

**SPECIMEN CONTRACT ON A CUSTOMER ACCOUNT
IN THE SKD**

**The Czech National Bank
Na Příkopě 28, Prague 1,
Company Identification Number 48136450**

represented by

.....

.....
(hereinafter only “the CNB”)

and

.....
(Name, registered office)

represented by

.....

.....
(hereinafter only the “Custodian”)

hereby conclude this

**CONTRACT
On a Customer Account in the SKD**

**Article 1
Subject of the Contract**

(1) Under this Contract a customer account as a type of asset account will be opened for the Custodian, who shall thereby become a participant in the Short-Term Bond System operated by the Czech National Bank (hereinafter only the “SKD”). If the Custodian has already concluded one or more contracts on an asset account in the SKD, he becomes a participant on the basis of the first concluded contract on an asset account.

(2) The full name of the Custodian as recorded in the SKD is

1st part:

2nd part :

(3) The abbreviated name of the Custodian as recorded in the SKD is

(4) The Custodian’s code used in the SKD is

(5) The CNB undertakes to open and maintain for the Custodian a customer account in the SKD designated.....

(6) The CNB shall open the customer account in accordance with paragraph (1) not later than the following business day from the date when this Contract comes into effect.

Article 2 Rights and Obligations

(1) The rights and obligations of the contracting parties are specified in this Contract, in the valid Rules of the SKD, including their appendices (hereinafter only the “Rules”), and the Participant’s Manual (hereinafter only the “Manual”), which were published by the CNB.

(2) By signing this Contract the Custodian states that he is familiar with the Rules and the Manual and undertakes to abide by them with the exception stated in paragraph (3). The Custodian also states that he shall familiarise himself with any changes and amendments to the Rules and the Manual.

(3) If any of the provisions of this Contract differs from those of the Rules or the Manual, the provisions of the Contract shall prevail.

(4) The Custodian undertakes to refrain from any acts which might harm the interests of other SKD participants.

(5) The Custodian is obliged to duly keep his records linking up with the central records kept within the SKD (hereinafter only the “linking-up records”).

Article 3 Maintenance of the Customer Account

(1) The CNB shall maintain the customer account in accordance with the conditions stipulated by law¹⁾, the Rules and the Manual.

(2) The customer account may be used to record only those securities in book-entry form (here and after only “securities”) which the account holder took over from their owners. These securities shall be at the same time recorded by the Custodian in the linking-up records in the owner accounts.

Article 4 Access to the Account

(1) The agent who has access to the customer account in accordance with this contract is:

full name 1st part

 2nd part

abbreviated name.....

agent's code

registered office

(2) In the event that the CNB, under the conditions and in the manners stated in Appendix No. 4 to the Rules - Conditions for the Opening and Maintenance of an Asset Account in the SKD, changes the designation of the Custodian’s account, the agent named in paragraph (1) shall continue to have access to this customer account.

(3) The agent's statement confirming these facts is given in an appendix hereto and is an integral part hereof.

¹⁾ Act No. 256/2004 Coll., on Undertaking on the Capital Market, as amended by later regulations

Article 5 Money Account

(1) For the receipt of payments connected with the operations in this customer account, the following money account shall be used:

No.....

maintained with

(2) The Custodian undertakes that he will not cancel the money account specified in paragraph (1) during the period when it is recorded in the SKD.

Article 6 Scope of Authorizations

(1) The Custodian is authorized to act within the SKD with the following scope of authorizations:

a) to purchase on the primary market as of the date on which this Contract comes into effect,

b) to purchase on the secondary market as of the date on which this Contract comes into effect,

c) to sell on the secondary market as of the date on which this Contract comes into effect.

(2) The authorizations under paragraph (1) relate within the SKD to all types of securities recorded in the SKD in accordance with the conditions of issue of the specific securities.

(3) The CNB may in accordance with the Rules and the Manual revoke all the Custodian's authorizations stated in paragraph (1) or block his access to his customer account.

