

The Rules of Clearing and Settlement

Centrálny depozitár cenných papierov SR, a.s.
ul. 29. augusta 1/A, 824 81 Bratislava

**Amendment to the Rules of Operations
of Centrálny depozitár cenných papierov SR, a.s.
(of 25 November 2011)**

Subject of the Amendment of 25 November 2011

The following changes are the subject-matter of Amendment to the Rules of Operations of Centrálný depozitár cenných papierov SR, a.s.:

1. The original wording of the item e) of section 1a.1 of Article 1a of Part I – Introductory Provisions of the Rules of Operations shall be replaced by the following wording:

- e) “authorised member” – member of the CDCP who is on the basis of the contractual relationship with CDCP eligible at that time to enter the requirements for services specified in the agreement and related services provided by CDCP regarding to owner’s account and holder’s account; authorised member may place only such requirements for CDCP services, for which he was authorised by an owner, or holder, of an account in the CDCP),

2. The item aa) of section 1a.1 of Article 1a of Part I – Introductory Provisions of the Rules of Operations shall deleted:

- aa) “foreign CDCP account” – the account opened in accordance with § 99 Section 4 item e) of the Act.

3. New intend iii) with following wording shall be added to the item c) of section 8.2 of Article 8 of Part I – Introductory Provisions of the Rules of Operations:

- iii) Alternate identification number for foreign natural person, in case the natural person is requiring CDCP services as a pledger or pledgee and subject of the pledge right are paper-form securities, or as a pledgee in case the subject of the pledge right are book-entry securities

4. Following text shall be added at the end of the section 14.3 of Article 14 of Part I – Introductory Provisions of the Rules of Operations:

“After taking-over the documents by the CDCP’s employee or upon delivery of the documents to the seat of the CDCP these become the property of the CDCP.”

5. Following text shall be added after the word “language” in the first sentence of the section 14.4 of Article 14 of Part I – Introductory Provisions of the Rules of Operations:

“or certificates issued in other than the Slovak language”

6. New section 14.12 with following wording shall be added to the Article 14 of Part I – Introductory Provisions of the Rules of Operations:

- “ 14.12. CDCP shall accept the request for the service if the original or a copy of excerpt from the Commercial Register that does not comply with further requirements specified in the Article 14 of this Rules of Operation is attached to the request when providing information services for the purpose of action in court, subject matter of which is termination of registration of the legal person without successor in title in the Company Register, and the person placing the request must state the fact in the request for the service. In case the output of information service includes data on securities or on securities owners, CDCP shall hand over the output of information

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service to the person who placed the request for service only after repeated submission of excerpt from the Commercial Register which will comply with all the requirements specified in the Article 14 of this Rules of Operations. Provisions of this subsection do not apply to request submitted by persons listed in §110, item 1 of the Act, or by persons to which CDCP is obliged to provide confidential information according to the special legislation.”

7. New section 14.13 with following wording shall be added to the Article 14 of Part I – Introductory Provisions of the Rules of Operations:

“14.13 In case CDCP is sending the output from the information service to the person who placed the request to the permanent address or to the address of the company seat registered in the registration of CDCP via cash on delivery or 1st class letter with adavit of service, verified signature of the person requesting the information service is not required on the request for the information service.”

8. New section 14.14 with following wording shall be added to the Article 14 of Part I – Introductory Provisions of the Rules of Operations:

“14.14 In case the natural person is acting based on authorisation, and validity of the authorisation expires on the day of employment termination, the person who issued the authorisation is obliged to inform, in written form, on employment termination of the authorised person in due advance. In other case CDCP is not liable for damage which occurs due to breach of obligation according to this provision.”

9. New section 14.15 with following wording shall be added to the Article 14 of Part I – Introductory Provisions of the Rules of Operations:

“14.15 If person requesting the service already submitted to CDCP documents which are, according to the Rules of Operation, acceptable also for placing other request for CDCP service, CDCP shall accept the documents and it is not necessary to submit them again.”

10. The original wording of the section 7.5 of Article 7 of Part II – the Rules of Membership of the Rules of Operations shall be replaced by the following wording:

“7.5 The member is entitled to receive a free training course concerning the use of services provided by the CDCP, in the extent of 10 hours for 10 employees of the member.”

11. The original phrase “b), e) and f)” in the section 11.4 of Article 11 of Part II – the Rules of Membership of the Rules of Operations shall be replaced by the following wording:

“b), d) and e)”

12. The original title of the Article 19 of Part III – the Rules for Registration of Issues of the Rules of Operations shall be replaced by the following wording:

“Increase and decrease of registered capital, change of the nominal value and number of units”

13. The original wording of the item a) of section 1 of Article 19 of Part III – the Rules for Registration of Issues of the Rules of Operations shall be replaced by the following wording:

- “a) based on the issuer’s application and a subsequently signed agreement or amendment to the agreement, on supplementing the list of shareholders, in the event that the issuer has increased registered capital by issuing new securities;”

14. New section 19.15 with following wording shall be added to the Article 19 of Part III – the Rules for Registration of Issues of the Rules of Operations:

“19.15 In case the issuer is requesting change of the nominal value and concurrently change in the number of units of securities in such way, that the total amount of registered capital (the sum of products of the number of units of securities and the nominal value) in scope of one delivered list of shareholders of registered paper-form securities which are identified by ČEM remains unchanged, the change is processed as termination of administration of list of shareholders and taking over of new list of shareholders.”

15. Following text shall be added at the end of the section 3.1 of Article 3 of Part IV – the Rules of Work with the Register of the Rules of Operations:

“ but aforementioned does not apply to the owner’s account opened for natural person. In case of owner’s account opened for natural person the change may be executed also based on §108 of the Act.”

16. The original phrase “three years” in the item a) of section 4.4 of Article 4 of Part IV – the Rules of Work with the Register of the Rules of Operations shall be replaced by the following wording: “one year”

17. The original phrase “pursuant to Section 21.5 of this Article” in first sentence of the section 23.17 of Article 23 of Part IV – the Rules of Work with the Register of the Rules of Operations shall be replaced by the following wording: “pursuant to Section 23.5 of this Article”

18. Following sentence shall be added at the end of the section 25.7 of Article 25 of Part IV – the Rules of Work with the Register of the Rules of Operations:

“When marking the “change of lien” clause on the paper-form security, CDCP has also right to specify the reason for the change of lien.”

19. The original wording of the Part IVa – the Rules of Work with the Register of Foreign Securities of the Rules of Operations shall be replaced by the following wording:

“PART IVA

THE RULES OF WORK WITH THE REGISTRATION OF FOREIGN SECURITIES

Centrálny depozitár cenných papierov SR, a.s.

