Act No. 42/1994 Coll. - State-Contributory Supplementary Pension Insurance Act

on state-contributory supplementary pension insurance and amending certain acts related to its introduction, as amended

Amendment: 61/1996 Coll.
Amendment: 15/1998 Coll.
Amendment: 170/1999 Coll.
Amendment: 353/2001 Coll.
Amendment: 309/2002 Coll.
Amendment: 36/2004 Coll.

The Parliament has adopted this Act of the Czech Republic:

PART ONE

SUPPLEMENTARY PENSION INSURANCE

CHAPTER ONE

FUNDAMENTAL PROVISIONS

Section 1

(1) This Act shall regulate state-contributory supplementary pension insurance (hereinafter "supplementary pension insurance") operated by pension funds, the activities of pension funds and state supervision of supplementary pension insurance, and amendments to certain existing acts related to the introduction of supplementary pension insurance.

(2) For the purposes of this Act, supplementary pension insurance shall mean the collection of financial contributions from participants in supplementary pension insurance (hereinafter "participants") and from the state as provided for the benefit of the participants, management of such financial contributions, and the payout of supplementary pension insurance benefits.

(3) Supplementary pension insurance as described in subsection 2 above shall not be carried on by any persons other than pension funds.

Section 2

(1) A natural person may become a participant if he is over 18 years of age, has permanent residence in the Czech Republic and has concluded a supplementary pension insurance policy in writing with a pension fund (hereinafter a "policy"). Participation in supplementary pension insurance is voluntary.

(2) Additionally, a natural person may become a participant if he is over 18 years of age and is resident in the territory of another member state of the European Union, provided he is a participant in pension insurance or public health insurance in the Czech Republic and concludes a policy with a pension fund.

Section 2a

In supplementary pension insurance it shall be forbidden to discriminate against participants on grounds of sex, race, skin color, language, faith and religion, political or other orientation, national or social origin, membership of a national or ethnic minority, and on grounds of property, family, state of health or age. Use of data contained in the death rate tables separately for men and women for the purpose of calculating the size of pensions shall not be deemed to discrimination on grounds of sex.

CHAPTER TWO

PENSION FUNDS

Section 3

(1) A pension fund is a legal person which has business address in the Czech Republic and carries on supplementary pension insurance pursuant to this Act.

(2) A pension fund is a joint-stock company to which the provisions of the Commercial Code [1)] apply, unless this Act provides otherwise.

(3) A bank performing the function of depositary (hereinafter a "depositary") for a pension fund, and any legal person in which the depositary possesses a direct or indirect ownership stake in registered capital in excess of 10%, shall be prohibited from acquiring such pension fund's shares. Furthermore, health insurance providers shall be prohibited from acquiring a pension fund's shares.[1a)] Persons acquiring a pension fund's shares in contravention of the provisions of the first and second sentence shall be prohibited from exercising the following shareholder rights:

(a) taking part in and voting at general meetings of shareholders;

(b) requesting that an extraordinary general meeting be convened; and

(c) filing with a court a petition for a ruling invalidating general meeting resolutions.

(4) The business name of a pension fund must include the words "Pension Fund". All other persons shall be prohibited from using these words in their business or commercial names.

Section 4

(1) A pension fund shall not be established on the basis of a public share subscription call.

(2) A pension fund shall be permitted to issue only registered shares of equal nominal value.

(3) A pension fund shall be prohibited from issuing employee shares [1aa)] and preferred shares.

(4) A pension fund's minimum registered capital shall equal no less than CZK 50,000,000. It shall consist exclusively of financial contributions which must be paid up prior to the submission of an application pursuant to Section 5.

(5) Registered capital cannot be increased by means of non-financial contributions. New shares shall not be offered for subscription on the basis of a public share subscription call.

(6) Prior approval from the Ministry of Finance (hereinafter "ministry") in agreement with the Securities Commission shall be required for any transfer of pension fund shares in excess of 10% of the pension fund's registered capital, conducted in one or several transactions, to any person or several persons acting in concert,[1b)] as well as for any share subscription call in excess of 10% of the pension fund's registered capital to a selected interested party. The application for approval shall be filed by the share acquirer or subscriber. If the ministry does not advise within 30 days of receipt of an application for approval that it does not agree with the transfer or subscription of new shares, it shall stand that approval has been granted. Shareholders who have acquired shares in the manner described in this subsection without the ministry 's approval shall be prohibited from exercising the shareholder rights specified in Section 3 (3) (a) through (c).

(7) The ministry shall not grant its consent under paragraph 6 if the acquisition of the stated extent of a pension fund's shares would prejudice the credibility and safety of supplementary pension insurance.

(8) Pension fund shares that constitute a shareholder's ownership interest in a pension fund shall not be used to secure liabilities.

Section 5

(1) A licence shall be necessary to incorporate and operate a pension fund. The Ministry, in agreement with the Ministry of Labour and Social Affairs and the Securities Commission, shall rule on the granting of a licence based on a written application filed by the pension fund's founders.

(2) In applications pursuant to paragraph 1 the applicant shall state the following:

(a) the business name and address of the pension fund;

(b) the magnitude of the pension fund's registered capital;

(c) the material and organizational prerequisites for the pension fund's operation;

(d) the professional competence and unimpeachability of the proposed members of the pension fund's board of directors and supervisory board; for the purposes of this Act a person shall be deemed to be unimpeachable if he was not officially convicted of a property crime or another deliberate crime;

(e) the depositary.

(3) The following must be attached to the application pursuant to subsection 1:

(a) documents evidencing the establishment of the joint-stock company, the paying up in full of its registered capital and the origin of the registered capital;

(b) the pension fund's articles of association;

(c) the pension fund's draft statutes (hereinafter the "statutes");

(d) the pension fund's draft pension plan (hereinafter the "pension plan").

(4) The ministry shall not grant consent if the draft statutes or the draft pension plan fail to meet the requirements specified by this Act or if the pension fund fails to satisfy the preconditions for paying out the proposed supplementary pension insurance benefits.

Section 6

(1) The ministry shall rule on a licence application pursuant to Section 5 within 60 days of receipt of the application or additional information thereto.

(2) The approved statutes and pension plan, the approval of the proposed members of the pension fund's board of directors and supervisory board, and the approval of the depositary shall be an integral part of the licence pursuant to Section 5 (1).

(3) The licence shall be granted for an indefinite period and shall be non-transferable.

Section 7

(1) A pension fund's board of directors shall have no fewer than five members; a pension fund's supervisory board shall have no fewer than 3 members, with the number of members being divisible by three.