Article 7 Specimen Signatures

(1) The Custodian undertakes to provide the CNB with specimen signatures of the persons who are authorized:

a) to sign on behalf of the Custodian applications for the opening of an asset account,

b) to sign on behalf of the Custodian instructions and reports submitted to the operator in writing,

c) to handle on behalf of the Custodian any objections.

(2) If the Custodian has already concluded one or more contracts on an asset account, he is obliged to give the specimen signatures only in the case of the first concluded contract and further in the case of any change concerning the specimen signatures.

(3) The Custodian's specimen signatures must be signed by the statutory body or by the persons that are authorized to conclude contracts on an asset account in the SKD. The specimen signatures may be changed at any time and are valid from the business day following the date of their delivery to the CNB.

Article 8 Contact Addresses

(1) The Custodian undertakes to provide the CNB on the prescribed forms with a list of the contact persons, their addresses and e-mail addresses in which he will state whether they are authorized:

a) to sign contracts with the CNB,
b) to be sent account statements,
c) to be sent other information, particularly tax documents, notification of changes to the Rules and the Manual and to handle corrections of errors.

(2) If the Custodian has already concluded one or more contracts on an asset account, he is obliged to give the contact addresses only in the case of the first concluded contract and further in the event of any changes concerning the contact addresses.

(3) The Custodian's list of contact persons and their addresses stated in paragraph (1) must be signed by the statutory body or by the persons that are authorized to conclude contracts on an asset account in the SKD. The contact addresses or persons may be changed at any time. The changes are valid from the business day following the date of their delivery to the CNB.

(4) In the event of a change in the contact address or person the Custodian is obliged to notify the CNB of such change without delay, but not later than within ten calendar days.

(5) The CNB shall send all correspondence for the Custodian to the relevant contact person and address recorded in the SKD or to the Custodian's data mailbox. The contracting parties agree that any registered mail sent to the Custodian's contact address shall be deemed to be delivered the third business day after the day on which the mail was sent, and the fifteenth business day if it was sent to an address in some other country. This also applies in the event when the mail is returned by the post as undelivered or undeliverable.

Article 9 **Access to the SKD**

(1) The Custodian's access to the customer account within the SKD is mediated by his agent specified in Article 4 of this Contract.

(2) The Custodian communicates with the CNB electronically through his agent or agents, with the exceptions specified in the Rules or in the Manual.

Article 10 **Executing Payments**

(1) The Custodian's payments relating to the operations in the SKD, in the customer account, which according to parts four and five of the Rules the SKD executes by a third party instruction to the CERTIS system, will be paid from the interbank payment account of his agent.

(2) Payments to the Custodian relating to the operations in the SKD, in the customer account, which according to parts four and five of the Rules the SKD executes by a third party instruction to the CERTIS system, will be credited to the Custodian's money account specified in Article 5 paragraph (1) of this Contract.

Article 11 **Fees**

(1) Fees connected with the opening and maintenance of this asset account and with operations in the same shall be paid by the agent named in Article 4.

(2) The amount of the fees pursuant to paragraph (1) and their time-limits for their payment are stipulated in the valid CNB's Schedule of Charges for Financial and Business Services.

Article 12

Corrections of Errors and Liability for Errors

(1) The Custodian is responsible for the completeness and accuracy of the instructions sent by him and of the reports relating to operations in the SKD as well as for the completeness and accuracy of the documents that he provides to the agent.

(2) The CNB is only liable for errors that have demonstrably occurred in the SKD while processing the instructions and reports relating to operations in the SKD. The CNB is not liable for any errors in processing which occurred as a result of erroneous instructions and reports and the Custodian may not make any claims upon the CNB in relation thereto.

(3) The CNB is not liable for any errors which occurred in the SKD records as a result of errors in the linking-up records kept by the Custodian.