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Article 1

Introductory provisions

- 1.1 The Rules of Operation – the Part „The rules of work with the registration of the foreign securities“ is issued by Centrální depozitář cenných papírov SR, a.s. (hereinafter referred to as “the Central Depository” or “CDCP”) in compliance with §103 of the Act No 566/2001 (Coll.) on Securities and Investment Services and on Amendments and Supplements to Related Laws as amended by later legislation (hereinafter referred to as ‘the Act’) and it primarily stipulates the method and procedure of the registration of foreign securities and handling foreign securities.
- 1.2 If the below-mentioned terms are used in further provisions of these Rules, they shall have the following meaning:
 - a) “owner’s account” - an owner’s account opened pursuant to §105a) of the Act,
 - b) “operating day” – an accounting day in payment system TARGET2-SK, with the exception of days on which CDCP, in accordance with the Rules of Operation, announced the technological break.
 - c) “foreign account of CDCP” - an account opened pursuant to §99,section 4, item e) of the Act.
 - d) “participant of administrator of the foreign account of CDCP” – participant of Centrální depozitář cenných papírů, a.s. in the Czech Republic.
- 1.3 The rules for work with special registry of the foreign securities apply to an administrator of multilateral trading system in the same extent as to the BSSE

METHOD AND PROCEDURE OF REGISTRATION OF FOREIGN SECURITIES IN THE REGISTRY OF CDCP

Article 2

Keeping of registration of the foreign book-entry securities in CDCP

- 2.1 To keep registration of the foreign securities CDCP has opened the foreign account of CDCP in Centrální depozitář cenných papírů, a.s. with seat in the Czech Republic.
- 2.2 Prerequisite for acquisition of foreign securities to the foreign account of CDCP is registration of data on foreign securities in CDCP.
- 2.3 CDCP registers data on the foreign securities in the special registry of the foreign securities that is not a registration of securities pursuant to the § 107 of the Act.
- 2.4 To the scope of data in the special registry of the foreign securities pursuant to the item 2.2 of this Article, provisions of § 107 of the Act apply adequately; e.g. the special registry includes mainly:

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- a) business name and registered address of the issuer,
 - b) Foreign Identification Number (FIN) assigned by CDCP,
 - c) ISIN,
 - d) nominal value of the foreign securities located on the foreign account of CDCP; if the foreign securities do not have the nominal value, according to the legislation of the state in which the securities were issued, in data entry for the nominal value is stated „0“ (zero),
 - e) value of registered capital of issuer at the time of submitting of the application in accordance with item 3.1 of the Article 3 of this part of the Rules of Operation,
 - f) type of security;
 - g) issue date of the issue;
 - h) type of currency in which are the foreign securities, located in the foreign account of CDCP, issued;
 - i) number of the foreign securities issued by the issuer for given ISIN,
 - j) number of the foreign securities that are located in a special registry of CDCP
 - k) date and time of the entry into the special registry.
- 2.5 The foreign securities are registered in the special registry of the foreign securities under the ISIN that was assigned to the foreign security in the state where the foreign security was issued in.
- 2.6 When providing services of CDCP, to the immobilized foreign securities relate adequate provisions regulating providing of services for book-entry foreign securities shall apply adequately.
- 2.7 The condition for administration of data on the foreign securities in the special registry of the foreign securities is that the handling the foreign securities conditioned by these Rules of Operation does not contradict legislation of the state under which the foreign securities were issued.
- 2.8 CDCP can terminate registration of data on the foreign securities in special registry of the foreign securities only if there are not data on a foreign security of particular ISIN on the CDCP's foreign account.
- 2.9 In case that issuer of the foreign securities separates rights from the foreign securities, separate rights to the foreign securities are registered on the foreign account of CDCP.
- 2.10 Only such foreign securities may be transferred to the foreign account of CDCP, which fulfil following conditions:
- a) there is no data on co-ownership or shared ownership related to the foreign security in a registry of the administrator of the CDCP's foreign account,
 - b) at the time of the submission of the request for acceptance to the special registry of CDCP the rights to the foreign securities are not separated from the foreign security,
 - c) the foreign securities are not subject of the lien,
 - d) the foreign securities do not have limited transferability,
 - e) the foreign securities are in compliance with the technical specification to the APV
 - f) the foreign securities are not bound with other rights or obligations that could prevent handling the foreign securities in the Slovak Republic.

Article 3

Receiving, crediting and debiting of foreign securities on/from owner's account/s

- 3.1 CDCP decides on accepting of the foreign securities to the special registry on the basis of written application of the BSSE in order to admit the foreign securities to regulated market.
- 3.2 The application pursuant to the item 3.1 of this Article must contain especially:
- a) business name and registered address of the issuer of foreign securities, CRN of the issuer if it was assigned to the issuer,
 - b) ISIN,

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- c) signature of the persons authorized to perform on behalf of BSSE according to the excerpt from the Commercial Register (signatures do not have to be verified).
The application is delivered by the post to the registered address of CDCP or personally to mail room of CDCP.
- 3.3 If CDCP, after receiving the request, finds out that the foreign securities are not in compliance with any of the conditions stipulated in the Section 2.10, item b), d) to f), CDCP has right to reject the request and not register the foreign securities to the special registry. CDCP has the right according to the previous sentence in case the request is not in compliance with the terms stipulated in the section 3.2 of this Article, or when the data stated in the request are void.
- 3.4 If the application pursuant to the item 3.1 of this Article with regard to the item 3.3 of this Article includes all essentials stated in the item 3.2 of this Article and CDCP obtains the data on the foreign securities according to the request in the item 3.2 of this Article from the registry of administrator of the foreign account of CDCP, then CDCP shall register foreign securities into the special registry of foreign securities without undue delay and consequently shall inform the BSSE about registration of foreign securities into the special registry.
- 3.5 CDCP acquires the foreign securities on the CDCP's foreign account only by form of the instructions submitted to the administrator of the CDCP's foreign account by the participant of the administrator of the foreign account of CDCP which is administering an account of the transferor. In case a foreign security that does not comply with the terms stipulated in the item 2.10, or is not recorded into the special registry of foreign securities, and is transferred on foreign account of CDCP, CDCP has right to transfer the foreign security on account of the transferor while CDCP is not liable for damage that occurs due to such transfer. The right and liability of CDCP according to the previous sentence applies also in case foreign securities which were not accepted to the special registry of foreign securities were transferred on the foreign account of CDCP.
- 3.6 The foreign securities in the special registry shall be credited by CDCP to owner's account in registration of member or CDCP on the basis of successfully realized instruction according to the item 3.5 of this Article. Condition for crediting of foreign securities is fact, that CDCP receives from a member or members identical instructions of a transferor who has opened the owner's account with the administrator of foreign account of CDCP, and transferee who has the owner's account opened with the member or CDCP pursuant to the item 4.1 of the Article 4 of this Part of the Rules of Operation. The member who is placing the instruction of the transferor is responsible also for placing the instruction to the administrator of the foreign account of CDCP.
- 3.7 Debit entry on the CDCP's foreign account is performed on the basis of an instruction from CDCP submitted to the administrator of the CDCP's foreign account.
- 3.8 CDCP shall debit the foreign securities from the owner's account in registration of the member or CDCP and transfer them into the special registry of CDCP based on successfully realized instruction pursuant to the item 3.7 of this Article. The condition for placing the instruction is the fact that CDCP shall, at the same time, receive from member or members identical instructions of transferee who has opened the owner's account with the same administrator of the foreign account of CDCP and transferor who has the owner's account opened with the member or CDCP in accordance with the item 4.1 of the Article 4 of this part of the Rules of Operation. The member placing the instruction of transferee is responsible for accuracy and completeness of data in the instruction submitted to the administrator of the foreign account of CDCP.
- 3.9 In case the issuer:
- a) shall increase/decrease registered capital and subsequently shall credit/debit the foreign securities on/from the foreign account of CDCP, CDCP shall credit/debit the foreign securities to owner of the foreign securities in compliance with the decision of relevant

