

## Custody Services General Terms and Conditions, NLB d.d., Ljubljana

### I. INTRODUCTORY PROVISIONS

#### Article 1 – General Information about the Bank and services

(1) Nova Ljubljanska banka d.d., Ljubljana (hereinafter: the Custodian) based in: Ljubljana, business address: Trg republike 2; telephone no.: +386 (0)1 476 39 00; SWIFT: LJBASI2X; e-mail: [info@nlb.si](mailto:info@nlb.si); website: [www.nlb.si](http://www.nlb.si), hereby issues these general terms and conditions (hereinafter: the General Terms and Conditions) relating to the provision of custody services as ancillary investment services in accordance with the Financial Instruments Market Act (hereinafter: the ZTFI-1).

(2) The contact data that the Custodian and customer require in connection with the services set out in a custody agreement and these General Terms and Conditions shall be defined in the custody agreement.

(3) The Custodian has authorisation from the Bank of Slovenia, Slovenska cesta 35, 1505 Ljubljana (hereinafter: the Bank of Slovenia) to provide the ancillary investment services in relation to securities under the law governing the securities market on the basis of which it provides the following services that are the subject of these General Terms and Conditions (hereinafter: the Services):

- management of a financial instruments custody account,
- management of a cash custody account,
- settlement of transactions in financial instruments,
- pledge of transferable securities,
- corporate actions notification and execution,
- exercising of voting rights from financial instruments,
- payment of income from financial instruments (e.g. dividends and similar revenues, interest, payments upon maturity of a financial instrument, etc.),
- reimbursement of taxes from transactions in financial instruments,
- lowering of the tax liability before payment of the income from financial instruments, and
- foreign exchange services in connection in transactions with financial instruments,
- management of collaterals and the rights of the third persons to financial instruments,
- DCA account management.

(4) In connection with the services set out in the previous paragraph, the Custodian shall provide other services/activities that are not considered ancillary investment services according to the ZTFI-1, but are associated with those services, such as record keeping, the control and reconciliation of balances of a customer's financial instruments and funds with the sub-custodian and the central depositor, reporting to supervisory and other bodies, payment of withholding tax according to the legislation of the Republic of Slovenia applicable at the time etc.

(5) In the context of services and/or activities from the third and fourth paragraph if this article the Custodian does not monitor whether the customer reaches, exceeds, reduces or otherwise changes the share in the issuer of the financial instrument, and also does not carry out the prescribed or related reporting or activities to obtain the required approvals and/or permits (for example pursuant to takeover regulations), but these services and/or activities are carried out by the customer themselves.

(6) The provision of services by the Custodian is supervised by the financial instruments market regulator, the Securities Market Agency, Poljanski nasip 6, 1000 Ljubljana (hereinafter: the SMA) and the Bank of Slovenia.

### II. TERMS

#### Article 2 – Definitions of terms used in the General Terms and Conditions

The terms used in these General Terms and Conditions shall have the same meanings as those used in the valid ZTFI-1, unless otherwise specified herein.

REGULATIONS shall mean the currently valid regulations and implementing regulations, rules, policies and procedures, and market customs governing transactions in financial instruments in the Republic of Slovenia and/or the place (or institution) where transactions involving financial instruments are performed.

NLB d.d. TARIFF shall mean the currently valid tariff or other act used by the Custodian to set the prices of services and to define the costs known in advance associated with those services.

INSTRUCTIONS shall mean transaction settlement instructions, decisions relating to the execution of corporate actions, approvals, consents, and other instructions and notifications relating to services sent by the customer to the Custodian.

CORPORATE ACTION is an event initiated by the issuer of a financial instrument or a third party (e.g. bidder in a takeover), based on which the holder of financial instrument receives money, financial instruments or other rights based on a financial instrument (e.g. payment of interest or dividend) or in exchange for it (e.g. in the case of payment, swap, split or merger of financial instruments) either as a mandatory action or by choice (if the holder has the option to choose, than that is a VOLUNTARY CORPORATE ACTION).

NOTICE OF CORPORATE ACTION is a common term for a notice by which the Custodian informs the customer about the corporate action, which is a notice of corporate action - announcement or notice of corporate action - execution.

FINANCIAL INSTRUMENTS CUSTODY ACCOUNT shall mean a book-entry securities account that the Custodian opens and manages on a customer's behalf, or the account of the Custodian or sub-custodian at the central depository on which the Custodian manages customers' financial instruments and for which the Custodian manages a sub-depository of the aforementioned financial instruments.

FOREIGN FINANCIAL INSTRUMENT shall mean a financial instrument entered and managed in a central depository that is not a central register.

CENTRAL DEPOSITORY shall mean a central register or other record of the holders of book-entry financial instruments that is managed by a central depository in accordance with the regulations of the country in which the aforementioned depository is established. Entries in the depository have legal effects in direct relationship with the issuer of the aforementioned financial instruments and with third parties, such that the holder of the account on which the financial instruments are entered is deemed their legal holder.

SUB-DEPOSITORY shall mean a record of the holders of book-entry financial instruments managed by the Custodian at a central depository on customers' behalf via its own account or via the account of a sub-custodian. The Custodian shall manage the sub-depository in accordance with the rules on the management of a sub-depository published on the Custodian's website.

CENTRAL REGISTER of book-entry securities shall mean a central, computerised collection of data in which the rights arising from book-entry securities, the holder of these rights and the potential rights of third parties on these securities are entered. The central register is managed by the Central Securities Clearing Corporation (hereinafter: the CSCC).

SUB-CUSTODIAN shall mean a foreign bank or other supervisory financial institution through which the Custodian manages foreign financial instruments in a central depository that is not a central register. The sub-custodian shall provide the services set out in the previous sentence on a specific market (local sub-custodian) or on several foreign markets (global sub-custodian).

CUSTOMER is a person who signed a custody agreement from Article 4 of the General Terms and Conditions with the Custodian.

FINAL HOLDER OF FINANCIAL INSTRUMENTS is a person who is the actual holder of financial instruments and entitlements from financial instruments, in relation with which the Custodian itself or through a chain of brokers carries out the services agreed in the custody agreement.

CASH CUSTODY ACCOUNT shall mean a cash account that the Custodian opens and manages in the name and on behalf of a customer for the receipt of payments from and to the customer, deriving from trading in financial instruments on the custody account.

CUSTODY ACCOUNT is a term used in these General Terms and Conditions to mean both a financial instruments custody account and cash custody account.

CUSTOMER CASH ACCOUNT shall mean the transaction account or other cash account of a customer that is not a cash custody account open at a domestic or foreign bank or equivalent financial institution.

DCA ACCOUNT ("Dedicated Cash Account") is a special purpose account opened by the Custodian in the cash settlement system TARGET2-Slovenia (hereinafter: T2S) and used for cash payments related to the settlement of transactions and receipts from corporate actions associated with financial instruments on T2S.

CURRENCY shall mean the euro and currencies other than the euro (hereinafter: foreign currency) included on the Custodian's exchange rate list.

BUSINESS DAY shall mean any day when the Custodian operates, excluding Saturdays, Sundays, holidays and other non-business days in the Republic of Slovenia, unless otherwise stipulated by these General Terms and Conditions or custody agreement.

WORKING HOURS (during which time the Custodian transacts on behalf of customers) shall mean every business day from 8 am to 4 pm.

AUTHORISED BROKER shall mean a brokerage firm or other investment company selected by the customer for the execution of transactions in financial instruments.

### III. GENERAL

#### Article 3 – General Terms and Conditions

(1) These General Terms and Conditions shall define the mutual rights and obligations of the Custodian and customer in connection with the services that the Custodian provides with professional diligence on behalf of the customer under the terms and conditions set out herein, in any special agreements between the Custodian and the customer, and in accordance with regulations governing the payment of fees and the reimbursement of costs.

(2) Mutual rights and obligations of the Custodian and customer in connection with the services of managing the DCA account are stipulated by the conditions and rules laid down by the Bank of Slovenia for the operation of T2S and apply to the services of DCA management, if such use is not contrary to the custody agreement and/or these General Terms and Conditions.

(3) The Custodian shall reserve the right to amend these General Terms and Conditions. The customer shall be informed of changes to these General Terms and Conditions and their entry into force by written notice stating which provisions have changed and how, and where a copy of the amended General Terms and Conditions may be obtained. The Custodian shall publish a copy of the General Terms and Conditions on its website, and shall send a copy to the customer at the latter's explicit request.

(4) If a customer does not withdraw from the custody agreement without notice or without fulfilling other conditions for the withdrawal from the aforementioned agreement within 15 days from the receipt of the notification specified in the previous paragraph, the customer shall be deemed to agree with the changes to the General Terms and Conditions. Amendments to the General Terms and Conditions shall enter into force on the day determined by the competent body of the Custodian.

(5) The enclosures to these General Terms and Conditions include:

- Information regarding the internal complaint procedure at NLB d.d.;
- Summary of NLB d.d.'s Rules on the conflict of interests in investment services, purchasing and the processes of granting or restructuring loans;
- Information regarding financial instruments and associated risks; and
- Sub-depository management rules.