(4) The Agent that submitted the orders shall be liable for any errors which demonstrably occurred during the processing of orders for purchase from a primary sale.

(5) The Custodian undertakes to inform the CNB or, as the case may be, the Agent, of any errors immediately after their detection. The Custodian undertakes to pay the CNB an amount which corresponds to the fee for acts necessary for the processing of a written instruction for any unjustified notifications of errors and for claims for correction of errors lodged later than one week after their detection.

Article 13

Other Provisions

(1) The Custodian undertakes to notify the CNB without delay of any facts that are relevant to his participation in the SKD, any changes in the facts stated in the Application for Participation in the SKD and its appendices, or an update of the certification of these facts and changes in the facts which are the subject of the records of the SKD relating to the customer account or a change in other data in the records of the SKD.

(2) The Custodian consents to the fact that the CNB, under the conditions and in the manners stated in Appendix No. 4 to the Rules – Conditions for the Opening and Maintenance of an Asset Account in the SKD,

a) may transfer securities from this customer account to some other customer account of the Custodian,

b) may change the designation of the customer account and carry out the respective acts.

(3) In the event of a change in the designation of the customer account pursuant to paragraph (2), the Custodian undertakes to conclude with the CNB without delay the respective amendment to this Contract.

(4) Paragraph 5 et seq. of this Article shall apply only to an issue of securities, the yields on which are not subject to an exemption from tax pursuant to a special legal rule, i.e. do not qualify as yields on bonds pursuant to the act governing bonds and income stemming from the right to redemption of bonds issued by the Czech Republic, another EU Member State or an EEA country.

(5) The Custodian undertakes, on the day preceding the maturity day of the respective issue, to hand over to the CNB the Statement on securities on a customer account, stating in summary the numbers of securities at nominal value which is required in order to determine individual tax rates by which revenues on securities are subjected to tax based on the existing circumstances. In the Statement, the numbers of securities of the mature issue recorded in the customer account are set out broken down by the tax domicile of the recipients of the revenue on securities. The numbers of securities broken down by recipient into legal entities and natural

persons shall be stated in the case of recipients resident in the Czech Republic. The CNB shall provide the form Statement on the number of securities on clients' accounts on request.

(6) If the Custodian does not hand over the statement, the value of the securities at maturity shall be decreased by the tax or tax security according to the relevant provisions of the Act².

(7) If the real owner of the income from the securities is a legal entity or a natural person whose tax domicile is the Czech Republic, the custodian shall fill in the relevant part of the Statement on securities on a customer account in the SKD every time yields are paid on the securities. The custodian undertakes to retain and, whenever for a period of ten years after the maturity of the securities, to present on request, for the purposes of a tax check of the CNB, the statement of this entity that it is a tax resident of the Czech Republic and that it is the real owner of the income ensuing from the yields on the securities registered on the customer account and that this income is its own income in compliance with the tax legislation of the Czech Republic (statements to be valid at the moment of maturity of the securities). For the purposes of a tax check of the CNB, the custodian can also present on request another item of evidence.

(8) The custodian may, at the securities' maturity, apply benefits ensuing from the appropriate double-tax treaty where the real owner of the income from the securities is a foreign entity – a tax resident of a country with which the Czech Republic has an international double-tax treaty. If the real owner of the income from the securities is a foreign entity – a tax resident in an EU or EEA country, the custodian may apply, at the securities' maturity, benefits ensuing from this fact where tax security would otherwise be withheld. In these cases, the custodian shall fill in the appropriate part of the Statement on securities on a customer account in the SKD every time yields are paid on the securities. At the same time, the custodian, undertakes to retain and, whenever during the period of ten years after the maturity of the securities, to present on request, for the purposes of a tax check of the CNB, the tax domicile and the statement of a foreign entity that it is the real owner of the income arising from the yields on the securities registered on the customer account and the statement that this income is the entity's income in compliance with the tax legislation of the state of which the entity is a tax resident (both documents to be valid at the moment when securities are mature and the tax domicile no older than one year before the maturity of the securities).

