard to the encumbrance which is being executed, including such encumbrance itself.

### 6.3 SETTLEMENT

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#### Article 63 Execution of Settlement

KDD shall transfer securities and funds to settle stock exchange transactions by 3 p.m. of the stock exchange settlement day.

### 6.4 PROCEDURES IN THE EVENT OF DELAYS

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#### Article 64 Enforcing Liability of Seller System Member

- (1) KDD may enforce liability of a seller system member if the latter fails to provide a sufficient amount of eligible securities with regard to a sales transaction in the seller's account by 10 a.m. of the stock exchange settlement day.
- (2) KDD shall be obliged to enforce liability of a seller system member if the latter fails to provide a sufficient amount of eligible securities with regard to a sales transaction in the seller's account by 1 p.m. of the stock exchange settlement day.

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Article 65	(deleted)
Article 66	(deleted)
Article 67	(deleted)
Article 68	(deleted)
Article 69	(deleted)
Article 70	(deleted)
Article 71	(deleted)
Article 72	(deleted)
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Article 75	(deleted)
Article 76	(deleted)
Article 77	(deleted)
Article 78	(deleted)
Article 79	(deleted)

## 6.5 TRANSFER OF CLAIMS AND ASSUMPTION OF OBLIGATIONS BETWEEN A STOCK EXCHANGE AND A SYSTEM MEMBER

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### Article 80 General Transfer

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

### Article 81 Assignment of Registry Code Relating to Individual Transfers

- (1) If a system member requires an assignment of the RK2 or RK3 registry code, they shall either provide in their request the number of the account in debit or credit of which the obligation of the transfer of securities from transactions, designated with this code, is met, or require the opening of a joint account or rather a joint custodian account to that end.
- (2) As an account under Paragraph 1 hereunder, only the following may be given:
  - 1/ a client account;
  - 2/ a house account;
  - 3/ a portfolio account;
  - 4/ a fiduciary account;
  - 5/ a pledge account;
  - 6/ a custodian account;
  - 7/ a joint account;
  - 8/ a joint custodian account.
- (3) A stock exchange member shall use an individual registry code in such a way that an immediate control of the accuracy of the account number associated with the respective registry code is made possible through the trading information system and the information system.
- (4) The same registry code may be used to designate stock exchange transactions with different stock exchange members if relevant rights and obligations from all these transactions are taken over by one system member, and the settlement of securities, if the latter is the subject of the transfer, will be made in credit or debit of the same account managed by the respective system member.

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

## 7 COMMUNICATION OF DATA TO KDD AND ACQUISITION OF DATA FROM KDD

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### Article 82 Communication of Data to KDD

- (1) A system member shall, in addition to data required by KDD to exercise supervision (as per Article 13 of the Rules), communicate to KDD the relevant data under the provisions governing the encouragement of long-term shareholder engagement. In case a system member does not dispose with such data due to its client also being an intermediary, the respective system member must do utmost within its ability in order for such data to be provided by its intermediary client (or still a client of such intermediary client, if the former is an intermediary as well).
- (2) The term “data” shall, for the purposes of this chapter, include not only general information, but instructions, elections, applications, notifications, confirmations, and other communication under the provisions governing the encouragement of long-term shareholder engagement as well.

### Article 83 Acquisition of Data on Identity of the Shareholders and Holders of Other Securities

- (1) KDD shall enable the acquisition of public information from the share register or register of other registered securities within two business days after the conditions are met by a person requiring the data.
- (2) If the information is required by a member-issuer of the securities the inquiry relates to, KDD shall enable the acquisition of data, including the unique identification number of natural persons, no later than within the following business day after the fulfilment of the conditions.
- (3) If the information that is required by a member-issuer of the shares (regardless of their form) relates to the identity of final shareholders in respect of the shares nominally held on intermediary’s fiduciary account (designated with “N”), the member-issuer shall, within its request, determine the respective record date and the due time to communicate the required data. KDD shall, through the Client application, forward the request forthwith to a KDD system member who operates the respective fiduciary securities account. The system member shall be liable to communicate to KDD the data on final shareholder(s) as soon as it is obtained by them.
- (4) KDD shall communicate to member issuer the data acquired as per Paragraph 3 hereof, without any modification thereof. KDD shall thus not be liable for the completeness and accuracy of the communicated data.

### Article 84 Acquisition of Other Data

- (1) In addition to data the acquisition whereof is expressly governed by the provisions hereof, other information may also be obtained from the records kept by KDD, if the required statutory conditions are met. To obtain such data, the provisions hereof shall be applied *mutatis mutandis*.
- (2) The acquisition of data from the records kept by KDD may be disturbed, if information relates to securities involved in an ongoing corporate action.

### Article 85 Statement of Account Balance

- (1) KDD shall be obliged to issue a statement of balance in accounts to the holder of securities or rather to a system member no later than the business day after the conditions are met. Such statement shall bear the significance of a confirmation (attestation) required for a direct exercise of the holder’s rights vis-à-vis respective issuer-member as well as the confirmation (attestation) required for an exercise of the

rights under the provisions governing the encouragement of long-term shareholder engagement.

- (2) KDD shall be obliged to issue a statement of balance to other person entitled by law to access information about the balance in accounts no later than within two business days after the conditions are met. A unique identification number of the holder must be given in the request for the statement of balance.

Article 86 (deleted)

Article 87 Record of Issued Securities

- (1) KDD shall enable anyone to obtain data from the record of issued securities no later than within two business days after the conditions are met.
- (2) Information on the record of issued securities (unique identification number and codes of securities entered in the records, including members issuing said securities) shall be published by KDD on their website.

## 8 TRANSITIONAL AND FINAL PROVISIONS

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Article 88 Transitional Provisions

- (1) For usufructs, redemption rights and pre-emption rights entered into the central registry prior to the entry into force of the ZNVP-1, and irrespective of the provision under Paragraph 2, Article 89 of these Procedures, the KDD Regulations of 4 October 2012 and KDD Regulations for the Settlement of Stock Exchange Transactions of 19 August 2010 shall continue to apply as they applied on the day prior to the entry into force of the ZNVP-1.
- (2) For liens entered into the central registry prior to the entry into force of the ZNVP-1A and which are not first in the order of priority, irrespective of the provision under Paragraph 2, Article 89 of these Regulations, the KDD Regulations of 4 October 2012 and KDD Regulations for the Settlement of Stock Exchange Transactions of 19 August 2010 shall continue to apply as they applied on the day prior to the entry into force of the ZNVP-1A.

Article 89 Final Provisions

- (1) Amendments to procedures hereunder shall be adopted by the KDD management board. Upon any amendment to the procedures hereunder, the management board shall confirm the consolidated text thereof.
- (2) The management board shall be obliged to present the proposal of amendments to procedures to system members and the users' committee at least fifteen days prior to the session of the management board where it will be decided on adopting the said amendments.
- (3) Procedures, amendments thereto and the consolidated text thereof shall be published on the KDD website.