#### Article 4 - Custody agreement and the agreement on the management of collaterals and the rights of the third persons to financial instruments

(1) The Custodian and customer shall agree on the services and/or any special agreements on services that deviate from the terms and conditions set out herein in the form of a written agreement (hereinafter: custody agreement). The General Terms shall be an integral part of the custody agreement.

(2) If the Custodian and the customer agree merely on the provision of the service of the management of collaterals and the rights of the third persons to financial instruments, they sign the relevant agreement on the management of collaterals and the rights of the third persons to financial instruments to agree their mutual rights and obligations.

(3) The Custodian shall verify the customer's identity in a reliable manner and in accordance with the applicable regulations prior to concluding the custody agreement. Prior to signing the custody agreement, the customer shall undertake to submit all data, information, documentation and consents (hereinafter: documentation and data) required by the Custodian to conclude a custody agreement and provide the related services.

(4) By signing the custody agreement, the customer confirms and guarantees the following:

- that it is entitled to and capable of concluding a custody agreement and associated transactions;
- that it has obtained all necessary approvals and authorisations to conclude the custody agreement and associated transactions, and that it will transact within limitations, if such limitations apply;

- that the custody agreement and associated transactions shall not be in contravention to the customer's founding act and articles of association, or to contractual documents concluded with third parties; and
- that it has and will acquaint the Custodian with all the facts and data that are known to the customer or that should have been known to the customer and that could have had an effect on the Custodian's decision to conclude a custody agreement, and that all data communicated to the Custodian and relating to the custody agreement and the General Terms and Conditions are truthful and complete.

#### **Article 5 – Transfer of the agreement and rights**

Unless the Custodian and customer agree otherwise, the customer shall not transfer all or a part of the custody agreement or its right under or associated with the aforementioned agreement to a third party without the Custodian's prior written consent.

#### **Article 6 – Application of the law**

(1) Slovenian law shall apply when assessing the validity and content of a custody agreement, these General Terms and Conditions, and the provision of services by the Custodian.

(2) The Custodian hereby warns the customer that in particular (but not limited to) with regard to transactions in foreign financial instruments and with non-residents the customer may be (i) bound to the laws of the country (depending on the case, but not exclusively) in which the financial instruments were issued and/or the laws of the country in which these financial instruments were listed for trading or entered into the central depository, or the laws of the country in which the customer has its registered office or permanent residence, and (ii) that in case when the ensuring of compliance of the management of financial instruments and funds of customers or other services agreed in the custody agreement in accordance with said law, depending on or conditioned with a certain action and/or omission of the customer and/or final holder of financial instruments (for example the duty to disclose and submit information and/or documents about the final holder of financial instruments as the presumption or condition for the participation at the General Meeting of a foreign issuer, although the final holder is not a Custodian's customer, and the duty to submit information and/or documents on the final holder of financial instruments following the request of a supervising or other competent body at the foreign market), the Custodian is not liable to perform these services or for any consequences that may arise if the customer and/or the final holder of the financial instrument does not carry out this action and/or omission.

(3) If in the cases from the previous paragraph the customer is not the final holder of financial instruments managed by the Custodian on the custody account of financial instruments, the customer undertakes to inform the final holder of financial instruments of the required or expected action and/or omission, or to undertake any steps required for them to be informed of the required or expected action and/or omission, and in case they would not carry it out, it shall promptly inform the Custodian.

(4) The customer shall reimburse or pay the Custodian for any damages or costs arising from the failure to respect the previous paragraph by (i) the customer or (ii) the person for whose account the customer is providing its services in relation to which the Custodian provides its services.

#### **Article 7 – Markets and custody services**

The Custodian shall provide services on the markets and to the extent that it is able to via its own network of selected sub-custodians and central depositories, in accordance with the Custodian's business policies and applicable regulations.

#### **Article 8 – Conflicts between the provisions of the General Terms and Conditions and a custody agreement**

(1) If the provisions of these General Terms and Conditions are in conflict with or are not in line with the provisions of a custody agreement, the provisions of the latter shall apply.

(2) The previous paragraph hereunder also applies to a collision of provisions of the general terms and conditions and any other agreement the Custodian had signed with the customer (as an example but without limitation to the agreement on the management of collaterals and the rights of the third persons to financial instruments).

### **Article 9 – Settlement of disputes**

(1) Disputes between the Custodian and customer shall be settled in accordance with the relevant custody agreement and the system for the out-of-court settlement of disputes, which is governed by the Custodian's internal acts. Detailed written information regarding the system for the out-of-court settlement of disputes are found in Enclosure 1 to these General Terms and Conditions, and shall be visibly displayed in the Custodian's business premises and on its website.

(2) If the customer, who is a consumer (a natural person acquiring or using goods and services outside their professional or profitable activity), does not agree with the final decision adopted in the internal complaint procedure of the bank or if the bank fails to decide on their complaint within 15 days, there are two external institutions available for out-of-court dispute resolution, namely the Bank Association of Slovenia (BAS) or the European Centre for Dispute Resolution (ECDR).

(3) The customer, who is a consumer, has the right to propose initiation of the mediation and proposal procedure by ordinary mail to the address Združenje bank Slovenije - GIZ, Ljubljana, Šubičeva ulica 2, 1000 Ljubljana, telephone; +386 1 242 97 00, with the note: OADR initiative, or via e-mail to the address: [izvajalec.irps@zbs-giz.si](mailto:izvajalec.irps@zbs-giz.si); it must do so in accordance with the Rules of Procedure on Out-of-Court Consumer Dispute Resolution of the Bank Association of Slovenia.

(4) A customer is entitled to bring the dispute for mediation to the European Centre for Dispute Resolution (ECDR), Tomšičeva ulica 6, SI-1000 Ljubljana, telephone: 08 20 56 590, or by e-mail to the address: [info@ecdr.si](mailto:info@ecdr.si), in accordance with the ECDR rules on mediation.

(5) A customer (initiator) may file an initiative with only one of the above providers. It is deemed that, when filing an initiative with one of the selected providers, the initiator started the procedure of out-of-court resolution of consumer dispute, and therefore may not file an initiative concerning the same dispute with the other provider.

### **Article 10 – Customer classification**

(1) For the purpose of providing services, the Custodian shall classify a customer as a non-professional or professional customer in accordance with NLB d.d.'s Customer Classification Policy.

(2) A professional customer shall undertake to immediately inform the Custodian of every change that affects or could affect its classification as a professional customer in accordance with NLB d.d.'s Customer Classification Policy.

### **Article 11 – Payments**

(1) The customer shall undertake to pay the Custodian the fees for the services set out in a custody agreement and these General Terms and Conditions, and to reimburse the costs arising from or in connection with the aforementioned services and set out the NLB d.d. Tariff. The NLB d.d. Tariff shall be delivered to the customer following the conclusion of a custody agreement, and may be viewed in the business premises where the Custodian transacts with customers.

(2) The customer shall be informed in advance in writing of every change to the NLB d.d. Tariff. The provisions of Article 3 of these General Terms and Conditions shall apply mutatis mutandis to changes and/or amendments to the NLB d.d. Tariff, its validity and the customer's consent to the aforementioned changes and/or amendments.

(3) The customer shall also undertake to reimburse the Custodian for the costs arising from or in connection with the aforementioned services and not set out in the NLB d.d. Tariff (e.g. without limitation to the costs of translations, DHL costs of sending documentation abroad, etc.). If possible, the Custodian shall inform the customer in advance of the costs referred to in the previous sentence.

(4) The Custodian shall issue an invoice with data regarding the aforementioned fee and costs within 10 (ten) business days during the month for the previous accounting period. The customer shall undertake to pay the aforementioned invoice within 8 (eight) days of receipt.

(5) Regardless of the other provisions of the General Terms and Conditions, the Custodian shall be entitled to execute the payment of all cash amounts arising from the contractual relationship for the provision of custody services, of which the customer shall be informed in writing, to the debit of the Custodian cash account and the customer's cash account opened with the Custodian. It shall be deemed that by concluding the custody agreement the customer expressly and irrevocably authorises the Custodian for debiting their custodian cash account and the customer's cash account.

#### **Article 12 – Documentation and data and business secrecy**

(1) In order to ensure the uninterrupted provision of services, the customer shall be obliged to deliver or send documentation and data to the Custodian at the latter's request, and to immediately inform the Custodian of changes and submit new documentation as required. The customer shall be obliged to inform the Custodian in writing of all circumstances relevant to the provision of services.

(2) The customer shall permit and, by signing a custody agreement, authorise the Custodian to, as required for the implementation of the custody agreement or these General Terms and Conditions, or to exercise its rights under the custody agreement or these General Terms and Conditions, provided this is permitted under the applicable regulations, to make inquiries with third parties, whereby it permits the forwarding of such data and information from third parties to the Custodian. The Custodian may also obtain data from telephone conversations between the Custodian and the customer, recorded by the Custodian in relation to the provision of services in the manner from paragraph 2 of article 17 of the General Terms and Conditions.