(9) Where tax security is withheld and where the procedure pursuant to (8) is not applied, the custodian may apply, at the securities' maturity, the withholding tax rate according to the relevant provision of the Act³ for a foreign entity which is a tax resident in a EU or EEA country or in a third country with which the Czech Republic has concluded a double-tax treaty or an agreement or contract to exchange information in tax matters for the area of income taxes, or a country which is a party to a multilateral international treaty containing provisions on the exchange of tax information in the area of income taxes applicable also to the Czech Republic (the "contractual country"). In this case, the custodian shall fill in the appropriate part of the Statement on securities on a customer account in the SKD every time yields are paid on the securities. At the same time, the custodian undertakes to retain and, whenever for a period of ten years after the maturity of the securities, to present on request, for the purposes of a tax check of the CNB, the statement of the foreign entity proving the entity's tax domicile in the contracting state and the statement of this entity that it is the real owner of the income arising from the yields on the securities registered on the customer account and that this income is the entity's income in compliance with the tax legislation of the state of which the entity is a tax resident (both statements to be valid at the moment of maturity of the securities). For the purposes of a tax check of the CNB, the custodian can also present on request another item of evidence.

² Article 36(1)(c) of Act No. 586/1992 Coll., on Income Taxes, as amended; Article 38e(1)(a) and Article 38e(2)(a) of Act No. 586/1992 Coll., on Income Taxes, as amended

³ Article 36(1)(b) of Act No. 586/1992 Coll., on Income Taxes, as amended

(10) Where the procedure pursuant to (8) or (9) is not applied the custodian may apply, at the securities' maturity, the zero withholding tax rate or the zero tax security rate according to the relevant provision of international agreements concerning entity without tax domicile. In this case, the custodian shall fill in the appropriate part of the Statement on securities on a customer account in the SKD every time yields are paid on the securities. At the same time, the custodian undertakes to keep and, anytime during the period of ten years of the maturity of the securities, present on request, for the purposes of the CNB's tax check, a statement made by this entity that it is the real owner of the income from the yields on securities filed on the customs account (the documents to be valid at the moment when securities are mature). The custodian may also submit other evidence to prove the facts declared by him.

(11) The custodian is obliged to pay the CNB for any damage caused as a result of stating untrue data under (5), (7), (8), (9) and (10) or of failing to submit relevant documents when called upon by the CNB to do so or if the tax administrator during a tax check does not accept the submitted item of evidence or the statements under (7) or (9) or (10) as evidential.

Article 14

Extinction of the Contractual Obligation

- (1) This Contract is concluded for an indefinite period of time.
- (2) The contractual obligation may become extinct
 - a) by agreement between the contracting parties,
 - b) by notice given by one of the contracting parties,
 - c) by withdrawal from the Contract by either of the contracting parties,
 - d) as a result of termination of participation of the Custodian's agent in the SKD, unless the Custodian within three months of this fact notifies the CNB of a change of the agent,
 - e) by cancellation of this customer account under the conditions stipulated by law.
- (3) The Custodian shall be entitled to repudiate this Contract in writing at any time without giving a reason. The contractual obligation shall become extinct on the fifth business day after the delivery of the notice to the CNB.
- (4) The CNB shall be entitled to repudiate this Contract in writing at any time without giving a reason. The CNB shall repudiate the contract on the basis of a justified written request by the agent having access to the customer account based on the fact that no securities have been recorded in the Custodian's asset account for one year before the day of submission of the request. The CNB shall send a notice of withdrawal to the Custodian by registered mail, to the contact address and person authorized to sign a contract with the CNB pursuant to Article 8 paragraph (1), letter a) of this Contract. The contractual obligation becomes extinct on the fifth business day after the delivery of the notice of withdrawal to the Custodian.
- (5) The CNB shall be entitled to withdraw from this Contract with immediate effect in the event that the Custodian has breached his obligations ensuing from this Contract, the Rules or the Manual. The CNB shall send a notice of withdrawal from the Contract to the Custodian by registered mail, to the contact address and person pursuant to Article 8, paragraph (1), letter a) of this Contract. The contractual obligation shall cease to be effective on the day of delivery of the notice of withdrawal from the Contract to the Custodian.
- (6) The CNB shall be also entitled to withdraw from the Contract, if it detects any material facts which might jeopardize in a substantial manner the Custodian's ability to meet his obligations under this Contract, the Rules or the Manual (for example execution of a decision directed against the Custodian or imminent bankruptcy).
- (7) If the CNB sends the Custodian a notice of withdrawal from the Contract pursuant to the preceding paragraphs, it may at the same time avail itself of its authorization pursuant to Article 6, paragraph (3).