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- body of the issuer of the foreign securities in the registry of the member or CDCP whereas CDCP shall record the change in the special registry.
- b) shall decide about the change of the nominal value of the foreign securities, CDCP shall perform the change of the nominal value in the special registry of foreign securities and on respective owner's accounts without undue delay after this the change displays on the foreign account of CDCP.
- 3.10 If the foreign securities issue is set to technological status at the administrator of the CDCP's foreign account or other similar status of the issue when it is not possible to perform any services with respective issue, except services for the issuer of the foreign securities, CDCP shall set the issue of the foreign securities in the special registry to technological status and during the period when the issue is set to technological status, it is not possible to perform any services except services for processing of instructions of the issuer at the administrator of the CDCP's foreign account.
 - 3.11 Provisions of the Part IV – The Rules of work with registration of the Rules of Operation apply adequately also to information services in relation to the foreign securities located on owner's account which fulfil the conditions stipulated in the item 4.1 of the Article 4 of this part of the Rules of Operation.
 - 3.12 CDCP is providing information services in relation to the foreign securities held on owner's accounts in the registry of CDCP only on working days defined in legislation of the Slovak Republic.
 - 3.13 If the transferor and the transferee have the owner's account open in the registry of a member or CDCP, provisions of the Part IV - the Rules of Work with Registration of the Rules of Operation apply adequately also to transfer / transition / movement of the foreign securities.
 - 3.14 CDCP is not responsible for damages caused by late, wrong or incomplete instruction for registration of transfer / transition / movement pursuant to this Article.
 - 3.15 Number of units of respective foreign securities issue on the foreign account of CDCP must be equal to the sum of all foreign securities from the issue registered on owner's account in the registry of CDCP and its members.
 - 3.16 If a difference in number of securities according to the previous item of this Article occurs, CDCP shall keep a registry on such facts, including the reason of occurrence.

Article 4

Handling the book-entry foreign securities in registry of CDCP

- 4.1 Foreign securities may be acquired on owner's accounts only by persons who concluded an agreement on arrangement of mutual rights and obligations related to securities administration with CDCP, in case the owner's account is kept in the registry of CDCP, or with a member if the owner's account is kept in the registry of the member.
- 4.2 The lien – CDCP keeps the Pledge Register for book-entry foreign securities that are kept in the special registry of foreign securities in accordance with the Article 2 of this Part of the Rules of Operation.
- 4.3 Provisions of the Article 23 – of the Part IV The Rules of work with registration of the Rules of Operation apply also to the method and procedure of the registration of the establishment/change/termination of lien to foreign security to the Pledge Register according to § 45 and following of the Act.
- 4.4 Provisions of the Article 24 and the Article 26a of Part IV - The Rules of work with registration of the Rules of Operation apply also to the method and procedure of the registration of establishment/change/termination of pledge to the foreign security on the owner's account according to § 53a and following of the Act.

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- 4.5 Provisions of the Article 26 – the Part IV the Rules of work with registration of the Rules of Operation apply also to the method and procedure of registration of the establishment/change/termination of statutory lien to foreign securities.
- 4.6 Provisions of the Articles 17, 18 and 19 – the Part IV the Rules of work with registration of the Rules of Operation apply also to the method and procedure of the registration of the establishment/change/termination of the foreign securities transfers as collateral.
- 4.7 If an instruction for transfer/transition/movement was placed whereas the foreign securities are subject of lien or transfer as collateral, the transferee of the foreign securities must have an owner's account opened in the registry of the member or CDCP and must fulfil the condition stipulated in the item 4.1 of this Article.
- 4.8 Provisions of the Act governing disposal of securities apply adequately also to disposal of foreign securities, i.e. especially to registration of Suspension of Right of Disposal (SRD), information services (with the exception of abstract from the issuer's register, since CDCP does not keep the issuer's register pursuant to § 107 of the Act for the foreign securities).
- 4.9 Based on data from the founder of the CDCP's foreign account, CDCP performs change/deletion of data registered on the foreign security in the special registry of foreign securities and on the owner's accounts, for example the nominal value, business name of the issuer etc.
- 4.10 In case of registration of Suspension of Right of Disposal on entire foreign securities issue registered in registration of the administrator of the foreign account, CDCP shall register the Disposal Rights Suspension in the special registry of foreign securities and on owner's accounts pursuant to § 28, section 3 of the Act.
- 4.11 If owner's account of an owner of foreign securities that are to be a subject of transfer is kept in the registry of CDCP, the foreign securities may become the subject of transition only if the owner's account of transferee is also opened in the registry of the member or CDCP and the owner's account of the transferee meets the conditions stipulated in the item 4.1 of the Article 4 of this Part of the Rules of Operation.

Article 5

Administration the foreign securities

- 5.1 CDCP performs administration of foreign securities based on an agreement concluded between owner of an account and CDCP. In case the foreign securities are registered on the owner's account opened in the registry of the member, CDCP concludes an agreement on administration with the member and member is bound by the agreement to provide administration of foreign securities.
- 5.2 CDCP performs administration of foreign securities in the scope defined in an agreement pursuant to the item 5.1 of this Article, but not in a wider scope than defined in § 41 of the Act.
- 5.3 Unless the agreement pursuant to the item 5.1 of this Article stipulates otherwise, CDCP:
 - a) shall enable for the execution of voting rights by:
 - (1) Issuing an authorisation / confirmation to an owner of the foreign securities for purposes of procedure of general meeting. The owner who owns foreign securities in question on a record day may apply for the authorisation / confirmation 2 working days at the latest before the day the general meeting takes place. CDCP hands over the authorisation / confirmation to the owner of the foreign securities 1 working day at the latest before the day the general meeting takes place and concurrently with the authorisation /confirmation CDCP hands over to the owner of the foreign securities all required documents to demonstrate authorisation to vote at the general meeting. CDCP shall not issue authorisation/confirmation in question without written application from the owner of the foreign securities.

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- (2) handing over the list of owners of foreign securities who have registered Suspension of Right of Disposal on its owner's account in compliance with issuer's request.
 - (3) CDCP does not participate in the general meetings on behalf of a foreign securities owner.
- b) shall pay out the dividends in favour of an authorized person – owner of foreign securities in a way and form agreed in an agreement pursuant to the item 5.1. CDCP sends – pays out the dividend 30 working days at the latest after receiving dividend from the issuer or person authorised by the issuer. In case the owner of the foreign security shall not accept and shall return the dividends, CDCP holds the dividend in custody for duration of 4 years; repeated delivery – pay-out will be performed on the basis of the written application only. If the owner of the foreign securities shall not collect the dividend after elapse of a 4 years period, CDCP shall return the dividend to the issuer or shall hand it to notarial custody. Provisions of the Articles 22 and 23 of the Part III the Rules for registration of issues of the Rules of Operation do not apply to operations pursuant to this item.
- 5.4 CDCP performs custody of client's financial means in a financial institution established pursuant to the Act No 483/2001 (Coll.) on banks as amended by later legislation under the conditions stipulated by relevant institution.
- 5.5 CDCP performs other duties of right resulting from administration of the securities in accordance with valid legislation.
- 5.6 It is possible to terminate validity and effectiveness of the agreement on administration of foreign securities by notice of cancellation or withdrawal from the contract only if there are no data on foreign securities, neither pledge nor transfer as collateral registered on owner's account in the registry of CDCP and the account owner did not submit/was not submitted an instruction to acquire foreign securities pursuant to the Article 3 of this part of the Rules of Operation.
- 5.7 CDCP shall pay the dividends from the foreign securities out only to those owners of foreign securities on whose accounts were the foreign securities registered on the date set by the issuer.”

19. The original wording of the Part V – the Rules of Clearing and Settlement of the Rules of Operations shall be replaced by the following wording:

“PART V

THE RULES OF CLEARING AND SETTLEMENT

Centrálny depozitár cenných papierov SR, a.s.