(2) Only individuals who are over 18 years of age, are capable of conducting acts in law, are unimpeachable, professionally qualified, are not among the persons specified in subsection 3 below, and who have been granted ministry's prior approval shall be eligible to be members of the board of directors and supervisory board (hereinafter the "pension fund bodies") and as the procurator. If, within 30 days of receipt of a proposal for a new member of a member of the pension fund bodies or procurator, ministry does not advise its disagreement with the proposal, it shall stand that the proposal is approved.

(3) The following shall be prohibited from serving on pension fund bodies:

(a) parliamentary deputies and senators, members of the government, the Supreme Audit Office, and the bank council of the Czech National Bank;

(b) members of the bodies of another pension fund, of the bodies of an insurance company[1c)], health insurance provider[1a)], bank, companies holding security trading permits, brokers, members of stock exchange bodies, members of the bodies of the organizer of an over-the-counter securities market[2)] and members of the bodies of investment companies and investment funds [3)];

(c) employees of another pension fund, the depositary, the stock exchange, the organizer of an over-the-counter market and the Securities Centre[4]);

(d) persons who have had their licences revoked under the Securities Act[5)] and individuals not deemed to be unimpeachable.

(4) A pension fund's employees shall not be members of the pension fund's supervisory board.

(5) Members of pension fund bodies shall be required to discharge their duties in such a manner as not to harm the participants' interests. The members of such bodies and persons close to them[6)] shall be prohibited from purchasing real estate and movables which constitute the assets of the pension fund and from selling real estate or movables to the pension fund.

(6) Pension fund employees shall not be among the natural persons listed in subsection 3 above. The provisions of subsection 5 above shall apply mutatis mutandis to pension fund employees.

(7) Members of pension fund bodies and pension fund employees shall be required to uphold the confidentiality of any facts which they learn while performing their office or employment or in connection thereto; this shall not affect ministry's authority while exercising state supervision pursuant to Section 42. This requirement shall apply even after the termination of their office or employment. The natural persons listed in the first sentence shall be released from the duty to uphold confidentiality under conditions specified by special regulations for the purposes of civil court proceedings, criminal proceedings, tax collection and when fulfilling their duty vis-a-vis the appropriate organizational unit of the ministry pursuant to a special act[6a)].

Section 8

(1) A pension fund's depositary shall be governed mutatis mutandis by a special act regulating the discharge of this function for investment companies and investment funds[7)] unless this Act provides otherwise.

(2) Any change of depositary must be approved by ministry in agreement with the Securities Commission, otherwise it shall be invalid. If ministry does not advise within 30 days of receipt of a proposal for change of depositary that it does not agree with the change of the depositary, it shall stand the change has been approved.

(3) The ministry shall be authorized to rule on a change of a pension fund's depositary if the depositary violates its obligations as laid down by this Act or by the depositary agreement. A depositary agreement shall expire on the date when ministry's ruling on a change of depositary enters force. The pension fund shall be required no later than one month after the depositary agreement's expiration to conclude a depositary agreement with another bank.

(4) A pension fund shall be obliged always to open with its depositary separate current accounts or sub-accounts to the current account for

(a) the receipt of contributions from and refunding of contributions to supplementary pension insurance participants (hereinafter "contributions");

(b) the provision and refunding of state contributions to supplementary pension insurance (hereinafter "state contributions");

(c) the financing of the pension fund's operations;

(d) the placement and deposit of the pension fund's financial means.

(5) A pension fund may open a current account with a bank that is different from the depositary only after having notified its depositary and only where it is opening the current account as a condition of opening a deposit account. After the deposit account has been opened, the pension fund shall be obliged to transfer the balance on such current account to the deposit account or the current account opened with the depositary.

(6) When changing depositary, a pension fund shall be permitted to have a separate current account for the receipt of contributions from and refunding of contributions to participants opened with the bank with which the depositary agreement has expired for no more than six months after the expiration of the depositary agreement.

(7) A pension fund's employees shall not constitute more than one-third of its depositary's statutory body and its supervisory board.

CHAPTER THREE

THE STATUTES AND PENSION PLAN

Section 9

(1) Each pension fund shall have its statutes and pension plan. The manner of adoption of the statutes and of the pension plan, and amendments thereto, shall be regulated by the pension fund's articles of association.

(2) Any amendments to the statutes must be approved by ministry, otherwise they shall be invalid. If ministry does not advise within 30 days of receipt of a draft amendment that it does not agree with the amendment, it shall stand that the amendment has been approved. Amendments to the statutes shall be approved by ministry in agreement with the Securities Commission.

(3) Any amendments to the pension plan must be approved by ministry, otherwise they shall be invalid. If ministry does not advise within 60 days of receipt of an amendment that it does not agree with the amendment, it shall stand that the amendment has been approved. The ministry shall reject amendments if they do not meet the requirements specified in Section 5 (4). Pension plan amendments shall be approved by ministry in agreement with the Ministry of Labor and Social Affairs.

(4) The statutes and pension plan shall be accessible to everyone.

Section 10

The statutes shall include:

(a) the scope of a pension fund's activities pursuant to Section 12 (1) and Section 32;

(b) the focus and objectives of the pension fund's investment policy, especially as regards the kinds of assets to be acquired with the pension fund's financial means;

(c) the pension fund's management principles;

(d) the method of distribution of profit;

(e) the depositary's business name and address;

(f) the method of publishing reports concerning the pension fund's asset management, amendments to the statutes, and information as to where these reports can be obtained.

Section 11

(1) The pension plan shall specify

(a) the kinds of pensions and other supplementary pension insurance benefits;

(b) the conditions for entitlement to supplementary pension insurance benefits and their payout;

(c) the calculation method for supplementary pension insurance benefits;

(d) grounds for serving notice on supplementary pension insurance;

(e) the size of contributions;

(f) the conditions for deferment or suspension of contributions and for changes in the size of contributions;

(g) the rules and methods of payment of contributions and the procedures affecting non-remittance, late or incorrect remittance of contributions;

(h) conditions for acceptance of financial means from supplementary pension insurance with another pension fund and the adjustment of entitlements on the basis of such acceptance;

(i) the principles according to which the participants, including pension recipients, share in their pension fund's revenues.

(2) Each pension plan shall regulate the conditions for participants' entitlement to old-age pension benefits (Section 21 (1) (a)) and lump-sum settlement. A pension plan may stipulate more favourable conditions for establishment of participants' entitlements than those specified by this Act, provided this is not ruled out by this Act.

(3) The pension plan shall be conceived as a defined-contribution pension plan where the size of pension benefits is dependent on the sum of the contributions remitted in the participant's favour, on the participant's share of the pension fund's revenues, and on the age from which the pension benefits are to be provided (hereinafter "defined-contribution pension plan").

(4) In the case of disability pensions, the pension amount may be determined, in addition to by the rules defined-contribution pension plan, in such a way that the pension fund guarantees an agreed amount if the conditions for entitlement to such pension are met, or it may be determined by another method (hereinafter "defined-benefit pension plan"); in that case the pension plan must include criteria for the division of the pension fund's revenues into the portion which shall be used to determine the size of pension using the defined-contribution pension plan and the portion which shall be used to determine the size of pension using the defined-benefit pension plan.

