

SPECIMEN CONTRACT ON PARTICIPATION  
IN THE SKD

**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 “Agent”)

hereby conclude this

**CONTRACT**  
**on Participation in the SKD**

**Article 1**  
**Subject of the Contract**

(1) On the basis of this Contract the Agent begins to participate in the Short-term Bonds System (hereinafter only the “SKD”). The Agent becomes a participant in the SKD as at the effective date of this Contract.

(2) The complete name of the Agent recorded in the SKD is

1<sup>st</sup> part: .....

2<sup>nd</sup> part: .....

(3) The abbreviated name of the Agent in the SKD is .....

(4) The code of the Agent used in the SKD is .....

## **Article 2 Rights and Obligations**

(1) The rights and obligations of the contracting parties are stipulated by this Contract, the Rules of the Short-term Bond System including their appendices (hereinafter only the “Rules”) and the Participant’s Manual (hereinafter only the “Manual”), which were issued by the CNB.

(2) The Agent, by the signature hereof, states that he is acquainted with the Rules and the Manual and undertakes to comply with them with the exception stated in paragraph (3). The Agent also states that he shall familiarise himself with any changes and amendments to the Rules and the Participant’s Manual.

(3) Should any of the stipulations hereof be different from the stipulations of the Rules or the Manual, the stipulations of this Contract shall have precedence.

(4) The Agent undertakes to abstain from any acts which may harm the interests of other SKD participants.

(5) The Agent undertakes to pay the CNB fees for the services provided by the CNB within the SKD to the Agent in a due and timely manner.

## **Article 3 Scope of Authorizations**

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

- a) to organise auctions beginning as at the effective day of this Contract,
- b) to mediate access to the SKD for other participants beginning as at the effective date of this Contract.

(2) In accordance with the Rules and the Manual the CNB may withdraw from the participant both authorizations stated in paragraph (1).

## **Article 4 Fees**

(1) The Agent undertakes to pay the CNB fees for the services relating to this Contract and fees for the services relating to the client’s or custodian’s accounts to which he has access, by non-cash transfer into the CNB account within the time-limits and in the amounts stipulated by the valid CNB’s Schedule of Charges for Financial and Business Services, after the Agent has received a tax document issued by the CNB.

(2) The contracting parties agree that should the payment of fees be delayed the CNB is authorized to charge a contractual penalty amounting to 0.3% of the amount due for each calendar day of the delay. The contractual fine shall be without prejudice to the CNB’s claim for damages.

## **Article 5 Specimen Signatures**

(1) The Agent undertakes to submit to the CNB, on the relevant forms, the specimen signatures of the persons who are authorized to:

- a) sign on behalf of the Agent instructions and reports submitted to the operator in writing,

- b) handle on behalf of the Agent any corrections of errors in the SKD and apply for data changes in the records of the SKD,
- c) sign on behalf of the Agent the clients' or the custodians' applications to open an asset account,
- d) sign on behalf of the Agent the clients' notifications of the intent to issue securities in the SKD.

(2) The specimen signatures of the Agent must be signed by the statutory body or by the persons authorized to conclude a contract on participation in the SKD. The specimen signatures may be changed at any time and they shall become effective as at the business day following the day of their delivery to the CNB.

## **Article 6**

### **Contact Addresses**

(1) The Agent undertakes to submit to the CNB, on the relevant forms, a list of his contact persons and their addresses, specifying whether these persons are authorized:

- a) to sign contracts with the CNB,
- b) to be sent other information, namely tax documents, changes to the Rules and the Manual and to handle objections.

(2) The Agent's list of contact persons and their addresses specified in paragraph (1) must be signed by the statutory body or by the persons authorized to conclude a contract on participation in the SKD. The contact addresses and persons may be changed at any time. The changes become effective as at the business day following the day of their delivery to the CNB.

(3) In the case of a change in the contact address or person the Agent is obliged to report this change to the CNB without delay, however within a maximum of 10 days.

(4) The CNB shall address all its correspondence for the Agent to the relevant contact person and address recorded in the SKD or to the Agent's data mailbox. The contracting parties agree that any mail sent to the agent'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 7**

### **Delivery and Processing of Instructions and Reports**

(1) The Agent and the SKD shall exchange instructions and reports relating to the transactions in the SKD by electronic means, unless otherwise stated in this Contract, the Rules or in the Participant's Manual.

(2) The instructions relating to transactions in the SKD are processed by the SKD immediately upon their receipt according to the sequence in which they were delivered. The Agent shall be informed of the processing results without delay through the SKD.

(3) The time during which the SKD accepts the instructions relating to transactions in SKD from the participants is stipulated in Appendix No. 3 to the Rules – Periods and Time-limits for Executing transactions in the SKD.

## **Article 8 Payments**

(1) In connection with his operations and the transactions of his clients or the transactions of his custodians in the SKD, the Agent authorizes the CNB to issue in accordance with the Rules, the Participant's Manual and this Contract via the SKD instructions to the CERTIS system for third party payments debiting the Agent's interbank payment account, maintained with the CNB. In these instructions to the CERTIS system the SKD shall state the Agent's cash account No. ...., maintained with .....

(2) The Agent undertakes not to cancel the Agent's cash account specified in paragraph (1) as long as the Agent is recorded in the SKD.