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Article 1

Introductory provisions

- 1.1 The Rules of Operation – Part ‘The Rules of Clearing and Settlement’ is issued by the Central Securities Depository of the Slovak Republic (hereinafter referred to as ‘the Central Depository’ or ‘the CDCP’) in compliance with §103 of the Act No 566/2001 (Coll.) on Securities and Investment Services and on Amendments and Supplements to Related Laws as amended by later legislation (hereinafter referred to as ‘the Act’), and it primarily stipulates the method of clearing and settlement of transactions in financial instruments, due dates for the fulfilment of obligations resulting from stock exchange transactions in financial instruments, the time schedule of clearing and settlement of stock exchange transactions in financial instruments, as well as the rules for cancellation of settlement of stock exchange transactions in financial instruments.
- 1.2 If the below-mentioned terms are used in further provisions of these Rules, they shall have the following meaning:
- ‘stock exchange trade’ – a transaction closed in the trading system of the BSSE and defined in the relevant parts of the Stock Exchange Rules;
 - “settlement day schedule in the clearing and settlement system” (“clearing and settlement schedule” hereinafter) – defines times and deadlines for specific activities required for successful settlement of instructions depending on selected clearing method, which are processed by the participant or CDCP during the operation day; deadlines for each activity are defined in the Rules of Operations; clearing and settlement schedule is published on CDCP’s web page.
 - “mandate for collection” – authorization from a participant in the payment system, in form set by the payment system operator, which authorizes an operator of an ancillary system to submit payment instructions that are to be settled by debiting or crediting an account of the participant

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- d) 'over-the-counter (OTC) transaction' – a transaction closed mutually by the transferor and the transferee or by other authorised persons outside of the BSSE's system; in the case of the National Property Fund or a government authority acting in the Slovak Republic's name, which have an owner's account open by the CDCP, a transaction shall be cleared and settled in the name of/on the account of the National Property Fund or that government authority.
 - e) "payment system" – the payment system TARGET2-SK operated by the National bank of Slovakia,
 - f) "operation day" – accounting day in the payment system except days of technological break announced by CDCP in compliance with the Rules of Operation. The operation day comprise of three consequential phases: preparation for opening, opening and closing of the operation day
 - g) "ancillary system" – type of participation in the payment system; the ancillary system is deemed a system in which payments or financial instruments are exchanged or booked, whereby resulting cash liabilities are settled in the payment system,
 - h) "instruction" – settlement instruction
 - i) "settlement instruction" – instruction for registration of transfer of financial instruments resulting from closed stock exchange trade or OTC trade,
 - j) 'assignment of reservation tag ' – securing of financial instruments that are to be settled via the clearing and settlement system; if a reservation tag is successfully assigned to financial instruments, no DRS or other restriction of disposal can be registered over such financial instruments;
 - k) "technical account" – specific cash account of CDCP in the payment system supporting settlement procedures related to CDCP's payment instructions; technical account shall be defined by a specific SWIFT BIC-code; this account shall not be deemed a technical account pursuant to §105b of the Act.
 - l) 'SD' (settlement day) – is the day of settlement of closed transaction specified in the settlement instruction; in the expression "SD-x" x means the number of operating days until the settlement day,
 - m) "participant" – the clearing and settlement system participant
 - n) "account" – is a securities owner's account or holder's account if not stated otherwise
 - o) "operating day of administrator of the CDCP's foreign account" – is the day when the administrator of the CDCP's foreign account facilitate performing of records in its registry
 - p) "foreign account of CDCP" – account opened pursuant to the paragraph 99, section 4 subsection e) of the Act
 - q) "Executory Decree on clearing and settlement rules" – The Executory Decree No 5 – details of procedure applied to CDCP and participants in clearing and settlement system when clearing and settling trades;
- 1.3 The Rules of Clearing and Settlement apply to an operator of a Multilateral Trading Facility in the same extent as they do to the BSSE.

Article 2

General conditions

- 2.1 The CDCP performs settlement of transactions in financial instruments in the euro currency and the object of the clearing and settlement are, in compliance with §99 Section 3 Subsection h) of the Act, financial instruments registered by CDCP in the issuers' registers pursuant to the Act or in the special registry.
- 2.2 For transactions in financial instruments other than those specified in Section 2.2 of this Article, the CDCP shall only provide for settlement of transactions in such financial instruments if this procedure is stipulated in the Rules of Operation.
- 2.3 Settlement includes:

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- a) The securities leg - a transfer of financial instruments, from the transferor's account to the transferee's account which are opened in the CDCP's or a member's registry, unless the Rules of Operation stipulates otherwise;
 - b) The cash leg - a transfer of cash between accounts of participants via the payment system in case of instruction financial settlement;
- 2.4 Clearing shall mean the computation of mutual obligations and claims of participants resulting from closed stock exchange trades or from placed instructions for settlement of OTC trades. Results of the clearing procedure are positions determining final cash obligations or final cash claims of the participant.
- 2.5 The participants are divided by their participation in the payment system into two groups:
- a) "Direct participants" – participants having the cash account in the payment system and performing the cash leg of the settlement of their own trades and trades for participants stated in Section 2.5 Subsection b) of this Article,
 - b) "Indirect participants" – participants that do not have cash account in the payment system and the cash leg of trades they settle via the direct members.
- 2.6. The CDCP acts in the payment system as an operator of ancillary system that submits to the settlement system the payment instructions that are settled on the cash accounts of direct members in the payment system. During the settlement of the payment instructions, CDCP usually uses its technical account opened in the payment system.
- 2.7. In case the direct participant in the payment system grants its mandate for collection to the CDCP, the cash corresponding with positions of the direct member shall be automatically transferred via the payment instructions placed by CDCP if:
- a) in case of the stock exchange trades, the direct participant does not request by the given time for a concrete position a change by which it shall deliver cash itself to the cash account of CDCP,
 - b) in case of instructions for settlement of the OTC trades, the direct participant does not set in the instruction that cash shall be sent by the participant itself to the cash account of CDCP.
- 2.8. In case that direct participant in the payment system does not grant to the CDCP the mandate for collection, direct participant is obliged to send cash within the settlement of the cash leg itself to the cash account of CDPC opened in the payment system, according to the valid time schedule of the clearing and settlement. Vis-à-vis such participant the CDCP shall always act in the payment system as the direct participant and transfers of cash to be credited to the cash account of such participant shall be realised via its cash account.
- 2.9. If the indirect participant has its cash account kept with the direct participant that granted to the CDCP the mandate for collection, the provisions of Section 2.7 of this Article shall apply accordingly also to indirect participant.
- 2.10. If the indirect participant has its cash account kept with the direct participant that has not granted to the CDCP the mandate for collection, the provisions of Section 2.8 of this Article shall apply accordingly also to indirect participant.
- 2.11. The participants in the clearing and settlement system, pursuant to the par. 99, section 16 of the Act, are as follows:
- a) CDCP,
 - b) Members, if the agreement concluded with the member stipulates otherwise,
 - c) BSSE and in case of the stock exchange trades also members of the BSSE,
 - d) NPF and the state body acting on behalf of SR that have the owner's account opened by the CDCP.

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- 2.12. The participants are entitled to place settlement instructions into the clearing and settlement system in compliance with the Act, the Rules of Operation of the CDCP and the Executory Decrees.
- 2.13. For the settlement instruction which entered the clearing and settlement system is deemed such instruction, which is in compliance with the technical specification to APV of the clearing and settlement system and the Rules of Operation.
- 2.14. The participants are informed on the result of the clearing and settlement via the APV of the clearing and settlement system.
- 2.15. The due date for fulfilment of obligations arising from the stock exchange trades in financial instruments shall be set on the third working day that follows the day of closing the trade on BSSE (T+3), unless the BSSE or participants do not set another due date for fulfilment of obligations. CDCP shall settle the instructions without financial settlement and instructions with financial settlement by means of gross clearing also in the shorter due dates if conditions of the time schedule of clearing and settlement are met.
- 2.16. CDCP shall stipulate the details of clearing and settlement in the Executory Decree on rules of clearing and settlement.