(5) If a defined-contribution pension plan includes early-retirement pension, the contributions for such pension shall not exceed the size of contributions for old-age pension.

(6) The sizes of pension benefits and contributions as set out in a pension plan shall be based on actuarial principles, taking into account the pension fund's revenues.

CHAPTER FOUR

ESTABLISHMENT AND TERMINATION OF SUPPLEMENTARY PENSION INSURANCE

Section 12

(1) Supplementary pension insurance shall be established by the signing of a policy between an individual who is eligible to be a participant (Section 2) and a pension fund as of the date given in the policy. The contract must not contain any clauses that could be misused in planholder´s disadvantage.

(2) Policies under this Act shall not be governed by the provisions of the Civil Code concerning insurance policies.[8)]

(3) Intermediation activity intended to lead to the conclusion of policies between a pension fund and an individual who is eligible to be a participant (Section 2) may be carried on by individuals or legal entities with residence or business address in the Czech Republic for a pension fund which possesses a licence to operate (Section 5 (1)).

Section 13

Prior to the signing of a policy the future participant must be familiarized with the articles of association and the pension plan.

Section 14

(1) By signing a policy the pension fund shall be bound to provide the participant with benefits in the amount and manner stipulated by the pension fund and such policy, and the participant shall be bound to remit contributions to the pension fund on the conditions, in the amount and in the manner defined in the pension plan and such policy.

(2) The pension plan to which a policy refers and which is attached to the policy shall be part of the policy.

(3) A pension fund is obliged to notify participants in writing of any changes to the pension plan that affect supplementary pension insurance entitlements and benefits.

(4) A participant may elect to appoint a person in the policy who shall be entitled to benefits in the event of the participant's death (Section 23 (1) (b)). If more than one person is appointed, the participant must specify how the benefits are to be divided among these persons.

Section 15

Each policy must settle the provision of old-age pension.

Section 16

In the event of any change to a pension plan to which a policy refers the change to the pension plan shall become part of the policy only if the participant and the pension fund have agreed on the change to the policy.

Section 17

(1) A participant may cancel supplementary pension insurance at any time by giving written notice. A pension plan may stipulate the notice period; such notice period shall commence on the first day of the calendar month following delivery of the notice and must not exceed two calendar months.

(2) The pension fund shall be obliged to confirm to the participant in writing no later than 30 days from delivery of the notice that the notice has been received and advise of the supplementary pension insurance policy's termination date.

(3) The participant shall be obliged to notify the pension fund in writing of all circumstances with a bearing on the duration of supplementary pension insurance and any change to those circumstances which are a condition for fulfillment of the pension fund's information duty under Sections 14 and 26.

Section 18

(1) A pension fund may serve notice on supplementary pension insurance in the following cases only:

(a) if the participant does not remit the contributions for six calendar months, or for a longer period specified by the pension plan, or does not fulfill another obligation stemming from the pension plan to which obligation such pension plan attaches the possibility of cancellation, provided the participant has been warned in writing about the possibility of cancellation at least one month prior to the cancellation

(b) if the participant gave false information in the policy, which information could affect his entitlement to provision of a state contribution or to supplementary pension insurance benefits, or if the participant withheld any circumstances which are important for conclusion of the policy;

(c) if the participant does not meet the eligibility conditions specified by this Act.

(2) Supplementary pension insurance cannot be cancelled under subsection 1 above if the participant has fulfilled the conditions entitling him to pension benefits, i.e. if he has remitted contributions throughout the periods stipulated by the pension plan, or if he would have fulfilled this condition before the end of the notice period specified by the pension plan.

Section 19

(1) A participant's supplementary pension insurance shall be terminated on the date

(a) on which the last pension benefit is paid out;

(b) on which a lump-sum settlement is paid out in lieu of the last pension benefit;

(c) on which the participant and the pension fund have so agreed in writing;

(d) as of which supplementary pension insurance is terminated pursuant to Sections 17 and 18;

(e) of payment of a settlement upon the pension fund's dissolution if no other pension fund has taken over its obligations;

(f) on which the participant's permanent residence in the Czech Republic is terminated;

(g) on which the participant's residence in the territory of a European Union member state is terminated or the participant's participation in pension insurance or public health insurance in the Czech Republic is terminated;

(h) on which the participant dies.

(2) Supplementary pension insurance shall be suspended on the date stated by the participant in his notification of suspension of supplementary pension insurance or on the first day of the calendar month following the month in which the written notification was delivered to the pension fund, whichever date is later. A participant may suspend supplementary pension insurance pursuant to the first sentence only if:

(a) he has remitted supplementary pension insurance contributions for 36 calendar months; or

(b) he has remitted contributions for 12 calendar month in the event of each subsequent suspension of supplementary pension insurance with the same pension fund.

If a participant suspends supplementary pension insurance, he shall be entitled during the period of suspension to share in the revenues of the pension fund at which he has suspended supplementary pension insurance.

(3) A further supplementary pension insurance policy may be concluded if

(a) supplementary pension insurance established earlier terminated in the manner specified in subsection 1 letters (a) through (e);

(b) supplementary pension insurance established earlier was suspended under subsection 2; or

(c) the participant who was entitled to supplementary pension insurance benefits pursuant to Section 20 (1) has requested that a benefit be paid out; the further policy can be concluded at the earliest as of the first day of the calendar month following delivery to the pension fund of a written request for the payout of benefits.

CHAPTER FIVE

SUPPLEMENTARY PENSION INSURANCE ENTITLEMENTS

Section 20

(1) The following benefits shall be provided out of supplementary pension insurance:

(a) a pension, which is understood a lifetime, regular payment of a financial amount, and, in the case of survivors' pension, payout of a financial amount for a period determined by the pension plan;

(b) a lump-sum settlement;

(c) a termination settlement.

(2) A pension fund shall be obliged to pay out the supplementary pension insurance benefits at the times and in the manner stipulated in the pension plan or agreed upon with the participant.

(3) Supplementary pension insurance benefits shall be paid out upon the request of the authorized person.

Section 21

(1) The following types of pensions may be provided from supplementary pension insurance:

(a) old-age pension, conditional on the reaching of an age stipulated by the pension plan;

(b) disability pension, conditional on the award of a full disability pension from pension insurance;

(c) early-retirement pension, conditional on expiration of a time period of supplementary pension insurance as specified by the pension plan;

(d) survivors' pension, conditional on the death of the participant.