(3) The Custodian and the bank shall undertake to treat the provisions of the custody agreement and any data and information obtained on the basis of the custody agreement and the General Terms and Conditions or in relation with the implementation of these, as business secret, unless provided otherwise with the custody agreement, the General Terms and Conditions or the regulations.

(4) The Custodian shall treat the data and information from the previous paragraph hereunder as confidential information in accordance with the provisions.

(5) If it is determined that the customer provided the Custodian incomplete and/or false data and/or documentation, or failed to present the data and/or information or failed to inform the Custodian of changes thereto, the customer shall bear all responsibility for the consequences of its omission, while the Custodian shall reserve the right to withdraw from the provision of the service which requires the submission of data and/or documents (this includes the Custodian's right to refuse the provision of services in an individual market; hereinafter local market) or to withdraw from the custody agreement without notice period.

#### **Article 13 – Processing and protecting data**

(1) For the purpose providing the services defined in the custody agreement the Custodian collects, obtains, manages, stores, discloses and forwards and processes the documents and data (hereinafter together: data processing) obtained on the basis of and in relation with the custody agreement and General Terms and Conditions.

(2) The Custodian processes data in accordance with the applicable regulations. More detailed information about how the Bank handles personal data and rights of individuals are available at <http://www.nlb.si/varstvo-osebni-podatkov> and/or in the document General Information on Personal Data Processing.

(3) If ● required to execute the custody agreement or ● to provide the legal providing of services defined in the custody agreement in the territory and pursuant to the regulations of the country in which the Custodian carries out its services, the Custodian discloses and submits the documents and data from the first or fourth paragraph hereof to third parties in (i) the Republic of Slovenia, (ii) other member states of the European Union or parts of the European Economic Area, and (iii) third countries - countries defined by the regulations on personal data protection as countries not included under items (i) and (ii) hereof, where the protection of personal data may not be fully ensured at an adequate level.

(4) The disclosure and submitting of documents and data to third parties may include a photocopy of a valid personal ID and the certificate of tax residency and data considered as personal data under the personal data protection regulations, namely the information on the ● full name, address of permanent and temporary residence, date and place of birth, citizenship, tax number in the Republic of Slovenia and the foreign

country and the residency of the final holder of the financial instrument or person entitled to the funds, ● number, type and name of the issuer of the official personal ID and its validity, ● company registration number/personal identification number (EMŠO), ● origin/source of the revenues and tax base, ● transactions with financial instruments and funds (designation of financial instrument (ticker number), date of transaction with the financial instrument and date of settlement of this transaction, type of transaction, ISIN of the financial instrument, price and quantity of the financial instrument and value of transaction), ● number of custody account and balance on said account, and ● any other identification data on the customer and its transactions and disposing with financial instruments and the balances of financial instruments based on the custody agreement.

(5) For the purposes defined in the third paragraph and below in this paragraph, the Custodian shall disclose and submit documents and data from the first and fourth paragraphs of this article to the following third parties from paragraph three hereof:

- to sub-custodians for the management of financial instruments of customers in central depositories and for the provision of other services defined in the custody agreement,
- to SMA, the Bank of Slovenia and other authorities in charge of the supervision over securities markets, especially (but not exclusively) for the supervision over custody services (including the supervision over the contractor and/or services of the sub-custodian), abuse in the financial instrument markets, the reaching or exceeding of takeover thresholds or any other prescribed shares in the issuers of financial instruments, the prevention of money laundering and the financing of terrorism (hereinafter: supervising authorities), with the aim to provide the documentation and data these authorities require in the context of the implementation of their authorisations and competencies in accordance with the regulations of the country where the services are provided,
- to the tax authorities for the purpose of claiming tax benefits or refunds of overpaid taxes, for the payment of taxes and for reporting and supervising procedures,
- to issuers of financial instruments for the purpose of participation in corporate actions from financial instruments, attendance at general meetings and the corporate governance of these issuers, and in other cases stipulated by regulations, including the prescribed disclosure of shareholder's identity and
- to third parties not defined in the previous indents (hereinafter: other third party, which includes CSCC and the issuer's agent) who demand or request the documents and data in relation with the Custodian's services for the customer and pursuant to the regulations of the country where the services are being provided.

(6) The Custodian discloses and submits the documents and data following a demand or request from the sub-custodian, the supervising or tax authority, the issuer of financial instruments or other third party, received in writing or by e-mail, to disclose or send all or individual data. The Custodian receives the demand or request from the sub-custodian, the supervising or tax authority, the issuer of financial instruments or other third party, and discloses and submits the documents defined in the request directly or through a sub-custodian.

(7) By signing the custody agreement, the customer shall explicitly authorise (i) the processing of data, (ii) the disclosure and submission of data, and (iii) the recording of telephone conversations related to the custody agreement for the duration thereof and following the termination of the aforementioned agreement for any disposing with financial instruments where the Custodian is providing services in accordance with the custody agreement, for the period and scope defined by the applicable regulations.

(8) A customer who is not the final holder of financial instruments, undertakes by signing the custody agreement to supply the Custodian upon written request sent by mail or e-mail with the data and/or documents from the present article required by the Custodian for the data processing defined in the present article and/or in relation with the services agreed in the custody agreement, especially (but not exclusively) for the purpose of the legal providing of services from the custody agreement in the territory of and pursuant to the regulations of the country where the Custodian is providing these services.

(9) Regardless of the previous provisions of this article the Custodian processes the documents and data from paragraphs one and four of this article, if the processing of these data is required and appropriate for the execution of the custody agreement and/or this is necessary to exercise the legal interest of the

Custodian and this interest clearly prevails over the interest of the relevant customer, especially (but not exclusively) if such processing is necessary for the legal providing of services defined in the custody agreement in the territory of and pursuant to the regulations of the country where the Custodian is providing these services.

#### **Article 14 – Consequences of the failure to provide data and documents**

(1) If the customer provides the Custodian incomplete and/or false data and/or documentation from articles 12 and/or 13 hereof, or fails to present the data and/or information or failed to inform the Custodian of changes thereto, the customer shall bear all responsibility for the consequences of its omission, while the Custodian shall reserve the right to withdraw from the provision of the service which requires the submission of data and/or documents (this includes the Custodian's right to refuse the provision of services in a local market or to withdraw from the custody agreement without notice period).

(2) If in the case from the previous paragraph the Custodian refuses to provide services in a local market or withdraws from the custody agreement without notice period, it calls the customer to carry out all activities required to terminate the operations of this customer in the local market or to terminate the custody agreement, within 15 business days after receiving the call. If, within the period specified in the previous sentence, the customer does not provide the Custodian with an order to transfer the financial instruments from the custody account of financial instruments and/or carries out any other activities required to transfer the financial instruments from this account or to terminate the custody agreement, the Custodian is entitled to sell these financial instruments and pay the funds remaining after the payment of any related expenses and damage to the custody cash account or the cash account of the customer.

#### **Article 15 – Report on the balance and transactions on a custody account**

(1) The Custodian shall send the customer a monthly report on the balance and transactions on a custody account, unless agreed otherwise with the customer. The report from the previous sentence shall include data regarding (i) the balance of financial instruments and funds on the custody account as at the final day of the month; and (ii) transfers/transactions in financial instruments in the same month.

(2) If the Custodian opens several financial instruments custody accounts and/or cash custody accounts, the report referred to in the previous paragraph shall present data separately for each custody account.

(3) The Custodian shall send the customer a monthly report on the balance and transactions on the custody account by the 8<sup>th</sup> (eighth) day of the month for the previous period.

#### **Article 16 – Other reports**

(1) In addition to the report set out in the previous article, the Custodian shall also send the customer the reports and notifications set out in the other provisions of these General Terms and Conditions.

(2) The Custodian and the customer shall undertake to inform each other immediately in writing should the following occur or if they become aware of the following: (i) if either party receives a request regarding the customer's assets on a custody account that is not a request for the payment of custody services or a request that is otherwise the subject of a custody agreement, except if pursuant to regulations they are not allowed to inform the customer; (ii) if a change in the data relevant to the implementation of a custody agreement or these General Terms and Conditions occurs; or (iii) if the Custodian is unable to implement the essential element of an agreement.

(3) The following are considered data that the customer is obliged to provide the Custodian according to item (ii) of the previous paragraph: data regarding a company's name or the first and last name of a customer and their legal representative and/or authorised person, the registered office of a company or the temporary and permanent address of a customer or their legal representative and/or authorised person, the business address to which the Custodian delivers reports and notifications, data regarding a customer's cash account that is not a cash custody account, and other contact data and data required for the implementation of a custody agreement.

#### **Article 17 – Method of communication between the Custodian and customer**

(1) The Custodian and customer shall communicate:

- in writing via regular post, fax, SWIFT, e-mail and the internet; and

- verbally by telephone, personally.