Article 3

Types of transactions and their settlement

- 3.1. Instructions with financial settlement are settled via the 'delivery versus payment' (DvP) method, i.e. financial instruments are delivered against payment. The settlement of liabilities and claims is performed on the side of financial instruments and cash; the financial instruments are only delivered if the cash is delivered and vice versa.
- 3.2. In the CDCP's terms, 'delivery versus payment' means the guarantee of the CDCP that the delivery of financial instruments to the transferee's account shall not be made without the fulfilment of financial obligation of a participant in the payment system and, vice versa, the guarantee that the financial claims of a participant in the payment system will not be satisfied without the delivery of financial instruments.
- 3.3. Instructions without financial settlement are settled via the 'free of payment' (FoP) method, i.e. financial instruments are delivered without payment. Liabilities and claims are settled only on the side of financial instruments and the financial instruments are delivered without delivering cash.
- 3.4. A public offer to take over shall always be settled via the 'DvP' method.

Article 4

Calculation of amount of cash obligations and cash claims

- 4.1. When calculating the amount of obligations and claims the CDCP shall use the 'netting' method and the 'gross' method.
- 4.2. The 'netting' method is a mutual accounting of the cash obligations and claims of participants. The positions of individual participants shall be determined on the basis of transactions that have been cleared by the netting method.
- 4.3. The 'gross' method determines the value of the cash obligation/claim of a participant separately for each transaction or settlement instruction.
- 4.4. The 'netting' method is the primary clearing method for stock exchange trades, unless the BSSE stipulates otherwise in the Stock Exchange Rules.
- 4.5. Instructions for settlement of OTC trades shall be cleared via the 'gross' method.
- 4.6. Transactions resulting from obligatory public offers to take over shall not enter the clearing by netting method along with other transactions. For the participants in

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clearing, the positions on the side of cash shall be determined separately for every public offer to take over.

Article 5

Rights and obligations of participants in the clearing and settlement system

5.1. Rights:

- a) to have access to the clearing and settlement system via a specified software application (APV) ;
- b) to place instructions for settlement of OTC trades on own account;
- c) to place instructions for settlement of OTC trades based on a client's instruction, if:
 - i) the client has an owner's account in the member's registration;
 - ii) the client has an owner's account in the CDCP registration and the member is an authorised member pursuant to Article 2 Section 2.5 of the Part IV – The Rules of Work with the Registration of the Rules of Operation;
 - iii) if the client has an account in the CDCP registration and the member has concluded with the CDCP the agreement in compliance with the Article 2 Section 2.10 or pursuant to Article 26a Section 26a.2 of Part IV – Rules for work with registration of the Rules of Operation; mentioned is not applicable if authorised member other than the member who placed the instruction is registered in the account.
- d) to use services of the clearing and settlement system and receive information on the status of processing of its instructions;
- e) to submit a request for postponement of the clearing and settlement time schedule, based on an extraordinary or non-standard situation on the side of a participant. The postponement of the clearing and settlement time schedule based on a participant's request is temporary, and only applies to the currently open operating day. The procedure for submission of the request is stipulated in the Executory Decree on rules for clearing and settlement.

5.2. Obligations:

- a) to use the APV under stipulated terms and in compliance with the technical specification to the APV, and to abide by procedures stipulated therein;
- b) to follow the Executory Decree on rules for clearing and settlement when sending cash to the cash account of CDCP in the payment system,
- c) to process a stock exchange trade (member) - to confirm consent with settlement to the member's registry, in compliance with this Part of the Rules of Operation ;
- d) to perform all actions of a participant necessary for successful settlement of transactions on time, and in compliance with the clearing and settlement time schedule;
- e) to provide its clients with timely and up-to-date information obtained from the clearing and settlement system (member);
- f) to inform the CDCP, in writing, on the cash accounts dedicated for realisation of cash leg of the settlement and their every change at the latest 5 working days prior to entry into force of the change;
- g) to inform the CDCP, in writing, of e-mail addresses for the purpose of fulfilment of the CDCP's information duty pursuant to §107a) Sections 7 and 8 of the Act;
- h) do not close the account that the member administers in its registration if the member confirmed dispositions of settlement of the stock exchange trade, or confirmed the agreement with settlement of the stock exchange trade in its registry, or confirmed

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readiness for settlement of the OTC trade which includes transfer or credit of cash to this account.

Article 6

Rights and obligations of BSSE

- 6.1. The BSSE, as a participant in the clearing and settlement system, has the following rights:
- a) to place instruction for settlement of the stock exchange trade;
 - b) to use the services of clearing and settlement system, provided by the CDCP;
 - c) to receive information on the state of processing of its instructions;
 - d) to submit a request for postponement of the clearing and settlement time schedule. The procedure for submission of the request can be found on the CDCP's website.
- 6.2. The BSSE as a participant in the clearing and settlement system has the following obligations:
- a) to use the APV under stipulated terms;
 - b) to perform, on time, all actions necessary for successful settlement of instructions in compliance with the clearing and settlement time schedule.

Article 7

Rights and obligations of CDCP

- 7.1. The CDCP has the following rights:
- a) to obtain, from a participant all data necessary for successful settlement of instructions in compliance with the item 2.1 of Article 2 of this Part of the Rules of Operation;
 - b) to decline an inexecutable settlement instruction;
 - c) to suspend the settlement of a stock exchange trade pursuant to Art. 15 of this section of the Rules of Operation;
 - d) to suspend the settlement of an instruction or cancel the settlement of instruction due to failure to fulfil the obligation of the participant pursuant to Section 5.2 of the Article 5 of this section of the Rules of Operation;
 - e) to decline a request of a participant for postponement of the clearing and settlement time schedule (for example, in the case of late submission of such request i.e. the activity that should have been postponed is already performed, or due to link-up of postponement to the schedule of operation of the payment system etc.);
 - f) if required by non-standard circumstances, to change the clearing and settlement time schedule, as to its times and content, for a maximum period of duration of the non-standard circumstances. Once non-standard circumstances occur, all participants shall be informed of such circumstances without undue delay.
 - g) if required by non-standard circumstances to call on the participants to send cash equal to obligation resulting from clearing by means of gross or netting method to the cash account of CDCP in the payment system whereas the CDCP shall follow accordingly pursuant to Section 7.1 Subsection f) of this Article.
- 7.2. The CDCP has the following obligations:
- a) to use the SA under stipulated terms;
 - b) to perform all actions necessary for successful settlement in compliance with the clearing and settlement time schedule; in particular to ensure the delivery of financial instruments against payment upon fulfilment of the correctness criterion of the participants' instructions, sufficiency of financial instruments and cash in compliance with information specified in the settlement instructions;

- c) to make available, to the participants information on the state of processing of their instructions;