(2) Entitlement to a pension is conditional on remittance of supplementary pension insurance contributions for a certain period of time as stipulated by the pension plan (hereinafter "insurance period"), which must be at least 36 calendar months and must not exceed 60 calendar months; the period of 36 calendar months cannot be reduced by any pension plan. Entitlement to old-age pension is conditional on an insurance period of at least 60 calendar months, a period which cannot be reduced in any pension plan, and no more than 120 calendar months.

(3) The provision of subsection 2 above shall not apply to early-retirement pension and disability pension as determined on the defined-benefit basis; entitlement to early-retirement pension shall be conditional on an insurance period of at least 180 calendar months; entitlement to the aforementioned disability pension shall be conditional on an insurance period of at least 60 calendar months; such insurance periods cannot be reduced by any insurance plan.

(4) The age specified for entitlement to old-age pension under subsection 1 (a) must be the same for men and women and must not be less than 60; no pension plan can stipulate a lower age.

(5) Survivors' pension shall be due to a natural person appointed by a participant in a policy; the participant may appoint more than one person.

(6) Old-age, disability, and early-retirement pensions shall be due solely to the participant.

(7) A pension fund shall be obliged to pay out a benefit abroad, in the amount and at the time laid down in the pension plan, if the participant or natural person appointed in the contract who has become entitled to a supplementary pension insurance benefit does not have permanent residence in the territory of the Czech Republic and so requests.

(8) A pension fund shall be obliged to pay out a supplementary pension insurance benefit abroad, in the amount and at the time laid down in the pension plan, if the participant or natural person appointed in the contract who has become entitled to the benefit is not resident in the territory of a European Union member state and so requests.

Section 22

(1) A lump-sum settlement is due to a participant on the conditions stipulated by a pension plan in lieu of a pension.

(2) In the event of entitlement to a lump-sum settlement and after delivery of a written request that it be paid out, the pension fund shall be obliged to pay out the lump-sum settlement by the end of the calendar quarter following the month for which the participant's last contribution was paid. A participant who has become entitled to a lump-sum settlement and who suspended supplementary pension insurance before requesting payout of the lump-sum settlement shall receive the lump-sum settlement from the pension fund within three months from delivery of the written request for payout.

Section 23

(1) A termination settlement shall be due to

(a) a participant who has remitted contributions for at least 12 calendar months and whose supplementary pension insurance has been terminated by notice or by agreement, provided he is not receiving a pension, his supplementary pension insurance has lasted at least 12 calendar months and no transfer of financial means to supplementary pension insurance with another pension fund under Section 24 has taken place;

(b) the natural persons appointed in the policy should the participant die, provided the participant has not received a pension or a lump-sum payment and there is no entitlement to a survivors' pension or if all the natural persons specified in the contract have waived in writing their claim to a survivors' pension.

(2) The size of the termination settlement shall be the total of all contributions paid by the participant and the share of the pension fund's revenues corresponding to the amount of contributions paid in by the participant. A pension fund shall be obliged to refund state contribution sums to ministry.

(3) A pension fund shall be obliged to pay a termination settlement and to refund state contributions to ministry within three months of delivery of the payout request from the participant or the natural person appointed in the policy. If a participant requests a termination settlement payment prior to the termination of supplementary pension insurance, the pension fund shall be obliged to pay out the termination settlement and refund the state contribution to ministry no later than three months from the termination of supplementary pension insurance.

Section 24

(1) A participant whose supplementary pension insurance was terminated and who is not entitled to a pension and has not been paid a termination settlement shall be entitled to a transfer of his contributions, including the state contribution and his share of the pension fund's revenues, to supplementary pension insurance with another pension fund, if such other pension fund so agrees.

(2) If a participant requests the transfer of financial means under subsection 1, the pension fund shall be obliged to execute the transfer no later than three months after the termination of supplementary pension insurance. The consent of the pension fund as per subsection 1 above shall be attached to the request for the transfer of financial means.

(3) A state contribution which has not been remitted to a pension fund prior to the transfer of financial means under subsections 1 and 2 shall be remitted, on the basis of an application filed with ministry, to the pension fund to which the supplementary pension insurance plan has been transferred.

Section 25

If a participant who has received a pension dies and no entitlement to a termination settlement under Section 23 (1) (b) or survivors' pension has been established, the sum calculated as per Section 23 (2) shall become part of the deceased's estate, if the participant has heirs.

Section 26

(1) Participants must be informed by a pension fund at least once a year of the magnitude of all the assets which the pension fund registers in favour of their supplementary pension insurance entitlements and of the state of such entitlements, including information about the size of the ascribed percentage appreciation of the participant's financial means. The pension fund shall be obliged to send the information within one month from the date of a general meeting which decides on profit distribution and, additionally, at the participant's request. The pension fund is authorized to demand from the participant reimbursement of reasonable costs incurred in respect of the sending of information on a second and further occasion.

(2) The pension fund's annual report and the pension fund's articles of association shall be accessible to all participants, including pension recipients. The pension fund's annual report, including an overview of deposits and placement of the pension fund's financial means and the amounts thereof, as well as the number of participants, shall constitute part of the information under subsection 1 above.

(3) A list of the members of a pension fund's bodies and a list of the pension fund's shareholders, which list must contain information pursuant to a special act[8a)], shall be available to the public at the pension fund's registered office and all branches.

CHAPTER SIX

Participants' Contributions

Section 27

(1) The size of a participant's contribution shall be determined as an amount per calendar month, whereby the contribution must not be lower than the amount establishing entitlement to a state contribution (Section 29 (2)).

(2) A participant shall not be permitted to make supplementary pension insurance contributions to several pension funds concurrently.

(3) Contributions shall be remitted by the end of the calendar month in respect of which they are paid, or, if the contributions are paid in advance for a longer period, by the end of the first calendar month of such period. A participant's contribution shall be deemed paid by the end of the calendar month if it is credited to the pension fund's account opened with the depositary by the end of the calendar month.

(4) A participant shall be entitled to change the amount of his contribution. Changes in the amount of the contribution cannot be made retroactively. A pension plan may stipulate a time frame for such a change, which time frame shall not exceed three calendar months from delivery of the notification of the change in the amount of contribution.

(5) A third party may remit contributions, or a portion thereof, on behalf of a participant with the latter's consent; the participant shall be obliged to advise the pension fund of this fact in writing in advance. Under the first sentence, an employer may remit contributions on behalf of its employees who are participants under this Act. Under the first sentence, employers who create a fund for cultural and social needs[8b)] may remit contributions, or a portion thereof, out of such fund on behalf of their employees who are participants under this Act. No state contributions shall apply to contributions remitted in full or in part by employers on behalf of their employees. A contribution, or portion thereof, must not under the first to fourth sentences be paid on behalf of state employees pursuant to the civil service act. [8c)]

(6) Any period of contribution deferment for which a participant subsequently paid up his contributions shall be credited to the insurance period. A period of any other interruption in contribution remittance shall not be credited to insurance period.