(2) With regard to verbal communication by telephone, the Custodian records telephone conversations with the customer. The customer shall be informed of the recording of telephone conversations via an automated telephone response system when the telephone connection with the Custodian is established. The purpose of recording is to obtain an audio recording of the telephone conversation that provides authentic evidence of the claimed facts and is kept according to the regulations applicable at the time. The customer is deemed to have consented to the recording of the telephone conversation, if it continues with that conversation after it has been informed of the aforementioned facts.

(3) Whenever these General Terms and Conditions define the method for notifying the Custodian or a customer for a specific report or notification, the provisions of the General Terms and Conditions governing such a report or notification shall apply.

(4) The communication between the customer and the Custodian in relation to the performance of the custody agreement and the General Terms and Conditions via regular e-mail to the customer's e-mail address is carried out on the basis of previously given written consent by the customer for such type of communication. The previous sentence does not apply if the customer forwards to the Custodian by e-mail a document signed with a qualified digital certificate.

(5) Notifications from the Custodian sent to the customer via registered letter or ordinary post shall be deemed received on the 5<sup>th</sup> (fifth) business day after sending, if the notification was sent to the address stated by the customer in the custody agreement or to the address sent to the Custodian following a change thereto.

(6) Notification from the Custodian sent to the customer via fax, SWIFT, the internet or via other electronic media shall be deemed received on the day it was sent, if the notification was sent to the number or electronic address stated by the customer in the custody agreement or to the number or electronic address sent to the Custodian following a change thereto. If a notification is delivered to a customer outside its business hours, it shall be deemed received on the next business day.

(7) Customer messages shall be deemed received on the actual day of receipt. If a notification is delivered to the Custodian outside its business hours, it shall be deemed received on the next business day.

#### **Article 18 – Language of communication**

(1) The Custodian shall communicate with the customer, conclude transactions with the customer, and prepare documents and other information in the Slovene language. The Custodian shall communicate with a customer who is not a resident of the Republic of Slovenia in English.

(2) The Slovene language shall be used for any ambiguities regarding the meaning of words, terms or rights and obligations, and in the translation of a custody agreement, these General Terms and Conditions and any other documents drafted in the Slovene language, in order to assess the rights and obligations of the Custodian and the customer.

#### **Article 19 – Risks**

The Custodian hereby warns the customer that investments in financial instruments and services related to such investments bear risks. The management of these risks and the use of IT support may mitigate risks, but cannot completely eliminate them. Some of the risks are described below.

**LEGAL AND COMPLIANCE RISKS:** especially with regard to services involving transactions with foreign financial instruments and non-residents of the Republic of Slovenia, especially (but not exclusively) transactions involving the management of accounts of financial instruments and a customer's funds, the Custodian may be bound by the laws of the country (depending on the case, but not exclusively) where the financial instruments were issued and/or the laws of the country where the financial instruments are traded or listed in the central depository, and/or the laws of the country in which the customer is a resident, implying that the customer's rights with regard to these financial instruments or funds may vary for such reasons. The compliance of operations with these regulations can impact or result in a change of the rights and/or obligations of the customer at the time of acquisition and holding and/or selling the financial instruments

(such as a change of the legal basis for the calculation and payment of taxes with retroactive effect on the amount of the tax liability of the holder of financial instruments, e.g. on the right to reimbursement of overpaid taxes or the liability to pay the tax even after termination of the custody agreement). If the management of accounts of financial instruments and a customer's funds is the subject of legislation outside an EU Member State, the customer's rights associated with the aforementioned assets may vary even more, as such countries are not bound to take into account EU regulations.

The position of a customer in insolvency proceedings against a sub-custodian may vary with respect to the person involved in such proceedings and the contractual relationships between persons involved in the management of the financial instruments and funds of the aforementioned customer.

Whenever on the basis of specific national legislation a customer's funds managed by a sub-custodian or central depository cannot be distinguished from other funds, that customer is exposed to the risk (i) of errors in the management and recording of funds on its account, (ii) the successful exercising of rights from these financial instruments and its funds in proceedings involving these assets, and (iii) deviations from rounding-off, for example in the payment of income from a corporate action.

If a third person or a sub-custodian through whom foreign financial instruments and cash assets of the customer are managed based on the agreement signed by the Custodian and the sub-custodian or based on a regulation (individual national legislation) is entitled to liquidation or holds a security interest over the said financial instruments and cash assets, the customer might be exposed to the risk of loss due to exercise of the security interest for the repayment of receivables in unfavourable market situation and the loss of other rights arising from financial instruments (e.g. voting right) due to the exercise of the security interest.

**RISK OF A CHANGE IN THE BUSINESS POLICY:** a customer's transactions in financial instruments and services related to such transactions include several service providers (e.g. the Custodian, sub-custodian(s), a central register and central depository), any of which can adopt decisions to amend their business policy as it relates to the provision of its own services (e.g. a change to the process of providing a specific service or the termination thereof). Even if a single participant changes its business policy, this could require/result in a change in the operations of other participants and/or the customer (including a change in the level of costs).

**SETTLEMENT RISKS:** a customer is exposed to settlement risks in transactions with foreign financial instruments. This is affected by circumstances, such as the selection of a market, the relationship between the trading and settlement system and the recording of the ownership of such financial instruments, the type of transaction and number of parties included in the settlement of a financial instrument transaction and the legal relationships between those parties. Settlement risks include several specific risks: (i) risks associated with the delivery of a financial instrument/funds that arise at a counterparty (e.g. the failure to provide the financial instrument or the submission of erroneous settlement instructions); (ii) risks associated with the delivery of a financial instrument/funds owing to the adoption of or change to a regulation; (iii) risks associated with processing (e.g. a counterparty provides the financial instrument that is the subject of the transaction, but participants – brokers, the Custodian or another party – make errors resulting in the failure to settle the financial instrument; (iv) risks associated with the functioning of IT support (including applications and hardware); (v) the risk of errors (including the erroneous payment of withholding tax), and (vi) risk of a tax transaction liability from the transaction made; (vii) the risk of cancellation of the settled transaction, if permitted by the applicable regulations.

**RISKS ASSOCIATED WITH CORPORATE ACTIONS:** there are always several, participants in the execution of a corporate action. The Custodian is not informed about a corporate action by the financial instrument issuer, but by the sub-custodian (for foreign financial instruments) and by the organiser of the trade (via publication in the SEOnet system) and CSCC for domestic financial instruments. If the Custodian is not informed on the corporate action in the manner from the previous sentence, this also presents a risk for the customer to not be informed about the corporate action.

There are several parties involved in the notification of corporate actions associated with foreign financial instruments, from the source of this information (e.g. the issuer) to the Custodian and then to the customer, including an agent and one or more sub-custodians; therefore, the deadlines associated with the customer's rights and/or obligations from the corporate action set by the issuer of the financial instrument are short or



even too short for a response, while errors may also arise during the transfer of information. In relation to financial instruments the customer may be exposed to the risk to be informed of the corporate action after its beginning or even its completion in the local market, resulting in risk of the customer missing the deadline to exercise its choice in relation to voluntary corporate action or that the customer's choice will not be considered. This risk is greater if the issuer of said financial instrument announces the corporate action a short while before its execution and the deadline for its execution in the local market is very short; or if the flow of information on the corporate action involves several parties from the issuer to the Custodian and then to the customer. The issuer may announce a corporate action well in advance of its execution, and supplement, correct or change the circumstances and/or conditions in relation with the corporate action or even the corporate action itself, of which the Custodian shall additionally inform the customer by notices of corporate action. All information regarding a corporate action may be disclosed (only) in the notice of corporate action - execution, and only such notice may contain information or circumstances under which the corporate action will actually be carried out.

Until the receipt of the notice of corporate action - execution one cannot rely upon the corporate action actually being executed in the manner and/or scope as announced, which may further contribute to the possibility of errors when executing the corporate action and even to the risk that the corporate action is never completed or is annulled.

Therefore, if the customer enters into transactions related to financial instruments that are the subject of a corporate action before receiving notice of the corporate action - execution, it is exposed to the risk of failed settlement of these transactions as well as the risk of the corporate action being executed in a different scope or manner than announced.

The purpose of the notice of corporate action is not to make personal recommendations to the customer regarding transactions related to financial instruments. By giving notice of corporate action, the Custodian merely provides the customer the information on the corporate action received from the central depository company, intermediary in the chain or from another source deemed credible, so the Custodian gives no assurance or guarantee that such information is complete, true or accurate, and assumes no liability with respect to such information. Before taking any decision regarding a corporate action or which may be affected by a corporate action, the customer is obliged to check any notices and/or documents related to the corporate action published by the issuer or another person who is obliged to provide information regarding corporate action and consult with consultants who can provide appropriate advice on such a decision.