(8) Unless the CNB becomes aware that the notice was delivered earlier, the date of delivery of a notice of withdrawal from the Contract referred to in (4) and a notice of withdrawal from the Contract referred to in (5) and (6) shall be the third working day following the dispatch of the letter; however, if it is sent to an address in another country, the date of delivery shall be the fifteenth working day following dispatch. This also applies in the event when the notice is returned by the post as undelivered or undeliverable.

(9) If extinction of the contractual obligation pursuant to paragraph (2), letters a) to d) occurs and there are still securities recorded in the customer account, the Custodian is obliged to transfer these securities without undue delay to some other asset account. Only for these purposes is he authorized to issue an instruction to register a transfer, which will be settled by the SKD in accordance with the Rules and the Manual, as if the Contract were still effective. The customer account shall be cancelled not later than on the following business day after the day when there are no securities recorded in it.

(10) The extinction of the contractual obligation does not relieve the Custodian of his duty to meet all his obligations ensuing from this Contract.

Article 15

Final Provisions

(1) The contracting parties undertake to resolve any possible disputes based on this Contract firstly by negotiations on the level of their representatives authorized to conclude this Contract. If any dispute which has arisen cannot be resolved in this way, the contracting parties agree that the authorities competent to consider and resolve disputes arising from this Contract shall be the courts of the Czech Republic.

(2) The CNB shall hand over, upon request, the Rules and the Manual to the Custodian and shall inform the Custodian about the publishing of the Rules and the Manual and any changes thereto on the CNB website via e-mail messages sent to the person stated in the form Contact Persons and Addresses of the Custodian – Authorization C).

(3) The CNB shall announce each change to the Rules and the Manual, including the stipulation of an adequate space of time in which it is necessary for the participants to familiarise themselves with the respective change, on the CNB website.

(4) Any changes and amendments to this Contract may be executed only in writing and with the approval of both contracting parties.

(5) This Contract is concluded pursuant to the provision of Article 1746(2) of Act No. 89/2012 Coll., the Civil Code, as amended.

(6) The rights and obligations arising from the Custodian's participation in the SKD shall be governed by the legal order of the Czech Republic.

(7) This Contract is executed in 3 counterparts, of which one will receive the CNB, one the Custodian and one the Custodian's agent stated in Article 4 of this Contract.

(8) The Contract becomes valid and effective on the day of its signing by both contracting parties.

(9) This Contract is made in the Czech and English languages. The Czech version shall be decisive in case of any differences.⁴⁾

In Prague, on.....

In, on

.....

.....

.....

.....

The CNB

The Custodian

⁴⁾ This paragraph shall be included in the contract only in case that the contract with a tax non-resident is being concluded.

Statement

Appendix

The Agent

represented by

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*hereby confirms the facts stated in Article 4 of the Contract on the Customer Account in the SKD,
designated in the SKD*

which is concluded between

the Czech National Bank, Na Příkopě 28, Prague 1

and

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In, on.....

.....

The Agent