Article 8

Clearing and settlement of stock exchange trades

- 8.1. This Article governs clearing and settlement of stock exchange trades
- 8.2. The act of making accessible the dispositions of trade and the dispositions of settlement for CDCP by the BSSE, is deemed to be an instruction for settlement of the stock exchange trade.
- 8.3. CDCP shall settle the instruction placed by the BSSE on intended day.
- 8.4. The BSSE shall perform the clearing of stock exchange trades in the manner stipulated by the Stock Exchange Rules. The BSSE shall define the participants in the clearing and their obligations.
- 8.5. In case the account of transferor and/or transferee specified in dispositions of trade and in the dispositions of settlement of the stock exchange trade is in the registry of a member which is not identical with the BSSE member who represented the transferor and/or transferee in the given transaction (and also confirmed the dispositions of settlement of trade), the member's consent is required whereby the instruction must be forwarded for settlement to the registration administered by the member. If the transferor's and/or transferee's account is in the registration of a member that is identical with the BSSE member that has represented the transferor and/or transferee in the given transaction (and has also confirmed the dispositions of transaction settlement), the confirmation of dispositions of transaction settlement shall be deemed as the consent with settlement to the member's registration. If the transferor's and/or transferee's account is in the CDCP's registration, the consent is not required. The right of member to submit the instruction according to Item ii) and iii) Subsection c) Section 5.1 of the Article 5 of this section of the Rules of Operation of CDCP is not be checked by the CDCP and CDCP is not liable for damages arising from unauthorised placement of instruction.
- 8.6. The consent with settlement to a member's registration shall be confirmed in the clearing and settlement system by that member, separately for every instruction and the CDCP shall forward the information on the confirmation of consent to the BSSE via this system. The BSSE is entitled to send the order for settlement to a member's registration only if the consent has been confirmed by that particular member.
- 8.7. CDCP shall assign the reservation flags to financial instruments that are subject to settlement:
 - a) In SD-1 for instructions with financial settlement
 - b) in the given SD for instructions without financial settlement and for instructions which SD is equal to the trade date.
- 8.8. In case an instruction for settlement of the stock exchange trade without financial settlement precedes another instruction for settlement of the exchange trade with financial settlement (that must be settled on the same SD), CDCP shall assign the reservation flag to financial instruments on SD-1.
- 8.9. If linked-up transactions were settled via "netting" method, the reservation flag must be successfully assigned to those financial instruments which are subject to the first instruction pending the settlement.
- 8.10. Successful assignment of reservation flag is considered for fulfilment of obligation to deliver financial instruments.

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- 8.11. BSSE shall make accessible the results of clearing of the stock exchange trade to CDCP after assignment of the reservation flags.
- 8.12. In case that SDR is registered on an issue of book-entry securities and date of SDR expiration is equal to SD-1, CDCP shall assign reservation tags on SD.
- 8.13. On SD-1, the CDCP shall not assign reservation tags to financial instruments in case that:
 - a) the issuer submitted, on SD-1 at the latest, the instruction to register the SDR on the entire issue of book-entry securities,
 - b) CDCP has set or in SD will set the issue of book-entry securities to technological status based on the agreement concluded with the issuer.
- 8.14. In case of instruction with financial settlement, after fulfilment of the obligation to deliver financial instruments:
 - a) for positions where cash is to be transferred via CDCP, corresponding payment instructions are sent to the payment system;
 - b) for positions where a participant is itself in charge of sending the cash, CDCP shall await information from the payment system;
- 8.15. The moment of fulfilment of the obligation to deliver cash is in case of transfer of the cash via CDCP considered receipt of the information from the payment system:
 - a) on debiting cash equal to the obligation of the participant from the cash account of the direct participant in the payment system and on crediting of cash equal to the claim of the participant in favour of the cash account of direct participant in the payment system in case of gross method,;
 - b) on debiting of cash equal to the obligation of the participant from the cash account of direct participant in the payment system and on crediting of cash in favour of technical account of CDCP in case of netting method.
- 8.16. For the moment of fulfilment of obligation to deliver cash is, in case cash delivery is provided by the participant itself, considered receiving information from the payment system on crediting of cash to the cash account of CDCP in the payment system.
- 8.17. In case that CDCP does not receive from the payment system information pursuant to Section 8.15 and 8.16 of this Article by the deadline, it shall announce this fact to the BSSE. The BSSE shall take such measures so that successful settlement of instruction in question on set SD is provided for; by doing that it follows the stock exchange rules.
- 8.18. After fulfilment of the obligation to deliver financial instruments for instructions without financial settlement, or fulfilment of the obligation to deliver financial instruments and, at the same time, of the obligation to deliver cash for instructions with financial settlement:
 - a) CDCP shall execute securities leg of the settlement based on instructions to register a transfer placed by the BSSE;
 - b) the CDCP on the basis of instruction of the BSSE shall inactivate the reservation tag in case of settlement from/to holder's account, where the transferor and the transferee are registered in registry pursuant to § 71h paragraph 2 of the Act of the same holder in the same holder's account,
 - c) CDCP sends the payment instructions to the payment system based on which the cash equal to the claim of the participant is debited from technical or cash account of CDCP and credited in favour of cash account of direct participant in the payment system in case the obligation to deliver cash was not fulfilled pursuant to Section 8.15 Subsection a) of this Article.
- 8.19. If the assignment of a reservation tag fails, the BSSE is shall take the measures in order to ensure successful settlement of the given transaction on the given SD or,

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- respectively, within the shortest possible time. If not even repeated assignment of a reservation tag or the realisation of transfer of the financial instruments are not successfully accomplished, the cash shall be returned to the cash account of direct participant and BSSE shall take the steps according to stock exchange rules.
- 8.20. If the assignment of a reservation tag is successful, but the counterparty fails to deliver cash or, respectively, fails to deliver them in the required amount within the time allowing successful settlement of a given instruction (resulting from the time schedule of the clearing and settlement system), CDCP shall cancel the reservation tag, and BSSE shall take the steps according to the stock exchange rules.

Article 9

Time schedule of clearing and settlement of stock exchange trades

- 9.1. This Article governs the time schedule of clearing and settlement of stock exchange trades.
- 9.2. The member's confirmation of consent with the settlement of an instruction to its registration can be placed from the moment when the Stock Exchange makes accessible the dispositions of trade and dispositions of settlement in the CDCP's clearing and settlement system, i.e. usually from the day of closing the trade. The confirmation must be made not later than on SD-1 by 16:00.
- 9.3. Reservation tags assignment is realised:
- a) on SD-1 usually from 16:00 for instructions with financial settlement;
 - b) on SD usually from 8:00 for instructions without financial settlement;
- 9.4. CDCP shall send the payment instructions to the payment system on SD usually from 9:00. Recommended deadline for delivery of cash by participants for positions resulting from netting is until 10:00, for positions resulting from gross until 13:00.
- 9.5. Deadline for receipt of information from the payment system pursuant to Section 8.15 and 8.16 of the Article 8 of this part of the Rules of Operation is set:
- a) for positions resulting from netting at 11:30;
 - b) for positions resulting from gross at 13:30;
- 9.6. For settlement instructions with the day of closing the trade is equal to SD:
- a) confirmation of member on the consent with settlement of instruction in its registry must be done on SD by 16:30 at the latest,
 - b) reservation tags shall be assigned on SD usually from 16:00,
 - c) CDCP shall send payment instructions to the payment system on SD usually on 16:00. Recommended time for delivery of cash by participants is until 17:00,
 - d) the deadline for receiving information pursuant to Section 8.15 and 8.16 of the Article 8 of this part of the Rules of Operation is set at 17:30.
- 9.7. The securities leg of the settlement based on instruction for registration of the transfer placed by the BSSE is realised on SD continuously from 8:00 till 18:00.