The Custodian informs the customer that differences may occur when exercising a corporate action for a customer whose financial instruments are kept in the Custodian's or sub-custodian's aggregate account in the central depository due to the rounding up of a financial instrument arising from certain corporate actions which result in non-whole numbers (fractions) of financial instruments. In the events when the issuer specifies the payment of such fractions for the implementation of a corporate action, the Custodian pays them to the customer after receiving such payment from the sub-custodian or the central depository.

**RISKS ASSOCIATED WITH PAYMENTS OF INCOME:** there are always several participants in the chain of payments of income from financial instruments to the Custodian, at least the issuer, and its payment agent and sub-custodian(s) or/and the central depositor. The Custodian shall pay such income on the basis of notification received from a sub-custodian or the issuer and following the receipt of funds. For this reason, the customer does not receive funds on the payment date envisaged by the issuer.

**RISKS ARISING FROM CLAIMING REDUCTION IN INCOME TAX FROM INTEREST, DIVIDENDS AND CAPITAL GAINS:** the customer is exposed to risks associated with the payment of taxes primarily for the following reasons: (i) due to conflicts between the tax systems of individual countries; (ii) amendments to legislation and regulations of individual countries; (iii) misunderstanding of regulations (including international treaties on the avoidance of double taxation of income and assets); and/or (iv) due to complications in obtaining documentation and proving entitlement to more favourable tax treatment.

**OPERATIONAL RISK:** the execution of customer instructions depends on the functioning of (i) the communication channels of the Custodian, sub-custodian(s) and the issuer (e.g. e-mail and internet links); the information system; and (iii) errors in the execution of specific procedures.

The risks associated with financial instruments are set out in the information regarding financial instruments and associated risks, which represents Enclosure 3 to these General Terms and Conditions.

By signing a custody agreement, the customer confirms that it has been briefed on and assumes the aforementioned risks and agrees that the Custodian is not liable for damage, costs or other liabilities incurred by any person due to materialisation of any of these risks.

#### **Article 20 – Measures of the Bank to protect the customer's financial instruments and funds**

The Custodian has adopted the following measures to protect a customer's financial instruments and funds:

- the financial instruments and funds of a customer are managed separately from the financial instruments and funds of the Custodian;
- the Custodian manages the customer's book-entry securities issued in the central register on the customer's book-entry securities account at the central register, unless the customer requests that the Custodian manage the aforementioned securities on another account and this is permitted under the applicable regulations;
- the Custodian keeps separate analytical records of the customer's balances and changes to the balances of the foreign financial instruments that it manages in the central register on its own account or via a sub-custodian;
- the Custodian manages the funds transferred to the Custodian by the customer for the purchase of financial instruments and the funds it receives from the exercising of rights arising from financial instruments on customer's custody cash account;
- in case of an instruction given by the customer by phone the Custodian requests a password;
- the Custodian regularly controls and reconciles the balances of customers' financial instrument and funds with sub-custodians and the central depositories;
- the Custodian has established and maintains a system of internal controls;
- the Custodian ensures access to applications on the basis of authorisations governed by its internal acts; and
- a guarantee scheme for investors' claims in favour of non-professional customers up to the amount of EUR 22,000 has been established pursuant to the ZTFI-1 in the event of the Custodian's bankruptcy.

#### **Article 21 – Management of conflicts of interest**

The Custodian shall manage conflicts of interest that could arise during the provision of services and transactions associated with services or in the combination of these services, the occurrence of which could harm the interests of a customer or potential customer, taking into account the characteristics, extent and complexity of the transactions that the Custodian provides in the scope of the services it offers to a customer, in accordance with NLB d.d.'s Rules on the conflict of interest in investment services, procurement and the processes of granting or restructuring loans, the summary of which represents Enclosure 2 to these General Terms and Conditions. The Rules referred to in the previous sentence are accessible on the Custodian's website.

#### **Article 22 – Guarantees of investors' claims**

(1) The Custodian shall inform a non-professional customer who signs a custody agreement that a system of guarantees for investors' claims is in place for the customer's claims arising from the aforementioned agreement to the extent prescribed by the ZTFI-1. In the event of bankruptcy of the Custodian, a non-professional customer shall be paid a guaranteed claim of up to EUR 22,000 in accordance with the system of guarantees for investors' claims and the provisions of the ZTFI-1. Detailed written information regarding the system of guarantees for investors' claims shall be visibly displayed for non-professional customers in the Custodian's business premises and on its website.

(2) The system of guarantees for investors' claims does not include professional customers, even if the latter have requested to be treated as non-professional customers.

(3) In relation with the previous provisions of this article the Custodian explains to the customer, (i) that the latter is the legal holder of the financial instruments managed by the Custodian on this customer's account in the central registry or other central depository, and (ii) that the financial instruments and funds registered in the sub-depository for the benefit of each customer, are considered the customer's assets and thus are not part of the bankruptcy estate of the Custodian in case of bankruptcy of the Custodian, and the customer may

request the exclusion of these from the Custodian's bankruptcy estate and the handing over in the manner defined by the ZTFI-1.

### **Article 23 – Responsibility of the Custodian and customer**

(1) The Custodian shall provide services in accordance with the applicable regulations and in line with the standard of professional diligence. The Custodian shall not be liable to a customer or third parties for possible direct or indirect damages, liabilities and/or losses that arise as the result of the fulfilment of its obligations under a custody agreement and these General Terms and Conditions, except in the event of its wilful actions or gross negligence, the context of which shall be assessed in accordance with the standard of professional diligence.

(2) The Custodian shall be responsible for selecting a sub-custodian but shall not be liable to a customer or third parties for conduct and omissions and the consequences of such conduct and omissions that are partly or entirely the result of events or circumstances over which it has no influence, including (but not limited to) the malfunctioning of telecommunications equipment, electronic media, the malfunctioning of systems on financial instruments markets, and the conduct of third parties, such as the CSCC, central depositories, sub-custodians, authorized brokers, issuers and other parties participating in a financial instrument transaction.

(3) If there is a deficit of financial instruments in the central depository or (sub)depository managed by the sub-custodian or the central depository, the Custodian shall file, for the account of the customer and at the customer's expense, suitable damage and other claims against the responsible person, or transfer these claims to the customer on its written request.

(4) The Custodian shall not assume any responsibility in respect of information received from the central depository company, the intermediary in the chain or from any other source it deems credible, which it provides to the customer in notices of corporate actions. Before taking any decision regarding a corporate action, the customer is obliged to check any notices and/or documents related to the corporate action published by the issuer or another person who is obliged to provide information regarding corporate action and consult with consultants who can provide appropriate advice on such a decision. The Custodian is not liable for damage, costs or other liabilities incurred by any person in connection with such information, corporate action or any decision relating to the corporate action or which may be affected by the corporate action.

(5) The customer shall reimburse or pay the Custodian for any damages or costs and release the Custodian from all liabilities it has incurred in relation to any party and that are the result of the provision of services for that customer, except in the event of the Custodian's wilful actions or gross negligence, which shall be assessed in accordance with the first paragraph of this article.

### **Article 24 – Default by customer**

If the customer is defaulting with the payment of any overdue liability pursuant to these General Terms and Conditions and the custody agreement or in relation with these, the Custodian is entitled to request the customer to pay the legal default interest.

### **Article 25 – Payment of claims due to the Custodian**

(1) To secure its monetary claims arising from and in connection with a custody agreement and/or in connection with these General Terms and Conditions, including claims for damages (hereinafter: Claims), the Custodian shall hold a legal lien over all the financial instruments and funds that it has acquired in providing services for the customer. The existence of an agreement on out-of-court sale is assumed for the lien on financial instruments, in accordance with the applicable provisions of property law.

(2) For the purpose set out in the previous paragraph, the Custodian shall also reserve the right to: (i) net any claims against the customer with any of the customer's claims against the Custodian (hereinafter: netting); and (ii) sell any of the customer's financial instruments that are held directly or indirectly by the Custodian (whereby "held" shall also mean those financial instruments on the financial instruments custody account at the Custodian), and any claims obtained on behalf of the customer, and to give priority to the repayment of its claims from the actual achieved purchase price (hereinafter: collection) under the conditions set out below.

(3) In the out-of-court selling or exercise of a lien on the customer's assets, the Custodian shall not be liable to the customer for any possible direct or indirect damage, costs or other liabilities that the customer may incur due to or in connection with the actions or conduct of the Custodian, except in the case of the Custodian's gross negligence or intentional breach that is finally proven with a court decision or that the Custodian explicitly acknowledges.

(4) The Custodian may sell a customer's non-marketable financial instruments out of court in the manner stipulated by the Custodian itself (e.g. by direct agreement, the collection of offers, public auction, etc.), if so permitted by the applicable regulations. The Custodian shall determine the value of these financial instruments based on the rules of the financial profession and publicly accessible information sources (hereinafter: the base price). These financial instruments may be sold at a lower price, if the Custodian cannot sell them at the base price within 30 (thirty) days following the start of the sales process.

(5) The Custodian shall inform a customer in advance in writing of its intention to exercise the lien referred to in this article, and set an additional deadline for the repayment of the outstanding amount.