CHAPTER SEVEN

STATE CONTRIBUTIONS

Section 28

(1) State contributions to participants shall be provided from the state budget.

(2) A pension fund shall be obliged to keep records of state contributions provided for individual participants and to manage them in the same way as the contributions remitted by the participants.

Section 29

(1) Each participant who has on time remitted a contribution in respect of a calendar month (Section 27(3)) shall be entitled to one state contribution for such month.

(2) The size of the state contribution for a calendar month shall be determined by the size of a participant's monthly contribution under a defined-contribution pension plan as follows:

Participant's contribution in CZK	State contribution in CZK
100 - 199	50 + 40% of the amount over CZK 100
200 - 299	90 + 30% of the amount over CZK 200
300 - 399	120 + 20% of the amount over CZK 300
400 - 499	140 + 10% of the amount over CZK 400
500 and more	150

(3) If a participant remits a contribution in respect of a longer period than a calendar month, the size of the state contribution shall be determined according to the average monthly amount over such period.

(4) In the event of a change of depositary the state contribution under subsection 1 above shall be due to the participant, even if the participant's contribution was paid within the time frame specified in Section 27 (3) to the pension fund's depositary prior to the change, for a period of six calendar months after the termination of the depositary agreement.

(5) For the purposes of calculating the state contribution, the participant's contribution shall be rounded down to the nearest whole crown.

(6) The government may raise the state contribution by decree.

Section 30

(1) A pension fund shall submit a quarterly written application for the provision of state contribution jointly for all the participants who are entitled to the state contribution pursuant to Section 29. The application shall be submitted to ministry in the calendar month following the end of a calendar quarter.

(2) The ministry shall be obliged to remit the state contribution for the calendar quarter to a pension fund's account by the end of the second month following the quarter in respect of which provision of the state contribution has been applied for.

(3) State contribution amounts which are wrongfully credited to a pension fund must be returned to ministry within 30 days from the date on which the pension fund found out that such amounts were transferred wrongfully, or at the latest eight days after the effective date of a decision by ministry concerning the duty to return such amounts. The right to reclaim a wrongfully transferred amount shall be limited to a maximum of ten years after remittance thereof.

(4) State contributions which are remitted to a pension fund under subsections 1 and 2 and are not used to settle claims under Sections 23, 24 and 25 shall be returned by the pension fund to ministry:

(a) within six months from the termination date of supplementary pension insurance where there is a termination settlement entitlement under Section 23 and in the event of inheritance under Section 25;

(b) within 60 months from the termination date of supplementary pension insurance where a participant has no entitlement to a termination settlement under Section 23 and has not requested a transfer of financial means to supplementary pension insurance with another pension fund under Section 24.

(5) If a pension fund draws state contributions which are greater than the amount due to it, or if a pension fund fails to discharge its duty to return a state contribution, it shall be obliged to pay a penalty as specified by a special act. [9)]

(6) The ministry may issue a decree specifying the particulars of applications for state contributions.

CHAPTER EIGHT

PENSION FUNDS' FINANCIAL MANAGEMENT

Section 31

(1) A pension fund must manage its assets with due care and attention and with the aim of securing dependable revenues.

(2) As soon as a pension fund learns that it is not able to cover the supplementary pension insurance benefit entitlements it shall be obliged to take remedial measures and to notify ministry without undue delay.

(3) A pension fund must not manage its assets in a manner contravening participants' interests.

(4) In the event of doubts about a pension fund's ability to cover the supplementary pension insurance benefit entitlements ministry may, at its own expense, see to it that such ability is to be verified by an expert.

Section 32

Pension funds may carry on activities other than supplementary pension insurance only if such other activities are directly related to supplementary pension insurance.

Section 33

(1) Financial means accumulated by a pension fund must be placed with due care and attention in such a way as guarantees the safety, quality, liquidity and profitability of the composition of the financial portfolio as a whole.

(2) Financial means accumulated by a pension fund may be placed in:

(a) bonds issued by a member state of the Organization for Economic Co-operation and Development or by the central bank of such state and bonds which a member state of the Organization for Economic Co-operation and Development has guaranteed;

(b) bonds issued by the European Investment Bank, the European Bank for Reconstruction and Development or the International Bank for Reconstruction and Development or another international financial institution of which the Czech Republic is a member;

(c) participation certificates of mutual funds;

(d) securities traded on a regulated market of a country in the Organization for Economic Co-operation and Development, which market is permitted by the appropriate authority of the member state;

(e) movables constituting a guaranteed safe deposit of financial means, with the exception of securities;

(f) real estate providing a guarantee of a reliable placement of financial means and serving entirely or predominantly for commercial or residence purposes.

(3) Financial means accumulated by a pension fund may be placed additionally in deposit accounts, deposit books and deposits confirmed by a deposit certificate at a bank or branch of a foreign bank in the territory of the Czech Republic or at a bank with registered office in the territory of member states of the Organization for Economic Co-operation and Development. The financial means placed with one bank must not exceed 10% of the pension fund's assets or CZK 20,000,000, or the equivalent of such sum in foreign currency.

(4) A pension fund shall be obliged to buy securities at the lowest price made possible by proceeding with due care and attention and to sell them at the highest price made possible by proceeding with due care and attention. The pension fund shall be obliged to prove that the conditions set out in the previous sentence were fulfilled.

(5) The provisions of a special legal regulation specifying the method for calculating the value of securities in the portfolio of mutual or investment funds[11c] shall apply mutatis mutandum to calculations of the value of securities in the portfolio of a pension fund.

(6) Real estate and movables must be valuated before they are purchased and, further, at the times defined in the pension fund's articles of association or once a year, whichever is the more frequent. Valuation shall be performed according to the legal regulations applicable at the time of valuation. Should such legal regulations not exist, a court expert independent of the pension fund shall perform the valuation.

(7) Hedging transactions, namely derivatives and options, can be concluded by a pension fund only under condition that they result in decreasing of the risks of rates of securities, interest rates and exchange rates of those assets forming a part of portfolio of pension funds.

If such transactions can be concluded on public market, the pension fund is obliged to conclude them only on public market, and furthermore on regulated markets of Organization for Economic Co-operation and Development, these being admitted by the respective authority of the member state, provided they are on daily basis valuated by reliable and transparent method and the respective fund is able to turn them any time in financial means and conclude such transactions at their market value.

Only a bank being the depository of a pension fund can undertake financial settlement of these transactions.

Section 34

(1) The value of securities issued by one issuer must not constitute more than 10% of a pension fund's assets. This restriction shall not apply to bonds listed in Section 33 (2) (a) and (b).

(2) The total value of movables and real estate must not constitute more than 10% of a pension fund's assets.