Article 10

Clearing and settlement of OTC trades

- 10.1 This article rules the clearing and settlement of OTC trades.
- 10.2 Instructions for settlement of OTC trades are placed by participants to the clearing and settlement system whereas they are responsible for completeness and correctness of placed instructions.
- 10.3 CDCP shall settle instructions placed by participants on instructed settlement day.
- 10.4 An instruction for settlement of an OTC trade contains:

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- a) trade dispositions, including supplementary data necessary for successful settlement of the instruction;
 - b) settlement dispositions;
- 10.5 The technical specification to the APV contains details on the content of the settlement instruction and technical details.
- 10.6 Settlement instruction is placed to the clearing and settlement system by a participant representing the transferor and/or transferee, with transaction dispositions and settlement dispositions for his side of the transaction. The participant representing the counterparty shall confirm dispositions of the trade in submitted instruction by filling in settlement dispositions for his side of the trade. In the event that he disagrees with certain dispositions of the trade, he shall submit a new instruction with altered data and wait for the counterparty's confirmation.
- 10.7 In instruction for settlement of OTC trades with financial settlement the participant in the clearing and settlement system representing the transferee has the obligation to mark, whether it shall deliver cash to the cash account of CDCP itself or cash should be transferred by CDCP.
- 10.8 Settlement instructions are matched after confirmation of dispositions of the trade by both parties to the trade. CDCP shall assign the reservation tag and settle matched instructions only in case that both counterparties have confirmed the readiness for settlement in the corresponding field of instruction.
- 10.9 Trade dispositions cannot be corrected or altered once the instruction has been submitted to the clearing and settlement system. Selected settlement dispositions can be corrected and altered, provided that the status of processing of the instruction allows it.
- 10.10 The right of member to submit instruction pursuant to the indent ii) and iii) Subsection c) Section 5.1 of Article 5 of this part of the Rules of Operation shall be controlled by CDCP on a given SD prior to assigning the reservation flag. CDCP shall not be liable for any damages that arise by the fact that during SD the authorised member, who is not the participant that submitted the instruction, has been registered in the account of the client.
- 10.11 CDCP shall assign the reservation tags to financial instructions that are being settled on a given SD.
- 10.12 Successful assignment of reservation tag is considered for the moment of fulfilment of obligation to deliver financial instruments.
- 10.13 In cases when submitted instruction for settlement of OTC trade precedes instruction for settlement of the stock exchange trade with financial settlement (that should be settled on the same SD), CDCP shall assign reservation tags to financial instruments on SD-1.
- 10.14 After meeting the obligation to deliver financial instruments for instructions with financial settlement:
- a) for positions where cash is to be transferred by CDCP, the relevant payment instructions are sent to the payment system;
 - b) for positions resulting from the trades where delivery of cash is provided for by the participant itself, CDCP shall wait for information from the payment system.
- 10.15 In case of transfer of cash by CDCP, information from the payment system on debiting the cash in the amount of participant's obligation from the cash account of direct participant in the payment system, and on crediting the cash in the amount of participant's claim in favour of the cash account of direct participant in the payment system, shall be deemed to be the moment of fulfilling the obligation to deliver the cash.

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- 10.16 In case that delivery of cash is provided for by the participant itself, information from the payment system on crediting the cash to the cash account of CDCP in the payment system shall be deemed to be the moment of fulfilling the obligation to deliver cash.
- 10.17 In case that CDCP does not receive information from the payment system pursuant to Section 10.15 and 10.16 of this Article until the given deadline, CDCP shall take the steps according to Section 10.20 of this Article.
- 10.18 After the obligation to deliver financial instruments in case of instructions without financial settlement or after the obligation to deliver financial instruments and at the same time the obligation to deliver cash are met:
- a) CDCP shall realise securities leg of settlement;
 - b) CDCP shall cancel the reservation tag in case of settlement from/to holder's account, where the transferee and the transferor is registered in registry kept in compliance with § 71h paragraph 2 of the Act of the same holder in the same holder's account,
 - c) CDCP shall send to the payment system the payment instructions based on which cash corresponding to the claim of the participant is debited from the cash account of CDCP and credited in favour of the cash account of direct participant in the payment system in case that the obligation to deliver cash pursuant to Section 10.16 of this Article was met.
- 10.19 If assignment of a reservation tag fails, participant must take appropriate measures to ensure successful settlement of a given instruction on a given SD. In case of repeated failure of assignment of reservation tag, or if realisation of transfer of financial instruments is not accomplished successfully, cash shall be returned to the cash account of direct participant and the instruction shall remain unsettled.
- 10.20 If assignment of a reservation tag to securities was successful but the counter-party failed to deliver cash or, respectively, failed to deliver cash in the required amount within the time allowing for successful settlement of a given instruction (resulting from the time schedule of clearing and settlement), CDCP shall cancel the reservation tag and the instruction shall remain unsettled.

Article 11

Time schedule of clearing and settlement for OTC trades

- 11.1 This Article stipulates the time schedule of clearing and settlement of OTC trades.
- 11.2 Instructions for settlement of OTC trades, where the day of placing the instruction equals the SD, can be submitted to the clearing and settlement system:
- a) from 8:00 until 16:30 for instructions with financial settlement,
 - b) from 8:00 until 17:45 for instructions without financial settlement.
- 11.3 In case that settlement instruction is placed after deadline stated in subsection a) and b) of item 11.2 of this Article, CDCP does not guarantee settlement of such instruction on a given SD.
- 11.4 Instructions for settlement of OTC trades, for which the date of placement of instruction precedes the SD, can be submitted to the clearing and settlement system from 8:00 until 18:00.
- 11.5 Assignment of reservation tags is realised from 8:00 until 18:00.
- 11.6 CDCP submits payment instructions to the payment system on a continuous basis. Recommended time for delivery of cash by participants in the clearing and settlement system is 17:00.
- 11.7 Deadline until which the information from the payment system should be received according to section 10.15 and 10.16 of Article 10 of this part of the Rules of Operations is set at 17:30.
- 11.8 Securities leg of settlement of OTC trades is on SD realised continuously from 8:00 until 18:00.

Article 12
Settlement of trades in foreign securities

- 12.1 This Article rules mainly the securities leg of settlement of trades in foreign securities that should be effected by:
- a) transfer of financial instruments from the account of transferor that is open with administrator of foreign account of CDCP to the foreign account of CDCP and with subsequent credit of foreign securities from the special registry of foreign securities to the account of transferee that is kept in the registry of member or CDCP,
 - b) transfer of financial instruments from foreign account of CDCP to the account of transferee that is open with administrator of foreign account of CDCP and with subsequent debit of foreign securities from the account of transferor that is kept with registry of member or CDCP to the special registry of foreign securities,
 - c) transfer of financial instruments from the account of transferor that is open with administrator of foreign account of CDCP to the foreign account of CDCP and with subsequent transfer of financial instruments from foreign account of CDCP to the account of transferee opened with the administrator of foreign account of CDCP.
- 12.2 Other provisions of this part of the rules of operations stipulating clearing and settlement of the stock exchange and OTC trades apply adequately to the settlement of trades in foreign securities pursuant to subsection 12.1 of this Article unless this Article stipulates otherwise.
- 12.3 This Article does not apply to clearing and settlement of trades in foreign securities where securities leg of settlement should be executed by transfer of financial instruments from the account of transferor to the account of transferee that are kept in the registry of member or CDCP.
- 12.4 Instruction that CDCP should settle in compliance with subsection c) of section 12.1 of this Article can be submitted to the clearing and settlement system only by the stock exchange.
- 12.5 Within the framework of settlement of securities leg of trades in foreign securities, foreign securities can be credited from the special registry of foreign securities only to the owner's account open in the registry of member or CDCP.
- 12.6 Trade in foreign securities where within the framework of settlement of its securities leg the transfer of financial instruments is executed from the account and/or to the account that is open with administrator of foreign account of CDCP, CDCP shall settle only during the operating day that equals to the accounting day of administrator of foreign account of CDCP.
- 12.7 CDCP shall settle trades in foreign securities in two settlement cycles.
- 12.8 For the moment of meeting the obligation to deliver financial instruments it is considered:
- a) the successful assignment of reservation tag in case that account of transferor is open in the registry of member or CDCP,
 - b) execution of transfer of foreign securities to the foreign account of CDCP and mapping this transfer to settlement instruction in the clearing and settlement system in case that account of transferor is open with administrator of foreign account of CDCP.
- 12.9 If obligation of the participant to deliver financial instruments is not met in the first settlement cycle, CDCP shall forward instructions to the second settlement cycle and if it concerns instructions for settlement of stock exchange trades it shall inform about this fact the stock exchange.
- 12.10 Information received from the payment system:
- a) on debiting the cash corresponding to obligation of participant from the cash account of direct participant in the payment system and on crediting this cash in favour of the technical account of CDCP,
 - b) on crediting cash to the cash account of CDCP in payment system in case that participant itself is responsible for cash delivery.