(6) The Custodian shall inform the customer that it has exercised the lien, and is entitled to withdraw from the custody agreement without notice period and close the customer's custody account.

#### **Article 26 – Payment of claims due to the Custodian via the charging of a customer's holdings on the latter's cash custody account or cash account open with the Custodian**

(1) If the customer has an open cash account with the Custodian, the latter shall reserve the right to directly charge the cash custody account or cash account for the outstanding amount as repayment of claims from the custody services provided to the customer, in the order determined by the Custodian itself, and inform the customer of this.

(2) If a customer fails to pay its due liabilities arising from or in connection with a custody agreement, the Custodian shall reserve the right to withdraw from the aforementioned agreement without notice period, after sending the customer a written notice that includes an additional deadline for the repayment of the outstanding amount, and, in accordance with the provisions of the agreement, sell all financial instruments on the customer's account on the date of withdrawal and close the custody account.

(3) When terminating a custody agreement for the reasons set out therein and in these General Terms and Conditions, the aforementioned agreement shall apply until the final settlement of all the liabilities of the customer and the Custodian under or in connection with the agreement or in connection with transactions concluded before the termination in question takes effect.

#### **Article 27 – Sources and the calculation of the value of a customer's assets**

The Custodian shall calculate the value of a customer's assets for the sole purpose of calculating fees in accordance with the NLB d.d. Tariff, and to meet the requirements of reporting to the competent supervisory bodies. The value of individual financial instruments in the aforementioned calculation and the calculation itself are merely informative in nature. The customer shall not use the aforementioned values in its decisions or in the valuation of its own assets, nor shall it obtain those values independent of the Custodian.

### **IV. FINANCIAL INSTRUMENTS CUSTODY ACCOUNT**

#### **Article 28 – Methods of management**

(1) The Custodian shall manage the customer's book-entry securities issued in the central register on the customer's book-entry securities account or on its own fiduciary/omnibus account at the central register.

(2) The Custodian shall manage the customer's foreign financial instruments on the customer's account, or its own omnibus account or the omnibus account of a sub-custodian and a central depository that is not a central register. If the Custodian manages a customer's foreign financial instruments at a central depository on the omnibus account referred to in the previous sentence, it shall establish and manage a sub-depository of such financial instruments, where it shall manage the financial instruments in the name and on behalf of the customer.

(3) The Custodian shall enter and manage the lien on foreign financial instruments in a sub-depository of financial instruments kept by the Custodian. At the request of the customer and if permitted by the local regulations, the Custodian shall enter and manage a lien on foreign financial instruments kept in a customer's account or an aggregate account of the Custodian or sub-custodian in the central depository that is not a central register. The costs arising from or related to the management of the lien referred to in the previous paragraph shall be covered by the customer.

#### **Article 29 – Information regarding accounts**

(1) The Custodian shall inform the customer of the possibilities of opening accounts on foreign markets when a custody agreement is concluded or upon the request/inquiry from the customer.

(2) The Custodian shall open and manage a financial instruments custody account for the customer in accordance with the latter's wishes, the custody agreement, these General Terms and Conditions and the applicable regulations.

#### **Article 30 – Warning from the Custodian**

(1) The Custodian hereby warns the customer that the costs of transacting with a financial instrument that is managed in a central depository in the name and on behalf of the customer are higher, while the risks are lower, as the customer in such cases is deemed to be the legal owner of the financial instrument managed on the aforementioned account.

(2) The Custodian hereby warns the customer that the costs of transacting with a financial instrument that is managed in a central depository on the account of the Custodian or a sub-custodian are lower, while the risks are higher, owing to the establishment and management of a sub-depository of such financial instruments and the exercising of rights on the customer's behalf.

(3) The Custodian points out that in case the issuer of financial instruments is in bankruptcy or liquidation proceedings, such instruments shall be kept on the financial instruments account of the customer as a holder for the entire duration of the procedure or until the deletion is recorded in the central depository. The Custodian shall inform the customer that even though they have no value, such financial instruments can still incur certain costs for the customer.

### **V. CASH CUSTODY ACCOUNT**

#### **Article 31 – Cash custody account**

(1) The Custodian shall open a cash custody account for the customer.

(2) The cash custody account holds the funds for the repayment of the customer's liabilities and payments of funds from transactions with financial instruments set out in the custody agreement and these General Terms and Conditions.

(3) The customer is obliged to immediately transfer the funds in the cash custody account which are not necessary for the payment of liabilities from transactions with financial instruments set out in the custody agreement and the General Terms and Conditions, to the customer's cash account other than the cash custody account.

(4) Funds on the cash custody account shall not bear interest.

#### **Article 32 – Transfer of funds to another cash account of the same customer**

The Custodian shall transfer the customer's funds from the latter's cash custody account to another account of the same customer at the latter's request submitted in writing or by e-mail.

#### **Article 33 – Provision of funds**

(1) The customer shall ensure a sufficient balance of funds on the cash custody account at all times with respect to the current balance of financial instruments on the financial instruments custody account and planned transactions in financial instruments.

(2) Prior to sending a purchase order to an authorized broker, the customer shall ensure funds are available on the cash custody account in the currency determined for that customer at the opening of a specific market (hereinafter: advance payment). Unless otherwise agreed, the customer shall ensure an advance payment in the amount of 100% (one hundred percent) of the value of the purchase order to the cash custody account.

(3) The customer shall undertake to meet the obligation referred to in the previous paragraph independent of the amount of funds that it can expect to receive from the settlement of the sales transaction or from elsewhere, such as the expected receipt of dividends, interest or payments from a maturing coupon or financial instrument.

(4) If the balance on the cash custody account is negative, the Custodian shall notify the customer of such in writing, and include (i) the day the negative balance occurred, and (ii) the amount and (iii) currency of the aforementioned negative balance. The customer shall undertake to settle the negative balance with the Custodian in accordance with the notification referred to in the previous sentence, immediately following the receipt thereof.

## **VI. SETTLEMENT OF FINANCIAL INSTRUMENTS AND FUNDS**

### **Article 34 – List of markets on which the Custodian settles transactions**

(1) The Custodian shall settle financial instrument transactions on the markets that it covers (hereinafter: list of markets). The Custodian's list of markets shall include information regarding any additional procedures for adding an individual market to the aforementioned list. The Custodian shall provide the customer with the list of markets upon the conclusion of a custody agreement or at the opening of operation in a new market.

(2) If additional procedures are required with respect to a specific market from the list of markets, the customer shall, prior to the first transaction including financial instruments in such a market, (i) inform the Custodian of its intentions by submitting a request to open a market, and (ii) in relation with the operation in the individual market present the Custodian with document and data required in the local market and required by the Custodian to provide services in accordance with the custody agreement and General Terms and Conditions (such as the periodical renewal of documents and data and submission of documents and data at status changes of the customer).

(3) Following the receipt of the request referred to in item (i) of the previous paragraph, the Custodian shall provide the customer information regarding the market that is the subject of its request, and also inform the customer in writing of the general settlement instructions of the market in question following its approval of the execution of the customer's request to open the market. The market in question is deemed to be open for the customer with the sending of information regarding general settlement instructions, at which time the customer may begin transacting in financial instruments on that market.

(4) The customer undertakes to follow the Custodian's instructions when executing the provisions hereof. The Custodian is not liable for any damage, expenses and/or other claims resulting from the failure to comply with the instructions given to the customer.

### **Article 35 – Customer instructions**

(1) The Custodian shall settle financial instruments and funds exclusively on the basis of and in accordance with a customer's instructions.

(2) The customer shall undertake to send the Custodian correct and complete instructions in a timely manner.

(3) The customer shall send all data to the Custodian regarding a concluded financial instrument transaction no later the following business day by the time defined by the Custodian with regard to the infrastructure of the individual market; that data shall include: the full name/title of the customer, the number of the custody agreement, the date the transaction was concluded and the settlement date, the type of transaction, the financial instrument's designation, the ISIN code, the quantity of the financial instrument, the currency, price, accrued interest, the net value of the transaction, the fee, the total amount for settlement and the settlement instructions of the counterparty, the amount of tax from the transaction and any other necessary data in the form of an appropriate document.

(4) The Custodian shall settle or transfer the financial instruments from a transaction between customers that are managed on the same financial instruments custody account in the central depository or with the sub-custodian by making the appropriate entries in the sub-depository.

(5) The Custodian informs the customer of transaction settlement or non-settlement.

#### **Article 36 – The use of passwords for instructions given by the customer via phone**

(1) When giving an instruction by phone, the customer must, in addition to the data from paragraph 3 of the previous article, give the Custodian a valid password. The correct password given by the customer is the condition to accept the instruction by phone.

(2) The customer shall personally complete and sign a form "Declaration on the acquisition of a password to issue instructions by phone", which is the basis to activate the selected password.

(3) For the entire duration of the custody agreement the customer shall be obliged to maintain the secrecy of its password and is liable for any consequences arising from any abuse of the password by the customer or a third party.

