Centrálny depozitár cenných papierov SR, a. s.

Executory Decree No. 4
to the Rules of Operation of Centrálny depozitár cenných papierov SR, a.s.

DETAILS FOR DETERMINATION OF KEY PARTICIPANTS AND OBLIGATIONS OF KEY PARTICIPANTS

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Article 1
Introductory Provisions

1.1 This Executory Decree is issued in accordance with Article 1 of the Rules of Operation of Centrálny depozitár cenných papierov SR, a.s. (hereinafter referred to as the " Rules of Operation") and sets out the details of the application of the provisions of the Rules of Operation governing the determination of Key Participants of the settlement system and the responsibilities thereof, updates to the list of Key Participants and management of operational risks which CDCP may be exposed to from the Key Participants.

Article 2
Putting Together a List of Key Participants

2.1 In semi-annual assessment cycles, CDCP determines Key Participants in order to control the operational risks that CDCP may be exposed to from these Participants.

2.2 Based on a comprehensive assessment of all the factors defined in this Article, CDCP shall draw up the list of Key Participants:

a) as of 31 January of the current year for the evaluation period from 1 July until 31 December of the preceding year (first assessment cycle),
b) as of 31 July of the current year for the evaluation period from 1 January until 30 June of the current year (second assessment cycle).

2.3 The list of Key Participants assembled in the first assessment cycle is valid until the list of Key Participants is prepared in the second assessment cycle and the list compiled in the second assessment cycle is valid until a new list is compiled in the first assessment cycle.

2.4 Where relevant, CDCP updates the list of Key Participants outside of the update deadlines set for the list of Key Participants based on the continuous monitoring of all factors defined in this article.

2.5 CDCP evaluates whether the criteria for determining Key Participants are met based on the factors set out in Art. 67 of the Commission Delegated Regulation (EU) 2017/392 of 11 November 2016 supplementing Regulation (EU) No 909/2014 of the European Parliament and of the Council with regard to regulatory technical standards on requirements for authorisation and supervision of the central securities depositories and the operational requirements for thereof, in particular on the basis of:

a) the volume and value of settled instructions,
b) substantial dependencies between participants and clients of the Participants (when the central CDCP knows them) that may affect CDCP,
c) the possible impact of Participants on other Participants and the securities transaction settlement system of CDCP as a whole in the case of an operating problem that affects the smooth delivery of CDCP services.

2.6 For the purposes of Sec. 2.5 of this Article, a Participant meeting at least one of the following criteria shall be deemed to be a Key Participant in the CDCP settlement system:

a) the proportion of the number of settled instructions of the given Participant to the total number of settled instructions in the of settlement system is at least 20%,
b) the proportion of the value of settled instructions of the given Participant in the total value of settled instructions in the of settlement system is at least 20%,
c) the proportion of the Participant's client's share of the settled instructions of the given Participant is at least 40%, whereas the share of the settled instructions of the Participant of the total number of settled orders in the system of settlement is at least 15%,
d) the proportion of the Participant's client's value of the settled instructions of the given Participant is at least 40%, whereas the share of the value of settled instructions of the Participant of the total value of settled instructions in the system of settlement is at least 15%.

2.7 An instruction of the Participant for settlement submitted into the settlement system includes an instruction placed by an authorised participant as a service provider for another Participant to the settlement system and is also considered to be an order of the Participant.

2.8 An instruction with cash settlement and an instruction for settlement without payment settled in the relevant evaluation period shall be deemed a settlement instruction as per Sec. 2.6 of this Article, not taking into account movements of securities, instructions to record data on securities crediting or debiting the account, and instructions to perform a correction in the registry according to Art. 108 of the ZOCP.

2.9 The value of a settled instruction under Sec. 2.6 of this Article:
a) is the cash value for settlement in case of instruction with cash settlement,
b) is the value of securities at a nominal value in case of an instruction for settlement without payment.

2.10 If the instruction is settled in a currency other than the euro or the securities are issued in a currency other than the euro, CDCP will recalculate the value according to the previous paragraph to the ECB's exchange rate valid on the date of settlement of the given instruction.

Article 3
Collection of Information on Clients of Participants

3.1 Immediately after the expiry of the assessment period, CDCP will ask a participant whose share in the number or value of settled orders as a fraction of the total number or value of settled instructions in the settlement system reached the limit referred to in Article 2 Sec. 2.6 of this Executory Decree in the evaluation period to identify their clients who qualify under Article 2 Sec. 2.6 Sec. (c) and/or (d) of this Executory Decree. For this purpose, the participant is obliged to provide the required data within 15 days of receipt of the request for information.

3.2 CDCP finds out information on the clients of the participants directly if these clients have an account in the records of the central depository or of a Member.

3.3 In the event that the clients of a participant are listed in the Holder's registry, the participant is obliged under Sec. 3.1 of this article to notify CDCP of the following information on its clients:

a) name,

b) seat,

c) an identification number or a similar identification number in the case of a foreign entity,

d) BIC and LEI (if assigned to the client),

e) the percentage of number and/or value of the participant's settled instructions as a share of the total number and/or value of the participant's instructions for the given evaluation period.

3.4 After receiving and evaluating the participant's client information pursuant to Sec. 3.3 of this Article, CDCP shall inform the participant, if relevant, of its inclusion in the key participants list.

3.5 The obligation under Sec. 3.1 of this Article does not apply to a participant that is the investor central depository.

3.6 Client information provided by a participant pursuant to this Article shall be treated as confidential and CDCP shall not be entitled to use the information for purposes contrary to Art. 67 of the Delegated Regulation 2017/392 and this Executory Decree.

Article 4
Informing Key Participants

4.1 CDCP informs a participant who has been placed on the list of Key Participants immediately after the end of the evaluation period, but no later than on the date of compilation of this list or as of the date of an update to the list of Key Participants.

4.2 CDCP shall also justify the inclusion of the Participant in the list of Key Participants by specifying how the participant met the criteria.

Article 5
Obligations of Key Participants

5.1 During its listing in the list of Key Participants, each Key Participants is required to have:

a) a minimum of two users registered (end users of IS CDCP for the Participant) for the U2A connection mode to IS CDCP, or

b) established connection to IS CDCP in A2A mode and at least one user registered (end users of IS CDCP for the Participant) for U2A mode of connection to IS CDCP.

5.2 The obligation under the previous paragraph applies only to a Participant that is included in the list of Key Participants for at least two consecutive evaluation periods.

5.3 During the compilation and evaluation of the list of Key Participants, CDCP verifies the fulfilment of the obligations under Sec. 5.1 of this Article and the Participant that fails to comply with these obligations shall be asked to comply, whereas the Participant shall determine an appropriate period for becoming compliant with this obligation.

5.4 In order to manage the operational risks that CDCP may be exposed to by the Key Participants, CDCP is entitled to require these Participants to regularly test the participant's operational failure beyond the regular testing organised by CDCP.

5.5 If CDCP detects shortcomings of a Key Participant based on a routine test of the Participant's operational failure or in testing based on request according to the previous section, the Key Participant is immediately obliged to make good the shortcomings and repeat the test on the date specified by CDCP.

Article 6
Final and Transitional Provisions

6.1 This Executory Decree to the Rules of Operation becomes valid on the date of its approval by CDCP Board of Directors on 28 July 2021 and comes into force on 16 August 2021.