(3) A pension fund must not own more than 20% of the total nominal value of securities issued by one issuer. This restriction shall not apply to bonds listed in Section 33 (2) (a) and (b).

(4) At least 70% of a pension fund's assets must be placed or invested in assets denominated in the currency in which the pension fund's liabilities in respect of participants are denominated. At most 70% of a pension fund's assets may be placed pursuant to Section 33 (2) (c) through (f). At most 5% of a pension fund's assets may be placed elsewhere than listed in Section 32 (2) (a) through (f) and Section 33 (3).

(5) When exercising purchase or option rights attached to securities and in the event of changes in the price of securities or changes in the valuation of real estate and movables, the percentages stated in the previous subsections may be exceeded for a maximum period of six months, during which period the risk distribution must be restored in accordance with the previous subsections.

(6) A pension fund shall be obliged to notify ministry and the Securities Commission without delay when the limits specified in subsection (1) through (4) are exceeded.

(7) A pension fund shall be prohibited from purchasing the shares of another pension fund and from issuing bonds.

Section 35

(1) A pension fund shall distribute its profit as follows: a minimum of 5 % shall be put into a reserve fund and a maximum of 10% shall be divided according to a decision of the general meeting, if not stated otherwise below; the rest shall be used for the benefit of the participants and those persons whose supplementary pension insurance terminated in the year whose profit is being distributed.

(2) If a pension fund's performance is loss-making, undistributed profit from previous years, the reserve fund[12a)] and other funds created from profit shall be used to offset the loss. If such sources are insufficient, the loss shall be covered by a reduction of registered capital. The value of registered capital must not fall below the amount specified in Section 4(4).

Section 36

(1) A pension fund shall be obliged to publish a report on its financial results and an overview of the placement of the pension fund's assets [Section 33(1)], the deposit of these [Section 33(2)] and the amount thereof within three months from the end of each half-year and calendar year.

(2) Pension funds which have existed for longer than three years shall include in their annual reports the performance results for the past three years.

(3) The performance reports shall additionally be submitted to ministry and the Securities Commission and the depositary.

Section 37

(1) A pension fund shall be obliged to keep up-to-date records of the state of the contributions remitted in favour of individual participants, broken down into the participant's contributions, the participant's contributions claimable as deductible from the income tax base[12b)] by a participant who is a taxpayer, employer-paid contributions, and other contributions paid in favour of the participant. Additionally, each pension fund shall be obliged to keep separate records for the state of state contributions for individual participants and individual participants' shares of the pension fund's revenues.

(2) Contributions by participants and state contributions shall be accounted for by the pension fund in accordance with the accounting methods pursuant to a special regulation[13)].

(3) Financial means going towards early-retirement pensions must be recorded separately; the same shall apply mutatis mutandum for invalid pensions whose amounts are based on the defined-benefit principle.

(4) The ministry may issue a decree setting out the particulars of participants' records at a pension fund.

(5) A pension fund shall be obliged to store and safeguard all documents related to a participant's supplementary pension insurance

(a) for ten years from the filing of an application for state contribution for a participant in the case of documents proving an entitlement to state contribution;

(b) three years following the payment of the last supplementary pension insurance benefit to a participant in the case of documents proving an entitlement to supplementary pension insurance benefits.

Section 38

(1) A pension fund's data may be used only with the pension fund's consent.

(2) Information concerning an individual participant shall be disclosed only if the participant so authorizes; this shall not apply when ministry requires such information for the purposes of state supervision or an application for state contribution.

CHAPTER NINE

WINDING UP OF PENSION FUNDS AND SETTLEMENT OF SUPPLEMENTARY PENSION INSURANCE CLAIMS

Section 39

(1) The winding up and liquidation of a pension fund shall be governed by the Commercial Code, with the differences set out below.

(2) A pension fund is dissolved additionally on the day stated in a decision by ministry to revoke its licence for the reasons set out in Section 43 (1) (e).

(3) The ministry's approval shall be required for division or mergers of pension funds, whereby the procedure pursuant to Sections 5 and 6 shall be used mutatis mutandum. The only permissible outcome of division or mergers of pension funds shall be the establishment of pension funds under this Act.

(4) The ministry shall appoint and dismiss a pension fund's receiver in agreement with the Securities Commission.

(5) The proposal to enter the receiver in the Commercial Register and to expunge the receiver from the Commercial Register shall be submitted by the receiver.

(6) A pension fund in liquidation shall not be permitted to conclude new contracts under Section 12(1).

Section 40

(1) A participant of a pension fund which has been wound up by division or merger by the formation of a new company shall become a participant of the newly established pension fund unless he rejects supplementary pension insurance at the new pension fund within one month from being informed of the winding up and the supplementary pension insurance conditions at the new pension fund. Entitlements under the pension plans of the wound-up pension funds shall be transferred to supplementary pension insurance at the new pension fund in a manner determined by the pension plan of the new pension fund.

(2) The provisions of subsection 1 shall apply mutatis mutandum to the dissolution of a pension fund by merger by acquisition.

Section 41

(1) If a pension fund is wound up without any legal successor, the entitlements of the participants shall be settled in the form of a lump-sum payment or a termination settlement, provided there is no agreement between the pension fund and the participant on the transfer of financial means to supplementary pension insurance at another pension fund.

(2) State contribution amounts which are not used to settle entitlements pursuant to subsection 1 shall be paid back into the state budget.

CHAPTER TEN

STATE SUPERVISION OF PENSION FUNDS

Section 42

(1) The activity of pension funds and depositaries under this Act shall be supervised by the state through ministry and the Securities Commission (Section 45a); this shall not affect the supervisory activities of financial and other authorities pursuant to special regulations.

(2) In exercising state supervision, ministry shall be obliged to oversee compliance with this Act, the statutes and the pension plan and to protect the rights of participants.

(3) In exercising state supervision, ministry shall be obliged to verify the lists of participants in all pension funds in order to ensure that the state contribution is paid only once per participant. For this purpose ministry shall be authorized to operate an information system under the terms set out by a special legal regulation. [13a)]

(4) In exercising state supervision, ministry shall be authorized to request information from a pension fund about its business activities in the scope necessary for the exercise of state supervision. Authorized Office personnel may, in exercising state supervision, take part in a pension fund's board meetings and enter the premises of a pension fund.

(5) Bodies, their members and employees of a pension fund shall be obliged to provide ministry with requested documents and written materials necessary for the state supervision of pension funds, and to furnish all the necessary information and explanations. Employees of ministry shall be required to uphold the confidentiality of any information obtained when carrying out state supervision of pension funds; the provisions of Section 7 (7), third sentence, shall apply here mutatis mutandum.ministry employees may provide information to the Securities Commission and the Czech National Bank for the purpose of mutual co-operation conducted pursuant to a special legal regulation. [13b)]

(6) A pension fund shall be obliged:

(a) to submit to ministry and the Securities Commission each year, no later than by 31 January, the list of shareholders indicating the data requested by a special legal regulation, [8a)]

(b) to notify ministry and the Securities Commission about each change in the list of shareholders within ten days after the change is entered in the list of shareholders;

(c) to submit to ministry and the Securities Commission any ruling by the Commercial Register Court regarding the entry of a change or expiration of recorded facts without unreasonable delay following the entry in the Commercial Register.