(4) If the customer establishes that the password or its individual characters which are part of the password were revealed to an unauthorised person, it must promptly inform the Custodian who will immediately after receiving this notice carry out all steps required to block the use of the customer's password and send the notice on the blocking of the password to the customer. The customer obtains a new password in the manner described in the second paragraph of this article. The Custodian also proceeds in the manner described in this paragraph when suspecting that the password is being abused by a third party.

(5) If the Custodian suspects the customer to be abusing the password, it immediately takes all required steps to block the use of the password and sends notice in the blocking of the password use to the customer with an explanation, and notifies the competent authorities of the suspected password abuse as required.

(6) In cases from the third, fourth and fifth paragraph of this article the customer shall bear all expenses in relation with the password blocking, and the Custodian is entitled to request the reimbursement of any resulting damage from the customer and/or to withdraw from the custody agreement without notice period.

#### **Article 37 – Conduct of the Custodian if the customer submits erroneous instructions**

(1) If the Custodian does not receive the data set out in the third paragraph of article 35 by the prescribed deadline, it shall strive to settle the transaction under the best possible conditions given the circumstances. In such cases, the customer shall cover any costs arising from the untimely or incorrect settlement of liabilities arising from the concluded transaction itself.

(2) If the Custodian receives unclear, questionable, incomplete and/or incorrect instructions, it shall inform the customer immediately and request that the latter submit new instructions. The Custodian may refuse to execute instructions as long as the instructions remain unclear, questionable, incomplete and/or incorrect. The Custodian shall not be liable for damages incurred by the customer owing to failure to execute or a delay in the execution of such instructions, and shall seek clarification or wait on new instructions. The customer shall bear any costs and damages associated with the instructions referred to in this paragraph.

(3) The customer may cancel or amend previously submitted instructions (a change to any of the data set out in the third paragraph of Article 35 of these General Terms and Conditions shall be deemed a change to instructions), if the Custodian is able to cancel the original instructions following the cancellation or receipt of new instructions. If this is not possible, the Custodian promptly informs the customer. Cancellation or a change shall be deemed new instructions.

#### **Article 38 – Non-execution of customer instructions**

(1) The Custodian shall not be obliged to take into account a customer's instructions for the transfer of financial instruments or funds if: (i) in its opinion the instructions or the execution thereof is in conflict with applicable regulations, these General Terms and Conditions and the Custodian's business policy or (ii) the customer has not ensured a sufficient balance of financial instruments or funds on the custody account. The

balance of funds on the cash custody account shall be deemed sufficient if the customer ensures funds in the amount and currency necessary to settle the transaction.

(2) The Custodian shall inform the customer immediately of an insufficient balance or of problems in the execution of instructions. The Custodian shall not be liable for possible damage and/or other claims owing to the failure to provide financial instruments or funds on the custody account in a timely manner.

#### **Article 39 – Selected broker**

(1) The customer may carry out the activities set out in this section following the selection of a broker. It shall inform the Custodian in advance in writing of its selection. In the case referred to in the previous sentence, the Custodian shall conduct itself in accordance with the instructions submitted by the customer or authorized broker.

(2) If the Custodian receives instructions from the customer and broker for the same financial instrument transaction, it shall execute the instructions of the customer.

(3) The customer shall be liable to the Custodian for the errors of the authorized broker, without interfering in the Custodian's rights with respect to the authorized broker.

#### **Article 40 – Exceptions from conduct on the basis of customer instructions**

(1) Notwithstanding the first paragraph of Article 35 of these General Terms and Conditions, the customer shall agree that, until the receipt of other instructions that are not in conflict with the applicable regulations, the Custodian shall:

- collect interest, dividends and other income and payments on the cash custody account associated with the financial instruments entered on the financial instruments custody account;
- propose or submit for redemption the financial instruments entered on the financial instruments custody account and that are due for payment and removed from circulation, and credit the cash custody account for the relevant amount; and
- exchange the financial instruments on the financial instruments custody account, whenever such an exchange is purely administrative in nature.
- change the market or storage depository, when required to provide the services of storage (for example the abolishment of ADR programs, etc.);
- sign forms and/or documents related to the Customer's operations, if these do not represent making investment decisions for the account of the Customer,
- due to an error or unintentional entry created during the implementation of the settlement of a concluded transaction or balance on the custodian account with the aim of making a correction to the correct balance.

(2) The Custodian shall also transfer financial instruments and/or funds without customer instructions, if so required by the applicable regulations, by the sub-custodian and/or the central depository (for example termination of operation in the local market, change of sub-custodian). The Custodian shall inform the customer of the transfer referred to in the previous sentence immediately following the execution of the transaction.

(3) Notwithstanding the provisions of the previous paragraphs of this article, the Custodian shall be entitled to pay or ensure the payment of duties, taxes and other levies, as well as costs and fees associated with the provision of the services set out in the custody agreement, in particular, but not limited to, costs from transactions with the customer's financial instruments and the customer's cash funds.

## **VII PAYMENT OF INCOME FROM THE EXERCISING OF RIGHTS ASSOCIATED WITH FINANCIAL INSTRUMENTS**

#### **Article 41 – Payment of income from the exercising of rights associated with financial instruments**

(1) The Custodian shall pay income from the exercising of rights associated with financial instruments to a customer's cash custody account in accordance with the notification received directly from the issuer of a specific financial instrument or selected sub-custodian on the day the income is received on the Custodian's account or by no later than the next business day. Notwithstanding the previous sentence, if the Custodian detects any irregularities in the receipt of this income and/or forwards additional inquiries or reclamations to

the sub-custodian or issuer, it shall make payment no later than the next business day following the receipt of clarification or resolution of the associated reclamation.

Regardless of the previous paragraph, the Custodian shall remit to the customer, who is a natural person, a monetary amount received on the basis of exercised rights arising from equity financial instruments of the customer, namely to the credit of the custodian cash account within 2 (two) days of receiving such amount.

(2) In the event of erroneous payment or a correction of previously paid income from the exercising of rights associated with a financial instrument, the Custodian shall make the necessary correction and inform the customer on the same day or no later than the next business day. The customer shall return previously overpaid income to the Custodian at the latter's first request.

(3) The Custodian shall inform the customer in writing of the payment of income, dividends and coupons on the same day or no later than the next business day.

## **VIII. EXECUTION OF CORPORATE ACTIONS**

### **Article 42 – Notification of corporate actions and execution**

(1) The Custodian shall inform the customer of a corporate action (hereinafter: notice of (an announced/executed) corporate action) based on the data received from the central depository company, the intermediary in the chain or from any other source it deems credible on the day it receives the aforementioned data or by no later than the next business day.

(2) The Custodian may send one or more notices to the customer in connection with the same corporate action, where subsequent notices may supplement and/or amend previous notices. The Custodian shall announce a corporate action to the customer by sending the (first) notice of corporate action - announcement, if the Custodian receives such notice from the persons or in the manner referred to in the first paragraph. Upon receipt of data on a partially or fully executed corporate action, the Custodian submits the customer a notice of corporate action - execution, constituting information about the actual execution of the corporate action and the completion of the corporate action or a part thereof. The Custodian shall inform the customer about changes to the first or subsequently submitted notices of corporate action - announcement in case the information provided to the customer in the previous notice on corporate action notices - announcement has been amended and/or supplemented.

(3) The notice of corporate action shall also contain information on the duration of the corporate action and the deadlines for the execution of individual actions received by the Custodian from the persons or in the manner referred to in the first paragraph of this Article.

(4) The notice of corporate action in the unchanged form shall include the main text of the notice whereby the Custodian receives data on the corporate action from persons or in the manner referred to in the first paragraph of this Article. For the sake of transparency and practicality, the Custodian may summarise, in the notice of corporate action, other parts of the notice referred to in the previous sentence; in case of discrepancy between this summary and the main text, the customer is obliged to adhere to the main text of the notice.

(5) In the notice of voluntary corporate action, the Custodian shall state the possibilities available to the customer as well as the manner and deadline(s) by which the customer must notify the Custodian in writing or by e-mail of his choice.

(6) If the customer gives instruction to the Custodian to perform any action in connection with a corporate action on its behalf, the following shall be considered:

- the customer has read, understood, accepted and confirmed compliance with all terms, conditions and restrictions applicable to such corporate action, as stated in notices and/or documents related to corporate action published by the issuer or another person which is obliged to provide information related to it; and
- the customer is satisfied that the eligible holders of all financial instruments in respect of which it gives such instruction comply with such terms, conditions and restrictions; and
- the customer undertakes to bear all costs, taxes, fees and other obligations that may result from or

arise in connection with such instruction.

(7) If the Custodian receives a decision from the customer regarding a voluntary corporate action after the deadline set out in the notice of corporate action has expired, it may, in the customer's interest, submit the late decision to the issuer or sub-custodian, but shall not be liable for its execution/non-execution.

