UniCedit Banka Slovenija d.d.

Account Setup and Requirements

Global Securities Services Slovenia

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Legal framework – account types

1. **<u>Beneficial owner account</u>**

- As per Article 5 of the Book Entry Securities Act (ZNVP-1):

"The holder of a book-entry security shall be a person to whose account the book-entry security is entered in the central register."

- The holder of the securities account is considered as a <u>legal and beneficial owner</u> of securities credited to the account. However, the legislation also recognizes fiduciary (nominee) account, which is described in the following slide.

- Each account is segregated at the CSD level.

- UniCredit Slovenia uses two available CSD account types (as defined by KDD Regulatory Technical Procedures) which are considered as beneficial owner accounts:
  - **<u>Custody account (type "U")</u>** is used:
    - ❖ to hold proprietary assets of our direct contractual client (account is opened in the name of direct contractual client)
    - ❖ to hold assets of the underlying client (account is opened in the name of the underlying client)
  - **<u>House account (type "H")</u>** is used to hold proprietary assets of UniCredit Slovenia (account is opened in the name of UniCredit Slovenia)

Legal framework – account types

2. **Fiduciary (nominee) account**

- As per Article 296 of the Market in Financial Instruments Act (ZTFI-1):

(5) A fiduciary account referred to in the preceding paragraph shall be a type of client account whose holders:
1. are lawful holders of book-entry securities credited to that account,
2. do not exercise their rights arising from book-entry securities credited to such account for themselves but for the account of one or more other persons.

- The holder of the fiduciary securities account is considered as a <u>legal owner</u> of securities of securities credited to such account, while the <u>beneficial owner(s)</u> of securities are one or more undisclosed third parties.

- Each fiduciary account is segregated at the CSD level.

- UniCredit Slovenia uses the following available CSD account type (as defined by KDD Regulatory Technical Procedures) which is considered as fiduciary ownership account:
  - **Fiduciary account (type "N")** is used:
    - ❖ to hold assets of the underlying clients of our direct contractual client (account is opened in the name of direct contractual client)
    - ❖ to facilitate settlement of primary auctions of government debt securities (account is opened in the name of UniCredit Slovenia)

- Fiduciary account is flexible – it can be utilized to hold assets of one underlying client (**segregated account**) or to hold assets of multiple underlying clients (**omnibus account**)

Legal framework – other

- **Account type does not impact the possible scope of services** – all services (settlement, corporate actions, proxy voting, tax services,...) are available to all investors, regardless of the account type used.

- **Account type does not impact the level of asset protection** – at the CSD level, the assets of our clients are segregated from UniCredit Slovenia proprietary assets and from assets of other clients; this level of maximum possible segregation is required by legislation. Client securities are the property of the securities account holder; in case of bankruptcy of the Subcustodian, the securities do not become part of the bankruptcy estate.

- **There is no mechanism of tax certification of accounts** in Slovenian market; the tax rates are determined prior to each income payment (regardless of account type), so the account type does not impact the available tax procedures for lowering the tax rate.

- **Shareholder disclosure requests** are sent for assets held on fiduciary accounts; custody accounts are out of scope.

- Slovenia is a **registered market -** registration applies for all securities issued in the local CSD and is executed in real time automatically and immediately after settlement is completed. The CSD holds the legally binding record of ownership and CSD records will prevail under local law.

Account Structure and naming convention

Account structure at Central Securities Clearing Corporation KDD

Account structure at UniCredit Bank

UniCredit Slovenia business line

ALM & Funding
(Management of proprietary government debt securities)
→ House account – UCB Slovenia → House account – UCB Slovenia

Treasury
(Primary auctions of government debt securities)
→ Fiduciary account – UCB Slovenia → Fiduciary account – UCB Slovenia

Global Securities Services
→ Custody account – Direct client → Custody account – Direct client
→ Custody account – Underlying client → Custody account – Underlying client
→ Fiduciary account – Direct client → Fiduciary account – Direct client RE underlying client
→ Fiduciary account – Direct client → Fiduciary account – Direct client RE UCITS funds

UniCredit Slovenia records fully replicate the account structure at the CSD (1:1 basis).

Account opening documentation

1. **Fiduciary account**

- Swift MT599 instruction for Fiduciary account opening
- Statement on authorisation to perform custody services

2. **Custody account**

- Swift MT599 instruction for Custody account opening which includes confirmation on identification of underlying Client of the Global Custodian
- Certificate of Registration or Extract from Court or other public Register of companies or other official document issued by authority institution
- Power of Attorney
- Authorised Signatures List of the underlying Client of the Global Custodian
- Broker Authorization and Acknowledgement of Settlement Procedures in Slovenia (if the client is trading on Ljubljana Stock Exchange

Change of name or address of underlying client of the global custodian
- Swift MT599 instruction for change of name or address
- Certificate of Registration or Extract from Court or other public Register of companies or other official document issued by authority institution.

Change of managing entity (trustee / management company of a fund) of underlying client of the global custodian
- Swift MT599 instruction for change of managing entity.
- Certificate of Registration or Extract from Court or other public Register of companies or other official document issued by authority institution.
- Fund prospectus or similar document