(7) The ministry shall keep a record of all pension funds; such record shall be available to the public.

Section 43

(1) If, in the course of exercising state supervision, ministry discovers that a pension fund is breaching or not fulfilling the obligations laid down in this Act, its statutes or pension plan, it may, depending on the severity and nature of the discovered irregularities,

(a) instruct the pension fund to eliminate such irregularities within a specified period of time or replace by a specified deadline members of pension fund bodies, and to inform ministry about the progress of the measures taken;

(b) suspend the authorization of the pension fund's board of directors to administer the pension fund's assets for a defined period up to a maximum of six months and to a defined extent. At the same time ministry shall appoint an administrator for such period to take charge of the pension fund until the general meeting appoints a new board of directors or restores the original authority of the previous board of directors, or until the pension fund's liquidation is entered in the Commercial Register. The administrator shall be entitled to a remuneration specified by ministry and to reimbursement of reasonable expenses associated with discharging the duties of administrator. The remuneration and reimbursement of reasonable expenses shall be paid out of the pension fund's assets;

(c) reduce, for a limited period of time of up to two years, the part of the profit that is distributed under a resolution of the general meeting under Section 35;

(d) revoke the licence granted under Section 5, if the following reasons are in place:

1.
2. in the licence application the founders of the pension fund deliberately gave false information which was decisive for the granting of the license;
3. continuance of the pension fund's activities would jeopardize participants' claims because the pension fund is committing a grave breach of its obligations as stipulated by this Act, the statutes or the pension plan; the financial results of the pension funds reveal serious failures; or the pension fund has not taken the appropriate measures to restore its ability to cover supplementary pension insurance entitlements within the determined period; or
4. the pension fund has failed to conclude a new depositary agreement [Section 8(3)] within one month of the effective date of ministry's ruling on a change of depositary.

(2) The penalties listed in subsections 1 (b) through (d) may be imposed within one year of the date on which ministry learns of the breach or non-fulfillment of duties or of the breach of the statutes or the pension plan, but no later than three years from the date when the breach or non-fulfillment of duties, or the breach of the statutes or pension plan, took place.

Misdemeanours and Other Administrative Offences

Section 43a

(1) A member of a pension fund body shall be deemed to have committed a misdemeanour if he buys out of the pension fund's means an item whose value exceeds CZK 5,000 or sells an item whose value exceeds CZK 5,000 to the pension fund. Determination of the value of the item shall be based on the price at which the item which was bought or sold is sold at the time and in the place of purchase or sale; if such value cannot be ascertained, the determination shall be based on the reasonable expense of acquiring the same or an equivalent item.

(2) A member of a pension fund body or a pension fund employee shall be deemed to have committed a misdemeanour if he breaches the obligation to uphold confidentiality pursuant to Section 7 (7) or breaches the obligation to co-operate with state supervision pursuant to Section 42 (5).

(3) A fine of up to CZK 100,000 may be imposed for a misdemeanour pursuant to subsections 1 and 2 above.

Section 43b

A natural person shall be deemed to have committed a misdemeanour and a legal person a miscellaneous administrative offence if the natural person or legal person carry on supplementary pension insurance without a licence (Section 5). A fine of up to CZK 20,000,000 may be imposed for such misdemeanour or such miscellaneous administrative offence.

Section 43c

A fine of up to CZK 5 million may be imposed on a pension fund which.

(a) concludes a policy with a natural person who is not eligible to be a participant under Section 2;

(b) uses shares constituting a stakeholding of the pension fund's shareholders to secure the pension fund's liabilities (Section 4 (8));

(c) in contravention of Section 8 (5) opens a current account with a bank other than the depositary;

(d) fails to acquaint participants with the articles of association and the pension plan before concluding a policy (Section 13);

(e) fails to notify participants in writing of changes to the pension plan which affect supplementary pension insurance benefits and entitlements (Section 14 (3));

(f) fails to pay out supplementary pension insurance benefits to a participant in the times and in the manner specified in the pension plan or agreed on with the recipient of the pension (Section 20 (2));

(g) fails to transfer a participant's financial means to supplementary pension insurance at a different pension fund within the time limit given in Section 24 (2);

(h) fails to inform participants pursuant to Section 26 (1) or fails to issue or make accessible to participants a report pursuant to Section 26 (2) or fails to make accessible a list of the members of the pension fund's bodies and a list of the pension fund's shareholders in the manner set out in Section 26 (3);

(i) fails to submit an application for a state contribution within the time limits and in the manner set out in Section 30 (1);

(j) fails to return to the state budget wrongfully remitted state contributions within the time limits set out in Section 30 (3) or fails to return to the state budget state contribution amounts pursuant to Section 30 (4);

(k) administers its assets in a manner contravening participants' interests (Section 31 (3));

(l) fails to inform ministry without delay that it is not able to cover supplementary pension insurance benefit entitlements or fails to take remedial measures pursuant to Section 31 (2);

(m) carries on an activity that is not directly connected with supplementary pension insurance (Section 32);

(n) places the pension fund's financial means in a manner contravening Section 33;

(o) places the pension fund's financial means in a manner contravening the limits set out in Section 34 (1) through (4) or fails to notify ministry or the Securities Commission without delay that such limits have been exceeded;

(p) buys the shares of another pension fund or issues bonds in contravention of Section 34 (7);

(q) fails to publish a financial performance report or information on its financial performance in the cases set out in Section 36 (1);

(r) fails to store or safeguard documents related to a participant's supplementary pension insurance for the period laid down in Section 37 (5);

(s) provides information concerning an individual participant in contravention of Section 38 (2);

(t) fails to submit to ministry or the Securities Commission a list of shareholders pursuant to Section 42 (6) (a) or fails to inform ministry or the Securities Commission of a change to the list of shareholders pursuant to Section (6) (b);

(u) fails to eliminate within the stipulated time limit irregularities found during state supervision or fails to inform ministry of the implementation of adopted measures;

(v) fails to replace members of a pension fund's bodies within the specified time limit, the fine up to 5 mio can be imposed .

Section 43d

A fine of CZK 5,000,000 may be imposed on a depositary which fails to eliminate irregularities found during state supervision or fails to inform ministry of the implementation of adopted measures.