## **Article 9 Corrections of Errors and Liability for Errors**

(1) The Agent is responsible for the completeness and accuracy of the instructions and reports sent by him concerning of the Participant in the SKD.

(2) The CNB is only liable for errors which were demonstrably generated in the SKD during the processing of instructions and reports concerning of the Participant in the SKD. The CNB is not liable for errors in processing which have arisen as a result of erroneous instructions and reports. The Agent shall have no claim on the CNB for such errors in any respect.

(3) If any errors were demonstrably generated when submitting purchase orders from the primary sale, the Agent who submitted the orders shall be liable for the errors.

(4) If any errors which were demonstrably generated during the transmission of the results of the processing of purchase orders from the primary sale under paragraph 3 to the records of the SKD, the Agent who carried out these activities shall be liable for the errors.

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

## **Article 10 Eligibility of Service Staff**

(1) The Agent undertakes to provide that his office shall be staffed only by employees who are registered in the SKD.

## **Article 11 Technical Conditions and Security Recommendations**

(1) The Agent is obliged to arrange for the connection of his office via the CNB's communication gateway at his own expense.

(2) The Agent undertakes to use the stipulated hardware and software facilities and to observe the security recommendations specified in Appendix No. 2 to the Rules.

## **Article 12 Other Arrangements**

(1) The Agent undertakes to inform the CNB without delay of all changes in the facts stated in the application to participate in the SKD and its appendices and changes in data in the SKD records.

(2) The Agent hereby agrees that his code, abbreviated name, complete name, identification number, registered office, cash account number, date on which the Agent became a participant in the SKD and the scope of his authorizations under Article 3, paragraph (1) hereof may be stated in the information surveys provided by the SKD to other participants.

## **Article 13 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) by termination of the effectiveness of the agreement between the CNB and the Agent on access via the CNB's communication gateway.

(3) The Agent 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 if the Agent breaks the Contract. The CNB shall send a notice of withdrawal to the Agent by registered mail, to the contact address and person pursuant to Article (6), paragraph (1), letter a) of this Contract. The Contract shall become extinct on the fifth business day after the delivery of the notice to the Agent.

(5) The CNB shall be entitled to withdraw from this Contract with immediate effect in the event that the Agent has breached seriously his obligations ensuing from this Contract or the Rules (e.g. the cancellation of the Agent's cash account). The CNB shall send a notice of withdrawal from the Contract to the Agent by registered mail, to the contact address and person pursuant to Article 6, paragraph (1), letter a) of this Contract. The contractual obligation shall become extinct on the day of delivery of the notice of withdrawal from the Contract to the Agent.

(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 Agent's ability to meet his obligations under this Contract or the Rules (for example execution of a decision directed against the Agent or imminent bankruptcy).

(7) Unless the CNB becomes aware that the notice was delivered earlier, the day of delivery of the notice pursuant to paragraph (4) and withdrawal from the Contract pursuant to paragraphs (5) and (6) shall be the third business day after the day on which the notice was sent and the fifteenth business day if the notice was sent to an address in some other country. This also applies in the event when the notice is returned by the post as undelivered or undeliverable.

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

**Article 14  
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 to the Agent and shall inform the Agent about the publishing of the Rules and the Manual and any changes on the CNB website and about the publishing of user documentation and any changes thereto via e-mail messages sent to the person stated in the Agent’s form Contact Persons and Addresses of the Agent – Authorization C).

(3) The CNB shall announce each change to the Rules, including the stipulation of an adequate space of time in which it is necessary for the users to familiarise themselves with the respective change, on the CNB website, or on the sites of the SKD server application. A change in the Rules or their appendixes shall become effective upon their publication, unless a later date is specified by the CNB.

(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 Agent’s participation in the SKD shall be governed by the legal order of the Czech Republic.

(7) This Contract is executed in two counterparts, of which the CNB shall receive one and the Agent the other.

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

(9) This Contract shall be executed in Czech and English. In case of differences, the Czech version shall apply.<sup>1</sup>

In Prague, on .....

In....., on.....

.....

.....

.....

.....

The CNB

The Agent

<sup>1</sup> The paragraph shall be included in the Contract only if the Contract is concluded with a tax non-resident.

*Statement<sup>2</sup>*

*The Agent's Bank* .....

*represented by* .....

.....

*hereby confirms the facts stated in Article 8 of the Contract on Participation in the SKD, concluded between*

***the Czech National Bank, Na Příkopě 28, Prague 1***

*and*

....., i.e. that

- it maintains the Agent's cash account, the payment system conditions of which enable the Agent to comply with all the obligations arising for the Agent from the Contract on Participation in the SKD, whereby it particularly

**authorises the CNB** to issue, in connection with the Agent's operations and the transactions of his clients or the transactions of his custodians in the SKD and in accordance with the Rules, the Participant's Manual and this Contract signed with the Agent, instructions via the SKD to the CERTIS system for third party payments debiting its interbank payment account maintained with the CNB. In these instructions to the CERTIS system the SKD shall state the Agent's cash account No. ...., maintained with .....

In ....., on.....

.....

The Agent's Bank

<sup>2</sup> The statement is issued only in the case that the Agent does not have his own interbank account maintained with the CNB.