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- 12.11 After meeting the obligation to deliver financial instruments for instructions without financial settlement or after meeting the obligation to deliver financial instruments and at the same time the obligation to deliver cash in case of instructions with financial settlement:
- a) CDCP shall credit foreign securities from the special registry of foreign securities to the account of transferee in the registry of member or CDCP,
 - b) based on successful execution of instruction for transfer of foreign securities from the foreign account of CDCP to the account of transferee open with administrator of foreign account of CDCP, CDCP shall debit foreign securities from the account of transferor open in the registry of member or CDCP to the special registry of foreign securities,
 - c) CDCP shall submit to the administrator of foreign account of CDCP instruction for transfer of foreign securities to the account of transferee open with administrator of foreign account of CDCP,
 - d) CDCP shall submit to the payment system the payment instructions that would effectuate the debit of cash corresponding to the claim of the participant from the technical or cash account of CDCP and credit it in favour of cash account of the direct participant in the payment system.
- 12.12 In case of settlement of the stock exchange trades, activity pursuant to subsection a) and b) and section 12.11 of this Article is executed on the basis of instruction of the stock exchange.
- 12.13 Unless the obligation of participant to deliver financial instruments is met in the second settlement cycle:
- a) in case of instructions for settlement of stock exchange trades, CDCP shall inform the stock exchange which will follow then the stock exchange rules,
 - b) CDCP shall not settle instruction for settlement of OTC trade.
- 12.14 If the obligation to deliver financial instruments was met and the counterparty failed to deliver cash or if the transfer of financial instruments from foreign account of CDCP to the account of transferee open with the administrator of foreign account of CDCP failed:
- a) CDCP shall cancel the reservation tag or transfer foreign securities from the foreign account of CDCP to the account of transferor open with administrator of foreign account of CDCP, cash shall be returned to the cash account of direct participant and the stock exchange shall follow the stock exchange rules,
 - b) CDCP shall cancel the reservation tag or transfer foreign securities from the foreign account of CDCP to the account of transferor open with administrator of foreign account of CDCP, cash shall be returned to the cash account of direct participant and instruction for settlement of OTC trade remains unsettled.

Article 13

Time schedule of clearing and settlement of trades in foreign securities

- 13.1 This Article rules the time schedule of clearing and settlement of trades in foreign securities pursuant to section 12.1 of Article 12 of this part of Rules of operations.
- 13.2 It is possible to place instructions for settlement of trades in foreign securities on the given SD to the clearing and settlement system on SD-1 until 18:00.
- 13.3 Assigning the reservation tags is executed on SD:
- a) usually from 8:00 until 11:15 for the first settlement cycle,
 - b) usually from 11:15 until 12:45 for the second settlement cycle.
- 13.4 Mapping of executed transfer of foreign securities to the foreign account of CDCP to the instruction for settlement in the clearing and settlement system is effectuated on SD:
- a) usually at 11:15 for the first settlement cycle,
 - b) usually at 12:45 for the second settlement cycle.
- 13.5 CDCP shall submit payment instructions to the payment system on SD:

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- a) usually from 11:15 for the first settlement cycle; recommended time for delivery of cash by participants in the clearing and settlement system is until 12:00,
 - b) usually from 12:45 for the second settlement cycle; recommended time for delivery of cash by participants in the clearing and settlement system is until 13:30.
- 13.6 Deadline until which the information from the payment system should be received according to section 12.10 of Article 12 of this part of the Rules of Operations is set at:
- a) 12:30 for the first settlement cycle,
 - b) 14:00 for the second settlement cycle
- 13.7 Securities leg of settlement of trades in foreign securities is on SD executed continuously, usually from 11:15 until 18:00.

Article 14

Acceptance of settlement instruction and its irrevocability

- 14.1. The settlement instruction is deemed as accepted by the clearing and settlement system from the moment when assignment of reservation tags to financial instruments begins.
- 14.2. In compliance with §103 Section 2 Subsection n) and §107a) of the Act, the CDCP stipulates the moment of irrevocability of the instruction accepted for settlement as follows:
- a) instructions for settlement of transactions without financial settlement, the moment of irrevocability shall be the moment of fulfilment of the obligation to deliver financial instruments;
 - b) instructions for settlement of transactions with financial settlement, the moment of irrevocability shall be the moment of fulfilment of the obligation to deliver financial instruments and, at the same time, of the obligation to deliver cash.
- 14.3. The delivery of the NBS's decision on imposing a sanction which limits or suspends the rights to provide investment services, associated with trading in financial instruments, of a participant, shall not, in compliance with §107 and Section 3 of the Act, affect the clearing and settlement system's obligation to process and clear this participant's settlement instructions, nor shall it affect the validity and enforceability of these instructions towards third parties, provided that the said instructions have been received by the clearing and settlement system until the moment of delivery of said decision and in compliance with the Rules of Operation and provided that they are irrevocable pursuant to Section 14.2 of this Article. The aforementioned shall apply also to the delivery of the NBS's decision on withdrawal of the licence to provide investment services.
- 14.4. The provision of Section 14.2 of this Article shall appropriately apply to the imposition of sanction by the CDCP pursuant to Section 10.2 Subsection c) and Subsection d) of Article 10 of the Part 'The Rules of Membership' of the Rules of Operation.

Article 15

Rules for suspension of settlement of stock exchange trades in securities

- 15.1. The CDCP can suspend the settlement of stock exchange trades in financial instruments, if at least one of the conditions necessary for settlement pursuant to the Rules of Operation and the Act is not met, for example:
- a) lack of cash is found,
 - b) lack of financial instruments is found;
 - c) at least one member does not confirm the consent with settlement of transaction/transfer to its registry.
- 15.2. The suspension of settlement of a stock exchange trade results in the stock exchange trade not being settled on the originally requested SD, whereby the day of settlement is modified and the date of settlement is set after an agreement between the CDCP and the BSSE. The precondition for settlement is as follows:
- a) the cause specified in Section 15.1 Subsections a) or b) of this Article ceases to exist;

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- b) if members request for it by confirming their consent with settlement to their registration;

Article 16

Responsibility for damages

- 16.1. The participants in are liable for damages caused by delayed, incorrect or incomplete provision of relevant settlement instructions and requests for services of clearing and settlement system, or by provision of instructions/requests in a form other than the required form stipulated in the Rules of Operation and Executory Decrees issued by the CDCP.
- 16.2. The CDCP is liable for damages caused by incorrect, incomplete, or delayed performance of actions required for clearing and settlement of trades.
- 16.3. The participants are liable for possession, with each settlement instruction or request to perform services in the CDCP, of all necessary documents required for this activity by the generally binding legal regulations, the Rules of Operations and Executory Decrees issued by the CDCP.”

21. New section 4.18 with following wording shall be added to the Article 4 of Part VI – Special and Final Provisions of the Rules of Operations:

“4.19 The amendment to the Rules of Operation dated 25 November 2011 comes into effect on the day following the day when decision on its approval by NBS entered into effect.”