#### **Article 43 – Execution of corporate action**

1) The Custodian shall submit the customer's decision regarding the voluntary corporate action to be executed in accordance with its instructions and shall not advise on the choice.

(2) If the Custodian receives a decision from the customer regarding a voluntary corporate action after the deadline set out in the notice of corporate action has expired, it may, in the customer's interest, submit the late decision to the issuer or sub-custodian, but shall not be liable for its execution/non-execution. If the Custodian receives in a timely manner a decision from the customer that is not in line with the notification of voluntary corporate action, or that is erroneous, unclear, questionable or incomplete, the Custodian shall strive to obtain a correct or complete decision from the customer in a timely manner, but shall not be liable for its execution.

(3) If during the execution of the corporate action in the local market the customer disposes with financial instruments which are subject to this corporate action (such as buying and selling financial instruments on which the corporate action is performed), it itself shall bear the risk (i) of the fulfilment or correct fulfilment of the corporate action and (ii) the fulfilment or correct fulfilment of rights and/or obligations from the disposing with financial instruments, and (iii) shall bear all related expenses and damages.

(4) The Custodian shall carry out the activities arising from a class action only when informed of them by the sub-custodian or the central depository, namely in a manner of dividing the assets among the customers using the key created on the basis of the information received from the sub-custodian and the implemented transactions with financial instruments or balances of financial instruments of the customers in the period specified in the class action.

#### **Article 44 – Notification of a holder of third-party rights**

The Custodian shall not be obliged to inform a person for the benefit of which the charge on the financial instrument is entered (e.g. pledgor) of corporate actions on the financial instruments it manages on the customer's financial instruments custody account. The customer shall inform the person for the benefit of which the charge on the financial instrument is entered about the rights arising from corporate actions on a financial instrument on which such rights are entered.

### **IX. EXERCISING OF VOTING RIGHTS ASSOCIATED WITH FINANCIAL INSTRUMENTS**

#### **Article 45 – Conditions and method for exercising of voting rights**

(1) The Custodian shall exercise voting rights from a financial instrument: (i) if so permitted by the regulations governing financial instruments; (ii) if this service has already been established on the financial instruments market; and (iii) on the basis of a customer's specific request or written authorisation for an individual financial instrument.

(2) The exercising of voting rights from a financial instrument is established after the customer gives a written announcement of these services on a specific market, and the Custodian informs the customer in writing of the establishment of the aforementioned services on the market.

(3) The Custodian hereby warns the customer that the exercise of voting rights from financial instruments, while in principle considering the acceptability of such exercise as envisaged under item (i) of the previous paragraph, may be conditioned by additional actions and/or omissions which can refer to the customer and/or the final holder of the financial instrument (such as the duty to submit the required documentation and/or disclose the data on the final holder of the financial instrument as the presumption or precondition to attend the general meeting of a foreign issuer, although the final holder is not the Custodian's customer). The Custodian hereby informs the customer of the condition from the previous sentence in accordance with the notification it receives directly from the issuer of the financial instrument, sub-custodian or CSCC. The

Custodian shall not be liable for any damages and/or other consequences arising due to the non-fulfilment of the condition from the previous sentence.

(4) The Custodian shall exercise voting rights from a customer's financial instrument exclusively according to the latter's instructions stated in a written authorisation to exercise voting rights from a particular financial instrument.

(5) The Custodian shall exercise voting rights from a financial instrument entered in the central register not managed by the CSCC, if this service is provided by a sub-custodian on the market, taking into account the conditions referred to in the first paragraph of this article.

(6) The voting rights exercised by the Custodian in accordance with the provisions of this article shall not be deemed the voting rights of the Custodian.

(7) The Custodian shall provide the services set out in this article by itself or via an authorized representative.

## **X. TAXES**

### **Article 46 – Conditions and method to provide Custodian's actions**

(1) The customer shall pay taxes, and other levies and duties (e.g. withholding tax, corporate income tax, personal income tax and financial transaction tax) in accordance with the applicable regulations.

(2) The Custodian may, at the request of the customer and under special authorisation/instructions of the customer, take the appropriate steps to reduce the customer's tax liability at source in accordance with the applicable regulations and/or an agreement concluded between the Custodian and the competent Slovenian or foreign tax authorities or other state body or the sub-custodian, if the customer provides the Custodian the necessary information and documentation in the language of the official procedure and within the deadlines set by the Custodian for the submission of documents, and if such a procedure is possible at a sub-custodian.

(3) In the event of the erroneous payment of withholding tax and/or a correction of previously paid taxes on financial instrument transactions, the Custodian shall make the necessary correction and inform the customer on the same day or no later than the next business day. The customer shall reimburse previously underpaid taxes to the Custodian at the latter's first request.

(4) If the Custodian is considered the payer of the tax for which the customer is liable pursuant to regulations, it makes the calculation, performs the withholding and payment of the tax and carries out any other actions from this article without the request or any special authorisation/instruction from the customer.

(5) The Custodian executes the provisions of this article itself and/or through a sub-custodian or another broker.

### **Article 47 – Claiming the reimbursement of overpaid taxes**

At the customer's request and expense and upon presenting the required documents, the Custodian may file a claim for the reimbursement of overpaid taxes in accordance with the relevant procedure set out in agreements on the avoidance of double taxation concluded between the Republic of Slovenia and other countries, and in accordance with Slovenian tax regulations, if such procedure is possible with regard to the Custodian's and sub-custodian's business policy and the tax regulations of a third country, signatory of the agreement of the avoidance of double taxation. The Custodian provides the service with all due professional care, but cannot guarantee its success.

### **Article 48 – Services of reporting and submitting of data and funds for customers who are responsible for the withholding, reporting and payment of tax**

(1) At the request/inquiry of the customer and upon agreement and at the authorisation from a customer who, pursuant to regulations, is responsible for the withholding, reporting and payment of tax, the Custodian may in accordance with the regulations submit a report and make the payment of the tax and execute any other actions related to financial instruments in the custody account of financial instruments.

(2) The Custodian shall execute the services listed in the previous paragraph if the conditions from article 7 of the General Terms and Conditions are met and if the customer carries out the actions in relation to these as provided by the Custodian's instructions (for example that the Custodian makes the payment of the individual tax after receiving the report and funds required to pay the tax to the custody cash account).

(3) The customer is responsible for the accuracy, completeness and timeliness of the data submitted to the Custodian, the reports and amounts of taxes paid due to the execution of the provisions of this article, even after expiration of the custody agreement.

#### **Article 49 - Tax consulting**

(1) The Custodian does not provide tax consulting services.

(2) The Custodian is not obliged to check the tax status of the customer according to different tax regulations and is entitled to rely on the information on the tax status provided by the customer. The Custodian shall not be liable for incorrect or inadequate definition of the customer's tax status and any damage and costs incurred in relation thereto.

#### **Article 50 – Safekeeping of a copy of a customer's personal document**

By signing a custody agreement, the customer explicitly permits the Custodian to safekeep a copy of the former's personal document for the purpose of implementing the provisions of the custody agreement and the General Terms and Conditions. By signing a custody agreement, the customer shall undertake to provide the Custodian with a copy of its new personal document in the shortest possible time. The Custodian shall carefully safekeep documentation obtained as such, and may only use it for the purpose set out in this article and in accordance with the applicable regulations.

### **XI. FOREIGN EXCHANGE SERVICES**

#### **Article 51 – Exchange rate**

(1) The Custodian shall execute foreign exchange services and transactions on behalf of a customer (i) in accordance with a custody agreement or other relevant agreement, and in accordance with the provisions of the Custodian's valid internal acts (ii) in accordance with the policy and rules of the Custodian or sub-custodian.

(2) In the case referred to in point (i) of the previous paragraph, the Custodian shall provide foreign exchange services at the customer's request and up to an amount authorised by the Custodian's internal acts. The Custodian shall make the conversion according to its own valid exchange rate list at the moment when the customer's instruction to make the exchange was received.

(3) If the customer's exchange request exceeds the amount from the previous paragraph, the foreign exchange service is carried out by the Custodian's authorised person for trading in foreign currencies. The customer submits the request for foreign exchange, negotiates the exchange rate and other foreign exchange conditions via recorded phone line, and approves or accepts the accuracy of the exchange data by approving the foreign exchange transaction.

(4) The Custodian and customer explicitly agree that the approval of the foreign exchange transaction given by the customer on the phone to the Custodian is considered as the customer's consent to the execution and the conditions of the foreign exchange transaction.

### **XII. FINAL PROVISION**

#### **Article 52**

(1) These General Terms and Conditions shall enter into force on 01/06/2021. On the day these General Terms and Conditions enter into force, the General Terms and Conditions of Custody Services in Transactions in Financial Instruments of NLB d.d., dated 10/07/2020, shall cease to be in force but shall apply until these General Terms and Conditions start applying.

(2) The provisions of Indent 5 of Article 20 and Article 36 hereof shall apply from the establishment of the appropriate application support, of which the Custodian shall inform the customer in advance.