Section 43e

Common Provisions on Misdemeanours and Miscellaneous Administrative Offences

(1) The general conditions of responsibility for misdemeanours shall be judged and misdemeanour proceedings conducted according to a special legal regulation.[13c)]

(2) The size of a fine on a legal person shall take into account the gravity and duration of the unlawful conduct and the scale of the consequences caused. The part of profit that is distributed under Section 35 by a resolution of the general meeting shall be reduced by the amount of any fine imposed on a pension fund.

(3) A fine may be imposed on a legal person up to 3 years after the day when the unlawful conduct was learnt of, but no more than 5 years after the day on which it took place.

(4) The ministry shall deal with misdemeanours and miscellaneous administrative offences. The Securities Commission shall deal with miscellaneous administrative offences listed in Section 43c (n) and in Section 43d.

(5) Fines for misdemeanours and miscellaneous administrative offences shall be collected and enforced by the appropriate local tax office pursuant to a special legal regulation.[13d)] Fines imposed under this Act shall constitute an income of the state budget.

Section 44

Repealed

Section 45

Repealed

Section 45a

(1) The activities of a pension fund under this Act shall be subject to state supervision by the Securities Commission in the scope corresponding to its obligations as specified by this Act in respect of the placement of a pension fund's financial means under Section 33. The provisions of Section 42 (2), (4) and (5), Section 43 (1) (a) and (b), Section 43c (o), (p), (t), (u) and (v) and Section 43e shall apply mutatis mutandum for procedure in the Securities Commission's exercise of state supervision. Decisions on suspension of the board of director's authoritizations under Section 43 (1) (b) shall be made by the Securities Commission in agreement with ministry.

(2) The activities of a depositary under this Act shall be subject to state supervision by the Securities Commission in the scope corresponding to its obligations to scrutinize the placement of a pension fund's financial means under Section 33. The provisions of Section 1 (a) shall apply mutatis mutandum for procedure in state supervision performed by the Securities Commission.

PART TWO

COMMON, TRANSITORY AND CLOSING PROVISIONS

CHAPTER ONE

COMMON PROVISIONS

Section 46

(1) Unless specified otherwise in this Act, the provisions of the Commercial Code shall apply to supplementary pension insurance.

(2) Unless this Act provides otherwise, the general legal regulations on administrative proceedings shall apply to decisions made by ministry.[14)]

Selected provisions of amendments - Act No. 36/2004 Coll.

Art . II

Interim Provisions

1.
2. Placement and deposit of financial means must be put into compliance with § 33 and 34 of the Act No 42/1994 Coll., State-Contributory Supplementary Pension Act on Insurance and the Amendments to Certain Acts related to its Adoption (hereinafter referred to as the "Act on Pension Funds") by a pension fund within 6 months from the date of effectiveness of this Act.

3. Any proposal of changes of pension schemes and statutes that must be done as consequence of changes named in Art. I of this Act, must be submitted for approval to Ministry of Finance (hereinafter referred to as "ministry") by a pension fund within 2 months from the date of effectiveness of this Act. If the changes of pension scheme and statutes are not approved

by the ministry within 6 months from the date of effectiveness of this Act by reasons caused by a pension fund, the provisions of pension scheme and statutes being in contradiction with provisions of Art. I of this Act become invalid at the maturity.

4. The changes as per Art I of this Act relate to such only contracts of supplementary pension insurance between planholder and pension fund, which were concluded after approval of the changes of the pension scheme by the ministry after the date of effectiveness of this Act.

Art. III

Effectiveness

This Act becomes effective as of the 1st April 2004, excluded provisions § 2 (2), § 19 (1) (g), § 21 (1) (a) a § 21 (8) of the Act No 42/1994 Coll., State-Contributory Supplementary Pension Act on Insurance and the Amendments to Certain Acts related to its Adoption and on changes of some Acts related to its implementation as amended, those provisions becoming effective as of the date of effectiveness of the Czech Republic EU accession treatment.

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1) Commercial Code's Part Two, Chapter I, volume I and V.

1a) Act no. 551/1991 Coll., concerning the General Health Insurance Company of the Czech Republic, as amended by Acts nos. 592/1992 Coll., 10/1993 Coll., 60/1995 Coll., 149/1996 Coll., 48/1997 Coll., 305/1997 Coll., 93/1998 Coll. and no. 127/1998 Coll.
Act no. 280/1992 Coll., concerning health insurance companies set up by ministries, industry sectors, companies and others, as amended by Acts nos. 10/1993 Coll., 15/1993 Coll., 60/1995 Coll., 149/1996 Coll., 48/1997 Coll., 93/1998 Coll. and 127/1998 Coll.

1aa) Section 158 of the Commercial Code.

1b) Section 66b of the Commercial Code.

1c) Act no. 185/1991 Coll., concerning the insurance industry, as amended by Acts nos. 320/1993 Coll., 60/1995 Coll., and 149/1995 Coll.

2) Sections 45, 49 and 50 (1) of Czech National Council Act no. 591/1992 Coll., concerning securities.

3) Act no. 248/1992 Coll., concerning investment companies and investment funds.

4) Section 1 (3) and Sectin 55 Czech national Council Act no. 591/1992 Coll.

5) Section 86 (1) (a) Czech National Council Act no. 591/1992 Coll.

6) Section 116 of the Civil Code

6a) Act no. 61/1996 Coll., concerning certain measures against legalization of income from criminal activity and concerning the amendment and supplementing the related acts

7) Section 30 through 33 of Act no. 248/1992 Coll.

8) Section 788 et seq. of the Commercial Code

8a) Section 156(2) of the Commercial Code.

8b) Decree no. 310/1995 Coll., concerning the fund for cultural and social needs, as amended by Decree no. 167/1997 Coll.

8c) Act no. 218/2002 Coll., on the service of state employees in administrative offices and on remuneration of such employees and other employees in administrative offices (the civil service act).
This provision becomes effective on 1st January 2005.

9) Section 30 of Czech National Council Act no. 576/1999 Coll., concerning management

rules for budgetary means of the Czech Republic and municipalities in the Czech Republic (the Republic's budgetary rules).

11c) Decree no. 207/1998 Coll., on calculation of the value of securities in the portfolio of mutual funds or investment funds

12a) Sections 67 and 217 of the Commercial Code.

12b) Section 15 (12) of Act 586/1992, concerning income tax, as amended by Act no. - 170/1999 Coll.

13) Act no. 563/1991 Coll., on accounting, as amended.

13a) Act no. 256/1992 Coll., concerning the protection of personal date stored in information systems.

13b) Sections 16 through 18 of Act no. 15/1998 Coll., concerning the Securities Commission and the amendments and supplements to additional acts.

13c) Act no. 200/1990 Coll., on misdemeanours, as amended.

13d) Section 4 (15) of Act no. 337/1992 Coll., on the administration of taxes and fees, as amended

14) Act no. 71/1967 Coll., on administrative proceedings (administrative rules of procedure).